

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

BETWEEN:

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 CANWEST PUBLISHING  
INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS  
INC., AND CANWEST (CANADA) INC.

Applicants

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**MOTION RECORD OF THE AD HOC COMMITTEE  
OF 9.25% SENIOR SUBORDINATED NOTEHOLDERS  
(RETURNABLE FEBRUARY 2, 2010)**

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Court File No. CV-10-8533-00CL

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Applicants

**NOTICE OF MOTION**  
(returnable February 2, 2010)

The Ad Hoc Committee of 9.25% Senior Subordinated Noteholders (the "**Committee**") will make a motion to a Judge of the Commercial List on February 2, 2010 at 10:00 am or as soon after that time that the motion can be heard at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR:**

1. an Order, if necessary, abridging the time for service of this Notice of Motion and the Motion Record and that the Notice of Motion is properly returnable on February 2, 2010 and that further service of the Notice of Motion on any interested party, other than those served, may be dispensed with;

2. an Order approving the LP Entities' (defined below) entering into a new credit facility (the "**New DIP Facility**") to replace the Commitment Letter as defined in the Initial Order (defined below), and to provide for similar authorities and charges in respect of the New DIP Facility as are afforded to the Commitment Letter under the terms of the Initial Order, and any amendments to the Initial Order as are necessary to give effect to such Order;

3. an Order amending the terms of the SISP as defined in the Initial Order, on the terms set out in Schedule "A" hereto (the "**Revised SISP**") to replace the existing SISP, and directing and authorizing the LP Entities to proceed with the Revised SISP, and any amendments to the Initial Order as are necessary to give effect to such Order;

4. an Order requiring the secured lenders of the LP Entities (the "**Secured Lenders**") to immediately disclose to all Potential Bidders as defined in the SISP, the details relating to the capital structure of Acquireco (defined below), including the terms and conditions attaching to any debt or equity or other consideration to be issued to the Secured Lenders; and

5. such further and other Orders as counsel may request and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) on January 8, 2010, the Court made the initial order (the "**Initial Order**") in these proceedings on virtually no notice to the Committee, granted the Applicants protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and ordered that Canwest Limited Partnership (the

**"Limited Partnership"** and, together with the Applicants, the **"LP Entities"**) shall enjoy the benefits of the protections and authorizations provided by the Initial Order;

**The New DIP Facility**

- (b) the Initial Order authorized the LP Entities to enter into the Commitment Letter;
- (c) the New DIP Facility is on more favourable terms and conditions than the Commitment Letter. For instance, the New DIP Facility is for a greater amount with no borrowing base requirements, has a lower interest rate, has a longer maturity date and imposes fewer fees on the LP Entities;

**The Revised SISP**

- (d) the Initial Order approved the SISP, which is designed to permit the LP Entities to implement a sale and investor solicitation process through which parties are able to submit bids to either restructure the LP Entities or acquire their assets;
- (e) the SISP, as it currently stands, will not bring about a robust and competitive bidding process for the LP Entities' business, and instead will deter such a result;
- (f) the Revised SISP will bring about a robust and competitive bidding process and is in the best interest of the LP Entities' restructuring and their stakeholders;

### **Credit Acquisition Information**

- (g) as part of the Initial Order, the Court authorized Canwest Publishing Inc. and the Limited Partnership to file a CCAA plan, pursuant to which, if there is no successful bid in the SISP, an entity capitalized by the Secured Lenders and *pari passu* swap counterparties ("Acquireco") will acquire substantially all of the assets of the LP Entities;
- (h) the terms of the capital structure of Acquireco are not known to Potential Bidders. This information is critical to enable Potential Bidders to submit proposals that are superior pursuant to the terms of the SISP;

### **Miscellaneous**

- (i) paragraph 102 of the Initial Order;
- (j) Rules 3.02 and 37 of the *Rules of Civil Procedure*;
- (k) the provisions of the CCAA; and
- (l) such further and other grounds as counsel may advise and this Honourable Court may permit.

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

- (i) the Affidavit of Ted S. Lodge sworn on January 27, 2010 and all exhibits attached thereto;
- (ii) the Affidavit of Mark Hootnick sworn on January 27, 2010 and all exhibits attached thereto; and

- (iii) such further and other materials as counsel may advise and this Honourable Court may permit.

Date: January 27, 2010

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Senior Subordinated Noteholders

TO: ATTACHED SERVICE LIST



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Applicants

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## Schedule "A"

### Procedures for the Sale and Investor Solicitation Process

On January 8, 2010, Canwest Publishing Inc. / Publications Canwest Inc. ("CPI"), Canwest (Canada) Inc. and Canwest Books Inc. (the "Applicants") obtained an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* ("CCAA") from the Ontario Superior Court of Justice (the "Court"). The Initial Order also applies to Canwest Limited Partnership/Canwest Societe en Commandite (the "Limited Partnership", which together with the Applicants make up the "LP Entities"). As part of the Initial Order, the Court: (i) approved the Sale and Investor Solicitation Process (the "SISP") set forth herein to determine whether a Successful Bid (as defined below) can be obtained; and (ii) authorized CPI and the Limited Partnership to file the Senior Lenders CCAA Plan, pursuant to which, if there is no Successful Bid, 7272049 Canada Inc. ("AcquireCo") will acquire certain assets and assume certain liabilities of CPI (the "Credit Acquisition").

Set forth below are the procedures (the "SISP Procedures") to be followed with respect to a sale and investor solicitation process to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

### Defined Terms

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order or in the Senior Lenders CCAA Plan, attached to the Initial Order. In addition, in these SISP Procedures:

**"CCAA Senior Lender Approval"** means a formal vote of the Senior Lenders under the CCAA, pursuant to which super majority approval of the Senior Lenders as required by the CCAA, being 66.7% by Cdn\$ and an absolute majority in number of the Senior Lenders that vote, is obtained;

**"Senior Secured Claims Amount"** means the aggregate amount owing (whether for principal, interest, fees, recoverable costs or otherwise) to the Senior Lenders and the Agent, as at the date upon which the transactions contemplated by the Successful Bid, if any, are completed, under:

- (i) the Senior Credit Agreement;
- (ii) all Hedging Agreements; and
- (iii) the LP Support Agreement,

in each case calculated based on the deemed conversion of claims denominated in US Dollars to Canadian Dollars on the Filing Date;

**"Superior Cash Offer"** means a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders on closing of the transaction contemplated by the offer of the Senior Secured Claims Amount less a discount of Cdn \$25 million calculated as of the date of such closing (the "Reference Amount");

**“Superior Alternative Offer”** means a credible, reasonably certain and financially viable offer for the purchase of all or substantially all of the LP Property (for greater certainty, including any such offer where the cash component available for distribution to the Senior Lenders upon closing, if any, is less than the Reference Amount) or a reorganization of the LP Plan Entities, ~~in~~ each case approved by a CCAA Senior Lender Approval; and

**“Superior Offer”** means either a Superior Cash Offer or a Superior Alternative Offer.

### **Solicitation Process**

The SISP Procedures set forth herein describe, among other things, the LP Property available for sale and the opportunity for an investment in the LP Business, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the LP Property and the LP Business, the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court’s approval thereof (collectively, the **“Solicitation Process”**). The Monitor shall supervise the SISP Procedures and in particular shall supervise the Financial Advisor in connection therewith. The LP Entities are required to assist and support the efforts of the Monitor, the Financial Advisor, and the LP CRA as provided for herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve such dispute.

### **Sale and Investment Opportunity**

A Confidential Information Memorandum describing the opportunity to acquire all or substantially all of the LP Property or invest in the LP Entities will be made available by the Financial Advisor to prospective purchasers or prospective strategic or financial investors that have executed a confidentiality agreement with the LP Entities. One or more Qualified Non-Binding Indications of Interest (as defined below) for less than substantially all of the LP Property will not be precluded from consideration as a Superior Cash Offer or Potential Superior Alternative Offer (as defined below).

### **"As Is, Where Is"**

The sale of the LP Property or investment in the LP Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the LP Entities or any of their agents or estates, except to the extent set forth in the relevant sale or investment agreement with a Successful Bidder.

### **Free Of Any And All Claims And Interests**

In the event of a sale, all of the rights, title and interests of the LP Entities in and to the LP Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the **“Claims and Interests”**) pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such LP Property (without prejudice to any claims or

causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

An investment in the LP Entities may, at the option of the Successful Bidder, include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the LP Entities as a going concern; a sale of LP Property to a newly formed acquisition entity on terms described in the above paragraph; or a plan of compromise or arrangement pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests as set out therein.

### **Phase 1 - Initial Timing**

For a period of approximately ~~seven~~**eight** weeks following the date of the Initial Order, ~~or for such shorter period as the Monitor, in consultation with the Financial Advisor and the LP CRA, may determine appropriate~~ (“**Phase 1**”), the Financial Advisor (with the assistance of the LP CRA and under the supervision of the Monitor and in accordance with the terms of the Initial Order) will solicit non-binding indications of interest from prospective strategic or financial parties to acquire the LP Property or to invest in the LP Entities (the “**Non-Binding Indications of Interest**”).

### **Publication Notice**

As soon as reasonably practicable after the granting of the Initial Order approving these SISP Procedures, but in any event no more than three (3) Business Days after the issuance of the Initial Order, the Monitor shall cause a notice of the sale and investor solicitation process contemplated by these SISP Procedures and such other relevant information which the Monitor, in consultation with the Financial Advisor, considers appropriate to be published in the National Post (National Edition). At the same time, the LP Entities shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor, following consultation with the Financial Advisor, with Canada Newswire designating dissemination in Canada and major financial centres in the United States, Europe and Asia Pacific.

### **Participation Requirements**

Unless otherwise ordered by the Court or as otherwise determined by the Monitor (in consultation with the Financial Advisor, the LP CRA and the Agent), in order to participate in the Solicitation Process, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor at the address specified in Schedule “1” hereto (including by email or fax transmission):

- (a) prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder (including the Confidential Information Memorandum), an executed confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities, which shall inure to the benefit of any purchaser of the LP Property or any investor in the LP Business. **At the request of a Potential Bidder, the Confidential Information Memorandum shall also be provided**



**to any party proposing to provide financing to a Potential Bidder if such party executes a similar confidentiality agreement; and**

(b) on or prior to the Phase ~~I1~~ Bid Deadline, as defined below, specific indication of the anticipated sources of capital for the Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Financial Advisor, the LP CRA and the Agent and each of their respective legal and financial advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transaction. **For greater certainty, a Potential Bidder shall not be required to provide binding financing commitments on or prior to the Phase 1 Bid Deadline.**

A Potential Bidder that has executed a confidentiality agreement, as described above, and delivers the documents described above, whose financial information and credit quality support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, the financial capability of the Potential Bidder to consummate a transaction, and that the Monitor determines, in its reasonable business judgment, after consultation with the Financial Advisor, the LP CRA and the Agent is likely (based on availability of financing, experience and other considerations) to be able to consummate a Sale Proposal (as defined below) or an Investment Proposal (as defined below) will be deemed a "**Qualified Bidder**".

The determination as to whether a Potential Bidder is a Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Bidder, the Financial Advisor will promptly notify the Potential Bidder that it is a Qualified Bidder.

### **Due Diligence**

The Financial Advisor shall provide any person seeking to become a Qualified Bidder **and any person who is proposing to provide financing to such person** that has executed a confidentiality agreement with a copy of the Confidential Information Memorandum. The Monitor, the Financial Advisor, the LP CRA and the LP Entities make no representation or warranty as to the information contained in the Confidential Information Memorandum or the information to be provided through the due diligence process in Phase 2 or otherwise, except, in the case of the LP Entities, to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the LP Entities.

### **Phase 1**

#### **Seeking Non-Binding Indications of Interest by Qualified Bidders**

A Qualified Bidder that desires to participate in Phase 1 shall deliver written copies of a non-binding indication of interest to the Financial Advisor, at the address specified in Schedule "1" hereto (including by email or fax transmission), so as to be received by it not later than ~~February 26,~~ **than March 5,** 2010 at 5:00 PM (Toronto time), or such other date or time as may

be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent (the “**Phase 1 Bid Deadline**”).

**Non-Binding Indications of Interest by Qualified Bidders**

A non-binding indication of interest submitted will be considered a Qualified Non-Binding Indication of Interest only if the bid is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder (pursuant to the criteria indicated above) and contains the following information (a “**Qualified Non-Binding Indication of Interest**”):

(a) An indication of whether the Qualified Bidder is offering to (i) acquire all or substantially all of the LP Property (a “**Sale Proposal**”) or (ii) make an investment in the LP Entities (an “**Investment Proposal**”);

(b) In the case of a Sale Proposal: it shall identify (i) the purchase price range (including liabilities to be assumed by the Qualified Bidder); (ii) any of the LP Property expected to be excluded or any additional assets desired to be included; (iii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and any related contingencies, as applicable); (iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals; (v) additional due diligence required or desired to be conducted during Phase 2 (defined below), if any; (vi) any conditions to closing that the Qualified Bidder may wish to impose; (vii) any other terms or conditions of the Sale Proposal which the Qualified Bidder believes are material to the transaction; and (viii) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be “Canadian issues” of “Canadian newspapers” as defined in the *Income Tax Act* (Canada); and

(c) In the case of an Investment Proposal, it shall identify: (i) the direct or indirect investment target, whether the Limited Partnership or CPI or both; (ii) the aggregate amount of the equity and debt investment (including, the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and any related contingencies, as applicable) to be made in the LP Business; (iii) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization); (iv) equity, if any, to be allocated to the Senior Secured Claims or to any other secured or unsecured creditors of the LP Entities; (v) the structure and financing of the transaction (including, but not limited to, whether and what portion of the Senior Secured Claims Amount is proposed to be paid on closing and all requisite financial assurance); (vi) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals; (vii) additional due diligence required or desired to be conducted during Phase 2, if any; (viii) any conditions to closing that the Qualified Bidder may wish to impose; (ix) any other terms or conditions of the

Investment Proposal which the Qualified Bidder believes are material to the transaction; and (x) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be “Canadian issues” of “Canadian newspapers” as defined in the *Income Tax Act* (Canada).

(d) In the case of a Sale Proposal or an Investment Proposal, it shall contain such other information reasonably requested by the Financial Advisor, in consultation with the LP CRA and the Agent.

Unless the Qualified Bidder otherwise indicates in its Sale Proposal or Investment Proposal, as the case may be, it shall be assumed for purposes of assessing the proposal that (i) substantially all of the employees of the LP Entities will become employees of the Qualified Bidder or remain employees of the LP Entities, as the case may be, and the proposed terms and conditions of employment to be offered to those employees will be substantially similar to their existing terms and conditions of employment; and (ii) all pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan or any post-retirement benefit plan will be assumed or purchased, as applicable, by the Qualified Bidder or will remain liabilities and assets of the LP Entities, as the case may be.

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Non-Binding Indications of Interest, ~~but only with the prior consent of the Agent, acting in consultation with the Steering Committee.~~ Copies of all Qualified Non-Binding Indications of Interest shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Non-Binding Indications of Interest until after the conduct of the vote on the Senior Lenders CCAA Plan.

### **Assessment of Qualified Non-Binding Indications of Interest**

#### *I - Advance to Phase 2*

Within the two week period following the Phase 1 Bid Deadline, or by such other later date as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent, the Monitor will, in consultation with the Financial Advisor, the LP CRA and the Agent, assess the Qualified Non-Binding Indications of Interest received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Superior Cash **Offer or a Potential Superior Alternative** Offer. If the Monitor determines that there is such a reasonable prospect, the Monitor will recommend to the Special Committee that the SISP **continue for a further seven weeks in accordance with these SISP Procedures (“Phase 2”) for a further ten weeks or such other period of time as the Monitor may determine after consultation with the Financial Advisor, the LP CRA and the Agent.** If the Special Committee **of the board of directors of Canwest Global Communications Corp. (the “Special Committee”)** accepts such recommendation, the SISP will immediately thereafter continue to Phase 2. If the Special Committee does not accept such recommendation, the

Monitor will report to the Court that the Special Committee does not accept such recommendation, and will seek advice and directions from the Court with respect to the SISP.

~~If the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, determines that there is no reasonable prospect of a Qualified Non-Binding Indication of Interest resulting in a Superior Cash Offer, the Monitor will forthwith advise the Agent of such determination. The Monitor will also consult with the Agent, the LP CRA and the Financial Advisor to assess whether there is a reasonable prospect of a Qualified Non-Binding Indication of Interest resulting in a Superior Alternative Offer (a “**Potential Superior Alternative Offer**”). If the Monitor determines that there is a Potential Superior Alternative Offer, the Monitor will forthwith so advise the Agent. If CCAA Senior Lender Approval has been obtained for the Senior Lenders CCAA Plan, and if the Agent, acting in consultation with the Steering Committee, considers it highly unlikely that the Potential Superior Alternative Offer would receive CCAA Senior Lender Approval, it may elect, by notice to the Monitor, for a delay of two weeks to consult with relevant Senior Lenders. If within those two weeks, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer, it shall be deemed that there is no reasonable prospect of the Potential Superior Alternative Offer resulting in a Superior Alternative Offer. If the Agent does not so notify the Monitor within such period, the SISP will proceed to Phase 2.~~

## *II. Terminate SISP*

The Monitor shall recommend to the Special Committee that the SISP be terminated at the end of Phase 1 if:

1. no Qualified Non-Binding Indication of Interest is received by the Financial Advisor;  
or
2. the Monitor determines that there is no reasonable prospect that any Qualified Non-Binding Indication of Interest received will result in a Superior Cash Offer or in a Superior Alternative Offer.

If the Special Committee does not accept the Monitor’s recommendation to terminate the SISP at the end of Phase 1, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP. If the SISP is terminated pursuant to the Monitor’s recommendation or pursuant to Court Order, the LP Entities shall promptly, and if they do not, the Agent may: (i) apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order and (ii) take steps to complete the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Acquisition and Assumption Agreement between Acquireco and the LP Entities (the “**Credit Acquisition Agreement**”), and (c) the LP Support Agreement made among the LP Entities and the Agent dated January 8, 2010 (the “**LP Support Agreement**”). The Financial Advisor shall also notify each Qualified Bidder that submitted a Qualified Non-Binding Indication of Interest that the SISP has been terminated.

## Phase 2

### Seeking Qualified Bids by Qualified Bidders

At the outset of Phase 2, the Monitor shall, in its reasonable business judgment, in consultation with the Financial Advisor, the LP CRA and the Agent, recommend to the Special Committee whether any Qualified Bidders should be eliminated from the SISP (the “**Elimination Recommendation**”). If the Special Committee disagrees with the Elimination Recommendation, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP.

During Phase 2, each Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and, at the request of a Qualified Bidder, any party proposing to provide financing to such Qualified Bidder shall have such due diligence access to materials and information relating to the LP Property and the LP Business as the Financial Advisor, in its reasonable business judgment, in consultation with Monitor, deems appropriate, having regard to the advance to Phase 2 and the requirements of a Qualified Purchase Bid (defined below) and a Qualified Investment Bid (defined below), including, as appropriate, meetings with senior management of the LP Entities and facility tours.

A Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and which desires to participate in Phase 2 will deliver written copies of a Qualified Purchase Bid or a Qualified Investment Bid to the Financial Advisor at the address specified in Schedule “1” hereto (including by email or fax transmission) so as to be received by it not later than 5:00 pm (Toronto time) on the date which is ~~seven (7)~~eight weeks following the commencement of Phase 2, or such ~~other~~later date or time as may be agreed by the Financial Advisor, in consultation with the Monitor and the LP CRA, and the Agent (the “**Phase 2 Bid Deadline**”).

### Qualified Purchase Bids

A bid submitted to acquire all or substantially all of the LP Property will be considered a Qualified Purchase Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) and the bid complies with all of the following (a “**Qualified Purchase Bid**”):

(a) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the sale to the Successful Bidder;

(b) it includes a duly authorized and executed purchase agreement, including the purchase price for assets proposed to be acquired expressed in Canadian dollars (the “**Purchase Price**”), together with all exhibits and schedules thereto, and such ancillary

agreements as may be required by the bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements);

(c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

(e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

(f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;

(g) it includes evidence, in form and substance reasonably satisfactory to the Monitor: (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures;

(i) it (i) contains full details of the proposed number of employees of the LP Entities who will become employees of the bidder and the proposed terms and conditions of employment to be offered to those employees and (ii) identifies any pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan who will become employees of the bidder that the bidder intends to assume or purchase;

(j) it contains other information reasonably requested by the Financial Advisor, in consultation with the Monitor, the LP CRA and the Agent; and

- (k) it is received by the Phase 2 Bid Deadline.

### Qualified Investment Bids

A bid submitted to make an investment in the LP Entities will be considered a Qualified Investment Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) the bid complies with all of the following (a "**Qualified Investment Bid**"):

- (a) it includes a duly authorized and executed term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the LP Entities following completion of the proposed transaction (the "**Term Sheet**");

- (b) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the investment by the Successful Bidder;

- (c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

- (d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

- (e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

- (f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the LP Entities or the completeness of any information provided in connection therewith except as expressly stated in the Term Sheet;

- (g) it includes evidence, in form and substance reasonably satisfactory to the Monitor, (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid; and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National

Post will continue to be “Canadian issues” of “Canadian newspapers” as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "**Good Faith Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures,;

(i) it contains other information reasonably requested by the Monitor, the Financial Advisor, the LP CRA or the Agent; and

(j) it is received by the Phase 2 Bid Deadline.

Qualified Investment Bids and Qualified Purchase Bids shall hereinafter be referred to as “**Qualified Bids**” and each a “**Qualified Bid**”.

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Investment Bids or Qualified Purchase Bids, as the case may be, ~~but only with the prior consent of the Agent, acting in consultation with the Steering Committee.~~ Copies of all Qualified Bids shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Bid until after the conduct of the vote on the Senior Lenders CCAA Plan.

If at any point during Phase 2, the Monitor determines, in consultation with the Financial Advisor, the LP CRA, and the Agent, that a Successful Bid will not be obtained by the Phase 2 Bid Deadline, (i) it will advise the Special Committee, the Financial Advisor, the LP CRA and the Agent of that fact; and (ii) following that advice, the Monitor and the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

#### **No Qualified Bids**

If none of the Qualified Bids received by the Financial Advisor constitute Superior Offers, the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

#### **Superior Cash Offer is Received**



If the Monitor determines in its reasonable business judgment following consultation with the Financial Advisor and the LP CRA, that one or more of the Qualified Bids is a Superior Cash Offer or a Superior Alternative Offer, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the “~~Superior Cash Offer Recommendation~~”) to the Special Committee that the most favourable Superior Cash Offer be selected and that a definitive agreement be negotiated and settled in respect of that Superior Cash Offer, conditional upon Court approval and conditional on the Superior Cash Offer closing within 60 days after the Phase 2 Bid Deadline, or such longer period as shall be agreed to by the Monitor, ~~in consultation with the Financial Advisor and the LP CRA, and consented to by the Agent, acting in consultation with the Steering Committee.~~ If the Special Committee accepts the Superior Cash Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, in consultation with the Financial Advisor and the LP CRA. In determining which Superior Cash Offer or Superior Alternative Offer is most favourable, the Monitor shall consider which offer is most advantageous to the creditors of the Applicants of all classes or categories.

If the Special Committee accepts the Superior Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall negotiate and settle a definitive agreement in accordance with the recommendation but subject to the terms and conditions of the Senior Lenders CCAA Plan.

If the Special Committee does not wish to proceed with the Superior Cash Offer recommended by the Monitor, the Monitor shall advise the Court and seek advice and directions from the Court with respect to the SISP.

#### Superior Alternative Offer is Received

~~If the Monitor does not receive a Superior Cash Offer but receives a Qualified Bid which the Monitor determines, in consultation with the Financial Advisor, the LP CRA and the Agent, is a Potential Superior Alternative Offer, the Monitor shall so advise the Agent. If CCAA Senior Lender Approval has been obtained for the Senior Lenders CCAA Plan, and if the Agent, acting in consultation with the Steering Committee, considers it highly unlikely that the Potential Superior Alternative Offer would receive CCAA Senior Lender Approval, it may elect, by notice to the Monitor, for a delay of two weeks to consult with relevant Senior Lenders. If within those two weeks, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer, it shall be deemed that there is no reasonable prospect of the Potential Superior Alternative Offer resulting in a Superior Alternative Offer. If the Agent does not so notify the Monitor within such period, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the “Superior Alternative Offer Recommendation”) to the Special Committee that the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent negotiate a definitive agreement in respect of the Potential Superior Alternative Offer, conditional upon Court approval and CCAA Senior Lender Approval and on the Superior Alternative Offer closing within 60 days after the Phase 2 Bid Deadline, or such longer period as shall be agreed to by the Monitor and the Agent acting in consultation with the Steering Committee.~~

~~In the event that the Special Committee does not accept the Superior Alternative Offer Recommendation, the Monitor shall so advise the Court and seek its advice and directions with respect to the SISP.~~

~~In the event that the Special Committee does accept the Superior Alternative Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent shall negotiate a definitive agreement in accordance with such recommendation and thereafter the Monitor, in consultation with the Financial Advisor and the LP CRA, or the Agent shall have the right to seek CCAA Senior Lender Approval of the Potential Superior Alternative Offer.~~

~~If within the two week delay referred to above, the Agent provides satisfactory written confirmation to the Monitor that Senior Lenders holding more than 33.3% of the Senior Secured Claims do not support pursuing the Potential Superior Alternative Offer or if CCAA Senior Lender Approval is sought but not obtained, then the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.~~

Once a definitive agreement has been negotiated and settled in respect of the Superior Offer which has been selected by the Monitor or by Court Order (the “**Selected Superior Offer**”) in accordance with the provisions hereof, the Selected Superior Offer shall be the “**Successful Bid**” hereunder and the person(s) who made the Selected Superior Offer shall be the “**Successful Bidder**” hereunder.

### **Approval Motion**

The hearing to authorize some or all of the Applicants to enter into agreements with respect to the Successful Bid (the “**Approval Motion**”) will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Monitor with the consent of the Agent, acting in consultation with the Steering Committee, without further notice by an announcement of the adjourned date at the Approval Motion. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

### **Deposits**

All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five Business Days of the date upon which the SISP is terminated in accordance with these procedures.

### **Approvals**

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or are otherwise required at law in order to implement a Successful Bid or the Senior Lenders CCAA Plan.

### **No Amendment**

~~There shall be no amendments to this SISP, including, for greater certainty the process and procedures set out herein, without the consent of the Agent, acting in consultation with the Steering Committee.~~

### **Further Orders**

At any time during the Solicitation Process, the Monitor may, following consultation with the Financial Advisor, the LP CRA and the Agent, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

**Schedule "1"**

**Address for Notices and Deliveries**

To the Financial Advisor:

**RBC Capital Markets**  
Mergers & Acquisitions  
P.O. Box 50, 5<sup>th</sup> Floor  
South Tower, Royal Bank Plaza  
Toronto, Ontario  
M5J 2W7

Attention: Peter Buzzi, Managing Director, Co-Head M&A

Email: [peter.buzzi@rbccm.com](mailto:peter.buzzi@rbccm.com)

Facsimile: (416) 842-5360

## Schedule “A”

### Procedures for the Sale and Investor Solicitation Process

On January 8, 2010, Canwest Publishing Inc. / Publications Canwest Inc. (“CPI”), Canwest (Canada) Inc. and Canwest Books Inc. (the “Applicants”) obtained an initial order (the “Initial Order”) under the *Companies' Creditors Arrangement Act* (“CCAA”) from the Ontario Superior Court of Justice (the “Court”). The Initial Order also applies to Canwest Limited Partnership/Canwest Societe en Commandite (the “Limited Partnership”, which together with the Applicants make up the “LP Entities”). As part of the Initial Order, the Court: (i) approved the Sale and Investor Solicitation Process (the “SISP”) set forth herein to determine whether a Successful Bid (as defined below) can be obtained; and (ii) authorized CPI and the Limited Partnership to file the Senior Lenders CCAA Plan, pursuant to which, if there is no Successful Bid, 7272049 Canada Inc. (“AcquireCo”) will acquire certain assets and assume certain liabilities of CPI (the “Credit Acquisition”).

Set forth below are the procedures (the “SISP Procedures”) to be followed with respect to a sale and investor solicitation process to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

### Defined Terms

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order or in the Senior Lenders CCAA Plan, attached to the Initial Order. In addition, in these SISP Procedures:

“**CCAA Senior Lender Approval**” means a formal vote of the Senior Lenders under the CCAA, pursuant to which super majority approval of the Senior Lenders as required by the CCAA, being 66.7% by Cdn\$ and an absolute majority in number of the Senior Lenders that vote, is obtained;

“**Senior Secured Claims Amount**” means the aggregate amount owing (whether for principal, interest, fees, recoverable costs or otherwise) to the Senior Lenders and the Agent, as at the date upon which the transactions contemplated by the Successful Bid, if any, are completed, under:

- (i) the Senior Credit Agreement;
- (ii) all Hedging Agreements; and
- (iii) the LP Support Agreement,

in each case calculated based on the deemed conversion of claims denominated in US Dollars to Canadian Dollars on the Filing Date;

“**Superior Cash Offer**” means a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders on closing of the transaction contemplated by the offer of the Senior Secured Claims Amount less a discount of Cdn \$25 million calculated as of the date of such closing (the “**Reference Amount**”);

**“Superior Alternative Offer”** means a credible, reasonably certain and financially viable offer for the purchase of all or substantially all of the LP Property (for greater certainty, including any such offer where the cash component available for distribution to the Senior Lenders upon closing, if any, is less than the Reference Amount) or a reorganization of the LP Plan Entities; and

**“Superior Offer”** means either a Superior Cash Offer or a Superior Alternative Offer.

### **Solicitation Process**

The SISP Procedures set forth herein describe, among other things, the LP Property available for sale and the opportunity for an investment in the LP Business, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the LP Property and the LP Business, the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the Court’s approval thereof (collectively, the **“Solicitation Process”**). The Monitor shall supervise the SISP Procedures and in particular shall supervise the Financial Advisor in connection therewith. The LP Entities are required to assist and support the efforts of the Monitor, the Financial Advisor, and the LP CRA as provided for herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve such dispute.

### **Sale and Investment Opportunity**

A Confidential Information Memorandum describing the opportunity to acquire all or substantially all of the LP Property or invest in the LP Entities will be made available by the Financial Advisor to prospective purchasers or prospective strategic or financial investors that have executed a confidentiality agreement with the LP Entities. One or more Qualified Non-Binding Indications of Interest (as defined below) for less than substantially all of the LP Property will not be precluded from consideration as a Superior Cash Offer or Potential Superior Alternative Offer (as defined below).

### **"As Is, Where Is"**

The sale of the LP Property or investment in the LP Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the LP Entities or any of their agents or estates, except to the extent set forth in the relevant sale or investment agreement with a Successful Bidder.

### **Free Of Any And All Claims And Interests**

In the event of a sale, all of the rights, title and interests of the LP Entities in and to the LP Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the **"Claims and Interests"**) pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such LP Property (without prejudice to any claims or

causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

An investment in the LP Entities may, at the option of the Successful Bidder, include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the LP Entities as a going concern; a sale of LP Property to a newly formed acquisition entity on terms described in the above paragraph; or a plan of compromise or arrangement pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests as set out therein.

### **Phase 1 - Initial Timing**

For a period of approximately eight weeks following the date of the Initial Order (“**Phase 1**”), the Financial Advisor (with the assistance of the LP CRA and under the supervision of the Monitor and in accordance with the terms of the Initial Order) will solicit non-binding indications of interest from prospective strategic or financial parties to acquire the LP Property or to invest in the LP Entities (the “**Non-Binding Indications of Interest**”).

### **Publication Notice**

As soon as reasonably practicable after the granting of the Initial Order approving these SISP Procedures, but in any event no more than three (3) Business Days after the issuance of the Initial Order, the Monitor shall cause a notice of the sale and investor solicitation process contemplated by these SISP Procedures and such other relevant information which the Monitor, in consultation with the Financial Advisor, considers appropriate to be published in the National Post (National Edition). At the same time, the LP Entities shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor, following consultation with the Financial Advisor, with Canada Newswire designating dissemination in Canada and major financial centres in the United States, Europe and Asia Pacific.

### **Participation Requirements**

Unless otherwise ordered by the Court or as otherwise determined by the Monitor (in consultation with the Financial Advisor, the LP CRA and the Agent), in order to participate in the Solicitation Process, each person (a “**Potential Bidder**”) must deliver to the Financial Advisor at the address specified in Schedule “1” hereto (including by email or fax transmission):

- (a) prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder (including the Confidential Information Memorandum), an executed confidentiality agreement in form and substance satisfactory to the Monitor, the Financial Advisor, the LP CRA and the LP Entities, which shall inure to the benefit of any purchaser of the LP Property or any investor in the LP Business. At the request of a Potential Bidder, the Confidential Information Memorandum shall also be provided to any party proposing to provide financing to a Potential Bidder if such party executes a similar confidentiality agreement; and

(b) on or prior to the Phase 1 Bid Deadline, as defined below, specific indication of the anticipated sources of capital for the Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor, the Financial Advisor, the LP CRA and the Agent and each of their respective legal and financial advisors, to make, in their reasonable business or professional judgment, a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transaction. For greater certainty, a Potential Bidder shall not be required to provide binding financing commitments on or prior to the Phase 1 Bid Deadline.

A Potential Bidder that has executed a confidentiality agreement, as described above, and delivers the documents described above, whose financial information and credit quality support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, the financial capability of the Potential Bidder to consummate a transaction, and that the Monitor determines, in its reasonable business judgment, after consultation with the Financial Advisor, the LP CRA and the Agent is likely (based on availability of financing, experience and other considerations) to be able to consummate a Sale Proposal (as defined below) or an Investment Proposal (as defined below) will be deemed a "**Qualified Bidder**".

The determination as to whether a Potential Bidder is a Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Bidder, the Financial Advisor will promptly notify the Potential Bidder that it is a Qualified Bidder.

#### **Due Diligence**

The Financial Advisor shall provide any person seeking to become a Qualified Bidder and any person who is proposing to provide financing to such person that has executed a confidentiality agreement with a copy of the Confidential Information Memorandum. The Monitor, the Financial Advisor, the LP CRA and the LP Entities make no representation or warranty as to the information contained in the Confidential Information Memorandum or the information to be provided through the due diligence process in Phase 2 or otherwise, except, in the case of the LP Entities, to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the LP Entities.

#### **Phase 1**

##### **Seeking Non-Binding Indications of Interest by Qualified Bidders**

A Qualified Bidder that desires to participate in Phase 1 shall deliver written copies of a non-binding indication of interest to the Financial Advisor, at the address specified in Schedule "1" hereto (including by email or fax transmission), so as to be received by it not later than March 5, 2010 at 5:00 PM (Toronto time), or such other date or time as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent (the "**Phase 1 Bid Deadline**").



**Non-Binding Indications of Interest by Qualified Bidders**

A non-binding indication of interest submitted will be considered a Qualified Non-Binding Indication of Interest only if the bid is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder (pursuant to the criteria indicated above) and contains the following information (a “**Qualified Non-Binding Indication of Interest**”):

(a) An indication of whether the Qualified Bidder is offering to (i) acquire all or substantially all of the LP Property (a “**Sale Proposal**”) or (ii) make an investment in the LP Entities (an “**Investment Proposal**”);

(b) In the case of a Sale Proposal: it shall identify (i) the purchase price range (including liabilities to be assumed by the Qualified Bidder); (ii) any of the LP Property expected to be excluded or any additional assets desired to be included; (iii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and any related contingencies, as applicable); (iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals; (v) additional due diligence required or desired to be conducted during Phase 2 (defined below), if any; (vi) any conditions to closing that the Qualified Bidder may wish to impose; (vii) any other terms or conditions of the Sale Proposal which the Qualified Bidder believes are material to the transaction; and (viii) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be “Canadian issues” of “Canadian newspapers” as defined in the *Income Tax Act* (Canada); and

(c) In the case of an Investment Proposal, it shall identify: (i) the direct or indirect investment target, whether the Limited Partnership or CPI or both; (ii) the aggregate amount of the equity and debt investment (including, the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and any related contingencies, as applicable) to be made in the LP Business; (iii) the underlying assumptions regarding the pro forma capital structure (including, the anticipated debt levels, debt service fees, interest and amortization); (iv) equity, if any, to be allocated to the Senior Secured Claims or to any other secured or unsecured creditors of the LP Entities; (v) the structure and financing of the transaction (including, but not limited to, whether and what portion of the Senior Secured Claims Amount is proposed to be paid on closing and all requisite financial assurance); (vi) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals; (vii) additional due diligence required or desired to be conducted during Phase 2, if any; (viii) any conditions to closing that the Qualified Bidder may wish to impose; (ix) any other terms or conditions of the Investment Proposal which the Qualified Bidder believes are material to the transaction; and (x) whether, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be “Canadian issues” of “Canadian newspapers” as defined in the *Income Tax Act* (Canada).

(d) In the case of a Sale Proposal or an Investment Proposal, it shall contain such other information reasonably requested by the Financial Advisor, in consultation with the LP CRA and the Agent.

Unless the Qualified Bidder otherwise indicates in its Sale Proposal or Investment Proposal, as the case may be, it shall be assumed for purposes of assessing the proposal that (i) substantially all of the employees of the LP Entities will become employees of the Qualified Bidder or remain employees of the LP Entities, as the case may be, and the proposed terms and conditions of employment to be offered to those employees will be substantially similar to their existing terms and conditions of employment; and (ii) all pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan or any post-retirement benefit plan will be assumed or purchased, as applicable, by the Qualified Bidder or will remain liabilities and assets of the LP Entities, as the case may be.

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Non-Binding Indication of Interest. Copies of all Qualified Non-Binding Indications of Interest shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Non-Binding Indications of Interest until after the conduct of the vote on the Senior Lenders CCAA Plan.

### **Assessment of Qualified Non-Binding Indications of Interest**

#### *I - Advance to Phase 2*

Within the two week period following the Phase 1 Bid Deadline, or by such other later date as may be agreed by the Monitor, in consultation with the Financial Advisor and the LP CRA, and the Agent, the Monitor will, in consultation with the Financial Advisor, the LP CRA and the Agent, assess the Qualified Non-Binding Indications of Interest received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Superior Cash Offer or a Potential Superior Alternative Offer. If the Monitor determines that there is such a reasonable prospect, the Monitor will recommend to the Special Committee that the SISP continue in accordance with these SISP Procedures ("Phase 2") for a further ten weeks or such other period of time as the Monitor may determine after consultation with the Financial Advisor, the LP CRA and the Agent. If the Special Committee of the board of directors of Canwest Global Communications Corp. (the "**Special Committee**") accepts such recommendation, the SISP will immediately thereafter continue to Phase 2. If the Special Committee does not accept such recommendation, the Monitor will report to the Court that the Special Committee does not accept such recommendation, and will seek advice and directions from the Court with respect to the SISP.

#### *II. Terminate SISP*

The Monitor shall recommend to the Special Committee that the SISP be terminated at the end of Phase 1 if:

1. no Qualified Non-Binding Indication of Interest is received by the Financial Advisor;  
or
2. the Monitor determines that there is no reasonable prospect that any Qualified Non-Binding Indication of Interest received will result in a Superior Cash Offer or in a Superior Alternative Offer.

If the Special Committee does not accept the Monitor's recommendation to terminate the SISP at the end of Phase 1, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP. If the SISP is terminated pursuant to the Monitor's recommendation or pursuant to Court Order, the LP Entities shall promptly, and if they do not, the Agent may: (i) apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order and (ii) take steps to complete the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Acquisition and Assumption Agreement between Acquireco and the LP Entities (the "**Credit Acquisition Agreement**"), and (c) the LP Support Agreement made among the LP Entities and the Agent dated January 8, 2010 (the "**LP Support Agreement**"). The Financial Advisor shall also notify each Qualified Bidder that submitted a Qualified Non-Binding Indication of Interest that the SISP has been terminated.

## Phase 2

### Seeking Qualified Bids by Qualified Bidders

At the outset of Phase 2, the Monitor shall, in its reasonable business judgment, in consultation with the Financial Advisor, the LP CRA and the Agent, recommend to the Special Committee whether any Qualified Bidders should be eliminated from the SISP (the "**Elimination Recommendation**"). If the Special Committee disagrees with the Elimination Recommendation, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP.

During Phase 2, each Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and, at the request of a Qualified Bidder, any party proposing to provide financing to such Qualified Bidder shall have such due diligence access to materials and information relating to the LP Property and the LP Business as the Financial Advisor, in its reasonable business judgment, in consultation with Monitor, deems appropriate, having regard to the advance to Phase 2 and the requirements of a Qualified Purchase Bid (defined below) and a Qualified Investment Bid (defined below), including, as appropriate, meetings with senior management of the LP Entities and facility tours.

A Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and which desires to participate in Phase 2 will deliver written copies of a Qualified Purchase Bid or a Qualified Investment Bid to the Financial Advisor at the address specified in Schedule "1" hereto (including by email or fax transmission) so as to be received by it not later than 5:00 pm (Toronto time) on the date which is eight weeks following the commencement of Phase 2, or such later date or time as may be agreed by the Financial Advisor, in consultation with the Monitor and the LP CRA, and the Agent (the "**Phase 2 Bid Deadline**").

### **Qualified Purchase Bids**

A bid submitted to acquire all or substantially all of the LP Property will be considered a Qualified Purchase Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) and the bid complies with all of the following (a "**Qualified Purchase Bid**"):

(a) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the sale to the Successful Bidder;

(b) it includes a duly authorized and executed purchase agreement, including the purchase price for assets proposed to be acquired expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements);

(c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

(e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

(f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;

(g) it includes evidence, in form and substance reasonably satisfactory to the Monitor: (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures;

(i) it (i) contains full details of the proposed number of employees of the LP Entities who will become employees of the bidder and the proposed terms and conditions of employment to be offered to those employees and (ii) identifies any pension liabilities and assets related to any employees currently covered under any registered pension or retirement income plan who will become employees of the bidder that the bidder intends to assume or purchase;

(j) it contains other information reasonably requested by the Financial Advisor, in consultation with the Monitor, the LP CRA and the Agent; and

(k) it is received by the Phase 2 Bid Deadline.

### **Qualified Investment Bids**

A bid submitted to make an investment in the LP Entities will be considered a Qualified Investment Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding Indication of Interest on or before the Phase 1 Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures and (iii) the bid complies with all of the following (a "**Qualified Investment Bid**");

(a) it includes a duly authorized and executed term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the LP Entities following completion of the proposed transaction (the "**Term Sheet**");

(b) it includes a letter stating that the bidder's offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase 2 Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the investment by the Successful Bidder;

(c) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Financial Advisor, the LP CRA and the Agent, to make a reasonable determination as to the bidder's financial and other capabilities to consummate the transaction contemplated by the bid;

(d) it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining financing;

(e) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;

(f) it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the LP Entities or the completeness of any information provided in connection therewith except as expressly stated in the Term Sheet;

(g) it includes evidence, in form and substance reasonably satisfactory to the Monitor, (i) of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid; and (ii) that, if the proposed transaction is completed, the newspapers operated by the LP Business and the National Post will continue to be "Canadian issues" of "Canadian newspapers" as defined in the *Income Tax Act* (Canada);

(h) it is accompanied by a refundable deposit (the "**Good Faith Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to Cdn\$10 million to be held and dealt with in accordance with these SISP Procedures,;

(i) it contains other information reasonably requested by the Monitor, the Financial Advisor, the LP CRA or the Agent; and

(j) it is received by the Phase 2 Bid Deadline.

Qualified Investment Bids and Qualified Purchase Bids shall hereinafter be referred to as "**Qualified Bids**" and each a "**Qualified Bid**".

The Monitor, in consultation with the Financial Advisor and the LP CRA, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Investment Bids or Qualified Purchase Bids, as the case may be. Copies of all Qualified Bids shall be provided to the Agent on terms that permit the Agent to consult with respect thereto with the Steering Committee and other Senior Lenders on a confidential basis, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Bid until after the conduct of the vote on the Senior Lenders CCAA Plan.

If at any point during Phase 2, the Monitor determines, in consultation with the Financial Advisor, the LP CRA, and the Agent, that a Successful Bid will not be obtained by the Phase 2 Bid Deadline, (i) it will advise the Special Committee, the Financial Advisor, the LP CRA and the Agent of that fact; and (ii) following that advice, the Monitor and the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and

conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

### **No Qualified Bids**

If none of the Qualified Bids received by the Financial Advisor constitute Superior Offers, the LP Entities shall promptly, and if they do not, the Agent may, apply for Court sanction of the Senior Lenders CCAA Plan in accordance with the Initial Order, including completion of the Credit Acquisition, subject to satisfaction of the conditions precedent under and compliance with the terms and conditions of (a) the Senior Lenders CCAA Plan, (b) the Credit Acquisition Agreement and (c) the LP Support Agreement.

### **Superior Offer is Received**

If the Monitor determines in its reasonable business judgment following consultation with the Financial Advisor and the LP CRA, that one or more of the Qualified Bids is a Superior Cash Offer or a Superior Alternative Offer, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the “**Superior Offer Recommendation**”) to the Special Committee that the most favourable Superior Offer be selected and that a definitive agreement be negotiated and settled in respect of that Superior Offer, conditional upon Court approval and conditional on the Superior Offer closing within 60 days after the Phase 2 Bid Deadline, or such longer period as shall be agreed to by the Monitor, in consultation with the Financial Advisor and the LP CRA. In determining which Superior Cash Offer or Superior Alternative Offer is most favourable, the Monitor shall consider which offer is most advantageous to the creditors of the Applicants of all classes or categories.

If the Special Committee accepts the Superior Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall negotiate and settle a definitive agreement in accordance with the recommendation.

If the Special Committee does not wish to proceed with the Superior Offer recommended by the Monitor, the Monitor shall advise the Court and seek advice and directions from the Court with respect to the SISF.

Once a definitive agreement has been negotiated and settled in respect of the Superior Offer which has been selected by the Monitor or by Court Order (the “**Selected Superior Offer**”) in accordance with the provisions hereof, the Selected Superior Offer shall be the “**Successful Bid**” hereunder and the person(s) who made the Selected Superior Offer shall be the “**Successful Bidder**” hereunder.

### **Approval Motion**

The hearing to authorize some or all of the Applicants to enter into agreements with respect to the Successful Bid (the “**Approval Motion**”) will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Monitor with the consent of the Agent, acting in consultation with the Steering Committee, without further notice by an announcement of the adjourned date at the

Approval Motion. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

### **Deposits**

All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion shall be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, all Deposits shall be returned to the bidders within five Business Days of the date upon which the SISP is terminated in accordance with these procedures.

### **Approvals**

For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or are otherwise required at law in order to implement a Successful Bid or the Senior Lenders CCAA Plan.

### **Further Orders**

At any time during the Solicitation Process, the Monitor may, following consultation with the Financial Advisor, the LP CRA and the Agent, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.



**Schedule "1"**

**Address for Notices and Deliveries**

To the Financial Advisor:

**RBC Capital Markets**  
Mergers & Acquisitions  
P.O. Box 50, 5<sup>th</sup> Floor  
South Tower, Royal Bank Plaza  
Toronto, Ontario  
M5J 2W7

Attention: Peter Buzzi, Managing Director, Co-Head M&A

Email: [peter.buzzi@rbccm.com](mailto:peter.buzzi@rbccm.com)

Facsimile: (416) 842-5360

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 CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC., AND CANWEST (CANADA) INC.

Court File No.: CV-10-8533-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at Toronto

**NOTICE OF MOTION**

DAVIES WARD PHILLIPS & VINEBERG LLP  
44th Floor, 1 First Canadian Place  
Toronto, ON M5X 1B1

Matthew P. Gottlieb (LSUC #32268B)  
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Lawyers for the Ad Hoc Committee of  
9.25% Senior Subordinated Noteholders

Court File No. CV-10-8533-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

BETWEEN:

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 CANWEST PUBLISHING  
INC./PUBLICATIONS CANWEST INC., CANWEST  
BOOKS INC. AND CANWEST (CANADA) INC.

Applicants

**AFFIDAVIT OF TED S. LODGE  
(sworn January 27, 2010)**

I, TED S. LODGE, of the Whitemarsh Township, in the Commonwealth of Pennsylvania, MAKE OATH AND SAY:

1. I am a Partner of GoldenTree Asset Management LP ("GoldenTree"). GoldenTree acts as investment manager on behalf of one or more managed funds/accounts which hold certain Notes (as defined below) issued by CanWest MediaWorks Limited Partnership (now, Canwest Limited Partnership) (the "Limited Partnership"). Further, GoldenTree is one of the members of the *ad hoc* committee of noteholders (the "Committee"), which was formed with a view to facilitating the restructuring of the LP Entities (as defined below). As such, I have knowledge of the matters referred to herein. Where I have gained knowledge based on information I have received from others, including through documents filed by Canwest Publishing Inc./Publications Canwest Inc. ("CPI"), Canwest Books Inc. ("CBI") and Canwest

(Canada) Inc. ("CCI") (collectively the "Applicants" and together with the Limited Partnership, the "LP Entities") in connection with their application for relief under the *Companies' Creditors Arrangement Act* (the "CCAA"), I verily believe such information to be true.

2. This is a motion by the Committee for an Order amending the terms of the SISP (as defined below) and an Order approving the Committee DIP (as defined below). It is the view of the Committee that the SISP, as it currently stands, will not bring about a robust and competitive bidding process for the LP Entities' business, but will instead deter such a result. I have been authorized by the members of the Committee to swear this Affidavit in support of this motion that is being brought by all of the members of the Committee.

3. This motion is being brought by the Committee as a result of (i) the lack of information available to the Committee both before and after the CCAA Filing (as defined below), (ii) the fact that the secured lenders of the LP Entities (the "Secured Lenders") have been granted "veto" rights under the SISP, (iii) the aggressive timetable established by the SISP, and (iv) the desire by the Committee to put forth a viable proposal in the SISP (and allow other parties to put forth viable proposals) that will produce the best results for all of the LP Entities' stakeholders and not only the Secured Lenders.

### **The Committee**

4. As set out in more detail below, I am advised that members of the Committee manage funds which are the beneficial holders of in excess of U.S.\$300 million principal amount of the U.S.\$400 million Notes issued by the Limited Partnership.

### **The LP Entities**

5. The LP Entities own and operate major daily newspapers, community newspapers, online operations and other publications, excluding those of the *National Post*. The *National Post* is operated and published by the LP Entities through their ownership interest in National Post Inc., a subsidiary of CPI.

### **The Notes**

6. Pursuant to an offering memorandum dated July 2, 2007, the Limited Partnership issued U.S.\$400 million of 9.25% senior subordinated notes (the "Notes"). The Notes are governed by an indenture dated July 13, 2007 (the "Indenture") between the Limited Partnership, the Bank of New York, BNY Trust Company of Canada, Canwest MediaWorks Inc. (now, CPI) and CBI. The Notes are in default and the Limited Partnership currently owes approximately \$438 million principal and \$23.6 million of interest under the Notes.

7. CPI and CBI (the "Note Guarantors") guaranteed the payment of principal, premium and interest on each Note and performance of the Limited Partnership under the Indenture.

8. The Notes are general unsecured obligations of the Limited Partnership and the Note Guarantors and are subordinated in right of payment to all existing and future

senior indebtedness, which includes (i) the indebtedness owed to the lenders under a senior secured credit facility (the "Credit Facility") by and among the Limited Partnership, The Bank of Nova Scotia as Administrative Agent (the "Agent"), syndicate of lenders (i.e. Secured Lenders) and CCI, CPI and CBI as guarantors, (ii) obligations with respect to Hedging Obligations (as defined in the Indenture), and (iii) any indebtedness that does not provide that it is to rank *pari passu* with or subordinate to the Notes or the guarantee of the Note Guarantors.

9. The Notes bear interest at the rate of 9.25% per year payable on February 1 and August 1 each year and are due in August 2015. Under the terms of the Indenture, an event of default occurs if, among other things, (i) there is default for 30 days in payment of any interest due on the Notes, (ii) the Limited Partnership or Note Guarantors fail to pay interest or premium in an aggregate amount of U.S.\$25 million with respect to any indebtedness of the Limited Partnership, which default is not waived or cured within 60 days after written notice is provided or the acceleration of the indebtedness aggregating U.S.\$25 million which is not rescinded or annulled within 30 days after written notice is provided, or (iii) when the Limited Partnership commences voluntary insolvency proceedings.

#### **Events of Default Committed by the LP Entities**

10. Commencing May 2009, the Limited Partnership failed to make payments under, and was in breach of, certain financial covenants contained in the Credit Facility. The Limited Partnership failed to make principal, interest and fee payments due on May 29, 2009, June 21, 2009, June 22, 2009, July 21, 2009, July 22, 2009 and August 21, 2009,

in breach of the Credit Facility. The outstanding interest and fee amounts were eventually paid in accordance with the Forbearance Agreement (as discussed below).

11. The failure of the Limited Partnership to make payments under the Credit Facility triggered default in the Limited Partnership's related foreign currency and interest rate swaps and the Limited Partnership also failed to satisfy the demand for immediate repayment of its obligations owing to the swap counterparties under these instruments.

12. On June 21, 2009, the Limited Partnership failed to make an interest payment which was due under a senior subordinated credit agreement (the "Subordinated Credit Agreement") dated as of July 10, 2007 between the Limited Partnership, the Agent, a syndicate of lenders and CCI, CPI and CBI as guarantors. The defaults under the Credit Facility were also events of default under the Subordinated Credit Agreement.

13. On August 3, 2009, Canwest Global Communications Corp. ("Canwest Global") announced that the Limited Partnership would not make the August 1 payment of interest of approximately U.S.\$18.5 million due to holders of the Notes (collectively, the "Noteholders") pursuant to the terms of the Indenture. The failure to make this interest payment caused an event of default under the Indenture. The failure of the Limited Partnership to satisfy the demand for repayment of its obligations in respect of their foreign currency and interest rate swaps constituted an event of default under the Indenture.

14. On August 31, 2009, the LP Entities entered into a forbearance agreement (the "Forbearance Agreement") with the Agent, pursuant to which the Agent agreed to forbear from taking steps with respect to the events of default committed by the LP

Entities under the Credit Facility. The Forbearance Agreement, as amended, expired according to its terms on November 9, 2009.

### **The Formation of the Committee**

15. In early May 2009, GoldenTree and another party which is no longer a holder of the Notes began to organize an *ad hoc* committee of Noteholders and retained Davies Ward Phillips & Vineberg LLP ("Davies") as counsel for the Committee. The Committee is comprised of U.S. and Canadian retail and institutional investors. The Committee, in its current state, was not formed until October 2009.

16. The Committee currently comprises parties that hold or manage in excess of U.S.\$300 million of the Notes and includes a number of substantial financial institutions with significant cash resources; our holdings represent in excess of 75% of the Notes and a considerable portion of the unsecured debt of the LP Entities. Certain members of the Committee are also holders of material amounts of debt under the Credit Facility.

17. The Committee was formed so as to ensure that the holders of the Notes would be in a position to put forth a united voice and would have a significant say in the LP Entities' restructuring efforts. As stated, the Committee is comprised of a number of large financial institutions that collectively hold a significant amount of the Limited Partnership's debt. The Committee members, with their advisors, have the expertise and the incentive to make significant commitments regarding the LP Entities' business that will be beneficial to all of its stakeholders. As a result, the Committee wanted to begin discussions with the LP Entities as soon as possible as it was essential that the



LP Entities not take any important steps regarding a restructuring without the Committee's involvement.

18. Simply, the members of the Committee wanted to be very involved in the LP Entities' restructuring efforts and wanted to make a proposal for the restructuring that would be in the best interest of all the stakeholders of the Limited Partnership. In that regard, it was important that the Committee have sophisticated restructuring counsel and the assistance of a financial advisor to assist in that process.

**(a) Davies**

19. Davies approached the LP Entities to request funding for its fees as well as fees for a financial advisor to the Committee. Davies was told on several occasions that while the LP Entities recognized that the restructuring process would be assisted if the Noteholders were organized and had proper advice, they were not prepared to fund such costs. We were advised that while the LP Entities supported our legal fees being paid, the Secured Lenders refused to allow such payment.

20. Ultimately, the LP Entities agreed that it would fund up to \$250,000 of Davies' fees and provided Davies with \$75,000 to be held in trust on account of such fees. This was reflected in an engagement letter dated August 24, 2009. Notwithstanding this agreement, the Initial Order (as defined below) prevented the LP Entities from continuing to pay Davies' fees notwithstanding that the \$250,000 amount had not been reached. I understand that this matter is the subject of continuing discussion. As discussed below, notwithstanding repeated requests, the LP Entities have continued to refuse to pay amounts for a financial advisor to the Committee.

21. The LP Entities required Davies to execute a non-disclosure agreement (the "NDA") before they were prepared to provide Davies with certain information pertaining to the LP Entities. On August 24, 2009, Davies provided the LP Entities with an executed NDA, which is attached as **Exhibit "A"** to my Affidavit and were thereafter granted access to an online data room.

22. The NDA prohibits Davies from communicating confidential information to the Committee unless they also execute non-disclosure agreements. Due to the fact that the Committee is comprised largely of fund managers who may wish to trade the Notes, many of the members of the Committee have currently chosen to remain unrestricted and have refrained from executing non-disclosure agreements. Many members of the Committee will become restricted so as to become involved in the restructuring process once it becomes clear that the process will be meaningful and that they can have real involvement and input.

**(b) The Decision to Engage a Financial Advisor**

23. The business of the LP Entities is very large and complex. The LP Entities own, operate and publish ten major daily newspapers, 22 non-daily newspapers and certain community newspapers. The Limited Partnership also owns and operates over 80 websites.

24. Moreover, until recently, the business of the LP Entities was integrated with the media side of the Canwest business, including that of Canwest Global and Canwest Media Inc. ("CMI"), the parent corporations of the LP Entities.

25. Furthermore, the LP Entities were party to numerous shared service agreements where certain administrative, advisory and other business services were shared between the various corporate entities on both the publishing and media side. While I understand that the LP Entities have made arrangements to restructure and terminate the shared service agreements, these arrangements were not approved until late October 2009 and certain agreements remain in place making it difficult to assess the expenses and revenues of the publishing side of the business.

26. While Davies was given access to certain financial information, it does not have the capability to analyze this information in a critical manner which would permit it to provide the Committee with a restructuring plan for the LP Entities.

27. As referred to above, the Committee therefore felt that it was necessary to engage a financial advisor with a view to developing a restructuring proposal for, among others, the following reasons: (i) a financial advisor would sign a non-disclosure agreement and therefore be granted access to confidential financial information that was not available to the Committee; (ii) a financial advisor would have significant financial experience and expertise, which would help it assess the value of the LP Entities; and (iii) a financial advisor would have pre-existing industry expertise and therefore would be able to quickly and efficiently develop an understanding of the business operated by the LP Entities.

28. I understand that Alvarez and Marsal Canada ULC ("A&M") was appointed as financial advisor to McMillan LLP ("McMillan"), counsel for the Agent and the Secured Lenders pursuant to an engagement letter dated June 26, 2009 and RBC Dominion

Securities Inc. ("RBC") currently acts as financial advisor to the LP Entities pursuant to an agreement entered into on or about October 1, 2009. Prior to October 1, 2009, RBC provided services to the LP Entities pursuant to a letter agreement dated December 10, 2008. In addition, I understand that FTI Consulting Inc., the court-appointed monitor of the LP Entities (the "Monitor"), has been involved in the Limited Partnership's restructuring process since January 29, 2009. All these amounts are being paid by the LP Entities.

**(c) Selecting a Financial Advisor**

29. From the time we first engaged counsel, both the Committee and Davies have been asking the LP Entities to fund a financial advisor to assist the Committee. While their advisors acknowledge that it would be constructive for our Committee to have such advice, they continually refused to provide any funding for this purpose.

30. The terms of the Forbearance Agreement prohibit the LP Entities from funding a financial advisor for the benefit of the Committee, without the consent of the Agent. Conversely, section 26 of the Forbearance Agreement requires the Limited Partnership to pay all costs, charges and expenses of the Agent, including the fees of A&M, associated with the Forbearance Agreement and any other matter or thing related to the indebtedness of the Limited Partnership to the Secured Lenders under the Credit Facility.

31. Ultimately, our Committee concluded that it would retain an advisor and, if the LP Entities refused funding, it would pay the financial advisor in order to facilitate the development of a viable restructuring proposal for the benefit of all stakeholders.

32. On October 27, 2009, four financial institutions made presentations to the Committee about their possible retention as the Committee's financial advisor. By majority vote, the Committee agreed to retain Houlihan Lokey as its financial advisor. Houlihan Lokey was viewed as being the preferred choice because it is the financial advisor for the special committee of the holders of the 8% senior subordinated notes due 2012 (the "CMI 8% Notes") in the restructuring of CMI and is very familiar with the corporate and financial structure of the LP Entities, the LP Entities' business relationships with the other CMI entities and the advisors to the LP Entities. Because of the foregoing, the Committee believed that the retention of Houlihan Lokey would significantly reduce the time required to prepare a restructuring proposal and significantly reduce the cost of the retention of a financial advisor.

33. Despite its stated recognition that the retention of a financial advisor by the Committee would be constructive to the restructuring process, the steering committee of the Secured Lenders (the "Steering Committee") would not allow the LP Entities to fund Houlihan Lokey. The Committee was led to believe, however, that the Steering Committee might be amenable to funding a financial advisor other than Houlihan Lokey. Furthermore, the Committee was discouraged from hiring Houlihan Lokey by the Steering Committee and the Limited Partnership on the basis that hiring Houlihan Lokey would make negotiations with the Secured Lenders more difficult. By refusing to fund and discouraging the retention of Houlihan Lokey, the Secured Lenders increased the time that it would take the Committee to prepare a restructuring proposal and increased the cost of putting such a proposal forward.

34. Therefore, on November 10, 2009, the Committee interviewed four additional candidates for financial advisor and ultimately proposed Moelis & Company LLP ("Moelis") to the Limited Partnership.

35. I am advised that on November 17, 2009, Jay Swartz of Davies spoke with Andrew Kent of McMillan who had indicated that the Agent and Steering Committee might be willing to permit funding of Moelis, subject to certain conditions, including the condition that the Committee would be required to support, or at the least not oppose, an investor solicitation/sale process proposed by the Secured Lenders. Remarkably, the Committee was being asked to not oppose a process that was not disclosed to or discussed with Davies or the Committee.

36. Due to the fact that the Committee was not privy to the investor solicitation process, it was not in a position to agree to the funding conditions imposed by the Steering Committee.

37. On November 18, 2009, Davies wrote a letter to Derek Burney, the chair of the special committee of directors of Canwest Global (the "Special Committee"), detailing the difficulties the Committee was experiencing in obtaining the consent of the Steering Committee to funding our financial advisor. The letter further confirmed the Committee's desire and ability to fund a restructuring of the LP Entities and of the Committee's view that a filing would be inappropriate until a consensual restructuring was attempted. Attached as **Exhibits "B"** and **"C"** to my Affidavit is a copy of Davies' November 18, 2009 letter and Osler, Hoskin & Harcourt LLP's ("Osler"), counsel for the LP Entities, letter in response dated November 23, 2009.

38. On or about December 1, 2009, the Committee determined that in the interest of progressing a restructuring plan, it would fund Moelis' fees without the assistance of the Limited Partnership and began to work towards finalizing the terms of an engagement letter with Moelis (the "Engagement Letter").

#### **The Committee's Efforts to Work with the LP Entities and Obtain Information**

39. As referred to above, it was the desire of the Committee to be a significant player in the LP Entities' restructuring. It was the Committee's strong view that with the assistance of the members of the Committee, there would be no need for the LP Entities to file an insolvency proceeding and that a restructuring could effectively and efficiently take place outside of a court supervised process. This would save the LP Entities substantial costs and time and would result in less disruption to their business. From as early as the Summer 2009, the Committee and its counsel made this clear to the LP Entities and their advisors. In that regard, the Committee and its counsel attempted to keep the lines of communication with the LP Entities open and made clear that it wanted to be involved in any important strategic decisions that were being made by the LP Entities. Mr. Swartz had many communications with the LP Entities' advisors to advise of the Committee's goals and its ability to support a restructuring.

40. Indeed, the Committee has on numerous occasions asked to be provided with documents pertaining to any proposed pre-packaged arrangement between the LP Entities and the Secured Lenders. In fact, Davies had been provided with some verbal comfort that if there was to be a CCAA filing, they would be given an opportunity to review draft material. This did not occur.

41. By way of example, the Forbearance Agreement contemplated that the LP Entities and the Agent would have established the principal terms of a pre-packaged arrangement by September 30, 2009 and an investor solicitation process by September 15, 2009. On behalf of the Committee, Mr. Swartz asked the LP Entities' counsel on several occasions to see the terms of any such agreement with the intent that the Committee would be able to participate in such a process. Notwithstanding these requests, the Committee was not provided with any materials until the Filing Date (as defined below). I understand that Mr. Swartz was provided with the SISP on the day before the Filing Date, on a "confidential" basis.

42. I am advised by Mr. Swartz that between the months of October and December 2009, he had numerous conversations with the CRA and Osler wherein he requested the opportunity to review any proposed support transaction with the Secured Lenders. This did not occur.

43. In mid-November, I spoke with Mr. Burney, the Chairman of the Special Committee, and expressed to him that the Noteholders wanted to work with the LP Entities on a constructive basis to achieve an out-of-court restructuring. I explained that the members of the Committee had the wherewithal to fund a restructuring and to take an active role in any such restructuring. I asked Mr. Burney to ensure that, on a go forward basis, the members of the Committee be involved.

44. On November 18, 2009, Mr. Swartz spoke with Mr. Sellers of Osler and again confirmed the Committee's position (as referred to in my conversation with Mr. Burney).



Mr. Swartz also followed up with his November 18, 2009 letter confirming the same (as referred to above in paragraph 37).

45. In order to put forward a restructuring proposal for the consideration of the LP Entities and its advisors, Moelis, as advisor to the Committee, required a significant amount of information from the LP Entities regarding its business. Unfortunately, there was very little information available that would assist the Committee in preparing a proposal.

46. In order to attempt to obtain more information, Moelis took steps to enter into a non-disclosure agreement with the LP Entities. As of December 7, 2009, Moelis was corresponding with the LP Entities on finalizing a non-disclosure agreement (the "Moelis NDA").

47. On December 7, 2009, Mr. Swartz provided Gary Colter, the chief restructuring advisor for the LP Entities (the "CRA"), Osler and the Monitor with a due diligence checklist prepared by Moelis, by email. The intention was that the LP Entities would assemble the information while the Moelis NDA was being settled. Attached as **Exhibit "D"** to my Affidavit is a copy of Mr. Swartz's December 7, 2009 email and the checklist.

48. On December 10, 2009, Moelis signed the Moelis NDA.

49. On December 15, 2009 Mr. Swartz provided the CRA, counsel for the LP Entities and RBC with a further due diligence checklist prepared by Moelis, by email, which email and checklist are attached as **Exhibit "E"** to my Affidavit.

50. Also on December 15, 2009, Moelis reached out to RBC by email for the purpose of setting up a diligence session with the LP Entities, which email is attached as **Exhibit "F"** to my Affidavit. RBC advised they would discuss the request with the LP Entities.

51. Further, on December 15, 2009, Davies wrote a letter to Mr. Burney, copying the CRA, RBC and Osler, advising him that the Committee had retained Moelis with a view to commencing due diligence in order to assist the Committee in developing a restructuring proposal. In the December 15, 2009 letter, Mr. Swartz states:

There are recent rumours that Canwest LP is about to enter into an agreement with its bank syndicate which is, in effect, a credit bid and the following such agreement, it will then file for protection under the *Companies' Creditors Arrangement Act*. We have not seen a draft agreement nor have we seen any draft documents relating to a filing and expect that if such documents exist, we would be provided with copies well in advance of a filing.

Attached as **Exhibit "G"** is a copy of Davies' December 15, 2009 letter and, as **Exhibit "H"**, Mr. Sellers' response dated December 18, 2009.

52. As of December 16, 2009, Moelis was still unable to commence its due diligence because the LP Entities had not executed the Moelis NDA. Further, for the first time, the LP Entities now also required review of the Engagement Letter before they would give Moelis access to the confidential information contained in the online data room and advised that they wanted to revise the NDA to reflect that Moelis and the Committee were negotiating the terms of the Engagement Letter.

53. On December 18, 2009, Moelis provided the CRA with a copy of the draft Engagement Letter. Attached as **Exhibit "I"** to my Affidavit is a copy of Moelis' email to the CRA attaching the draft Engagement Letter.

54. On December 18, 2009, Mr. Swartz sent the email attached as **Exhibit "J"** to my Affidavit wherein he requested the CRA, Osler, RBC and the Monitor to provide Moelis access to the data room and provide Davies and Moelis with an executed Moelis NDA.

55. On December 21, 2009, Osler advised Mr. Swartz that Moelis would not be granted access to the data room until the Engagement Letter was fully executed.

56. On December 22, 2009, more than two weeks after the initial request, Moelis was finally granted access to the data room.

57. On December 28, 2009, Moelis sent the email to RBC attached as **Exhibit "K"** to my Affidavit wherein they attempted for the second time to arrange a diligence session with the LP Entities. In response, RBC sent the email attached as **Exhibit "L"** to my Affidavit and indicated that a meeting would be set up after the first week of January 2010. Obviously, no such meeting was set up.

#### **The First DIP Proposal of the Committee**

58. While the Committee believed that a consensual restructuring plan of the LP Entities could be developed outside of a CCAA proceeding, it appeared that the Secured Lenders might force a filing and the Committee was interested in participating in any restructuring plan that was developed in the context of the CCAA. In that regard, Mr. Sellers asked Mr. Swartz whether the Noteholders would be prepared to fund a DIP loan for the LP Entities in the event a filing was made. The Committee agreed amongst themselves to provide DIP financing to the LP Entities.

59. On December 23, 2009, Mr. Swartz left a message with Osler indicating that the Committee was interested in providing DIP financing and requesting particulars of any special terms that the LP Entities may require. Osler did not provide any specific terms that would be required in the DIP term sheet.

60. On December 30, 2009, I left a voicemail for Mr. Burney and advised that the Committee would like to work with the LP Entities towards implementing a DIP loan that satisfies their liquidity needs and facilitates a restructuring.

61. On December 31, 2009, I provided Mr. Burney with a copy of a draft DIP term sheet, with a copy to the CRA, Osler and RBC. Attached as **Exhibit "M"** is a copy of the draft DIP term sheet together with my email of December 31, 2009.

62. Pursuant to the terms of the proposed DIP financing, the Committee contemplated granting a funding commitment of \$50 million at an interest rate of 10% per year. The DIP financing would mature on the first anniversary of the initial drawdown. There were no fees payable other than a discount that would be provided on the Notes evidencing advances under the DIP loan. Further, there was no borrowing base proposed.

63. On January 4, 2010, Leonard Asper wrote to the Agent (the "Asper Letter") in his capacity as CEO of CMI wherein he opined that the holders of the Notes were most likely to come up with a restructuring plan that is more favourable than the plan that was then being proposed by the Secured Lenders and such a plan would likely provide better recovery for the other stakeholders of the LP Entities. The Asper Letter is attached as **Exhibit "N"** to my Affidavit.

64. On January 6, 2010, Mr. Swartz advised the Committee that despite reaching out to both the CRA and Edward Sellers at Osler by both voice mail and email to discuss the DIP term sheet, neither had responded. Instead, on January 6, 2010, Michael Matheson, a partner at Osler, provided the comments on the DIP term sheet that are attached as **Exhibit "O"** to my Affidavit. Attached as **Exhibit "P"** is an email from Mr. Matheson to Mr. Swartz wherein he attaches his comments. Mr. Matheson notes in his email that the mark-up had not been discussed with the Limited Partnership.

65. On January 7, 2009, Mr. Swartz spoke with Mr. Matheson concerning the DIP term sheet and Mr. Matheson indicated he thought the terms proposed were favourable both as to pricing and lack of margin requirements. Mr. Matheson stated that he was unaware of the timing of a filing or the terms of any charges that might be requested which would rank ahead of a DIP facility. At about 9:00 p.m. on January 7, 2010, Mr. Sellers advised Mr. Swartz that the LP Entities would be filing under the CCAA the following morning.

### **The CCAA Filing**

66. On January 8, 2010 (the "Filing Date"), Davies advised that at about 2:00 a.m. they were served by email with the application record of the Applicants in connection with their application for filing for protection under the CCAA (the "CCAA Filing").

67. On the Filing Date, the LP Entities obtained an initial order (the "Initial Order") that, among other things, (i) approved a support agreement (the "Support Agreement") dated as of January 7, 2010 between the LP Entities and the Agent, (ii) authorized and approved a pre-determined sale and investor solicitation process (the "SISP"),

(iii) authorized the LP Entities to file a plan of compromise or arrangement between the LP Entities and the Secured Lenders (the "Plan"), (iv) authorized an acquisition by an entity capitalized by the Secured Lenders and *pari passu* swap counterparties ("Acquireco") of substantially all of the assets of the LP Entities (the "Credit Acquisition"), and (v) approved the entering into by the LP Entities of the Secured Lender DIP (as defined below).

**(a) Lack of Notice to the Stakeholders of the LP Entities**

68. The Committee received no real notice of the CCAA Filing and had virtually no opportunity to review any of the material related thereto prior to the Court hearing. At the motion for the CCAA Filing, the Committee opposed the relief sought in the Initial Order because, among other things, the Committee did not feel the stakeholders of the LP Entities had been provided with adequate opportunity to review the lengthy materials and respond to the broad relief being requested. The Committee was also of the view that there was no need to approve either the SISP or the Secured Lender DIP on the first day and that the parties should have been given an opportunity to review these critical documents and make proper submissions.

69. The Committee was surprised and concerned by the lack of consultation and inclusion of the Committee in connection with the CCAA Filing because, as referred to above, since August 2009, they had communicated to the LP Entities their desire to work towards developing a restructuring plan with the LP Entities.

70. Considering our repeated requests to engage in discussions respecting the restructuring process and a DIP, the Committee was very disappointed that the LP Entities made the CCAA Filing without first consulting the Committee.

**(b) Timing of the CCAA Filing**

71. The LP Entities have been operating without the protections of a formal forbearance agreement since November 9, 2009, the date the Forbearance Agreement expired. Since that time, the Secured Lenders have been in a position to take steps to demand payment of amounts owing under the Credit Facility.

72. In addition, as described above, the LP Entities are in default under the Indenture and the Subordinated Credit Agreement. Neither the holders of the Notes nor the lenders under the Subordinated Credit Agreement have taken steps to enforce their rights. The Noteholders have not done so because they believed that a consensual out-of-court restructuring could have been achieved and that it was undesirable to precipitate a filing.

73. The LP Entities' current cash flow projections do not demonstrate that the LP Entities were suffering from an imminent liquidity crisis prior to the Filing Date and therefore required the immediate protections of the CCAA and a DIP facility. In paragraph 191 of the Affidavit of Thomas C. Strike sworn January 7, 2010 (the "Strike Affidavit") filed in support of the CCAA Filing, it is noted "Based upon the LP Entities' current cash flow projections, the LP Entities do not anticipate drawing on the DIP Facility during the early stages of this CCAA Proceeding." The assets of the LP Entities

are not disappearing and there is no need to rush any process to develop a plan for the benefit of all stakeholders.

74. In the Asper Letter, Mr. Asper articulates his dissatisfaction with what were then imminent CCAA proceedings:

Given that (i) the LP is operating well today, (ii) the LP is current with all suppliers, employees, severed employees and retirees, as well as making full pension payments, (iii) the Subordinated Debtholders [the holders of the Notes] have indicated in writing their willingness to put forth a restructuring proposal, and (iv) there is no reason to believe that a non-court supervised SISP will be any less effective than a CCAA court supervised SISP, I fail to see why there is a need for a court supervised process other than to give the Senior Lenders to the ability to impair other stakeholders while resulting in significant costs and value erosion.

75. As a result, the Committee is of the view that there was no need for the LP Entities to file complex, pre-packaged agreements as processes on the Filing Date, particularly, without notice to, or consultation with, its stakeholders. Further, the Committee believes that there must be adequate time and a fair process in order to ensure that the best plan can be developed.

#### **The Inability of the Committee to Produce a Restructuring Plan**

76. The Strike Affidavit states in paragraph 220, that "The Ad Hoc Committee has expressed objections to both the prospect of a filing for creditor protection under the CCAA and the possibility of the Senior Lenders' CCAA Plan. At the same time, to date, the Ad Hoc Committee has not put forward any concrete restructuring proposal to the LP Entities."



77. This comment is misleading. The Committee has been unable to put forward a concrete restructuring proposal for the LP Entities because the Committee has effectively been rebuffed by the LP Entities and the Secured Lenders at every opportunity. As stated, the LP Entities refused to discuss a restructuring proposal or DIP loan with the Committee and the Committee experienced extreme difficulty in obtaining approval for a financial advisor and was given extremely limited access to the confidential information that would allow them to form such a plan.

78. The Committee took active steps to engage a financial advisor. However, the Steering Committee and Limited Partnership refused to fund, and discouraged the retention of, the Committee's first choice of an advisor, Houlihan Lokey, even though retention of Houlihan Lokey would have greatly facilitated the Committee's ability to deliver a restructuring proposal. Moreover, after being encouraged by the Steering Committee and the Limited Partnership to select a different advisor and one month after the Committee began its process of identifying a financial advisor, it was advised that the Steering Committee would only agree to the funding of the Committee's financial advisor if the Committee gave up its rights to oppose the Secured Lenders' sales process.

79. Once the Committee had agreed to fund Moelis at its own expense, Moelis experienced resistance in gaining access to the online data room. In the interim period, Moelis provided the LP Entities with two diligence checklists and indicated a desire to meet with the LP Entities.

80. Within one week of Moelis being granted access to the online data room, the Committee put forth the draft DIP term sheet. The Committee recognized that this term sheet would have to be tailored to meet the needs of the LP Entities but never received meaningful responses from the LP Entities. In response, the Committee only received high level comments on the DIP term sheet from a partner at Osler (who made it clear that he was not speaking on behalf of the Limited Partnership), but no one else.

**Concerns with the Relief Granted in the Initial Order**

81. As described above, the LP Entities obtained broad relief pursuant to the Initial Order that authorized the implementation of the Support Agreement, the SISP, the Plan and the Credit Acquisition (collectively, the "Pre-Pack Agreements").

82. The Support Agreement contemplates that the LP Entities will take steps to cause the implementation of the Plan, the pursuit of the Credit Acquisition and the implementation of the SISP.

83. The Pre-Pack Agreements have been designed to benefit the Secured Lenders only and do not yield value for the other stakeholders of the LP Entities. The Pre-Pack Agreements make it difficult for parties other than the Secured Lenders to participate in a restructuring of the LP Entities.

84. Furthermore, there is no evidence that the Pre-Pack Agreements were necessary or desirable to encourage alternative restructuring proposals. Indeed, in the Committee's view, they deter parties from putting forward other proposals. As referred to above, the Committee had expressed its interest on numerous occasions to

participate in developing a restructuring plan (without the need of the Pre-Pack Agreements).

**(a) The SISP**

85. The SISP is purportedly designed to solicit competing offers for the assets or business of the LP Entities. The SISP is fatally flawed if its goal is to create a robust and competitive process with respect to the LP Entities' business. This is so because, among other reasons, a minority of Secured Lenders is given significant veto rights with respect to bids made that do not cash out the debt owed to the Secured Lenders and, due to the lack of information provided, it is impossible to properly evaluate the Secured Lenders' acquisition of the LP Entities' business. Moreover, the integrity of what is purported to be a robust and competitive two-phase process is undermined by the intimate involvement of the Secured Lenders at every step.

86. Notwithstanding the involvement of the Monitor, the CRA, RBC and the Special Committee in the SISP, the Agent, acting on the authority of only one-third of the Secured Lenders, has the ability to reject bids and effectively terminate the SISP in both Phase 1 and Phase 2 of the SISP. Indeed, the SISP may not be amended in any way without the consent of the Agent. Furthermore, the Monitor is required to consult with the Agent at virtually every step of the SISP process.

87. The fact that the Secured Lenders hold a veto in the SISP means that any successful bidder in the SISP will have to produce a bid that yields a result for the Secured Lenders that is perceived by a minority of Secured Lenders as more favourable

than the Credit Acquisition, regardless of how the bid treats the other stakeholders of the LP Entities.

88. The SISP is also flawed because bidders are competing against the Credit Acquisition but potential bidders are not provided with adequate information to assess the Credit Acquisition. For instance, potential bidders will not be provided with information concerning the capital structure of Acquireco. This critical fact is deliberately hidden from prospective bidders and thus it is very difficult for them to have an understanding of how to present a bid with non-cash components which should satisfy the Secured Lenders.

89. The SISP does not encourage bidders to produce competitive offers. Potential bidders are given seven weeks in Phase 1 to produce a non-binding bid and another seven weeks thereafter to produce a final bid that includes an irrevocable commitment for financing. This timeline is unnecessarily aggressive given the complexity of the structure of the business and financial affairs of the LP Entities. Moreover, the confidential information memorandum was not provided to Moelis until January 15, 2010, one week after the commencement of the SISP. This is complicated by the fact that all bids must demonstrate that if the proposed transaction is completed, the operation of any newspapers will comply with certain ownership requirements pertaining to Canadian newspapers imposed by the *Income Tax Act* (Canada). In light of the cash flow projections of the LP Entities and the fact that their assets are not deteriorating in value, there is no need to rush this process. It appears that this timeline was developed to increase the likelihood that the Secured Lenders will control the process and the assets in the face of increasingly positive operational and financial performance and the

corresponding improvement in the valuation of the LP Entities thereby benefiting only the Secured Lenders. The Committee believes that the SISP process is designed to convey to the Secured Lenders all of the value of the LP Entities, even value in excess of the debt secured under the Credit Facility in a rushed process so that the Secured Lenders can later realize for themselves value belonging to the other stakeholders.

**(b) The Plan and the Credit Acquisition**

90. If the SISP does not produce a successful bid, the LP Entities will seek approval of the Plan and the Credit Acquisition will proceed. In effect, the Secured Lenders will foreclose on the business and assets of the LP Entities.

91. The Plan contemplates a compromise and arrangement of the debt currently held by the Secured Lenders and the *pari passu* swap counterparties. Pursuant to the Credit Acquisition and the Plan, the claims of the Secured Lenders against the Limited Partnership will be deemed to have been transferred to Acquireco in exchange for debt and equity to be issued by Acquireco.

92. The Credit Acquisition is not designed to benefit the stakeholders of the LP Entities other than the Secured Lenders. Instead, the transactions contemplated by the Credit Acquisition deplete all of the assets of the LP Entities in order to satisfy substantially all of the indebtedness of the LP Entities to the Secured Lenders, less \$25 million. Claims of the Secured Lenders in the amount of \$25 million would continue to be held by Acquireco and constitute an outstanding secured claim against the LP Entities. This structure allows the Secured Lenders to receive payment in satisfaction of

their indebtedness and continue to maintain their position as priority creditors above all of the creditors of the LP Entities, leaving nothing for those creditors.

### **The DIP**

93. In connection with the CCAA Filing, the LP Entities obtained the approval of the Court to enter into a DIP facility with certain of the Secured Lenders on the terms described in the term sheet dated January 7, 2010 (the "Secured Lender DIP") which is attached as **Exhibit "Q"** to my Affidavit.

94. The Committee does not believe the LP Entities obtained a DIP on favourable terms nor does it believe that the LP Entities sought, or were permitted to seek, a more favourable DIP. The Secured Lender DIP is connected to the Secured Lender's entry into of the Pre-Pack Agreements and further entrenches the priority position of the Secured Lenders to the detriment of the other stakeholders of the LP Entities. For example, one of the conditions to the availability of the Secured Lender DIP was the issuance of the Initial Order approving the SISP. The Support Agreement made as of January 8, 2010 between the LP Entities and the Agent prohibits the LP Entities from incurring any indebtedness other than indebtedness under the Secured Lender DIP.

95. The Secured Lender DIP offers a funding commitment in the amount of \$25 million at an interest rate for Canadian drawings of The Bank of Nova Scotia's CDN\$ prime rate plus 7% (subject to a CDN\$ prime rate floor of 2.25%) and for U.S. dollar drawings, The Bank of Nova Scotia's U.S.\$ prime rate plus 7% (subject to a U.S.\$ prime rate floor of 3.75%). The Secured Lender DIP will terminate on the earlier of July 31, 2010, or the occurrence of certain other events within the CCAA proceeding.

96. The LP Entities may be required to pay numerous fees under the Secured Lender DIP including an upfront fee of \$250,000, a break fee of \$500,000, a fee with respect to amendments of any documents underlying the Secured Lender DIP and an unused commitment fee. These costs ultimately detract from the value available to other stakeholders and are charged even if the facility is never drawn.

97. The proceeds of the Secured Lender DIP loan may only be used for certain enumerated purposes after any cash balances available to the Limited Partnership in excess of \$10 million are fully depleted. One of the permitted uses of the proceeds is the payment of the fees, expenses and costs incurred by the Agent in connection with the Credit Agreement.

98. The Committee would like the Court to approve the terms of a DIP facility (the "Committee DIP") proposed by the certain members of the Committee, as described in the term sheet dated January 26, 2010, which is attached as **Exhibit "R"** to my Affidavit. The terms of the Committee DIP are superior to the Secured Lender DIP. The term sheet was forwarded to Mr. Sellers by Mr. Swartz on January 27, 2010 pursuant to the letter attached as **Exhibit "S"** to my Affidavit.

99. The Committee contemplates granting a funding commitment of \$50 million at an interest rate of 9% per year. The DIP loan would mature on the first anniversary of the initial drawdown. Unlike the Secured Lender DIP, the Committee DIP does not restrict the use of proceeds of the DIP loan.

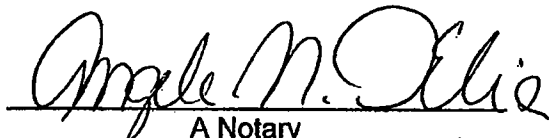
100. Further, the Committee DIP does not contemplate imposing a break fee or an unused commitment fee. Under the Committee DIP, the Limited Partnership would only be required to pay a fee if the maturity date was extended.

**Relief Sought**

101. In the Committee's view, the Pre-Pack Agreements and the Secured Lender DIP are not in the best interest of the LP Entities' restructuring or its stakeholders. The Pre-Pack Agreements were developed to benefit the Secured Lenders without consideration of the other creditors of the LP Entities. The Committee would like the opportunity to participate in a CCAA proceeding that is a truly competitive process and thereby make a viable proposal for the LP Entities that has a real opportunity to be properly considered. Further, it would like other potential bidders to be in a position to make their best offer for a refinancing or a restructuring of the LP Entities as this will benefit all stakeholders. The current SISP is a substantial deterrent to this objective.

SWORN BEFORE ME at )  
the City of New York, in the )  
State of New York, this )  
27<sup>th</sup> day of January, 2010 )

  
\_\_\_\_\_  
TED S. LODGE

  
\_\_\_\_\_  
A Notary  
1-27-10

**ANGELA N. D'ELIA**  
Notary Public, State of New York, Nassau City  
01DE6169063  
My Commission Expires June 18, 2011





This is Exhibit A referred to in the affidavit of Ted S. Lodge sworn before me, this 27th day of January 2010  
*Angela N. D'Elia*  
A COMMISSIONER FOR TAKING AFFIDAVITS

**ADVISOR  
CONFIDENTIALITY, NON-DISCLOSURE AND NON-USE AGREEMENT**

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Cty  
01DE6169063  
My Commission Expires June 18, 2011

THIS AGREEMENT is made this 27th day of August, 2009

BETWEEN:

1-27-10

CANWEST GLOBAL COMMUNICATIONS CORP.,  
CANWEST (CANADA) INC., CANWEST LIMITED  
PARTNERSHIP, CANWEST PUBLISHING  
INC./PUBLICATIONS CANWEST INC. and CANWEST  
BOOKS INC.

(collectively, "Canwest")

- and -

DAVIES WARD PHILLIPS & VINEBERG LLP

(the "Advisor")

**RECITALS**

- A. Certain holders of 9.25% Senior Subordinated Notes due 2015 (the "Notes") issued by Canwest (each an "Interested Party" and, collectively, the "Interested Parties") have retained the Advisor for the sole purpose of evaluating the position of the Interested Parties relative to Canwest in connection with the Notes (the "Engagement").
- B. Accordingly, the Advisor will receive non-public, confidential and/or proprietary information. Canwest is prepared to furnish the Advisor with information which is non-public, confidential and/or proprietary in nature.
- C. As a condition to Canwest's furnishing such information to the Advisor, Canwest requires the Advisor to agree to the terms and conditions of the agreement contained herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Canwest and the Advisor (collectively, the "Parties") hereby agree as follows:

**DEFINITIONS**

- 1. All information relating to Canwest of whatever nature or form including, without limitation, oral information that has been or is, at any time hereafter furnished to the Advisor, the Advisor's partners, associates, employees, agents or representatives, including the Advisor's consultants and financial advisors, if any (collectively, the "Advisor's Representatives"), whether by Canwest directly or on its behalf through

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Canwest's directors, officers, employees, agents or representatives, including Canwest's lawyers, accountants, consultants and financial advisors (collectively, the "Canwest Representatives") and including, without limitation, information concerning the business, affairs, operations, results of operations, contracts, liabilities, properties, prospects, financial condition, assets, customers, suppliers or financing sources of Canwest, and all analyses, compilations, data, studies or other documents or records (whether in writing or stored in computerized, electronic, disk, tape, microfilm or any other form) prepared by the Advisor or the Advisor's Representatives containing or based upon, in whole or in part, any such furnished information constitutes "Information" for the purposes of this Agreement.

2. In this Agreement, the term "affiliate" has the meaning ascribed thereto for the purposes of Part XX of the *Securities Act* (Ontario) and the term "person" means any individual, corporation, partnership, joint venture, association, trust, unincorporated organization, governmental authority or any agency or instrumentality thereof or any other entity.

#### PERMITTED USE

3. The Advisor acknowledges and agrees that it has or may receive the Information for the sole purpose of evaluating the position of the Interested Parties relative to Canwest in connection with the Notes (the "Permitted Use") and that such Information will not be used, directly or indirectly, for any other purpose other than the Permitted Use. The Advisor shall accept and hold such Information in confidence in accordance with the provisions contained herein. The Advisor agrees that it will not use the Information, and will not permit the Information to be used, so as to obtain any commercial advantage over Canwest or in any way which is, directly or indirectly, detrimental to Canwest. For the avoidance of doubt, the immediately preceding sentence shall not restrict the Advisor's ability to negotiate on behalf of the Interested Parties in connection with the Engagement, provided that during the course of such negotiations the Information is used only for the Permitted Use.
4. The Advisor represents and warrants to Canwest that:
- (a) the Advisor has been retained by the Interested Parties for the purposes of the Permitted Use on their respective behalf;
  - (b) the Advisor has been authorized by the Interested Parties to enter into this Agreement;
  - (c) the Interested Parties have waived any fiduciary or other obligation, to the extent such obligation may exist, the Advisor may have to disclose the Information (or any part thereof) to the Interested Party contrary to the terms of this Agreement; and
  - (d) except as otherwise consented to in writing by Canwest, to the extent that any partners, associates or other employees of the Advisor ("Non-Restructuring Persons") have been providing, or at any time hereafter provide professional

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services, to persons other than the Interested Parties and such services relate, directly or indirectly, to Canwest then the Advisor shall implement appropriate procedures to ensure that the Information is not disclosed or made available to such Non-Restructuring Persons including without limitation ensuring that no person who is a Non-Restructuring Person is, or was ever, involved, directly or indirectly, with the Permitted Use without the prior written consent of Canwest, which consent may be withheld in Canwest's sole discretion.

### CONFIDENTIALITY

5. Except as expressly permitted herein, the Advisor shall keep the Information confidential and, without the prior written consent of Canwest, which consent may be withheld in Canwest's sole discretion, the Advisor shall not:

- (a) disclose to any third party (other than the Interested Parties) the fact that Information has been made available to it, that discussions or negotiations are taking place concerning the Permitted Use, or any of the terms, conditions, details or other facts with respect to the Permitted Use, including the status thereof or the existence or terms of this Agreement;
- (b) disclose to any third party any of the Information or any facts relating thereto which have been disclosed to the Advisor in any manner whatsoever;
- (c) permit any such third party to have access to any of such Information; or
- (d) use, or permit any such third party to use, any of such Information for any purpose,

unless in each such case such third party, including any Interested Party in the case of Section 5(b), Section 5(c) or Section 5(d), has executed a confidentiality, non-disclosure and non-use agreement ("**Confidentiality Agreement**") in respect thereof, substantially in the form hereof, in favour of and with Canwest and then only in connection with the Permitted Use. Canwest is aware that the Advisor may, from time to time, provide advice, updates and recommendations to the Interested Parties, however, the Advisor agrees that in providing such advice, updates and recommendations, the Advisor shall not disclose, directly or indirectly, any Information except in accordance with the terms and conditions of this Agreement.

6. The Advisor shall take all reasonable precautions to prevent any of the matters referenced in this Agreement from becoming the subject of rumours. Nothing in this Agreement shall limit or otherwise restrict Canwest's announcing or publicly disclosing any of the matters referenced in this Agreement in circumstances where, pursuant to the legal requirements of any country, province, state or other political subdivision (including, without limitation, applicable fiduciary duties and duties of care), or as a result of inquiries from any regulatory authority (including, without limitation, any stock exchange upon which Canwest's securities are listed or posted for trading), Canwest considers it appropriate or necessary to make such announcement or public disclosure.

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7. Except as provided in Section 5 or Section 12, the Advisor may transmit the Information to, and only to, the Advisor's Representatives, but only to the extent that the Advisor's Representatives need to know for the sole purpose of the Permitted Use and only to the extent that any of the Advisor's Representatives, other than the Advisor's partners, associates and employees, to which such Information is transmitted have agreed in writing to a Confidentiality Agreement acceptable to Canwest and to be responsible for any breach of their obligations thereunder. The Advisor's Representatives shall be advised of the obligation to protect the confidentiality of the Information and the other obligations hereunder, and shall use the same degree of care as is used with their own and the Advisor's own confidential information. The Advisor will provide Canwest with a list of the Advisor's Representatives (other than its own partners, associates or employees) forthwith after Canwest's request for same. The Advisor shall be responsible for any breach of the obligations hereunder by it or by any of the Advisor's Representatives who have not executed a Confidentiality Agreement directly with Canwest. The Advisor will, in the event of a breach of this Agreement or any disclosure of Information by the Advisor or any of the Advisor's Representatives, other than as permitted by this Agreement, through accident, inadvertence or otherwise, notify Canwest of the nature of the breach promptly upon the Advisor's discovery of the breach or disclosure. The Advisor must immediately upon consultation with Canwest take all necessary steps to limit the extent of the breach.
8. The Advisor acknowledges that the Information is confidential and a valuable asset of Canwest and material to its interests, business and affairs. The Advisor acknowledges that the Information is a proprietary asset of Canwest and it and the Advisor's Representatives agree that as between Canwest and the Advisor, Canwest will retain proprietary rights in the Information and the disclosure of such Information to the Advisor shall not be deemed to confer upon the Advisor any rights whatsoever in respect of any Information. During the period commencing on the date of this Agreement and terminating only as provided in Section 21, the Advisor covenants and agrees with Canwest that the Advisor shall not directly or indirectly, either alone or in conjunction with any person, whether as principal, agent, shareholder, officer, director, consultant, manager, owner, partner, limited partner, joint venturer, employee, trustee or in any other capacity whatsoever, and except as is agreed to in writing by Canwest:
  - (a) use the Information for any purpose other than the Permitted Use; or
  - (b) make any public announcement or disclosure with respect to any of the foregoing.
9. The Advisor acknowledges that access by it or the Advisor's Representatives to the Information may provide the Advisor with material information concerning Canwest which has not been publicly disclosed. Accordingly, the Advisor may be subject to applicable laws, including the securities laws of any country, province, state or other political subdivision which would restrict the Advisor's ability to disclose the Information to other persons or trade in any of Canwest's securities. The Advisor acknowledges and agrees that it is aware of such laws and agrees to fully comply with such laws.

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10. The Advisor represents and warrants to Canwest that, to the best of its knowledge, none of the Advisor's partners, associates or employees that will have access to the Information beneficially own or directly or indirectly exercise control or direction over any securities of Canwest.

#### **EXCLUSIONS**

11. The Information shall not include information which falls within any of the following:
- (a) information which is or becomes generally available to the public through no fault of or action or omission by the Advisor or the Advisor's Representatives; or
  - (b) information which is received by the Advisor from an independent third party who had obtained the information lawfully and was under no obligation of secrecy or duty of confidentiality owed to Canwest; or
  - (c) information the Advisor can show was in its lawful possession before the Advisor received such Information from Canwest; or
  - (d) information which the Advisor can show was or is independently developed by or on behalf of the Advisor without use of the Information.
12. Disclosure of the Information shall not be precluded if such disclosure is required by law or legal process or regulatory authorities; provided, however, that the Advisor shall: (a) first provide Canwest with prompt notice thereof; (b) cooperate with Canwest to attempt to obtain a protective order or other remedy requiring that the Information and documents so disclosed be held in confidence and be used only for the Permitted Use or such other purpose to which Canwest may consent in writing; and (c) furnish only that part of the Information which is legally required to be disclosed.

#### **CONTACT PERSONS**

13. In respect of Information requests or any other matters concerning the Information, the Advisor agrees to communicate only with Canwest's counsel, Osler, Hoskin & Harcourt LLP or Canwest's financial advisor, RBC Capital Markets Inc., or with such other individual or individuals as Canwest may authorize in writing. Without Canwest's prior written consent, which consent may be withheld in Canwest's sole discretion, neither the Advisor nor any of the Advisor's Representatives will initiate or cause to be initiated or maintain any communication with any officer, director, agent or employee of Canwest, or any affiliate, creditor (other than the Interested Parties as permitted under the terms and conditions of this Agreement), securityholder (other than the Interested Parties as permitted under the terms and conditions of this agreement), customer or supplier of Canwest concerning Canwest's business, operations, prospects or finances, or the Information.

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**PERMITTED DISCUSSIONS**

14. Canwest acknowledges that the Advisor and/or the Advisor's Representatives may need to speak with other holders of the Notes, the senior lenders of Canwest Limited Partnership and the lenders under Canwest Limited Partnership's \$75 million Senior subordinated unsecured credit facility and, in each case, their representatives (each an "Interested Third Party") in connection with the Permitted Use and Canwest agrees that, notwithstanding Sections 3 and 13, in the course of such discussions, the Advisor and/or the Advisor's Representatives may specifically disclose the existence of this Agreement and its contents, the Permitted Use and the possibility of a transaction involving the Interested Parties; provided that the Advisor and/or the Advisor's Representatives will not disclose any other Information to any such Interested Third Party, unless prior to any disclosure of any other Information, each such Interested Third Party has executed a Confidentiality Agreement, and then only in connection with the Permitted Use.

**STORAGE AND RETURN**

15. (a) All Information will be stored in a proper and secure manner as is customary for the Advisor. The Advisor shall keep a secure record of each location of the Information and such record including all amendments, updates and revisions thereto, will be provided promptly to Canwest upon request.
- (b) At any time upon the request of Canwest, the Advisor shall promptly return or destroy all of the Information (and in any event within five business days after such request), provided such Information may be retained in back up servers if it is not intentionally made available to any person, and is deleted in accordance with the Advisor's normal policies with respect to the retention of electronic records, and provided further that any such Information shall remain subject to the provisions of this Agreement. Compliance with this Section 14(b) shall be certified in writing by a partner of the Advisor. Such return or destruction, however, does not abrogate the continuing obligations of the Advisor under this Agreement.

**PRIVACY LAW**

16. The Advisor agrees that any collection, storage, retrieval, use and disclosure of any information as part of the Information, which information constitutes "personal information" for the purposes of any applicable privacy legislation and/or regulations shall be in accordance with: (a) the Privacy Policy found at <http://www.canwestglobal.com/privacy.asp>, as updated from time-to-time; and (b) applicable privacy law, including without limitation (and each as applicable in the circumstances), the *Personal Information and Electronic Documents Act (Canada)*, the *Patriot Act (USA)* and the *CanSpam Act (USA)*.

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**NO OTHER OBLIGATIONS**

17. It is understood that this Agreement does not obligate either of the Parties to enter into discussions in connection with any particular transaction or provide any Information.

**ABSENCE OF REPRESENTATIONS OR WARRANTIES**

18. The Advisor acknowledges and agrees that:
- (a) neither Canwest nor the Canwest Representatives are making any representation or warranty, express or implied, as to the accuracy or completeness of the Information disclosed to the Advisor;
  - (b) the Information may include certain assumptions, statements, estimates and projections with respect to the anticipated future performance of Canwest's business or Canwest or with respect to particular aspects of Canwest's business or Canwest;
  - (c) neither Canwest nor the Canwest Representatives make any representation or warranty as to the accuracy or reasonableness of such assumptions, statements, estimates or projections;
  - (d) neither Canwest nor the Canwest Representatives will have any liability to the Advisor in any way pertaining to the Information, including without limitation any reliance upon or use of any of the Information by or on behalf of the Advisor; and
  - (e) the Canwest Representatives are also entitled to the benefits of the provisions of this Section 17.

Canwest on behalf of itself and the Canwest Representatives, expressly disclaims any liability to the Advisor resulting from any reliance upon or use of any of the Information by the Advisor, which disclaimer is hereby accepted by the Advisor.

**INJUNCTIVE RELIEF**

19. The Advisor further acknowledges and agrees that:
- (a) a breach of this Agreement may result in material, direct and consequential damages to Canwest;
  - (b) Canwest would not have an adequate remedy at law and would be harmed irreparably in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached;
  - (c) Canwest will be entitled, without proof of actual damages and without the requirement to post a bond or other security, to injunctive or other equitable relief

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to prevent any threatened breach, breach or further breach of this Agreement and to enforce specifically the terms and provisions hereof, all in addition to any other remedy to which Canwest, as the case may be, may be entitled; and

- (d) the Advisor hereby irrevocably consents to the grant of any such equitable relief.
20. The rights and remedies provided in this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or equity. All such rights and remedies may be exercised from time to time, and as often and in such order as Canwest deems expedient.

**NOTICES**

21. Any demand, notice or other communication to be given in connection with this Agreement must be given in writing by personal delivery, or by transmittal by fax addressed to the recipient as follows:

- (a) if to Canwest:

Canwest Global Place  
31<sup>st</sup> Floor TD Centre  
Winnipeg, MB R3B 3L7

Attention: Richard Leipsic  
Fax: (204) 947-9841

with a copy to:

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place  
66<sup>th</sup> Floor  
Toronto ON M5X 1B8

Attention: Doug Marshall/Mary Abbott  
Fax: (416) 862-6666

- (b) if to the Advisor:

Davies Ward Phillips & Vineberg LLP  
1 First Canadian Place  
44<sup>th</sup> Floor  
Toronto ON M5X 1B1

Attention: Jay A. Swartz  
Fax: (416) 863-0871

or to such other address or fax number or individual as may be designated by notice give by one party to the other. Any communication given by personal delivery will be



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conclusively deemed to have been given on the day of actual delivery and, if given by fax, on the day of transmittal.

#### **TERMINATION**

22. This Agreement shall become effective as of the date first written above upon its execution by each of the Parties. This Agreement shall terminate upon the termination of the Advisor's engagement under the engagement letter with Canwest Limited Partnership dated August 24, 2009, provided, however, that the obligation to protect the confidentiality of the Information, the nondisclosure and non-use obligations (including for the avoidance of doubt the provisions of Section 5 and Section 8) described in this Agreement shall terminate one year after the termination of this Agreement.

#### **NO WAIVER**

23. No failure or delay by Canwest in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise preclude any other or future exercise of any right, power or privilege hereunder.

#### **NON-ASSIGNMENT AND ENUREMENT**

24. The Advisor may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of Canwest, which consent may be withheld in Canwest's sole discretion. Subject to the foregoing, this Agreement shall benefit and be binding upon the Parties and their respective successors and permitted assigns.
25. Nothing in this Agreement nor the disclosure of Information by the Advisor creates any agency, partnership, joint venture, representative or employment relationship between the Parties. Neither Party will have any legal obligation with respect to any transaction by virtue of this Agreement other than for the matters agreed to in this Agreement.

#### **ENTIRE AGREEMENT**

26. This Agreement contains the entire understanding of the Parties with respect to the subject matter contained herein and supersedes all prior agreements and understandings between the Parties with respect to such subject matter. This Agreement may be amended only by written instrument duly executed by the Parties.

#### **GOVERNING LAW**

27. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

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#### **SUBMISSION TO JURISDICTION**

28. Each Party irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to this Agreement (but not otherwise). Each Party consents to any action arising out of this Agreement (but not otherwise) being tried in Toronto and, in particular, being placed on the Commercial List of the Ontario Superior Court of Justice. For the avoidance of doubt, such submission and consent by the Advisor is on its own behalf only and not on behalf of any of the Interested Parties.
29. The Parties shall not raise any objection to the venue of any such proceedings in any such court, including the objection that the proceedings have been brought in an inconvenient forum.
30. A final judgement in any such action or proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner specified by law and shall not be re-litigated on the merits in such other jurisdiction.

#### **MAINTENANCE OF PRIVILEGE**

31. The Advisor agrees that the disclosure of any Information to it shall not in any way operate as a waiver of any privilege, including solicitor and client or otherwise, by Canwest.

#### **MISCELLANEOUS**

32. Time is of the essence in this Agreement.
33. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

#### **COUNTERPARTS**

34. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument. This Agreement may be delivered by facsimile transmission or similar electronic transmission.

**CANWEST GLOBAL COMMUNICATIONS CORP.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**CANWEST LIMITED PARTNERSHIP, by its general partner Canwest (Canada) Inc.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**DAVIES WARD PHILLIPS & VINEBERG LLP**

By: \_\_\_\_\_

Name: *Jay Swartz*

Title: *Partner*

**CANWEST (CANADA) INC.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**CANWEST BOOKS INC.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:


**DAVIES WARD PHILLIPS & VINEBERG LLP**

44th Floor  
1 First Canadian Place  
Toronto Canada M5X 1B1

Tel 416 863 0900  
Fax 416 863 0871  
www.dwpv.com

November 18, 2009

Jay A. Swartz  
Dir 416.863.5520  
jswartz@dwpv.com

File No. 228162

**BY E-MAIL**

Mr. Derek H. Burney  
Chairman of the Special Committee of the Board of Directors  
Canwest Global Communications Corp.  
31st Floor, Canwest Place  
201 Portage Avenue  
Winnipeg, Manitoba R3B 3L7

Dear Mr. Burney:

**Canwest Limited Partnership**

As you are probably aware, our firm acts as counsel to a committee of holders of the 9.25% Senior Subordinated Notes issued by Canwest Limited Partnership. The Committee represents parties who currently hold in excess of \$300 million of Notes and includes a number of substantial financial institutions with significant cash resources.

The Committee strongly believes that a consensual restructuring plan can be developed which will satisfy the needs and long-term investment objectives of the current bank lenders as well as other stakeholders of Canwest LP. Such a plan is highly desirable in the circumstances as it would avoid a lengthy proceeding under the *Companies' Creditors Arrangement Act*. A court proceeding would result in a material degradation of value to the detriment of the Noteholders and other stakeholders because of the extraordinary costs of the proceeding; the distraction, disruption and loss of management and employees; the challenges and uncertainties of vendor and customer relationships; and the depressed values that will accompany investment or assets sale transactions in a distressed proceeding at a trough in the economic cycle.

Members of our Committee have demonstrated their ability to be constructive in connection with the restructuring of your media business, including their display of strong support for stakeholders outside of their own creditor class, such as employees. The Committee has approached Canwest LP with a view to being funded to retain a financial advisor who would assist it in developing a specific restructuring plan and, if necessary, arranging financing to facilitate such a plan. The financial advisor would be in a position to receive more current financial and other information than is otherwise publicly available and thus develop a plan which is reasonable and ensures that Canwest LP will have a sustainable capital structure. Members of the Committee have the ability and wherewithal

This is Exhibit B referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this 27th  
day of January, 2010.

*Angela N. D'Elia*  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Cty  
01DE0189088  
My Commission Expires June 18, 2011

1/07/10

to fund a restructuring plan which may include substantial reduction of the Bank debt or a refinancing of such debt.

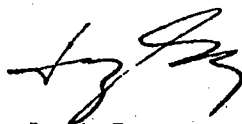
We understand that Canwest LP is subject to a Forbearance Agreement with the Bank Syndicate which precludes it from paying our proposed financial advisor. We have also been in discussions with counsel for the Bank Syndicate as well as certain members of the Steering Committee for the Bank Syndicate relating to the need to have a financial advisor appointed on our behalf and funded by Canwest LP. To date, the Steering Committee has resisted any efforts on our part to have Canwest LP fund a financial advisor, despite recognizing that the retention of such an advisor would be constructive to the restructuring process. More recently, it has indicated some willingness to permit funding but has tried to tie its consent to a requirement that our Committee support, or at least, not oppose, an investor solicitation/sale process which would be conducted under court supervision after Canwest LP files for protection under the CCAA. Because the terms of such an investor solicitation/sale process are confidential, the Noteholders are being asked to approve a process which they cannot even review. More importantly, we believe that it is precipitous to proceed with a filing and investor solicitation/sale process without having first tried to develop a consensual plan outside a CCAA proceeding; the development and implementation of such a plan will likely be more expeditious than the investor solicitation/sale process.

We are writing to bring our concerns to the attention of your Special Committee and Board of Directors so that they are fully aware that Canwest LP may be embarking upon a process which is unnecessary and not in the best interest of all of the stakeholders. The Committee needs a relatively short period of time as well as the assistance of a financial advisor to develop a meaningful restructuring proposal which can satisfy the objectives of all stakeholders. We would like to discuss this matter further with you, your Special Committee and your advisors and would appreciate a response by November 24, 2009.

In addition, we are sending a copy of this letter to the advisors to the Bank Syndicate with the expectation that they will circulate this letter among all of the members of the Syndicate so that these parties will be aware of the constructive approach which we are trying to take.

We look forward to your prompt response.

Yours very truly,



Jay A. Swartz

JAS/kcc

cc Andrew Kent (*McMillan LLP*)  
Doug McIntosh (*Alvarez & Marsal Canada ULC*)  
Gary Colter (*Canwest LP*)  
Edward Sellers (*Osler, Hoskin & Harcourt LLP*)  
Greg Watson (*FTI Consulting*)  
Paul Bishop (*FTI Consulting*)  
Mario Forte (*Ogilvy Renault*)  
David Byers (*Stikeman Elliott*)

Osler, Hoskin & Harcourt LLP  
 Box 50, 1 First Canadian Place  
 Toronto, Ontario, Canada M5X 1B8  
 416.362.2111 MAIN  
 416.862.6666 FACSIMILE

# OSLER

This is Exhibit C referred to in the  
 affidavit of Ted S. Lodge  
 sworn before me, this 27th

November 23, 2009

day of January 2010  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS

Edward A. Sellers  
 Direct Dial: 416.862.5959  
 ESellers@osler.com  
 Asst: Karin Schwarz  
 Direct Dial: (416) 862-5960  
 kschwarz@osler.com

Toronto  
 Montréal  
 Calgary  
 Ottawa  
 New York

Mr. Jay A. Swartz  
 Davies Ward Phillips & Vineberg LLP  
 1 First Canadian Place  
 Suite 4400, P.O. Box 63  
 Toronto Canada M5X 1B1

11/27/10

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau City  
 01DE6186083  
 My Commission Expires June 18, 2011

Dear Mr. Swartz:

**Re: Canwest Global Communications Corp ("Canwest Global"), Canwest Limited Partnership ("Canwest LP") et al**

We reference your letter of November 18, 2009 addressed to Mr. Derek H. Burney as Chairman of the Special Committee ("Special Committee") of directors of Canwest Global. We are writing to you in your capacity as counsel to an Ad hoc Committee (the "AHC") of Noteholders (the "Noteholders") holding 9.25% Senior Subordinated Notes issued by Canwest LP.

As you know, for many months Canwest LP has encouraged a number of the Noteholders to form and organize an informal committee to facilitate a capital restructuring of Canwest LP. In that regard, representatives of Canwest LP and their advisors have granted you access to a comprehensive data room, provided you with confidential information and met with and fully discussed Canwest LP's business and affairs with you frequently (other than items provided to Canwest LP on a confidential basis). In addition, representatives of Canwest LP (including Mr. Burney) and their advisors have had numerous direct discussions in that regard on a non-confidential basis with a number of Noteholders, including some we understand are on the AHC.

Canwest LP and its advisors have repeatedly indicated a willingness to provide access to confidential information to the Noteholders, the AHC or a "restricted" financial advisor engaged by them for the purposes of developing an advanced understanding of Canwest LP's business and affairs and forming a restructuring proposal. To date, none of the Noteholders have been prepared to become restricted to achieve confidential access to information or fund the retention of a restricted financial advisor for their own benefit.

We have indicated on behalf of Canwest LP that in those circumstances, and in the absence of a viable restructuring proposal from the Noteholders, it would not be

# OSLER

Page 2

surprising if Canwest LP were obliged to negotiate a restructuring proposal with the senior secured lenders (the "Lenders") it owes approximately \$950 million, on terms they will support (the "Secured Support Transaction").

In that regard, Canwest LP has expressed to The Bank of Nova Scotia as agent (the "Agent") for the Lenders a desire to obtain a comprehensive and viable Secured Support Transaction from the Lenders to ensure, as fully as possible, a going concern outcome and equitable treatment for stakeholders in the capital restructuring which Canwest LP must accomplish. Canwest LP has also indicated to the Agent that it will require an opportunity to examine any proposed Secured Support Transaction once received.

Canwest LP has also indicated to the Agent that after receiving a proposed Secured Support Transaction, Canwest LP would need to conduct a robust sales and investor solicitation process (The "SISP") to permit alternative outcomes and support transactions to emerge for consideration by the Lenders and other stakeholders. As we have previously indicated, that the secured lenders may require the SISP be conducted under court supervision should not be a surprise.

As you know, Canwest LP has made a number of requests to the Agent to obtain consent from the Lenders to permit Canwest LP to fund the costs of a financial advisor to the AHC, because Canwest LP recognizes the benefits that are likely to flow from obtaining competent financial advice for the Noteholders. That consent has not been forthcoming. In this regard, we note that your letter states that members of the AHC have the "wherewithal to fund a restructuring plan". Presumably that also means members of the AHC have the wherewithal to pay for financial advisory services.

Canwest LP's management and advisors have established a data room in respect of Canwest LP and are prepared to address and expedite due diligence efforts conducted on behalf of the AHC as soon as possible. In addition, there are large amounts of publicly available non-confidential information relating to Canwest LP. Regardless of which path forward the AHC chooses to pursue in developing a restructuring proposal for Canwest LP as an alternative to a Secured Support Transaction, Canwest LP urges the AHC to do so as soon as possible.

Canwest LP continues to encourage the AHC to agree to obtain access to confidential information, whether directly or by engaging a restricted financial advisor for their benefit, as soon as possible. Until such time as progress is made in that regard, Canwest LP sees little utility in meeting with unrestricted Noteholders further on the points raised in your letter. Canwest LP's management and advisors are keeping you up to date on material developments in Canwest LP's business and affairs (other than items provided to Canwest LP on a confidential basis). Similarly, Canwest LP management and advisors are keeping the Special Committee up to date on material developments in Canwest LP's



# OSLER

Page 3

business and affairs, including the concerns expressed by you and the members of the AHC.

We are available to discuss the matter at your convenience

Yours truly,

OSLER, HOSKIN & HARCOURT LLP

Per:



Edward A. Sellers

c: Derek H. Burney O.C.  
CRS Inc.  
Canwest Limited Partnership  
FTI Consulting Canada  
RBC Capital Markets  
Ogilvy Renault

This is Exhibit.....D.....referred to in the  
affidavit of.....Ted S. Lodge.....  
sworn before me, this.....27th.....  
day of.....January.....20.....10.....

*Angela N. D'Elia*  
.....  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Ct,  
01DE8169083  
My Commission Expires June 18, 2011

1-27-10

---

**From:** Swartz, Jay  
**Sent:** December 7, 2009 2:09 PM  
**To:** colter@crsgfc.ca; Edward A. Sellers (esellers@osler.com); Paul Bishop  
(Paul.Bishop@fticonsulting.com)  
**Cc:** 'Mann, Paul'  
**Subject:** Canwest LP

As we are moving forward to resolve the NDA and Moelis engagement letter, I am forwarding a copy of a due diligence checklist prepared by Moelis. I am sure that many of these items are in the data room but if they are not, you may wish to start assembling them.

As this list is preliminary we reserve the right to request further information and data.

## Canwest LP

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MOELIS & COMPANY

### Due Diligence Request List

December 2009

STRICTLY CONFIDENTIAL

# Due Diligence Request List

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MOELIS &amp; COMPANY

## All information for Canwest LP only, unless otherwise noted

1. Historical financial information
  - a. Revenue by Publication
    - i. Paid and free circulation volume
    - ii. Revenue by type (i.e. national, retail, classified, preprints, digital, etc)
    - iii. Rates (such as cost per thousand)
  - b. YTD 2010 income statement and cash flow statement; latest balance sheet
  - c. Monthly 2009 income statement if available
  - d. Summary of historical Adjusted EBITDA with a break-out of any EBITDA adjustments
  - e. Historical capital expenditures detail
  - f. Detailed break-out of realized cost savings (status with any web width reductions)
  - g. G&A detail by function
  - h. 2008 and 2009 financials for printing operations (estimated / if available)
2. Projected financial information
  - a. Income statement (quarterly for 2010-2011, annual 2012)
  - b. Cash flow statement and balance sheet (for 2010-2012)
  - c. Revenue Drivers by Publication
    - i. Paid and free circulation volume
    - ii. Revenue by type (i.e. national, retail, classified, preprints, digital, etc)
    - iii. Rates (such as cost per thousand)
  - d. Expense Drivers
    - i. Newsprint tons used price per ton
    - ii. High level summary of print facility utilization levels
    - iii. Summary of material supply contracts, including key terms (e.g. Newsprint)
  - e. Summary of projected Adjusted EBITDA with a break-out of EBITDA adjustments
  - f. Projected capital expenditures detail
  - g. Detailed break-out of any proposed / projected cost savings
3. Capital structure
  - a. Credit agreement and amendments, if applicable (revolver / term loan)
  - b. Summary of debt holders

## Due Diligence Request List

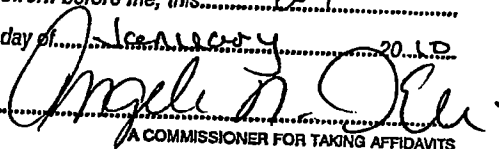
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**MOELIS & COMPANY**

4. Organizational materials
  - a. Organizational chart by business unit
  - b. Marketing materials from financings
  - c. Summary of all media properties held
5. Circulation and advertising
  - a. Updated circulation figures if available
  - b. List of top 10 advertisers for 2008, 2009 and 2010 YTD, for publishing
6. Employees and management
  - a. Summary management organizational chart
  - b. Employees by business unit and function (with salaried and hourly break-out)
7. Real estate / leases
  - a. Summary of all owned real estate
  - b. Summary of leased real estate (by location)
8. Legal / other [Davies to comment]
  - a. Recent Board presentations
  - b. Summary of material litigation
  - c. Summary of any environmental compliance / issues
  - d. Summary of any off-balance sheet liabilities
  - e. Summary of any unfunded pensions
  - f. Summary of all intellectual property and trademarks owned
  - g. Summary of contracts with printers
  - h. Tax basis; also identify any other Carwest LP assets that have significant inside or outside tax basis
  - i. Summary of any NOLs or other tax benefits

Moelis & Company LLC is a US registered broker dealer and a member of NASD & SIPC

Moelis & Company LLC  
399 Park Avenue, 5<sup>th</sup> Floor  
New York, NY 10022  
(212) 883-3800

This is Exhibit E referred to in the  
 affidavit of Ted S. Lodge  
 sworn before me, this 27th  
 day of January 2010  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS  
 1-27-10

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau Cty  
 01DE6169063  
 My Commission Expires June 18, 2011

---

**From:** Swartz, Jay  
**Sent:** December 15, 2009 7:18 AM  
**To:** colter@crsgfc.ca; 'Sellers, Edward'; 'Grudzinski, Richard'  
**Cc:** 'Mann, Paul'  
**Subject:**

In addition to our prior due diligence request I am enclosing a further list of items to be provided to Moelis as part of their due diligence exercise.

**ADDENDUM**  
**FINANCIAL AND LEGAL DILIGENCE REQUEST LIST**

**1. Financial Information**

- A. Monthly unaudited financial statements of the Company for the most recent three years.
- B. Board packages and presentations for the past 3 fiscal years.

**2. Business Information**

- A. With respect to the publications, all sales data and information, advertiser lists, mailing lists, customer and subscriber lists, supplier lists, catalogues, brochures, sales literature, promotional material, advertising material and other selling material.
- B. With respect to the printing operations (if any), a press schedule and a detailed summary of all sources and amounts of income and expenses.
- C. With respect to the publications, a list of all of the tangible personal property, including but not limited to, fixtures, machinery and equipment, vehicles, furniture, tools, supplies and inventory, as well as any depreciation schedules relating to the aforementioned.
- D. A schedule of any liens on any of the tangible personal property referenced to in item (c) above.
- E. A schedule of any material physical, structural or mechanical defects in any of the tangible personal property referenced to in item (c) above.
- F. As of a recent date, a listing of the publications' accounts receivables with aging, notes receivable, prepaid items, deferred charges, credits and reserves and a similar listing for prior periods over the last two years.
- G. A schedule of all computer hardware and software, programs and similar systems that are used by the publications.
- H. A market analysis for the publications (i.e. population; households; ethnic breakdown; education; income; construction spending; projects; growth rates), including copies of all major customer and advertiser studies of the publications and their competitors for the past three years.
- I. A market share report including breakdowns regarding circulation, advertising dollars – online and print.

- J. Most recent NADbank results and ComScore results for all print and online publications with year over year comparisons.
- K. A description of any intercompany services provided to the publications or assets used by the publications that will not be a part of the assets acquired by a buyer.

3. **Tax and Control Matters**

- A. The Paper's credit policies and collection procedures.
- B. A summary of the Paper's internal controls including cash management procedures, responsibilities for handling cash transactions and rack money, signing of checks, mailing of statements, etc.

4. **Employees, Benefit Plans and Salaries, Labor Disputes**

- A. Organizational chart – including a listing of all of the publications' FTEs by department and their hire date, current position, current salary, and union affiliation (if any).
- B. Any union agreements and history of union activity and negotiations involving the publications.
- C. All management, employment or consulting agreements relating to employees and consultants of the publications.
- D. A description of all employee incentive plans, including a summary of all bonus payments and stock option grants for the past three years, as well as projections for the current fiscal year.
- E. All employee benefit plans of that relate to the employees of the publications.
- F. Any labor disputes, requests for arbitration, grievance proceedings, etc. that relate to the Paper and are currently pending or that have been pending for past three years.

5. **Other Contracts and Commitments**

- A. Reports stating the Paper's circulation and related sales data over the past five years, including ABC or any other recognized circulation auditing service report, circulation trends, and a breakdown between the types of delivery. As well, any similar information related to online publications from the accredited third party auditing services.



- B. A listing of all of the publications major supply, advertising, and customer contracts.
- C. A summary of the publications top twenty advertisers, including the net and gross revenues paid by each advertiser over the past three years together with copies of all related contracts for an original term in excess of six months.
- D. The most recent advertising rate card of the publications, as well as the publications rate cards for the last five years, as well as lineage reports, lineage, recovery rate, and percent advertising of display v. inserts.
- E. A summary of the publications' top twenty suppliers and wholesalers, together with copies of all related contracts for an original term in excess of six months.

6. Licenses

- A. All license agreements running to or from the Company.
- B. All permits or governmental consents of the Company (including, but not limited to, environmental).

7. Real Property

- A. Any title reports, title insurance policies, surveys, deeds, mortgages or leases relating to publications Real Property.
- B. Any restrictions or limitations on use relating to publications Real Property.
- C. A schedule of all liens relating to publications Real Property or any improvements therein.
- D. A schedule of all material physical, structural or mechanical defects in publication Real Property or in any improvements to Paper Real Property.

**Renner, Natalie**

**From:** Mann, Paul [Paul.Mann@moelis.com]  
**Sent:** January 26, 2010 12:28 PM  
**To:** Renner, Natalie  
**Subject:** FW: Canwest LP

**From:** Mann, Paul  
**Sent:** Tuesday, December 15, 2009 11:40 AM  
**To:** Grudzinski, Richard  
**Cc:** Nicolalevsky, Daniel  
**Subject:** Canwest LP

Hi Richard,

As you know, Moelis is working with the unsecured noteholders in this matter. As such, we would like to begin the diligence process as soon as possible. Our team is available to come to Toronto for a diligence meeting this Friday. We'd like to make this a general diligence / kickoff session in which we discuss the information we've requested in the 2 lists that Jay Swartz has forwarded over.

Could you please confirm whether the Company is available this Friday for a meeting?

Thanks, and we look forward to working with you.

Paul Mann  
MOELIS & COMPANY  
399 Park Avenue, 5th Floor  
New York, NY 10022  
T: 212.883.4564  
F: 212.880.4260  
M: 646.460.2705  
[paul.mann@moelis.com](mailto:paul.mann@moelis.com)  
[www.moelis.com](http://www.moelis.com)

This is Exhibit F referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this 27th  
day of January, 2010  
Angela N. D'Elia

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Cty  
01DE6169063  
My Commission Expires June 18, 2011  
1-27-10

DAVIES

DAVIES WARD PHILLIPS &amp; VINEBERG LLP

44th Floor Tel 416 863 0900  
 1 First Canadian Place Fax 416 863 0871  
 Toronto Canada M5X 1B1 www.dwpv.com

December 15, 2009

Jay A. Swartz  
 Dir 416 863 5520  
 jswartz@dwpv.com

File No. 228162

Mr. Derek H. Burney  
 Chairman of the Special Committee of the Board of Directors  
 Canwest Global Communications Corp.  
 31st Floor, Canwest Place  
 201 Portage Avenue  
 Winnipeg, Manitoba R3B 3L7

This is Exhibit G referred to in the  
 affidavit of Ted S. Lodge  
 sworn before me, this 27<sup>th</sup>

day of January 2010

Angela N. D'Elia  
 A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau Cty  
 01DE6169083  
 My Commission Expires June 18, 2011

12/10

Dear Mr. Burney:

Canwest LP

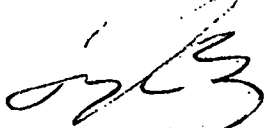
As you are aware, we are counsel to the Ad Hoc Committee of Noteholders of Canwest LP. We have previously written to advise you that our Committee believes that they can develop a viable restructuring plan for Canwest LP which will enhance value for all stakeholders. In the interest of moving this matter forward, the Committee has, at its own expense, retained Moelis & Company to act as its financial advisor. Moelis has signed a Non-Disclosure Agreement in favour of Canwest LP and, with your co-operation, is about to commence due diligence in order to assist our Committee in developing a restructuring proposal. We believe that we can develop this proposal and present it to you and to the other stakeholders very quickly.

There are recent rumours that Canwest LP is about to enter into an agreement with its bank syndicate which is, in effect, a credit bid and that following such agreement, it will then file for protection under the *Companies' Creditors Arrangement Act*. We have not seen a draft agreement nor have we seen any draft documents relating to a filing and expect that if such documents exist, we would be provided with copies well in advance of a filing. More importantly, we believe that such an agreement coupled with an immediate filing will be detrimental to the interests of the Company and its stakeholders. A standby bid from the banks may prejudice a sale or investor solicitation process, particularly if such an agreement contains a break fee. We urge you not to proceed with any such agreement or filing in order to allow us to present you with a viable alternative which we believe will not only maximize value for all stakeholders but will be less expensive and less disruptive for Canwest LP. We would expect that the Board, in fulfilling its fiduciary responsibilities, will want to consider our proposal before taking a step which could potentially be detrimental to the stakeholders.

Tor#: 2442081.1

We and our clients would be happy to discuss this with you at your earliest convenience.

Yours very truly,



Jay A. Swartz

JAS/sd  
Enclosure

cc Gary Colter (Canwest LP)  
Edward Sellers (Osler, Hoskin & Harcourt LLP)  
Richard Grudzinski (RBC Capital Markets)

Osler, Hoskin & Harcourt LLP  
Box 50, 1 First Canadian Place  
Toronto, Ontario, Canada M5X 1R8  
416.362.2111 MAIN  
416.862.6666 FACSIMILE

OSLER

This is Exhibit H referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this

December 18, 2009

day of January 2010  
Angela N. D'Elia  
A COMMISSIONER FOR TAKING AFFIDAVITS

Edward A. Sellers  
Direct Dial: 416.862.5959  
ESellers@osler.com  
Asst: Karin Schwarz  
Direct Dial: (416) 862-5960  
kschwarz@osler.com

Toronto  
Montréal  
Calgary  
Ottawa  
New York

Mr. Jay A. Swartz  
Davies Ward Phillips & Vineberg LLP  
1 First Canadian Place  
Suite 4400, P.O. Box 63  
Toronto Canada M5X 1B1

127:10  
ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau City  
01DE8169083  
My Commission Expires June 18, 2011

Dear Mr. Swartz:

Re: Canwest Global Communications Corp ("Canwest Global"), Canwest Limited Partnership ("Canwest LP") et al

Thank you for copying us on your letter dated December 17, 2009 addressed to Mr. Derek H. Burney as Chairman of the Special Committee of directors of Canwest Global.

We understand that the Ad Hoc Committee (the "AHC") of Noteholders (the "Noteholders") holding 9.25% Senior Subordinated Notes issued by Canwest LP has been negotiating with Moelis & Company ("Moelis") concerning the terms of their possible engagement as financial advisor to the AHC. Once the AHC has engaged Moelis, would you please provide us with a copy of the engagement letter so that we may facilitate due diligence efforts for Moelis?

Your letter references unspecified rumours speculating that Canwest LP is about to enter into an agreement with its banking syndicate and file for creditor protection. We will not comment on rumours.

As indicated in our letter to you of November 23, 2009, in the absence of a viable restructuring proposal from the AHC or the Noteholders, it would not be surprising if Canwest LP was obliged to negotiate a restructuring proposal with its senior secured lenders ("Secured Lenders") to whom it owes approximately \$950 million, on terms they would support ("Secured Support Transaction"). Canwest LP has publicly disclosed that it was pursuing discussions with its senior secured lenders in that regard.

We also indicated to you in our letter that if Canwest LP was presented with a Secured Support Transaction, Canwest LP would expect to conduct a robust sales and investor solicitation process to permit alternative outcomes and support transactions to emerge for consideration by Canwest LP, the Secured Lenders and other stakeholders. As we have previously indicated, it should not be a surprise that the Secured Lenders might require a sales and investor solicitation process be conducted under court supervision.

Confidential

# OSLER

Page 2

To the extent that the AHC has been able to develop a restructuring proposal in respect of Canwest LP, we look forward to receiving and discussing it with the AHC and its advisors as soon as possible.

We note the comments in your letter regarding the fiduciary responsibilities of the directors of Canwest Global. The directors of Canwest Global are fully conversant with their fiduciary responsibilities.

Please direct all future correspondence from your firm on this matter to our firm and not to Canwest Global, Canwest LP or their personnel directly.

We are available to discuss the matter at your convenience.

Yours truly,

OSLER, HOSKIN & HARCOURT LLP

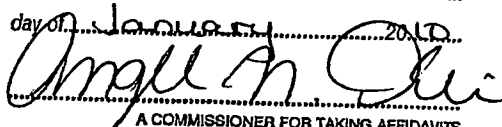
Per:



Edward A. Sellers

c: Derek H. Burney O.C.  
CRS Inc.  
Canwest Limited Partnership  
FTI Consulting Canada Inc.  
RBC Capital Markets  
Ogilvy Renault LLP

Confidential

This is Exhibit.....1.....referred to in the  
 affidavit of.....Ted S. Lodge.....  
 sworn before me, this.....27th.....  
 day of.....January.....2010.....  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau Cty  
 01DE8169083  
 My Commission Expires June 18, 2011

1-27-10

**From:** Nicolaievsky, Daniel [mailto:Daniel.Nicolaievsky@moelis.com]  
**Sent:** December 18, 2009 11:35 AM  
**To:** colter@crsgfc.ca  
**Cc:** Swartz, Jay; Carlston, Thane; Hootnick, Mark; Mann, Paul; Semino, Matthew  
**Subject:** Canwest LP

Gary,

Per your conversation with Jay, please find attached Moelis' latest draft engagement letter with the Bondholders Committee.

Please let us know when and how we can access the dataroom.

Thank you very much

Best regards,  
Daniel

---

Daniel Nicolaievsky  
 A LIS & COMPANY  
 399 Park Avenue, 5th Floor  
 New York, NY 10022  
 T 212.883.3568  
 F 212.880.4260  
 M 917.224.6105  
 daniel.nicolaievsky@moelis.com  
 www.moelis.com

Disclaimer: Click [here](#) for important information about Moelis & Company and this e-mail.

This is Exhibit J referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this 27th  
day of January, 2010

Angela N. D'Elia  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Cty  
01DE6168063  
My Commission Expires June 18, 2011

1-27-10

**From:** Swartz, Jay  
**Sent:** December 18, 2009 11:47 AM  
**To:** 'Sellers, Edward'; Richard Grudzinski (rgrudzinski@kpmg.ca); Paul Bishop (Paul.Bishop@fticonsulting.com)  
**Cc:** colter@crsgfc.ca  
**Subject:** FW: Canwest LP

FYI. We would like Moelis to have access to the data room immediately and for a full executed NDA to be returned to them and us. Thanks.

**From:** Nicolaievsky, Daniel [mailto:Daniel.Nicolaievsky@moelis.com]  
**Sent:** December 18, 2009 11:35 AM  
**To:** colter@crsgfc.ca  
**Cc:** Swartz, Jay; Cariston, Thane; Hootnick, Mark; Mann, Paul; Semino, Matthew  
**Subject:** Canwest LP

G. /

Per your conversation with Jay, please find attached Moelis' latest draft engagement letter with the Bondholders Committee.

Please let us know when and how we can access the dataroom.

Thank you very much

Best regards,  
Daniel

Daniel Nicolaievsky  
MOELIS & COMPANY  
399 Park Avenue, 5th Floor  
New York, NY 10022  
T 212.883.3568  
F 212.880.4260  
M 917.224.6105  
daniel.nicolaievsky@moelis.com  
www.moelis.com

Disclaimer: Click [here](#) for important information about Moelis & Company and this e-mail.

20/01/2010



**Renner, Natalie**

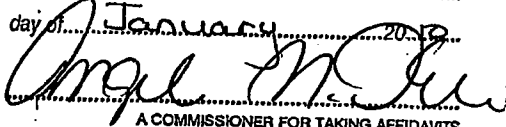
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**From:** Mann, Paul [Paul.Mann@moelis.com]  
**Sent:** January 26, 2010 12:31 PM  
**To:** Renner, Natalie  
**Subject:** FW: Canwest Exectued NDA

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**From:** Mann, Paul  
**Sent:** Monday, December 28, 2009 2:10 PM  
**To:** 'Richard.Grudzinski@rbccm.com'  
**Subject:** Re: Canwest Exectued NDA

Richard, could you please tell us when the Company will be available for an on site diligence / kickoff meeting? Obviously post New Year, but just wanted to hopefully get on the calendar. Thanks.

This is Exhibit.....K.....referred to in the  
 affidavit of.....Ted S. Lodge  
 sworn before me, this.....27th  
 day of.....January.....2010  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau Cty  
 01DE8169063  
 My Commission Expires June 18, 2011

1-27-10

**Renner, Natalie**

**From:** Mann, Paul [Paul.Mann@moells.com]  
**Sent:** January 26, 2010 12:31 PM  
**To:** Renner, Natalie  
**Subject:** FW: Canwest Exectued NDA

**From:** Grudzinski, Richard [mailto:Richard.Grudzinski@rbccm.com]  
**Sent:** Monday, December 28, 2009 3:00 PM  
**To:** Mann, Paul  
**Cc:** Crotin, Jamie  
**Subject:** Re: Canwest Exectued NDA

We will get something set up. Won't be the first week back.

**From:** Mann, Paul <Paul.Mann@moells.com>  
**To:** Grudzinski, Richard  
**Sent:** Mon Dec 28 14:10:21 2009  
**Subject:** Re: Canwest Exectued NDA

Richard, could you please tell us when the Company will be available for an on site diligence / kickoff meeting? Obviously post New Year, but just wanted to hopefully get on the calendar. Thanks.

This is Exhibit.....<sup>L</sup>.....referred to in the  
affidavit of.....Ted S. Lodge.....  
sworn before me, this.....27<sup>th</sup>.....  
day of.....January.....20.....10.....  
Angela N. D'Elia  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau City  
01DE019003  
My Commission Expires June 18, 2011

1-27-10

This is Exhibit M referred to in the affidavit of Ted S. Lodge

sworn before me, this 27th

day of January 2010

*Angela N. D'Elia*  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau Cty  
01DE6169063  
My Commission Expires June 18, 2011

1-27-10

From: Ted S. Lodge [mailto:tlodge@goldentree.com]  
Sent: December 31, 2009 12:16 PM  
To: 'Burney, Derek'  
Cc: 'Gary Colter'; 'esellers@osler.com'; 'richard.grudzinski@rbccm.com'; Swartz, Jay; Steve Shapiro.  
Subject: Indicative DIP Term Sheet for Canwest Limited Partnership

Derek,

I am attaching a DIP term sheet. As I mentioned in my voicemail last evening, we stand ready and willing to work with Canwest to implement a DIP loan that satisfies Canwest's liquidity needs and facilitates a restructuring. We look forward to constructive engagement on this facility immediately upon Canwest's indication that it is prepared to proceed.

Please feel free to call me at any time on my cell (number below). Have a great New Year, Ted

Ted S. Lodge | Partner | GoldenTree Asset Management  
300 Park Avenue, 20th Floor | New York, NY 10022  
P: (212) 847-3611 | F: (212) 847-3496 | C: (215) 805-7088  
[tlodge@goldentree.com](mailto:tlodge@goldentree.com)

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**INDICATIVE DIP FACILITY TERM SHEET**

Dated January ■, 2010.

WHEREAS Canwest Limited Partnership has requested that the DIP Lenders (as defined below) provide it with funding in order to assist with certain restructuring obligations of Canwest Limited Partnership and its subsidiaries in accordance with the terms set out herein;

NOW THEREFORE, the parties, in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged) agree as follows:

**DIP Borrower:** Canwest Limited Partnership (the "Borrower")

**DIP Guarantors:** All of the obligations of the Borrower shall be jointly and severally guaranteed by each subsidiary and affiliate of the Borrower which makes an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the *Companies' Creditors Arrangement Act* (the "CCAA") (collectively, the "Guarantors"), including, without limitation, the following:

Canwest Publishing Inc.  
Canwest Books Inc.  
National Post Holdings Ltd.  
The National Post Company

The Borrower and the Guarantors shall be collectively referred to herein as the "Canwest Publishing Group".

**Lenders:** The following shall be lenders under the DIP Facility (as defined below) (the "DIP Lenders") and shall be obligated to make advances thereunder in percentages set out as follows (the "Individual Commitment Amounts"):

**[List names of Lenders and percentage commitments.]**

The obligations of each DIP Lender shall be several and limited to their Individual Commitment Amounts.

All Advances will be evidenced by Notes and all Notes will rank pari passu. All repayments on the Notes shall be pro rata.

**Agent:** ■ [NTD: If there are multiple lenders and an agent, the term sheet must be expanded to deal with mechanics of

**funding and payment, duties of the agent, etc.]**

**Purpose/Use of Proceeds:** To provide for short term liquidity needs of the Borrower and the Guarantors while under CCAA protection.

**Loan Amount:** The aggregate amount available under the super priority credit facility available hereunder (the "DIP Facility") shall be C\$[50 million] (the "Commitment Amount"). **[It is anticipated that this will be drawn as a single tranche but the Lenders are prepared to consider multiple draws.]**

**Maturity Date:** The first anniversary of the initial drawdown or such earlier date (the "Termination Date") upon which payment is required to be made due to the occurrence of an Event of Default (as defined below) (the "Maturity Date"). The Maturity Date may be extended at the request of the Borrower for additional periods of not more than three months each with the consent of the Majority DIP Lenders and upon payment of an applicable Extension Fee (as defined below), and on such other terms and conditions as the Borrower and such DIP Lenders may agree.

The commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date without the DIP Lenders being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

**DIP Facility:** The DIP Facility shall be drawn as a single tranche of notes equal to the Commitment Amount and shall be available subject to and upon the terms and conditions set out in this term sheet (the "Term Sheet"). In order to draw down funds hereunder, the Borrower shall give notice to the Agent not less than Four Business Days prior to the date upon which such funds are required and the funds shall be wired into the Borrower's account with ■ bank on the drawdown date. Funds advanced under the DIP Facility may be repaid in whole at any time or in minimum amounts of [\$5] million and once repaid, may not be reborrowed.

**Funding Conditions:** After (i) the Borrower and the Guarantors file under the CCAA, (ii) the Court enters an order approving the terms of the DIP Facility (in form and substance acceptable to the DIP Lenders in their sole and absolute discretion) (the "Initial Order"), and (iii) the satisfaction of the additional conditions precedent noted below, the DIP Lenders shall fund the advance under the DIP Facility on the terms and subject to the

conditions set out in this Term Sheet (the "DIP Funding"), provided, however, that the DIP Lenders shall not be obligated to provide any DIP Funding if any one or more of the following occurs: (a) the Initial Order has been vacated, stayed or otherwise caused to be ineffective or is amended in a manner not acceptable to the DIP Lenders (such consent not to be unreasonably withheld where any amendment does not pertain to the DIP Facility), (b) a Default or Event of Default has occurred and is continuing under the DIP Facility, or (c) the Court has not entered the Initial Order on or before ■, 2010.

**Interest Rate:**

10% per annum. Interest on advances under the DIP Facility (and on any overdue interest and other amounts owing hereunder) shall be payable monthly in arrears on the last business day of each calendar month by remittance to the Agent of the amount due. Interest shall be calculated daily for the actual number of days lapsed in the period during which it accrues based on a year of 365/366 days, as applicable.

**DIP Lenders' Expenses:**

The Borrower shall pay, when presented, all invoices, accounts and DIP Lenders' reimbursement requests on account of legal fees and disbursements and other costs and expenses incurred by the DIP Lenders in respect of the DIP Facility and the Borrower's CCAA proceedings generally (collectively, "Expenses").

**Discount on Notes:**

The Notes evidencing the Advances will be issued for a price equal to 97.5% of the face amount thereof.

**Extension Fee:**

½ of 1% of the Commitment Amount shall be payable to the Agent on behalf of the DIP Lenders upon the Majority DIP Lenders' consent to each extension of the Maturity Date beyond the first anniversary of the draw down of DIP facility.

**DIP Security:**

All of the obligations of the Borrower and the Guarantors in connection with the DIP Facility shall, in addition to the DIP Priority Charge (as defined below) and the Additional Security Documents (as defined below), be secured by a first super priority charge over all the present and after-acquired property, assets and undertakings of the Borrower and the Guarantors and ahead of and senior to all other creditors, interest holders, lienholders and claimants of any kind whatsoever (other than a court-ordered administration charge granted pursuant to section 11.52(1) of the CCAA in the maximum amount of \$■ (the "Administration Charge")) [list any other priority charges] pursuant to a court-ordered charge under the CCAA (the "DIP

Priority Charge").

**Mandatory Repayments:**

Advances under the DIP Facility shall be repaid and the Commitment Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower or the Guarantors or any subsidiary or affiliate thereof out of the ordinary course of business in an amount equal to the net cash proceeds unless agreed otherwise with the prior consent of the DIP Lenders or unless the amount in question in any one transaction or series of transactions is less than C\$■ or in all such transactions is less than C\$■, in which case only the excess shall be subject to a permanent reduction as aforesaid.

**Additional Conditions  
Precedent to Advances  
Under the DIP Facility:**

1. The Borrower and Guarantors shall commence proceedings under the CCAA.
2. The Court shall have entered the Initial Order in form and substance satisfactory to the DIP Lenders, which Order shall, without limitation, include:
  - (i) provisions approving this Term Sheet and the DIP Facility created herein and the execution and delivery by the Borrower and the Guarantors of such other documents as the DIP Lenders deem necessary or appropriate acting reasonably;
  - (ii) provisions granting the DIP Lenders the DIP Priority Charge;
  - (iii) provisions authorizing and directing the Borrower and the Guarantors to execute and deliver such loan and security documents relating to the DIP Facility and such other documents evidencing the DIP Priority Charge in such form and substance as the DIP Lenders may reasonably require (the "DIP Credit Documentation");
  - (iv) provisions authorizing the DIP Lenders to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the DIP Priority Charge and the documents delivered pursuant hereto (collectively, the "DIP Security") shall have priority over all present and future charges, encumbrances and security whether legal or equitable other than (A) any charge, encumbrance or security arising by operation of or given priority over the DIP Security by, any

applicable statutory law, and (B) the Administrative Charge [and ■ Charge];

- (v) provisions providing that the DIP Priority Charge shall be valid and effective to secure all of the obligations of the Borrower and the Guarantors to the DIP Lenders without the necessity of the making of any registrations or filings whether or not any of the documents are executed by the Borrower or the Guarantors and the DIP Lenders pursuant hereto;
- (vi) provisions declaring that the granting of the DIP Priority Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Priority Charge, do not constitute conduct meriting an oppression remedy, settlements, preferences, provisional conveyances or any other challengeable or reviewable transactions under applicable federal or provincial legislation;
- (vii) provisions restricting the granting of any additional liens, charges or encumbrances on the assets of the Borrower or the Guarantors other than as permitted herein and in the Initial Order;
- (viii) provisions granting the DIP Lenders and their advisors clear and unfettered access to the books and records of the Borrower and the Guarantors and such other information as the DIP Lenders and its advisors may deem necessary or desirable;
- (ix) appointment of FTI Consulting Inc. ("FTI") or such other entity as the DIP Lenders may approve as monitor under the CCAA (the "Monitor");
- (x) provisions ordering and declaring that the DIP Lenders be treated as unaffected creditors in any CCAA plan and providing that the stay of proceedings under the CCAA Order shall not apply to (A) prevent the DIP Lenders from exercising their rights to terminate the DIP Facility and make demands thereunder; (B) prevent the DIP Lenders from applying to the Court for the appointment of a receiver or receiver and manager or the appointment



of a trustee in bankruptcy in connection with the enforcement of the DIP Priority Charge or to seek other relief in connection with or for the purposes of payment of the DIP Facility; (C) the right to receive and apply amounts received from the Borrower in accordance with this Term Sheet.

3. The DIP Lenders shall be satisfied that (i) the Borrower and the Guarantor have complied with and are continuing to comply with in all material respects with all applicable laws, regulations and policies in relation to their business, and (ii) there are no liens ranking ahead of the DIP Security except as provided for herein or as arising by operation of law in the ordinary course of business without any contractual grant of security.

**Representations and Warranties:**

1. The Borrower and each Guarantors jointly and severally represent more to the DIP Lenders that the transactions contemplated by this Term Sheet and other DIP Credit Documentation, including the DIP Security are (i) within the powers of the Borrower and each Guarantor which has executed such documents; (ii) have been duly authorized by all necessary corporate and, if required, partnership or shareholder approval; (iii) have been duly executed and delivered by and on behalf of the Borrower and each DIP Guarantor; (iv) upon granting of the Initial Court Order shall constitute legal, valid and binding obligations of the Borrower and each Guarantor who has executed such document, enforceable in accordance with its terms; (v) upon granting of the Initial Court Order, do not require the consent or approval of, registration or filing with or any other action by any governmental authority other than filings which may be made to register or otherwise record the DIP Security; and (vi) will not violate the charter documents or by-laws of any of the Borrower or Guarantors who have executed such documents or any applicable law relating to such parties.

**Affirmative Covenants:**

The Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause each of their respective affiliates and subsidiaries, to do the following:

1. Provide the DIP Lenders with a [weekly] status update and plan regarding the restructuring process (including reports on the progress of any sale or investment process and other terms of any plan of arrangement

being considered and any other information which may otherwise be confidential subject to the same being maintained as confidential by the DIP Lenders [or their advisor], subject to usual exceptions).

2. Use reasonable efforts to keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Canwest Publishing Group.
3. Deliver to the DIP Lenders [or their advisor] reporting and other information from time to time reasonably requested by the DIP Lenders in form and substance reasonably satisfactory to the DIP Lenders.
4. Provide the DIP Lenders with the following:  
  
**[Insert requested financial reporting information]**
5. Operate the Canwest Publishing Group business in the ordinary course of business.
6. Comply with the provisions of any Court orders made in connection with the CCAA filing, provided that if any such order contravenes this Term Sheet or the DIP Credit Documentation in a manner detrimental to the DIP Lenders, the same shall be an Event of Default hereunder.
7. Preserve, renew and keep in full force their respective corporate existences and their respective material licences, etc.
8. Forthwith notify the Agent and the DIP Lenders of the occurrence of any Default or Event of Default or any event or circumstance that may constitute a material adverse change from those presented in the cash flow projections provided from time to time to the Court or the DIP Lenders.
9. Maintain at all times acceptable insurance coverage of such time, in such amounts and against such risks as is prudent for a business of an established reputation with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lenders.
10. Duly and punctually pay or cause to be paid to the DIP Lenders all principal, interest, fees and other amounts

payable by them under this DIP Term Sheet and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein and therein.

11. Comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws and laws requiring remittance of taxes and other withholdings.
12. Negotiate, execute and deliver loan and collateral security documentation satisfactory to the DIP Lenders, including such security agreements, financing statements, discharges, opinions and other document and information in form and substance satisfactory to the DIP Lenders as may be requested by the DIP Lenders in connection with the DIP Facility.

**Negative Covenants:**

The Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause their respective affiliates and subsidiaries, not to do the following other than with the prior written consent of the Majority DIP Lenders:

1. Transfer, lease or otherwise dispose of all or any part of its property, assets or undertakings for having a value of \$■ at any one time or through a series of related transactions, or more than \$■ in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business) without the prior written consent of the DIP Lenders and the Court, as applicable.
2. Make any payment of principal [or interest] in respect of existing (pre-filing) borrowed money.
3. Create or permit to exist any indebtedness for borrowed money other than existing (pre-filing) debt and debt contemplated by the DIP Facility.
4. [Except for payments due under [any KERP] not exceeding \$■], enter into any transaction with any affiliate or subsidiary or any of their directors, senior or executive officers or senior management or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its directors or

executive or senior management or make any payment to any of its directors or senior officers or senior management, except in respect of a transaction or agreement which is in the ordinary course of business of the Canwest Publishing Group and which is upon fair and reasonable terms no less favourable to the Canwest Publishing Group than it would obtain in a comparable arm's-length transaction, provided, however, that the Canwest Publishing Group may continue with arrangements approved by the Court in connection with [describe transition services arrangements].

5. Make any investments or acquisitions of any kind direct, or indirect, in any business or otherwise except in accordance with a cash flow projection or business plan approved by the DIP Lenders.
6. Make any payments outside the ordinary course of business [and, for greater certainty, no payment shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the Canwest Publishing Group (other than as required by law including, without limitation, any Court Order with the exception of amounts owing to current employees and describe critical suppliers)].
7. Permit any new Liens to exist on any of its properties or assets other than the Court ordered Administrative Charge, a Directors' Charge in an amount not exceeding \$■, the DIP Charge [and others] and ■ and statutory liens.
8. Amalgamate, consolidate with or merge into or enter any similar transaction with any other entity.

**Indemnity:**

The Borrower and each Guarantor agrees on a joint and several basis, to indemnify and hold harmless the DIP Lenders and each of their respective directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "Indemnified Persons") from and against any and all actions, suits, proceedings (including investigations and inquiries, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever including indirect or consequential damages or claims for lost profits) which may be incurred by or asserted against or involve any Indemnified

Person as a result of or arising out of or in any way related to or resulting from any bankruptcy or insolvency proceedings, this Term Sheet or any of the related documentation and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which such expenses arise); provided however that no Borrower nor Guarantor shall be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction.

The Indemnity granted under this Term Sheet shall survive any termination of the DIP Facility. Any plan of arrangement in respect of the Borrower or any Guarantor shall include a comprehensive release of the Indemnified Persons in form and substance satisfactory to the DIP Lenders acting reasonably.

**Events of Default:**

The occurrence of any one or more following events shall constitute an event of default ("Event of Default") under this Term Sheet:

- (a) the failure to pay any amount payable to the DIP Lenders hereunder when due;
- (b) the breach of any other term, covenant or agreement contained herein which, if capable of being rectified has not been rectified within 10 days after notice thereof has been given to the Borrower or the Guarantor or if not capable of being remedied forthwith upon the occurrence of any breach of any term, covenant or agreement contained herein;
- (c) the entry of an order dismissing any of the CCAA cases, lifting the stay to permit the enforcement of any security against the Borrower or any Guarantor, or the appointment of a receiver, interim receiver or similar official or the making of a receiving order against the Borrower or any Guarantor, other than in respect of a non-material asset not required for the operation of the

business of the Borrower or any of the Guarantors and which is subject to a priority lien;

- (d) the entry of an order granting any other claim, super-priority status or lien equal to or superior to that granted to the DIP Lenders other than the Court ordered charges permitted hereunder;
- (e) the entry of an order staying, reversing, vacating or otherwise modifying the DIP Credit Documentation, the Initial order insofar as it relates to the DIP Facility and related security or the entry of an order by the Court having a similar effect, without the prior written consent of the DIP Lenders;
- (f) the Borrower or the Guarantors cease or threaten to cease to carry on business in the ordinary course except where such cessation occurs in connection with the sale of all or substantially all of the assets of the Borrower and the Guarantors or other restructuring or reorganization of the Borrower or the Guarantors which has been consented to by the DIP Lenders;
- (g) any representation or warranty by the Borrower or any Guarantors shall be incorrect or misleading in any material respect when made where such failure is continuing for more than three Business Days after written notice thereof from the DIP Lenders to the Borrower; or
- (h) the borrowings under the DIP Facility exceed the Commitment Amount.

**Remedies:**

Upon the occurrence of an Event of Default, the DIP Lenders may (i) terminate the Commitment, (ii) declare the obligations in respect of the DIP Facility and the DIP Credit Documentation to be immediately due and payable, (iii) apply to a court for the appointment of an interim receiver or receiver and manager of the undertaking, property and assets of the Borrower and/or the Guarantors or the appointment of a trustee in bankruptcy of any of the Borrower or the Guarantors, (iv) exercise the power and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect applicable to the DIP Security and (v) exercise all such other rights and remedies under the DIP Credit

Documentation and the Court orders.

**DIP Lenders Approvals:**

Any consent, approval (including without limitation any approval of or authorization for any waiver under or any amendment to any of the DIP Credit Documentation), instruction or other expression of the DIP Lenders under any of the DIP Credit Documentation or this Term Sheet must be obtained in writing and signed by the Agent on behalf of the DIP Lenders. The Agent, on behalf of the DIP Lenders, may execute any such consent or waiver with the approval of the Majority DIP Lenders, provided, however, that any amendment or waiver which has the result or effect of (i) increasing the Commitment amount, (ii) waiving or reducing any payment obligation by the Borrower hereunder, (iii) extending the Maturity Date except for Permitted Extensions, (iv) releasing any of the DIP Security or (v) modifying the levels of approval required from the DIP Lenders shall require the consent of those DIP Lenders whose Individual Commitments represent not less than [95%] of the Commitment Amount.

**Guarantee:**

Each of the Guarantors hereby agrees that it is jointly and severally liable for, and hereby irrevocably and unconditionally guarantees to the DIP Lenders and their respective successors and assigns, the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) and at all times thereafter, and performance, of all the obligations owed or hereafter owing to the DIP Lenders by the Borrower hereunder. Each of the Guarantors agrees that its guarantee obligation hereunder is a continuing guarantee of payment and performance and not of collection, that its obligations under this Guarantee shall not be discharged until payment and performance, in full, of all of the obligations of the Borrower under the DIP Facility have occurred and this Term Sheet has been terminated, and that its obligations hereunder shall be primary, absolute and unconditional.

The obligations of the Guarantors hereunder shall not be satisfied, reduced or discharged by any intermediate payment, settlement or satisfaction of the whole or any part of the principal, interest, fees or other money or amounts which may at any time be or become owing or payable under, by virtue of, or otherwise in connection with the obligations of the Borrower under this Term Sheet or any of the documents executed in connection herewith.

The Guarantors shall be regarded, and shall be in the same position, as principal debtor with respect to the obligations of the Borrower hereunder and any amounts expressed to be payable from the Guarantors shall be recoverable from the Guarantors as primary obligors and principal debtors in respect thereof.

The Guarantors hereby expressly and irrevocably subordinate to the payment of the obligations of the Borrower hereunder, any and all rights at law or in equity to reimbursement, exoneration, contribution, indemnification or set-off and any and all defences available to a surety, guarantor or accommodation co-obligor until all of the obligations of the Borrower hereunder are indefeasibly paid in full in cash and this Term Sheet has been terminated. The Guarantors further agree to waive any rights of subrogation arising at law or in equity.

The obligations of the Guarantors hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to claim against the Guarantors hereunder or might operate to release or otherwise exonerate the Guarantors from any of their obligations hereunder or otherwise affect such obligations. Each of the Guarantors hereby irrevocably waives any defence it may now or hereafter have in any way relating to any of the foregoing, including, without limitation:

- (a) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower or the Guarantors;
- (b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Borrower or any of the Guarantors;
- (c) any failure of the Borrower or any of the Guarantors to perform or to comply with any of the provisions of this Term Sheet, the DIP Credit Documentation or any documents executed in connection herewith;
- (d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Borrower, the Guarantors or



their respective assets or the release or discharge of any such right or remedy by the DIP Lenders;

- (e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Borrower or any Guarantor (except to the extent such Guarantor receives any such indulgence);
- (f) any amendment, restatement, variation, modification, supplement or replacement of this Term Sheet, the DIP Credit Documentation or any documents executed in connection herewith;
- (g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower or any Guarantor or any merger or amalgamation of the Borrower or any Guarantor with any person or persons;
- (h) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Borrower or the DIP Lenders, whether in connection with the Term Sheet or otherwise; and
- (i) any other circumstance that might otherwise constitute a legal or equitable discharge or defence of any Guarantor.

The DIP Lenders, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantors' obligations and liabilities hereunder and without the consent of or notice to the Guarantors, many:

- (a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and any other indulgences to the Borrower or any of the Guarantors;
- (b) amend, vary, modify, supplement or replace this Term Sheet, the DIP Credit Documentation or any document issued in connection therewith or any other related document to which the Guarantors are not a party;
- (c) take or abstain from taking security or collateral from the Borrower or the Guarantors or from perfecting security or collateral of any such person;
- (d) release, discharge, compromise, realize, enforce or

otherwise deal with or do any act or things in respect of any security given by the Borrower or the Guarantors with respect to any of the obligations of the Borrower or the Guarantors contemplated by this Term Sheet or the DIP Credit Documentation;

- (e) accept compromises or arrangements from the Borrower or the Guarantors;
- (f) apply all money at any time received from the Borrower or either Guarantor or from any collateral to any part of the obligations outstanding under this Term Sheet as they may see fit; and
- (g) otherwise deal with, or waive or modify their right to deal with, the Borrower, the Guarantors and all other persons and securities as they may see fit.

**Further Assurances:**

The Borrower and Guarantors shall at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lenders may reasonably request for the purpose of giving effect to this Term Sheet and the DIP Security, perfecting, protecting and maintaining the Liens created by the DIP Security or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Credit Documentation.

**Currency:**

All monetary amounts referred to herein are in Canadian currency.

**Entire Agreement; Conflict:**

This Term Sheet, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other DIP Credit Documentation, this Term Sheet shall govern. In the event of any inconsistency between an DIP Credit Documentation and a Court order, the Court order shall govern.

**Amendments, Waivers, Etc.:**

No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of

the DIP Lenders or the Agent.

**Severability:**

Any provisions in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**Counterparts and Facsimile Signatures:**

This Term Sheet may be executed in any number of counterparts and by facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**Governing Law and Jurisdiction:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower and each DIP Guarantor irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum non conveniens or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

**Additional Definitions:**

Capitalized terms not otherwise defined herein shall have the following meanings:

**"Business Day"** means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario and New York, New York;

**"Default"** means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

**"DIP Credit Documentation"** means this Term Sheet and other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lenders in their absolute discretion;

**"Liens"** means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature

whatsoever; and

**"Majority DIP Lenders"** means DIP Lenders whose aggregate Individual Commitments represent not less than ■% of the Commitment Amount.

January 4, 2010

Scotia Plaza  
40 King Street West  
64th Floor  
Box 4086, Station A  
Toronto, Ontario  
M5W 2X6

This is Exhibit N referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this 27th  
day of January, 2010

*Angela N. D'Elia*  
A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau City  
01DE8169083  
My Commission Expires June 18, 2011

12770

Dear Mr. Porter and Ms. Rowe:

I am writing this letter to you as the CEO of Canwest Media Inc., the parent company of the LP. I am told that the senior lenders to the LP (the "Senior Lenders") are pushing for a CCAA filing in respect of the LP by Friday as well as a more or less concurrent Senior Lender bid to acquire the LP's assets and undertaking under the auspices of that filing.

I am writing to you because, based on the information currently available to me, I profoundly disagree with an early CCAA filing by the LP. I am particularly concerned that such a filing will result in undue and unnecessary harm to the LP's stakeholders, many of whom are undoubtedly individuals and businesses with longstanding relationships with the LP. At the same time, as I discuss below, the business of the LP is showing clear signs of improvement such that I cannot see any reasonable basis to suggest that delaying any such filing could impair the position of the Senior Lenders.

In my opinion, it is open to LP stakeholders to take the position that an early CCAA filing by the LP is solely or primarily for the benefit of the Senior Lenders, to the detriment of past and present employees, suppliers, holders of 9.25% Subordinated Notes ("Subordinated Debtholders") who are, I believe, "in the money" and CMI (which provides other value including management capabilities, shared services and Canadian control for income tax purposes). I have set out below the rationale for my opposition to a filing at this time, and an alternative path.

I have great difficulty with the refusal of the Senior Lenders to permit funding to be provided by the LP to the Subordinated Debtholders to pay for their financial advisor, particularly when the LP has already spent over \$15 million on the LP restructuring alone, primarily for the advisors to the Company and the Senior Lenders, namely their financial advisor and their counsel. This is particularly egregious because the Subordinated Debtholders are most likely to come up with a plan that (a) provides the LP an option other than the currently contemplated CCAA filing and concurrent senior

lender bid and (b) is likely to provide better recovery for other LP stakeholders than what I understand the Senior Lenders contemplate.

As well, a CCAA filing for the LP will create significant new advisory fees as a result of a court process, Debtor in Possession financing fees, and an almost certainty that there will be no value that accrues to the Subordinated Debtholders or CMI.

The LP has significant cash and continues to generate such. As you know, on any given day the balance is \$30-\$40 million. It has capacity to pay all arrears of scheduled principal to the Senior Lenders for the foreseeable future. The LP is current on its interest payments to the Senior Lenders and has the capacity to continue to remain current on such interest payments for the foreseeable future. I have great difficulty, knowing that there is so much cash on hand, seeing the LP file under the CCAA and cause unnecessary losses to employees, retirees, suppliers and other affected parties.

For many months now, the LP has requested permission of the Senior Lenders to start a process of seeking a buyer for the LP business or seeking a party to inject capital in order to refinance the business, or to provide some other alternative to the current capital structure. This has been refused by the Senior Lenders consistently on the basis that a filing was imminent. Several months have gone by, the Senior Lenders took much longer to obtain support for their bid and even now do not have the 2/3rds necessary to ensure that the bid would be successful should no other alternative present itself. Thus, there will be no ability on the part of LP to say there is any certainty in the outcome and this by itself may cause further harm to the business. It will in my view cause more employee turnover at LP and CMI... Corporate uncertainty is the primary reason cited by departing and employees, and the rate of such is increasing. Moreover, a filing now will crystallize in advertisers' minds the split between CMI and LP, thereby affecting revenue at LP by more than \$20 million in my estimation with similar damage accruing to CMI as a result. I have recently verified this with management of both entities. This is because our clients at both LP and CMI are buying advertising as if both entities will continue to sell as a group. If and when it is no longer the case, we want to be prepared with an alternative that minimizes the impact. As for the LP itself, projections endorsed by all advisors call for a 10% revenue erosion in a filing. Why trigger this now?

In the meantime, had the RBC Sale and Investor Solicitation Process ("SISP") commenced in August 2009 when it was first requested, it would have been completed or close to completion by now. I believe the SISP would give the LP more than one attractive option to consider.

In various conversations and correspondence, BNS has asserted that the filing is necessary because of the need for CCAA court supervision of the SISP, among other things. Given that (i) the LP is operating well today, (ii) the LP is current with all suppliers, employees, severed employees and retirees, as well as making full pension payments, (iii) the Subordinated Debtholders have indicated in writing their willingness to put forth a restructuring proposal, and (iv) there is no reason to believe that a non-

court supervised SISP will be any less effective than a CCAA court supervised SISP, I fail to see why there is a need for a court supervised process other than to give the Senior Lenders the ability to impair other stakeholders while resulting in significant costs and value erosion.

I also wish to advise that I profoundly disagree with the assertion of The Bank of Nova Scotia as lead agent for the Senior Lenders that the governance model of the LP is problematic because of any perceived conflict that directors or officers of CMI have with regard to the LP. There is no evidence of any directors or officers of CMI doing anything but acting in the best interests of LP.

Several million dollars and significant amounts of executive time have been spent to ensure that all services and cross business arrangements between CMI and LP are transparent and fair to both parties, and I can assure you that all senior management of CMI are aware of and are fulfilling their duties in this regard.

Given all of this, I propose that the Senior Lenders consider the following path for LP:

1. The LP will immediately begin the SISP to seek a buyer or refinancing of the LP business;
2. The Board of CMI will strike a separate LP Committee to deal with that restructuring separate and apart from the CMI restructuring;
3. The LP in the meantime will ensure all Senior Lenders' arrears of principal will be brought current, and scheduled principal payments will be made until the restructuring process is complete;
4. The LP will remain current on all Senior Lender interest payments throughout the same period;
5. The Senior Lenders would provide a forbearance of the default position of the Senior Credit Agreement for at least six months in order to permit the SISP to proceed; and
6. Once the SISP has been completed, the determination of whether to file under the CCAA or CBCA, or whether to file at all, can be made.

The six steps above provide many benefits, some of which I reiterate here: the senior credit would no longer be financially impaired; and the suppliers, individuals (including retirees) and the LP business overall would not be impaired – the LP business would operate as it currently is today, which avoids (A) anticipated revenue impairment and supplier tightening of credit, (B) demotivating a very productive workforce and (C) unnecessary advisory and DIP fees (likely be in the tens of millions in cash if CMI and other restructurings are to serve as any guide). At the same time, the option still remains for the Senior Lenders to bid to acquire the LP's assets and undertaking if no

acceptable alternative emerges under the SISP. I would observe that the extra time would provide the Senior Lenders more time to ensure they have the requisite 2/3rds support for a "pre-pack," should that ultimately be necessary.

The approach proposed herein allows for all options to be explored simultaneously so that the Board can be satisfied that when it chooses a route that in its view provides the very best outcome for all stakeholders, it will have done so taking into account all of the options without having committed to any one in advance, as I believe a CCAA filing now would do, not to mention having all the damaging effects noted above.

The LP is operating better than at any time since the abrupt declines in advertising first occurred over 14 months ago. It is ahead of plan. For the first time in 14 months, revenue for the most recent month was ahead of the same month last year. Operating management has implemented significant cost reductions and is focused on running the business, rather than explaining to suppliers of 20 years or severed employees why they are not being paid. All employees, retirees, severed employees, and suppliers are being paid. I believe a forbearance for six months as per the above would not expose the Senior Lenders given the improving business environment but would have a very positive effect on the business and greatly enhance the Senior Lenders' ability to be repaid in full. In addition, it would significantly enhance the opportunity for other stakeholders to experience a greater recovery.

If there ever is to be a right time for a filing, it is when it is a true pre-pack, when employees can be guaranteed jobs without words like "soft assurances" and oral versions of such, and when the actual deal that will be consummated is binding on the purchaser (as opposed to one potential deal that has less than the required support, and does not guarantee jobs).

At this time, and based on the information before me, I have trouble supporting a scenario in which so many of the LP stakeholders, particularly its most vulnerable, are injured when there is a clear alternative that does not in any way harm the interests of the Secured Lenders and BNS in particular as their agent.

As a further observation, and knowing that CMI has to date spent \$45 million on fees as part of its restructuring, I am concerned that the advisory groups, who benefit the most from a filing, are the ones driving the process. It is particularly troubling knowing that at least an equivalent amount of fees are likely to be incurred by LP, while severance and other payments to current and former employees totaling a fraction of that amount will be suspended resulting in likely very little recovery for them.

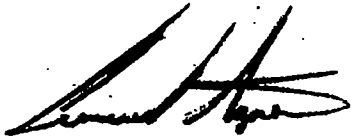
I well appreciate that, as a result of a particularly difficult period in May 2009, the LP is in default of certain principal payments. In that regard, all associated with the LP thank you for your forbearance to date, and acknowledge that you have had a difficult time given the diverse interests within the Senior Lender group.



Since May 2009, the Company has stabilized, and we simply ask for your further forbearance while the Company develops the best and most comprehensive solution that is fair to all parties, a solution that would result in a better outcome for a wider group of stakeholders. With each day that goes by, the chance of greater recovery for stakeholders increases and the proposal contained herein allows the time necessary for that to occur while in no way harming the interests of the Senior Lenders.

I thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Leonard Asper". The signature is fluid and cursive, with a prominent initial "L" and "A".

Leonard Asper  
President and Chief Executive Officer

For Discussion Purposes Only  
DRAFT - December 31, 2009

**INDICATIVE DIP FACILITY TERM SHEET**

Dated January 27, 2010.

WHEREAS Canwest Limited Partnership has requested that the DIP Lenders (as defined below) provide it with funding in order to assist with certain restructuring obligations of Canwest Limited Partnership and its subsidiaries in accordance with the terms set out herein;

NOW THEREFORE, the parties, in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged) agree as follows:

**DIP Borrower:** Canwest Limited Partnership (the "Borrower")

**DIP Guarantors:** All of the obligations of the Borrower shall be jointly and severally guaranteed by each subsidiary and affiliate of the Borrower which makes an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the Companies' Creditors Arrangement Act (the "CCAA") (collectively, the "Guarantors"), including, without limitation, the following:

*Note: How a shell company in CMT chain.*

- Canwest Publishing Inc.
- Canwest Books Inc.
- National Post Holdings Ltd.
- The National Post Company

*Inc. ← Note: Holds all NP assets. To discuss if it will also file. Is a subsidiary of CPI.*

*TBD*

The Borrower and the Guarantors shall be collectively referred to herein as the "Canwest Publishing Group".

**Lenders:**  
This is Exhibit.....referred to in the affidavit of.....  
sworn before me, this.....  
day of.....20..10

The following shall be lenders under the DIP Facility (as defined below) (the "DIP Lenders") and shall be obligated to make advances thereunder in percentages set out as follows (the "Individual Commitment Amounts"):

[List names of Lenders and percentage commitments.]

The obligations of each DIP Lender shall be several and limited to their Individual Commitment Amounts.

ANGELA N. O'NEIL  
Notary Public, State of New York, Nassau City  
01DE6169063  
My Commission Expires June 18, 2011

*12770*

All Advances will be evidenced by Notes and all Notes will rank pari passu. All repayments on the Notes shall be pro rata.

**Agent:**

■ [NTD: If there are multiple lenders and an agent, the term sheet must be expanded to deal with mechanics of

**funding and payment, duties of the agent, etc.]**

**Purpose/Use of Proceeds:** To provide for short term liquidity needs of the Borrower and the Guarantors while under CCAA protection.

**Loan Amount:** The aggregate amount available under the super priority credit facility available hereunder (the "DIP Facility") shall be C\$[50 million] (the "Commitment Amount"). **[It is anticipated that this will be drawn as a single tranche but the Lenders are prepared to consider multiple draws.]**

**Maturity Date:** The first anniversary of the initial drawdown or such earlier date (the "Termination Date") upon which payment is required to be made due to the occurrence of an Event of Default (as defined below) (the "Maturity Date"). The Maturity Date may be extended at the request of the Borrower for additional periods of not more than three months each with the consent of the Majority DIP Lenders and upon payment of an applicable Extension Fee (as defined below), and on such other terms and conditions as the Borrower and such DIP Lenders may agree.

The commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date without the DIP Lenders being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

**DIP Facility:** The DIP Facility shall be drawn as a single tranche of notes equal to the Commitment Amount and shall be available subject to and upon the terms and conditions set out in this term sheet (the "Term Sheet"). In order to draw down funds hereunder, the Borrower shall give notice to the Agent not less than ~~four~~ **four** Business Days prior to the date upon which such funds are required and the funds shall be wired into the Borrower's account with ■ bank on the drawdown date. Funds advanced under the DIP Facility may be repaid in whole at any time or in minimum amounts of [\$5] million and once repaid, may not be reborrowed.

**Funding Conditions:** After (i) the Borrower and the Guarantors file under the CCAA, (ii) the Court enters an order approving the terms of the DIP Facility (in form and substance acceptable to the DIP Lenders in their sole and absolute discretion) (the "Initial Order"), and (iii) the satisfaction of the additional conditions precedent noted below, the DIP Lenders shall fund the advance under the DIP Facility on the terms and subject to the

conditions set out in this Term Sheet (the "DIP Funding"), provided, however, that the DIP Lenders shall not be obligated to provide any DIP Funding if any one or more of the following occurs: (a) the Initial Order has been vacated, stayed or otherwise caused to be ineffective or is amended in a manner not acceptable to the DIP Lenders (such consent not to be unreasonably withheld where any amendment does not pertain to the DIP Facility), (b) a Default or Event of Default has occurred and is continuing under the DIP Facility, or (c) the Court has not entered the Initial Order on or before ■, 2010.

**Interest Rate:**

*TBD* [10%] per annum. Interest on advances under the DIP Facility (and on any overdue interest and other amounts owing hereunder) shall be payable monthly in arrears on the last business day of each calendar month by remittance to the Agent of the amount due. Interest shall be calculated daily for the actual number of days lapsed in the period during which it accrues based on a year of 365/366 days, as applicable.

**DIP Lenders' Expenses:**

The Borrower shall pay, when presented, all invoices, accounts and DIP Lenders' reimbursement requests on account of legal fees and disbursements and other costs and expenses incurred by the DIP Lenders in respect of the DIP Facility and the Borrower's CCAA proceedings generally (collectively, "Expenses").

**Discount on Notes:**

*TBD* The Notes evidencing the Advances will be issued for a price equal to [97.5%] of the face amount thereof.

**Extension Fee:**

½ of 1% of the Commitment Amount shall be payable to the Agent on behalf of the DIP Lenders upon the Majority DIP Lenders' consent to each extension of the Maturity Date beyond the first anniversary of the draw down of DIP facility.

**DIP Security:**

All of the obligations of the Borrower and the Guarantors in connection with the DIP Facility shall, in addition to the DIP Priority Charge (as defined below) and the Additional Security Documents (as defined below), be secured by a first super priority charge over all the present and after-acquired property, assets and undertakings of the Borrower and the Guarantors and ahead of and senior to all other creditors, interest holders, lienholders and claimants of any kind whatsoever (other than a court-ordered administration charge granted pursuant to section 11.52(1) of the CCAA in the maximum amount of \$■ (the "Administration Charge")) [list any other priority charges] pursuant to a court-ordered charge under the CCAA (the "DIP

*Confirm no other fees payable.*

*To discuss*

Priority Charge").

**Mandatory Repayments:**

Advances under the DIP Facility shall be repaid and the Commitment Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower or the Guarantors ~~or any subsidiary or affiliate thereof~~ out of the ordinary course of business in an amount equal to the net cash proceeds unless agreed otherwise with the prior consent of the DIP Lenders or unless the amount in question in any one transaction or series of transactions is less than C\$■ or in all such transactions is less than C\$■, in which case only the excess shall be subject to a permanent reduction as aforesaid.

**Additional Conditions  
Precedent to Advances  
Under the DIP Facility:**

1. The Borrower and Guarantors shall commence proceedings under the CCAA.
2. The Court shall have entered the Initial Order in form and substance satisfactory to the DIP Lenders, which Order shall, without limitation, include:
  - (i) provisions approving this Term Sheet and the DIP Facility created herein and the execution and delivery by the Borrower and the Guarantors of such other documents as the DIP Lenders deem necessary or appropriate acting reasonably;
  - (ii) provisions granting the DIP Lenders the DIP Priority Charge;
  - (iii) provisions authorizing and directing the Borrower and the Guarantors to execute and deliver such loan and security documents relating to the DIP Facility and such other documents evidencing the DIP Priority Charge in such form and substance as the DIP Lenders may reasonably require (the "DIP Credit Documentation");
  - (iv) provisions authorizing the DIP Lenders to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the DIP Priority Charge and the documents delivered pursuant hereto (collectively, the "DIP Security") shall have priority over all present and future charges, encumbrances and security whether legal or equitable other than (A) any charge, encumbrance or security arising by operation of or given priority over the DIP Security by, any

*Must  
be  
inserted.*

applicable statutory law, and (B) the Administrative Charge [~~and~~ ■ Charge];

- (v) provisions providing that the DIP Priority Charge shall be valid and effective to secure all of the obligations of the Borrower and the Guarantors to the DIP Lenders without the necessity of the making of any registrations or filings whether or not any of the documents are executed by the Borrower or the Guarantors and the DIP Lenders pursuant hereto;
- To discuss.* (vi) provisions declaring that the granting of the DIP Priority Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Priority Charge, do not constitute conduct meriting an oppression remedy, settlements, preferences, provisional conveyances or any other challengeable or reviewable transactions under applicable federal or provincial legislation;
- (vii) provisions restricting the granting of any additional liens, charges or encumbrances on the assets of the Borrower or the Guarantors other than as permitted herein and in the Initial Order;
- (viii) provisions granting the DIP Lenders and their advisors clear and unfettered access to the books and records of the Borrower and the Guarantors and such other information as the DIP Lenders and its advisors may deem necessary or desirable;
- (ix) appointment of FTI Consulting Inc. ("FTI") or such other entity as the DIP Lenders may approve as monitor under the CCAA (the "Monitor");
- (x) provisions ordering and declaring that the DIP Lenders be treated as unaffected creditors in any CCAA plan and providing that the stay of proceedings under the CCAA Order shall not apply to (A) prevent the DIP Lenders from exercising their rights to terminate the DIP Facility and make demands thereunder; (B) prevent the DIP Lenders from applying to the Court for the appointment of a receiver or receiver and manager or the appointment

of a trustee in bankruptcy in connection with the enforcement of the DIP Priority Charge or to seek other relief in connection with or for the purposes of payment of the DIP Facility; (C) the right to receive and apply amounts received from the Borrower in accordance with this Term Sheet.

- 3. The DIP Lenders shall be satisfied that (i) the Borrower and the Guarantor have complied with and are continuing to comply with in all material respects with all applicable laws, regulations and policies in relation to their business, and (ii) there are no liens ranking ahead of the DIP Security except as provided for herein or as arising by operation of law in the ordinary course of business without any contractual grant of security.

**Representations and Warranties:**

- 1. The Borrower and each Guarantors jointly and severally represent more to the DIP Lenders that the transactions contemplated by this Term Sheet and other DIP Credit Documentation, including the DIP Security are (i) within the powers of the Borrower and each Guarantor which has executed such documents; (ii) have been duly authorized by all necessary corporate and, if required, partnership or shareholder approval; (iii) have been duly executed and delivered by and on behalf of the Borrower and each DIP Guarantor; (iv) upon granting of the Initial Court Order shall constitute legal, valid and binding obligations of the Borrower and each Guarantor who has executed such document, enforceable in accordance with its terms; (v) upon granting of the Initial Court Order, do not require the consent or approval of, registration or filing with or any other action by any governmental authority other than filings which may be made to register or otherwise record the DIP Security; and (vi) will not violate the charter documents or by-laws of any of the Borrower or Guarantors who have executed such documents or any applicable law relating to such parties.

*Global change*

**Affirmative Covenants:**

The Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause each of their respective affiliates and subsidiaries, to do the following:

- 1. Provide the DIP Lenders with a [weekly] status update and plan regarding the restructuring process (including reports on the progress of any sale or investment process and other terms of any plan of arrangement

*Note: "affiliates" problematic due to Comcast Media & other parent entities.*

being considered and any other information which may otherwise be confidential subject to the same being maintained as confidential by the DIP Lenders **[or their advisor]**, subject to usual exceptions).

2. Use reasonable efforts to keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Canwest Publishing Group.
3. Deliver to the DIP Lenders **[or their advisor]** reporting and other information from time to time reasonably requested by the DIP Lenders in form and substance reasonably satisfactory to the DIP Lenders.
4. Provide the DIP Lenders with the following:  
  
**[Insert requested financial reporting information]**
5. Operate the Canwest Publishing Group business in the ordinary course of business.
6. Comply with the provisions of any Court orders made in connection with the CCAA filing, provided that if any such order contravenes this Term Sheet or the DIP Credit Documentation in a manner detrimental to the DIP Lenders, the same shall be an Event of Default hereunder.
7. Preserve, renew and keep in full force their respective corporate existences and their respective material licences, etc.
8. Forthwith notify the Agent and the DIP Lenders of the occurrence of any Default or Event of Default or any event or circumstance that may constitute a material adverse change from those presented in the cash flow projections provided from time to time to the Court or the DIP Lenders.
9. Maintain at all times acceptable insurance coverage of such time, in such amounts and against such risks as is prudent for a business of an established reputation with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lenders.
10. Duly and punctually pay or cause to be paid to the DIP Lenders all principal, interest, fees and other amounts



payable by them under this DIP Term Sheet and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein and therein.

- 11. Comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws and laws requiring remittance of taxes and other withholdings.
- 12. Negotiate, execute and deliver loan and collateral security documentation satisfactory to the DIP Lenders, including such security agreements, financing statements, discharges, opinions and other document and information in form and substance satisfactory to the DIP Lenders as may be requested by the DIP Lenders in connection with the DIP Facility.

**Negative Covenants:**

The Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause their respective affiliates and subsidiaries, not to do the following other than with the prior written consent of the Majority DIP Lenders:

- 1. Transfer, lease or otherwise dispose of all or any part of its property, assets or undertakings for having a value of \$■ at any one time or through a series of related transactions, or more than \$■ in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business) without the prior written consent of the DIP Lenders and the Court, as applicable.

*To discuss re-cash flow.* 2.

Make any payment of principal [or interest] in respect of existing (pre-filing) borrowed money.

- 3. Create or permit to exist any indebtedness for borrowed money other than existing (pre-filing) debt and debt contemplated by the DIP Facility.

*specific arrangement*

*To discuss should refer to cash flow.* 4.

[Except for payments due under [any KERP] not exceeding \$■], enter into any transaction with any affiliate or subsidiary or any of their directors, senior or executive officers or senior management or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its directors or

executive or senior management or make any payment to any of its directors or senior officers or senior management, except in respect of a transaction or agreement which is in the ordinary course of business of the Canwest Publishing Group and which is upon fair and reasonable terms no less favourable to the Canwest Publishing Group than it would obtain in a comparable arm's-length transaction, provided, however, that the Canwest Publishing Group may continue with arrangements approved by the Court in connection with [describe transition services arrangements].

*existing shared services and any*

5. Make any investments or acquisitions of any kind direct, or indirect, in any business or otherwise except in accordance with a cash flow projection or business plan approved by the DIP Lenders.

6. Make any payments outside the ordinary course of business [and, for greater certainty, no payment shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the Canwest Publishing Group (other than as required by law including, without limitation, any Court Order with the exception of amounts owing to current employees and describe critical suppliers)].

*Termination: Should refer to cash flows. - include terminated employees on salary continuation*

7. Permit any new Liens to exist on any of its properties or assets other than the Court ordered Administrative Charge, a Directors' Charge in an amount not exceeding \$■, the DIP Charge [and others] and ■ and statutory liens.

*Deb: will follow from Initial Order*

8. Amalgamate, consolidate with or merge into or enter any similar transaction with any other entity.

**Indemnity:**

The Borrower and each Guarantor agrees on a joint and several basis, to indemnify and hold harmless the DIP Lenders and each of their respective directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "Indemnified Persons") from and against any and all actions, suits, proceedings (including investigations and inquiries, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever including indirect or consequential damages or claims for lost profits) which may be incurred by or asserted against or involve any Indemnified

Person as a result of or arising out of or in any way related to or resulting from any bankruptcy or insolvency proceedings, this Term Sheet or any of the related documentation and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which such expenses arise); provided however that no Borrower nor Guarantor shall be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction.

The Indemnity granted under this Term Sheet shall survive any termination of the DIP Facility. Any plan of arrangement in respect of the Borrower or any Guarantor shall include a comprehensive release of the Indemnified Persons in form and substance satisfactory to the DIP Lenders acting reasonably.

**Events of Default:**

The occurrence of any one or more following events shall constitute an event of default ("Event of Default") under this Term Sheet:

- (a) the failure to pay any amount payable to the DIP Lenders hereunder when due;
- (b) the breach of any other term, covenant or agreement contained herein which, if capable of being rectified has not been rectified within 10 days after notice thereof has been given to the Borrower ~~or the Guarantor~~ or if not capable of being remedied forthwith upon the occurrence of any breach of any term, covenant or agreement contained herein;
- (c) the entry of an order dismissing any of the CCAA cases, lifting the stay to permit the enforcement of any security against the Borrower or any Guarantor, or the appointment of a receiver, interim receiver or similar official or the making of a receiving order against the Borrower or any Guarantor, other than in respect of a non-material asset not required for the operation of the

- business of the Borrower or any of the Guarantors and which is subject to a priority lien;
- (d) the entry of an order granting any other claim, super-priority status or lien equal to or superior to that granted to the DIP Lenders other than the Court ordered charges permitted hereunder;
  - (e) the entry of an order staying, reversing, vacating or otherwise modifying the DIP Credit Documentation, the Initial order insofar as it relates to the DIP Facility and related security or the entry of an order by the Court having a similar effect, without the prior written consent of the DIP Lenders;
  - (f) the Borrower or the Guarantors cease or threaten to cease to carry on business in the ordinary course except where such cessation occurs in connection with the sale of all or substantially all of the assets of the Borrower and the Guarantors or other restructuring or reorganization of the Borrower or the Guarantors which has been consented to by the DIP Lenders;
  - (g) any representation or warranty by the Borrower or any Guarantors shall be incorrect or misleading in any material respect when made where such failure is continuing for more than three Business Days after written notice thereof from the DIP Lenders to the Borrower; or
  - (h) the borrowings under the DIP Facility exceed the Commitment Amount.

**Remedies:**

Upon the occurrence of an Event of Default, the DIP Lenders may (i) terminate the Commitment, (ii) declare the obligations in respect of the DIP Facility and the DIP Credit Documentation to be immediately due and payable, (iii) apply to a court for the appointment of an interim receiver or receiver and manager of the undertaking, property and assets of the Borrower and/or the Guarantors or the appointment of a trustee in bankruptcy of any of the Borrower or the Guarantors, (iv) exercise the power and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect applicable to the DIP Security and (v) exercise all such other rights and remedies under the DIP Credit

Documentation and the Court orders.

**DIP Lenders Approvals:**

Any consent, approval (including without limitation any approval of or authorization for any waiver under or any amendment to any of the DIP Credit Documentation), instruction or other expression of the DIP Lenders under any of the DIP Credit Documentation or this Term Sheet must be obtained in writing and signed by the Agent on behalf of the DIP Lenders. The Agent, on behalf of the DIP Lenders, may execute any such consent or waiver with the approval of the Majority DIP Lenders, provided, however, that any amendment or waiver which has the result or effect of (i) increasing the Commitment amount, (ii) waiving or reducing any payment obligation by the Borrower hereunder, (iii) extending the Maturity Date except for Permitted Extensions, (iv) releasing any of the DIP Security or (v) modifying the levels of approval required from the DIP Lenders shall require the consent of those DIP Lenders whose Individual Commitments represent not less than [95%] of the Commitment Amount.

**Guarantee:**

Each of the Guarantors hereby agrees that it is jointly and severally liable for, and hereby irrevocably and unconditionally guarantees to the DIP Lenders and their respective successors and assigns, the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) and at all times thereafter, and performance, of all the obligations owed or hereafter owing to the DIP Lenders by the Borrower hereunder. Each of the Guarantors agrees that its guarantee obligation hereunder is a continuing guarantee of payment and performance and not of collection, that its obligations under this Guarantee shall not be discharged until payment and performance, in full, of all of the obligations of the Borrower under the DIP Facility have occurred and this Term Sheet has been terminated, and that its obligations hereunder shall be primary, absolute and unconditional.

The obligations of the Guarantors hereunder shall not be satisfied, reduced or discharged by any intermediate payment, settlement or satisfaction of the whole or any part of the principal, interest, fees or other money or amounts which may at any time be or become owing or payable under, by virtue of, or otherwise in connection with the obligations of the Borrower under this Term Sheet or any of the documents executed in connection herewith.

The Guarantors shall be regarded, and shall be in the same position, as principal debtor with respect to the obligations of the Borrower hereunder and any amounts expressed to be payable from the Guarantors shall be recoverable from the Guarantors as primary obligors and principal debtors in respect thereof.

The Guarantors hereby expressly and irrevocably subordinate to the payment of the obligations of the Borrower hereunder, any and all rights at law or in equity to reimbursement, exoneration, contribution, indemnification or set-off and any and all defences available to a surety, guarantor or accommodation co-obligor until all of the obligations of the Borrower hereunder are indefeasibly paid in full in cash and this Term Sheet has been terminated. The Guarantors further agree to waive any rights of subrogation arising at law or in equity.

The obligations of the Guarantors hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to claim against the Guarantors hereunder or might operate to release or otherwise exonerate the Guarantors from any of their obligations hereunder or otherwise affect such obligations. Each of the Guarantors hereby irrevocably waives any defence it may now or hereafter have in any way relating to any of the foregoing, including, without limitation:

- (a) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower or the Guarantors;
- (b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Borrower or any of the Guarantors;
- (c) any failure of the Borrower or any of the Guarantors to perform or to comply with any of the provisions of this Term Sheet, the DIP Credit Documentation or any documents executed in connection herewith;
- (d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Borrower, the Guarantors or

their respective assets or the release or discharge of any such right or remedy by the DIP Lenders;

- (e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Borrower or any Guarantor (except to the extent such Guarantor receives any such indulgence);
- (f) any amendment, restatement, variation, modification, supplement or replacement of this Term Sheet, the DIP Credit Documentation or any documents executed in connection herewith;
- (g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower or any Guarantor or any merger or amalgamation of the Borrower or any Guarantor with any person or persons;
- (h) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Borrower or the DIP Lenders, whether in connection with the Term Sheet or otherwise; and
- (i) any other circumstance that might otherwise constitute a legal or equitable discharge or defence of any Guarantor.

The DIP Lenders, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantors' obligations and liabilities hereunder and without the consent of or notice to the Guarantors, ~~many~~ <sup>may</sup>

- (a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and any other indulgences to the Borrower or any of the Guarantors;
- (b) amend, vary, modify, supplement or replace this Term Sheet, the DIP Credit Documentation or any document issued in connection therewith or any other related document to which the Guarantors are not a party;
- (c) take or abstain from taking security or collateral from the Borrower or the Guarantors or from perfecting security or collateral of any such person;
- (d) release, discharge, compromise, realize, enforce or

otherwise deal with or do any act or things in respect of any security given by the Borrower or the Guarantors with respect to any of the obligations of the Borrower or the Guarantors contemplated by this Term Sheet or the DIP Credit Documentation;

- (e) accept compromises or arrangements from the Borrower or the Guarantors;
- (f) apply all money at any time received from the Borrower or either Guarantor or from any collateral to any part of the obligations outstanding under this Term Sheet as they may see fit; and
- (g) otherwise deal with, or waive or modify their right to deal with, the Borrower, the Guarantors and all other persons and securities as they may see fit.

**Further Assurances:**

The Borrower and Guarantors shall at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lenders may reasonably request for the purpose of giving effect to this Term Sheet and the DIP Security, perfecting, protecting and maintaining the Liens created by the DIP Security or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Credit Documentation.

**Currency:**

All monetary amounts referred to herein are in Canadian currency.

**Entire Agreement; Conflict:**

This Term Sheet, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other DIP Credit Documentation, this Term Sheet shall govern. In the event of any inconsistency between an DIP Credit Documentation and a Court order, the Court order shall govern.

**Amendments, Waivers, Etc.:**

No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of



the DIP Lenders or the Agent.

**Severability:**

Any provisions in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**Counterparts and Facsimile Signatures:**

This Term Sheet may be executed in any number of counterparts and by facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**Governing Law and Jurisdiction:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower and each DIP Guarantor irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum non conveniens or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

**Additional Definitions:**

Capitalized terms not otherwise defined herein shall have the following meanings:

**"Business Day"** means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario and New York, New York;

**"Default"** means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

**"DIP Credit Documentation"** means this Term Sheet and other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lenders in their absolute discretion;

**"Liens"** means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature

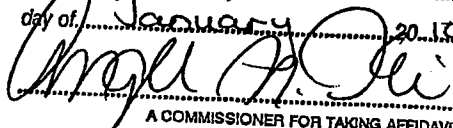
- 17 -

For Discussion Purposes Only  
DRAFT – December 31, 2009

whatsoever; and

"Majority DIP Lenders" means DIP Lenders whose aggregate Individual Commitments represent not less than ■% of the Commitment Amount.

50

This is Exhibit.....P.....referred to in the  
 affidavit of.....Ted S. Lodge  
 sworn before me, this.....27th  
 day of.....January.....2010  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau Cty  
 01DE6169063  
 My Commission Expires June 18, 2011

127-10

**From:** Matheson, Michael [mailto:MMatheson@osler.com]  
**Sent:** January 6, 2010 1:31 PM  
**To:** Swartz, Jay  
**Cc:** Sellers, Edward; Wasserman, Marc; Sandler, Tracy; Bernasek, Joyce  
**Subject:** Canwest LP

Hi Jay. I attach a mark-up of our initial comments to the indicative term sheet that has been forwarded to my attention. Please note that this mark-up has not been discussed with Canwest LP and the term sheet remains subject to any comments it may have. Please do not hesitate to contact me to discuss. Regards.

## OSLER

Michael Matheson  
 Partner

416.862.5955 DIRECT  
 416.862.6666 FACSIMILE  
 mmatheson@osler.com

Osler, Hoskin & Harcourt LLP  
 Box 50, 1 First Canadian Place  
 Toronto, Ontario, Canada M5X 1B8

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20/01/2010

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.....

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This is Exhibit Q referred to in the  
affidavit of Ted S. Lodge  
sworn before me, this 27th  
day of January, 2011  
Angela N. Delia  
A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT A

SUMMARY OF TERMS AND CONDITIONS  
FOR A  
SENIOR SECURED SUPER-PRIORITY DIP FACILITY

152770

*This summary of terms and conditions ("Summary") is for convenience of reference only and shall not be considered to be exhaustive as to the final terms and conditions of the DIP Credit Facility, which shall be set out in the DIP Credit Agreement (as defined below). In the event of a conflict between the provision of this summary and the DIP Credit Agreement, the latter shall govern.*

ANGELA N. D'ELIA  
Notary Public, State of New York, Nassau City  
01DE6189083  
Commission Expires June 18, 2011

- Borrower:** Canwest Limited Partnership / Canwest Société en Commandite (the "Borrower")
- Guarantors:** The guarantors (collectively, "Guarantors") would be Canwest (Canada) Inc., together with all of the Borrower's direct and indirect subsidiaries, including, without limitation, the entities set forth on Schedule A hereto, but excluding National Post Inc. (collectively, the "Guarantors", and together with the Borrower, the "DIP Loan Parties" or "Obligors").
- Administrative Agent:** The Bank of Nova Scotia ("Scotiabank"), or one of its affiliates ("Administrative Agent").
- Arranger:** Scotiabank, or one of its affiliates (the "Arranger").
- Lenders:** The lenders (collectively, the "Lenders") would be some of the financial institutions currently party to the credit agreement dated as of July 10, 2007, between the Borrower, as borrower thereunder, certain of the affiliates of the Borrower party thereto from time to time as guarantors, the financial institutions party thereto from time to time as lenders and Scotiabank, in its capacity as administrative agent, as amended or restated from time to time to the date hereof (the "Existing Senior Secured Credit Agreement"), invited by the Arranger to provide commitments in respect of the DIP Credit Facility, which commitments are set forth in Schedule A of the Commitment Letter between the Borrower, the Arranger and the Lenders to which this Summary is attached.

Each Lender shall be entitled to syndicate all or a portion of its commitment under the DIP Credit Facility both before and after the closing of the DIP Credit Facility to (i) regulated financial institutions who are lenders under the Existing Senior Secured Credit Agreement or

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(ii) other persons with the prior written consent of the Borrower, the Administrative Agent and the letter of credit issuer (which consent shall not be unreasonably withheld or delayed) prior to the occurrence of a default; provided that after the occurrence and during the continuance of a default, each Lender shall be entitled to assign all or a portion of its commitment and loans to any person, provided that such Lender shall remain liable for any and all of its indemnity obligations to the Administrative Agent and the letter of credit issuer unless each of the Administrative Agent and the letter of credit issuer have approved such assignment. Any assignment of loans and commitments shall be in a minimum amount of CDN\$2.5 million (or, if a Lender's commitment has been reduced below CDN\$2.5 million or such Lender's commitment has been terminated and the loans owed to such Lender are less than CDN\$2.5 million, the amount of such reduced commitment or such loans).

**CCAA Cases:**

The Administrative Agent has been advised that the Borrower and each of the Guarantors (collectively, the "*CCAA Applicants*") intend to apply for relief from the Ontario Superior Court of Justice (Commercial List) (the "*CCAA Court*") via an initial order (the "*Initial Order*") in proceedings (the "*CCAA Cases*") under the *Companies' Creditors Arrangement Act* (Canada) (the "*CCAA*") on or before January 8, 2010.

**Type of DIP Credit Facilities:**

Senior secured super-priority debtor-in-possession revolving credit facility of up to CDN\$25 million, including a letter of credit sub-facility of up to CDN\$5 million (the "*DIP Credit Facility*"), available to the Borrower.

**Maximum Amount of DIP Credit Facilities:**

The maximum credit amount available under the DIP Credit Facility would be CDN\$25 million (the "*Maximum Amount*"); provided that at no time shall the aggregate amount outstanding under the DIP Credit Facility exceed the lesser of: (i) the Maximum Amount and (ii) the sum of (x) 50% of the fair market value of the Eligible Real Property of the Borrower and the Guarantors to a maximum of CDN\$15 million plus (y) 85% of the Eligible Accounts (defined below) of the Borrower and the Guarantors minus (z) any reserves established by the Administrative Agent as described below (collectively, the "*Facility Availability*").

The Borrower shall deliver a weekly borrowing base certificate to the Administrative Agent, which borrowing base certificate shall be in form and substance satisfactory to the Administrative Agent (but no approval of the Lenders shall be required provided that such borrowing base certificate is substantially in the form as previously approved by the Lenders and Facility Availability is greater than \$0); provided that, until the Borrower has requested an advance under the DIP Credit Facility, such borrowing base certificate will not have to include certifications

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relating to Eligible Accounts; and upon any request for advance the Borrower shall provide an updated borrowing base certificate including certification as to Eligible Accounts before such advance shall be made available.

The Administrative Agent shall be entitled to establish reserves (to be determined in a manner acceptable to the Administrative Agent) against the Facility Availability, including without limitation reserves in respect of the Administration Charge, the Cash Management Obligations (as defined below) and any claims that may have priority over the DIP Charge (defined below) in respect of the Collateral securing the DIP Credit Facility.

**Eligible Real Property:**

*"Eligible Real Property"* means the real property owned by any Obligor (a) that is acceptable in the discretion of the Administrative Agent, (b) in respect of which an appraisal report has been delivered to the Administrative Agent in form, scope and substance reasonably satisfactory to the Administrative Agent (provided that the appraisal reports delivered to the Administrative Agent prior to the execution of the Commitment Letter are satisfactory for purposes of this clause (b)), (c) in respect of which the Administrative Agent, for the benefit of the Lenders, has a perfected first priority Lien (except for Permitted Encumbrances which do not have priority over the Lien in favour of the Lenders, other than as specified below), (d) which, unless otherwise agreed by the Administrative Agent, is adequately protected by fully-paid valid title insurance with endorsements and in amounts acceptable to the Administrative Agent, ensuring that the Administrative Agent, for the benefit of the Lenders, shall have a perfected first priority Lien on such real property (except for Permitted Encumbrances which do not have priority over the Lien in favour of the Lenders, other than as specified below), and (e) if required by the Administrative Agent, in respect of which the Borrower shall have used its reasonable best efforts to obtain estoppel certificates executed by all tenants of such Eligible Real Property and to deliver such other consents, agreements and confirmations of lessors and third parties as the Administrative Agent may deem necessary or desirable, together with evidence that all other actions that the Administrative Agent may deem necessary or desirable in order to create perfected first priority Liens on the property described in the mortgages granted to the Administrative Agent on behalf of the Lenders have been taken (except for Permitted Encumbrances which do not have priority over the Lien in favour of the Lenders, other than as specified below).

**Eligible Accounts:**

*"Eligible Accounts"* means trade accounts receivable owing to the Borrower or a Guarantor, as the case may be, by its Canadian and United States customers from the supply of goods and services in the ordinary

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course of business, which are acceptable to the Administrative Agent and which meet the eligibility criteria agreed to by the Administrative Agent in effect from time to time. Unless otherwise agreed by the Administrative Agent, eligibility criteria for accounts receivable shall exclude, without limitation, accounts receivable that are (a) in dispute, (b) more than 90 days past invoice date, (c) subject to a cross-aging rule of 25%, (d) contra or foreign accounts (i.e. accounts receivable from obligors located outside of Canada or the United States), (e) intercompany/affiliates/employee accounts, (f) subject to a concentration rule of 25%, (g) [INTENTIONALLY DELETED], (h) owing from an account debtor that is insolvent or bankrupt, (i) owing by an account debtor which is a federal, provincial, state or municipal governmental body, corporation, commission or other authority, (j) related to pre-billed invoices, (k) subject to any other dilutive factor, (l) subject to a securitization conduit or factoring agreement, or (m) subject to any lien other than the first priority lien in favour of the Administrative Agent for the benefit of the Lenders under the DIP Credit Facility (except for Permitted Encumbrances).

**Definitive Documents:**

Any commitment by the Lenders in respect of the DIP Credit Facility would be subject to the negotiation, execution and delivery of a credit agreement containing the terms and conditions outlined herein, as well as standard representations and warranties, conditions precedent, affirmative and negative covenants, events of default, and other clauses usual and customary for a financing of this nature (the "*DIP Credit Agreement*") and such other documents as are customary for a financing of this nature, including without limitation, guarantees and security documents, including without limitation, an assignment of the NP Intercompany Loan Agreement and all security in connection therewith, acknowledged by National Post Inc. (together with the DIP Credit Agreement, the "*DIP Loan Documents*").

The DIP Loan Documents, the Initial Cash Flow Forecast (as defined below), and all orders of the CCAA Court (including, without limitation, the Initial Order and the Extension Order and any amendments thereto) and all motions by the Obligors relating thereto, shall be in form and substance satisfactory to the Administrative Agent and the Administrative Agent's counsel.

**Availability:**

Subject to the Facility Availability, and provided that no Default or Event of Default has occurred and is then continuing, on and after the date on which the Initial Availability Conditions (as defined below) shall have been satisfied, the Borrower may request advances under the DIP Credit Facility; provided that until the Further Availability Conditions shall have been satisfied, the Facility Availability shall be limited to not more than CDN\$10 million.



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**Termination Date:** The maturity of the DIP Credit Facility (the "*Termination Date*") shall be the earliest of:

- (a) [INTENTIONALLY DELETED]
- (b) July 31, 2010;
- (c) the date which is 30 days after the entry of the Initial Order if the term of the stay of proceedings against the DIP Loan Parties shall not have been extended by further order of the CCAA Court by such date;
- (d) the effective date of any confirmed plan of reorganization or arrangement by the CCAA Court;
- (e) the date on which the Initial Order expires without being extended or on which the CCAA Cases shall be dismissed or converted to a proceeding under the *Bankruptcy and Insolvency Act*; and
- (f) the date of the acceleration of the loans and the termination of the commitment with respect to the DIP Credit Facility in accordance with the DIP Loan Documents.

All outstanding amounts under the DIP Credit Facility, together with all interest accrued in respect thereof and all other amounts owing under the DIP Loan Documents, shall be payable in full on the Termination Date. The Borrower will immediately provide cash collateral to each applicable LC Issuer equal to 105% of the face amount of any Letters of Credit issued and outstanding under the DIP Credit Facility as of the Termination Date.

**Closing Date:** The date on which the Initial Availability Conditions shall have been satisfied (the "*Closing Date*"). The commitment (if any) of the Lenders to provide the DIP Credit Facility shall expire and terminate if the Closing Date has not occurred on or before January 31, 2010, or such later date as the Lenders may approve (the "*Outside Date*").

**Permitted Uses of Proceeds:** The DIP Credit Facility may only be used for the following purposes, after any cash balances available to the Borrower in excess of \$10,000,000 are fully depleted:

- (a) for working capital, capital expenditures, and other ordinary course expenditures of the DIP Loan Parties in accordance with the Revised Cash Flow Forecast (as defined below);

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- (b) to pay the Permitted Fees and Expenses;
- (c) to allow the Borrower's subsidiary, Canwest Publishing Inc. / Publications Canwest Inc. ("*CPI*") to advance secured intercompany loans to the Borrower's indirect subsidiary, National Post Inc., under the letter loan agreement dated October 30, 2009 (the "*NP Intercompany Loan Agreement*"), between CPI and National Post Inc., provided that the security for such intercompany loans is assigned to the Administrative Agent on behalf of the Lenders to secure the Borrower's obligations under the DIP Credit Facility, and acknowledged by National Post Inc.; and
- (d) to pay interest when due in respect of the Secured Obligations (as defined in the Existing Senior Secured Credit Agreement), including without limitation interest owing in respect of the Swap Unwind Amounts (as defined below) and in respect of interest due but unpaid in respect of the Secured Obligations prior to the commencement of the CCAA Cases.

For greater certainty, without the prior consent of the Administrative Agent, the proceeds of the DIP Credit Facility shall not be used to pay any interest, principal, fees, costs or expenses in respect of any Senior Subordinated Notes (as defined in the Existing Senior Secured Credit Agreement) or to pay for the costs or expenses of any committee formed by any holders of Senior Subordinated Notes.

"*Permitted Fees and Expenses*" means, collectively, (a) the DIP Expenses (as hereinafter defined), (b) all recoverable fees, expenses and costs incurred by the Administrative Agent in connection with the Existing Senior Secured Credit Agreement; (c) the fees owing to the Administrative Agent, the Arranger and the Lenders in connection with the DIP Credit Facility; (d) the fees and expenses of the DIP Loan Parties associated with the DIP Credit Facility; (e) costs and expenses of the CCAA Applicants in connection with the CCAA Cases and (f) the fees, including any executive search firm fees and public relations firm fees, and recoverable costs payable by the CCAA Applicants to the Administrative Agent, and the senior secured lenders (including members of the steering committee of senior secured lenders established by the administrative agent under the Existing Senior Secured Credit Agreement) and the *pari passu* secured swap counterparties participating in the credit bid.

**Swap Unwind  
Amounts:**

In respect of the Swap Transactions (as defined in the Existing Senior Secured Credit Agreement) which have been terminated, the amounts owing by the Borrower on account of such terminations are set forth in

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Schedule B hereto (or such other amounts to be confirmed to the Administrative Agent by the counterparties referenced therein and the Borrower as an accurate representation of the amounts owing thereunder) (collectively, the "Swap Unwind Amounts"). For greater certainty, the Secured Obligations, as defined in the Existing Senior Secured Credit Agreement, includes all obligations of the Obligor owing to lenders or their affiliates under the Existing Senior Secured Credit Agreement in connection with the Swap Transactions.

**Interest Rates:**

*For CDN\$ Drawings on DIP Credit Facility:* Scotiabank's CAD\$ prime rate plus 7.0% per annum (subject to a Scotiabank CDN\$ prime rate floor of 2.25%).

CDN\$ Bankers' Acceptance stamping fee calculated at 8.0% per annum (subject to a Bankers' Acceptance rate floor of 1.25%). To the extent available, the Borrower shall be permitted to select either one month or two month interest periods for Bankers' Acceptances.

*For US\$ Drawings on DIP Credit Facility:* Scotiabank's US\$ base rate plus 7.0% per annum (subject to a Scotiabank US\$ base rate floor of 3.75%).

*L/C Fee:* 8.0% per annum.

*Rates upon an Event of Default:* Interest rates, BA stamping fees and the L/C Fee shall be automatically increased by 200 basis points upon the occurrence and during the continuance of an Event of Default (as defined below).

**Other Fees:**

*Upfront Fee:* The Borrower shall pay an upfront fee of 300 basis points of the Maximum Amount (the "Upfront Fee").

The Borrower shall pay a portion of the Upfront Fee in an amount equal to CDN\$250,000, which amount shall be non-refundable, fully earned and payable no later than 5:00 pm on the business day immediately following the issuance of the Commitment Letter by the Lenders, and the remaining balance of the Upfront Fee shall be due and payable, and fully earned, on the Closing Date.

*Break Fee:* If the Borrower determines, for any reason, not to proceed with closing of the DIP Credit Facility as contemplated herein and proceeds with an alternate credit facility in lieu thereof, the Borrower shall pay a break fee of CDN\$500,000 on the date that the Borrower enters into or announces its intention to enter into a debtor-in-possession facility other than the

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## DIP Credit Facility.

- Unused Commitment Fee (non-refundable):** The Borrower shall pay an unused commitment fee of 150 basis points per annum times the difference between (a) the Maximum Amount and (b) the sum of (i) the aggregate amounts outstanding under the DIP Credit Facility, plus (ii) the aggregate face amount of the Letters of Credit outstanding under the DIP Credit Facility, payable monthly in arrears on the last business day of each month with the first such period commencing on the business day immediately following the date of issuance of the Commitment Letter by the Lenders.
- Amendment Fee:** With respect to amendments to the DIP Loan Documents, an amendment fee to be agreed by the Administrative Agent in respect of each occurrence, which in any event shall be a maximum of 50 basis points of the Maximum Amount or such lesser amount as agreed by all of the Lenders. For greater certainty, the provision of certain consents authorized by the Administrative Agent shall not be subject to an amendment fee.
- Allocation of Fees:** Each of the Upfront Fee, any Break Fee, the Unused Commitment Fee and the Amendment Fee shall be paid to the Administrative Agent for allocation amongst the Lenders on a pro rata basis.
- DIP Expenses:** The Borrower shall pay all of the Arranger's and the Administrative Agent's due diligence, syndication, and other out-of-pocket expenses (including the fees and expenses of their respective counsel and the Arranger's advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the Initial Order, as well as all expenses of the Administrative Agent and the Lenders in connection with the ongoing monitoring and administration of the DIP Credit Facility and the enforcement of any of the DIP Loan Documents (collectively, the "*DIP Expenses*").
- Security and Priority:** The obligations of the DIP Loan Parties under the DIP Loan Documents are to be subject to a fully perfected first-ranking (except as otherwise contemplated herein) super-priority hypothec in and first-ranking court-ordered super-priority charge (or applicable equivalents thereto outside of the Province of Quebec, such hypothec and charge, collectively, the "*DIP Charge*") on all of the existing and after acquired real and personal, tangible and intangible, assets of the Borrower and of the Guarantors (the "*Collateral*"), evidenced by applicable PPSA or RPMRR registrations, pursuant to the Initial Order and the definitive DIP Loan Documents.
- The obligations of the Obligors to Scotiabank in connection with the cash management services (including permitted hedging services) provided to

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such Obligors (the "*Cash Management Obligations*") shall be secured on a *pari passu* basis with the DIP Credit Facility obligations in an amount not to exceed CDN\$7.5 million.

**Permitted  
Encumbrances and  
Priority:**

All Collateral will be free and clear of other liens, encumbrances and claims, except for the following (collectively, the "*Permitted Encumbrances*"):

- (a) charges created under the Initial Order and to be set forth in the DIP Loan Documents, including, without limitation, the administration charge for the DIP Loan Parties' and the Monitor's customary CCAA professional expenses in an amount not to exceed CDN\$3.0 million or such other amount agreed to by all of the Lenders and the Borrower (the "*Administration Charge*"), the charge for an indemnity of the DIP Loan Parties' directors and officers backstopping their D&O insurance coverage in respect of post-filing obligations as specified in the Commercial List CCAA Model Initial Order dated November 18, 2008 in an amount of CDN\$35 million (the "*D&O Charge*"); each of which shall be acceptable to the Administrative Agent, provided that the D&O Charge shall be subordinate to the Administration Charge and the DIP Charge and senior to all other obligations;
- (b) certain existing validly perfected liens granted by the Borrower and the Guarantors prior to the date of acceptance of the Commitment Letter specifically and only in respect of those purchase-money equipment loans, financing leases and real property mortgages, which are listed in the DIP Loan Documents and which shall collectively, not exceed an amount to be specified in the DIP Loan Documents (which specified amount shall be satisfactory to the Administrative Agent);
- (c) those liens and encumbrances in existence on the date of the Initial Order, the details of which shall be set forth in the DIP Loan Documents, subject to the approval of the Administrative Agent;
- (d) standard encumbrances that do not secure any indebtedness which are acceptable to the Administrative Agent;
- (e) liens securing amounts owing under the existing management incentive plan for the Borrower previously disclosed to the Administrative Agent (the "*MIP*") in an aggregate amount not to exceed CDN\$3,000,000; and

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- (f) liens securing the fees and disbursements, including any success fee (if any), payable to RBC Dominion Securities Inc. (the "*Financial Advisor*"), pursuant to the engagement letter dated October 1, 2009 between CPI, the Borrower and the Financial Advisor, in such amount agreed to by the Borrower and the Administrative Agent and the Lenders.

The Permitted Encumbrances (other than the Administration Charge) shall be subordinate to the DIP Charge except for Permitted Encumbrances in clause (b) above and as otherwise agreed to in writing by the Administrative Agent.

Without limiting its right to establish reserves, the Administrative Agent shall have the right to establish reserves against availability under the DIP Credit Facility for all amounts owing by the Borrower to any other party if the Administrative Agent is not satisfied that the DIP Charge has been given effective priority pursuant to the Initial Order over all rights and claims of such party against the Collateral, including, without limitation, as a result of notice of the Initial Order not yet having been served on such other parties.

**Mandatory  
Prepayments and  
Commitment  
Reduction:**

The DIP Credit Facility shall be prepaid with the net cash proceeds of asset sales of the Obligors. There shall be other mandatory prepayment and commitment reduction terms stipulated in the DIP Loan Documents, as are customary for transactions of this type and which are satisfactory to the Administrative Agent.

**Voluntary  
Commitment  
Reduction:**

There may be voluntary commitment reductions, subject to standard notice periods, breakage costs and other terms and conditions customary for transactions of this type and satisfactory to the Administrative Agent, to be stipulated in the DIP Loan Documents.

**Representations  
and Warranties:**

The DIP Loan Documents would contain representations and warranties (applicable to the Borrower, and its subsidiaries), including those customarily found in the Administrative Agent's loan documentation for similar secured debtor-in-possession financings and others appropriate in the judgment of the Administrative Agent.

**Covenants:**

The DIP Loan Documents would contain affirmative, negative and financial covenants (applicable to the DIP Loan Parties), including those customarily found in the Administrative Agent's loan documentation for similar secured debtor-in-possession financings and others appropriate in the judgment of the Lenders, and would include, without limitation, the following covenants:

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- (a) [INTENTIONALLY DELETED]
- (b) [INTENTIONALLY DELETED]
- (c) [INTENTIONALLY DELETED]
- (d) [INTENTIONALLY DELETED]
- (e) the Borrower shall not make or permit to be made any payment on account of pre-filing obligations (including any payments permitted under the Initial Order) without the prior consent of the Monitor; provided that, in no event shall payments on account of pre-filing obligations exceed, in aggregate, CDN\$12 million (or the US Dollar equivalent thereof), exclusive of payments for employee-related items and sales taxes permitted under the Initial Order. The Borrower and the Monitor shall use best efforts to deliver a written report to the Administrative Agent and Lenders not less than 24 hours prior to making any such payment in excess of CDN\$100,000 or the US Dollar equivalent thereof, providing details as to the amount, recipient and nature of any such proposed pre-filing payment together with a statement as to the cumulative balance of all pre-filing payments including such proposed payment and, for greater certainty, including payments which are individually less than CDN\$100,000; provided that if such report is not delivered to the Administrative Agent and Lenders at least 24 hours prior to making any such payment, the Borrower and the Monitor shall deliver such report to the Administrative Agent and Lenders as soon as possible and not later than close of business on the date such payment is made;
- (f) if at any time aggregate borrowings then outstanding under the DIP Credit Facility exceed CDN\$12.5 million, effective at such time and at all times thereafter, the Borrower shall ensure that, as of any date, the aggregate net cash flow (with "net cash flow" to be defined in the definitive DIP Loan Documents) of the Borrower, on a consolidated basis, and calculated on a cumulative basis for the period since the commencement of the Revised Cash Flow Forecast (as defined below), shall not be less than the forecast net cash flow for the Borrower, on a consolidated basis, for such period as set forth in the Revised Cash Flow Forecast by more than CDN\$5 million, tested every Thursday for the previous

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week ended Sunday;

- (g) at the time of the first request for advance, and as a condition of the first advance under the DIP Credit Facility, the Borrower shall deliver to the Administrative Agent on behalf of the Lenders the revised cash flow forecast of receipts and disbursements from the date of a proposed initial advance under the DIP Credit Facility to the end of the period contemplated in the Initial Cash Flow Forecast (the "*Revised Cash Flow Forecast*"), including variance reports. As a further condition precedent to any advances at any time when aggregate borrowings outstanding under the DIP Credit Facility (after giving effect to such advances) are to exceed CDN\$12.5 million, effective at such time and at all times thereafter, such Revised Cash Flow Forecast shall be approved by and in form and substance satisfactory to the Administrative Agent. The Revised Cash Flow Forecast shall be provided together with a detailed calculation of working capital balances that exist as at the date of such forecast (to be defined in the definitive DIP Loan Documents) and a compliance certificate signed by an officer of the Borrower stating that (i) such Revised Cash Flow Forecast and variance reports do not disclose any defaults with respect to financial covenants of the Borrower herein (if applicable) during the periods covered thereby, (ii) stating that the Revised Cash Flow Forecast discloses that the Borrower will have sufficient funds to meet its obligations as they become due during such period, and (iii) providing the detailed calculation of working capital and a detailed explanation as to why the Borrower's operating and/or cash flow circumstances have deteriorated from the expectations at the time of the Initial Cash Flow Forecast so as to require the advances requested;
- (h) the Borrower shall not, and shall ensure that its direct and indirect subsidiaries do not, undertake any actions with respect to their business operations and/or capital structure which would, in the determination of the Administrative Agent, have a material adverse effect on the Borrower or such direct or indirect subsidiaries;
- (i) the Borrower shall not, and shall not permit the other DIP Loan Parties to incur any indebtedness, including the giving of any guarantees, other than indebtedness specifically contemplated hereby or permitted by the Administrative Agent;



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- (j) the Borrower shall not, and shall not permit the other DIP Loan Parties to incur, create, assume or suffer to exist any lien on any Collateral now owned or hereafter acquired other than:
  - (i) Permitted Encumbrances or (ii) the DIP Charge;
- (k) the Borrower shall not, and shall not permit the other DIP Loan Parties to enter into any merger, amalgamation, consolidation, reorganization or recapitalization, sale or any transaction resulting in the change of ownership or control of the Borrower or any of the other DIP Loan Parties, without the prior written consent of the Administrative Agent;
- (l) without the prior written consent of the Administrative Agent, the Borrower shall not, and shall not permit the other DIP Loan Parties (i) to declare or pay any dividends on, or make any other distributions (whether by reduction of capital or otherwise) with respect to any of their issued and outstanding shares or other equity interest except to other Obligor, (ii) to make any intercompany loans except to other Obligor as contemplated by the Initial Cash Flow Forecast or to National Post Inc. pursuant to the terms and conditions of the NP Intercompany Loan Agreement, or (iii) to make any other payment or other transfer of funds including fees for services to Canwest Media Inc. or affiliates of Canwest Media Inc., except in accordance with the existing arrangements for Shared Services described in clause (s) below;
- (m) during the term of the DIP Credit Facility, the Borrower shall not, and shall not permit the other DIP Loan Parties to sell any of its assets out of the ordinary course of business or which have an aggregate net book value in excess of CDN\$5 million without the prior written consent of the Administrative Agent;
- (n) the Borrower shall ensure that amounts owing on account of shared services under the Agreement on Shared Services and Employees dated October 26, 2009 (as amended, restated or supplemented from time to time) to or from the Borrower or the other DIP Loan Parties are paid when due and shall ensure that all of the terms and conditions of the NP Intercompany Loan Agreement are complied with;
- (o) the Borrower shall ensure that its Chief Restructuring Advisor, the Financial Advisor, its other advisors and its senior management team are available to meet with and respond to enquiries and information requests from the Administrative Agent, the Lenders and their advisors as may

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be reasonably required, and in any event no less frequently than once per month, and to provide them with updates as to progress of the Sales and Investor Solicitation Process as set forth in the Initial Order;

- (p) the Borrower shall not make any material change to its existing senior management arrangements (including the MIP) without the prior written consent of the Administrative Agent;
- (q) the Borrower shall promptly pay all DIP Expenses, including all legal and financial advisory fees and expenses, of the Administrative Agent and the Lenders as such DIP Expenses are incurred and invoiced to the Borrower;
- (r) the Borrower shall not enter and shall not permit the other DIP Loan Parties to enter into any other credit facilities (whether before or after the commencement of the CCAA Cases) secured in priority or pari passu to the DIP Credit Facility;
- (s) the Borrower (i) shall not repudiate any of the existing arrangements (as amended by the Transition and Reorganization Agreement) between the DIP Loan Parties and Canwest Media Inc. or affiliates of Canwest Media Inc. (other than the other DIP Loan Parties) in respect of shared services, shared costs and shared professional services (the "*Shared Services*"), (ii) shall ensure that the arrangements in respect of Shared Services are on a cost recovery basis with payment terms acceptable to the Administrative Agent and (iii) shall not agree to any alteration or replacement of the agreements relating to such Shared Services without the prior written consent of the Administrative Agent, which alterations or replacements shall be on terms and conditions acceptable to the Administrative Agent;
- (t) in addition to the Revised Cash Flow Forecast, variance reports and other reports described above, the Borrower shall provide to the Administrative Agent for and on behalf of the Lenders (x) on the Thursday of each week, (i) a rolling 13-week cash flow forecast of receipts and disbursements, and (ii) a comparison of actual to forecast for the prior 4-week period (together with an explanation of any material variances in respect of same), and (y) periodic financial reports, (i) for each month, no later than 20 days after the end of such month, (ii) for each of the first three fiscal quarters, no later than 45 days after the end of such fiscal quarter and (iii) for the fiscal

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year ending August 31, 2010, no later than 90 days after the end of such fiscal year;

- (u) the Borrower shall pay all recoverable fees, expenses and costs incurred by the Administrative Agent, both prior to and after the date of the Initial Order, in connection with the Existing Senior Secured Credit Agreement promptly upon demand;
- (v) the Borrower shall pay the fees owing to the Administrative Agent, the Arranger and the Lenders in connection with the DIP Credit Facility promptly when such fees are due;
- (w) the Borrower shall promptly pay interest when due in respect of the Secured Obligations (as defined in the Existing Senior Secured Credit Agreement), including without limitation interest owing in respect of the Swap Unwind Amounts, and for greater certainty, the Borrower shall, on the Closing Date, pay all such interest due in respect of the Secured Obligations but unpaid prior to the commencement of the CCAA Cases;
- (x) the Borrower shall provide copies of all reports and other materials relating to the CCAA Cases to the administrative agent under the Existing Senior Secured Credit Agreement;
- (y) the Borrower shall not, and shall not permit CPI to: (i) amend any provision of or give any waivers or consents under the NP Intercompany Loan Agreement without the prior written consent of the Administrative Agent, (ii) make any advances or payments to National Post Inc. except in accordance with the terms and conditions of the NP Intercompany Loan Agreement, and (iii) consent to the release of the availability block in the amount of CDN\$2.5 million under the NP Intercompany Loan Agreement without the prior written consent of the Administrative Agent;
- (z) the Borrower shall, and shall ensure that the other DIP Loan Parties and National Post Inc. maintain all of their cash management services and bank accounts with Scotiabank; and
- (aa) the Borrower shall, and shall ensure that CPI delivers all notices, reports and updated cash flow forecasts delivered by National Post Inc. to CPI under the NP Intercompany Loan Agreement.

#### Events of Default

The DIP Loan Documents would contain events of default, including those customarily found in the Administrative Agent's loan

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**and Remedies:**

documentation for similar debtor-in-possession secured financings and others (including, without limitation, certain bankruptcy related events of default to be determined) appropriate in the judgment of the Lenders.

Without limiting the generality of the foregoing, "Event of Default" under the DIP Credit Agreement would include the following:

- (a) the issuance of an Initial Order (and any other required orders in the CCAA Cases), unless such Initial Order is satisfactory in form and substance to the Administrative Agent, and such Initial Order approves and authorizes the DIP Loan Parties to file for protection under the CCAA, approves the DIP Credit Facility as a debtor-in-possession financing, grants the DIP Charge with the priority contemplated herein, authorizes the payment by the DIP Loan Parties of all principal, interest and fees provided for under the DIP Credit Facility, approves the Sales and Investor Solicitation Process and grants all relief customarily associated with such a filing including the provision of stays against the Borrower's and the other DIP Loan Parties' creditors;
- (b) if the Initial Order expires without being extended or if any of the CCAA Cases shall be dismissed or converted to a proceeding under the *Bankruptcy and Insolvency Act* (Canada) or if a receiver or receiver-manager is appointed for any of the DIP Loan Parties;
- (c) the entry of any order staying, amending, reversing, vacating or otherwise modifying, in each case without the prior consent of the Administrative Agent, the DIP Credit Facility, the Initial Order or the Extension Order;
- (d) the Borrower or any of its direct and indirect wholly-owned subsidiaries undertake any actions with respect to their business operations and/or capital structure which would, in the determination of the Administrative Agent, have a material adverse effect on the Borrower or such direct or indirect subsidiaries;
- (e) if there is a termination of, or failure to perform by any party under, any material contract, regardless of whether such failure to perform constitutes a default or event of default under such material contract (except for a failure to perform under Section 5.3(2)(b) or 5.3(2)(c) of the Support Agreement made as of the date hereof between the DIP Loan Parties and the agent on behalf of the lenders under the Existing Senior

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Secured Credit Agreement);

- (f) if there is a change to the Borrower's existing senior management arrangements that is not acceptable to the Administrative Agent;
- (g) if there occurs a change of ownership or control of the Borrower or any of the Guarantors;
- (h) if any of the DIP Loan Parties makes any payments of any kind not permitted by the Initial Order (as it may be amended from time to time) or not permitted under the DIP Loan Documents;
- (i) if the initial order and stay under the CCAA proceedings with respect to Canwest Media Inc. ("CMI") expires without being extended or if CMI's CCAA proceeding shall be dismissed or converted to a proceeding under the *Bankruptcy and Insolvency Act* (Canada) or if a receiver or receiver-manager is appointed for CMI;
- (j) if there is any change to the governance of the Borrower that is not acceptable to the Administrative Agent;
- (k) if any of the agreements relating to Shared Services are terminated, altered or replaced (other than the expiry thereof in accordance with their terms) without the prior consent of the Administrative Agent or there occurs a material default by CMI under any of the agreements relating to Shared Services; or
- (l) if any advances or payments are made to National Post Inc. under the NP Intercompany Loan Agreement upon or after an "Event of Default" occurring thereunder, except for advances expressly permitted under Section 22 of the NP Intercompany Loan Agreement.

Upon the occurrence of an Event of Default, whether or not there is availability under the DIP Credit Facility, without any notice or demand:

- (a) the right of the Borrower to receive any advance or other accommodation of credit shall be terminated; any advances made (including letter of credit issuances) thereafter would be in the discretion of the Administrative Agent; and
- (b) all indebtedness of the Borrower to Lenders shall become immediately due and payable.

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The Administrative Agent and Lenders shall also have the right to exercise all other customary remedies, including, without limitation, the right to realize on all Collateral, in each case, upon providing two (2) days prior notice to the Borrower and the Monitor, without the necessity of obtaining further relief or order from the CCAA Court.

**Conditions to Availability**

The conditions for making a portion of the DIP Credit Facility available to the Borrower on the date on which the DIP Loan Parties file for protection under the CCAA (the "*Initial Availability Conditions*") are those customarily found in loan documentation for similar debtor-in-possession secured financings and other conditions appropriate in the judgment of the Administrative Agent, including, without limitation:

- (a) execution of the DIP Loan Documents;
- (b) issuance of the Initial Order (and any other required orders in the CCAA Cases), satisfactory in form and substance to the Administrative Agent, approving and authorizing the DIP Loan Parties to file for protection under the CCAA, approving the DIP Credit Facility, granting of the DIP Charge with the priority contemplated herein, authorizing the payment by the DIP Loan Parties of all of the fees provided for in respect of the DIP Credit Facility, approving the Sales and Investor Solicitation Process and granting all relief customarily associated with such a filing including the provision of stays against the Borrower's creditors, and such orders being in full force and effect, unamended and unstayed;
- (c) perfected security interests in the Collateral with the priorities described above (free and clear of all liens other than those described above, and subject to customary and limited exceptions to be agreed upon) pursuant to the Initial Order, together with the execution and delivery of guarantees and security documentation and perfection filings from the DIP Loan Parties by the Closing Date;
- (d) completion of Collateral review with respect to accounts receivable, including with respect to accuracy of aging, provision for doubtful accounts and collection in accordance with established terms on a sample basis, in scope and terms and with results in form and substance satisfactory to the Administrative Agent;
- (e) receipt by the Administrative Agent, for and on behalf of the Lenders, of an initial weekly cash flow forecast of receipts

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and disbursements for the DIP Loan Parties (the "*Initial Cash Flow Forecast*") for the year ending August 31, 2010, updated to the Closing Date, in form and substance reasonably satisfactory to the Administrative Agent;

- (f) such opinions of counsel to the DIP Loan Parties as the Administrative Agent may require;
- (g) the Borrower shall have continued to maintain the services of a chief restructuring advisor (the "*Chief Restructuring Advisor*"), engaged exclusively in respect of the Borrower, acceptable to the Administrative Agent (provided that maintaining the services of Gary F. Colter as Chief Restructuring Advisor, and the services of CRS INC. in connection therewith, pursuant to the terms of the engagement letter dated November 1, 2009 between, the Borrower and CRS INC., inter alia, shall be acceptable to the Administrative Agent for the purposes of this clause (g));
- (h) the Borrower shall have paid all Permitted Fees and Expenses then owing;
- (i) the Borrower shall have paid all fees then owing to the Arranger, the Administrative Agent and the Lenders as set forth herein and in the Fee Letter;
- (j) absence of Defaults or Events of Default as certified by the Borrower's chief financial officer; and
- (k) the Borrower shall have implemented governance arrangements acceptable to the Administrative Agent, pursuant to the terms of the Initial Order.

Further availability under the DIP Credit Facility shall be subject to the satisfaction of the following conditions (the "*Further Availability Conditions*"):

- (a) notice of the Initial Order shall have been served on each party that has registered a lien against any of the DIP Loan Parties and 15 days shall have passed since the date on which the latest of such notices was served, all appeal periods with respect to the Initial Order shall have expired with no notice of appeal, or motion to vary, amend, stay, reverse or otherwise affect the Initial Order having been filed or pending;
- (b) issuance of an order by the CCAA Court (the "*Extension Order*") not later than 30 days after the entry of the Initial

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Order, extending the term of the stay of proceedings against the DIP Loan Parties beyond the term initially set out in the Initial Order, which Extension Order shall be in form and substance satisfactory to the Administrative Agent and shall not have been vacated, reversed, modified, amended or stayed; and

- (c) absence of Defaults or Events of Default as certified by the Borrower's chief financial officer.

**Governing Law:** Province of Ontario, with any security documents relating to Collateral located in Quebec or a foreign jurisdiction being governed by the laws of the Province of Quebec or such foreign jurisdiction.

**Miscellaneous:** Customary protective provisions for such matters as increased costs, funding losses, capital adequacy, illegality and taxes and customary borrower indemnity, voting, assignment and participation, waiver of jury trial, consent to exclusive jurisdiction, waiver and amendment, and other customary miscellaneous provisions.

**Lender Approval:** Any reference to the approval, consent, exercise of discretion or the taking of any action of the Administrative Agent herein (except where expressly stated otherwise) is subject to the prior approval of (i) the Lenders whose commitments represent, in the aggregate, at least 66 2/3% of the total commitments under the DIP Credit Facility at such time or, if no commitments are in effect at such time, at least 66 2/3% of the sum of (a) the aggregate principal amount of the advances under the DIP Credit Facility outstanding at such time and (b) the aggregate L/C obligations with respect to all letters of credit outstanding under the DIP Credit Facility at such time and (ii) no fewer than three Lenders; provided that in respect of the Events of Default described in (a), (b) and (c) under such section, the waiver of such Events of Default would require the unanimous consent of the Lenders.

**Counsel to  
Administrative  
Agent:**

McMillan LLP



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**Schedule A – Guarantors**

Canwest (Canada) Inc.

Canwest Publishing Inc. / Publications Canwest Inc.

Canwest Books Inc.

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**Schedule B – Swap Transaction Unwind Payments**

<b>Counterparty</b>	<b>Swap Unwind Amount</b>
The Bank of Nova Scotia	CDN\$20,855,500.00
The Toronto-Dominion Bank	CDN\$11,287,973.87
Canadian Imperial Bank of Commerce	CDN\$10,430,000.00
Citibank, N.A.	CDN\$16,088,518.00
Goldman Sachs Bank USA	US\$2,695,757.00
Bank of Montreal	CDN\$7,270,829.93

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**EXHIBIT A**

**Summary of Indicative Terms and Conditions for the Financing**

Attached.

This is Exhibit R referred to in the  
 affidavit of Ted S. Lodge  
 sworn before me, this 27th

**DIP FACILITY TERM SHEET**

day of January 2010

Dated January 26, 2010.

*Angela N. D'Elia*  
 ANGELA N. D'ELIA A COMMISSIONER FOR TAKING AFFIDAVITS  
 Notary Public, State of New York, Nassau City  
 01DE6169083  
 My Commission Expires June 18, 2011

1-2770

WHEREAS Canwest Limited Partnership has obtained an order (the "Initial Order") of the Ontario Superior Court of Justice (the "Court") dated January 8, 2010 which, *inter alia*, grants protection to it, Canwest Books Inc., Canwest Publishing Inc. and Canwest (Canada) Inc. under the *Companies' Creditors Arrangement Act* (the "CCAA");

AND WHEREAS the Initial Order authorizes Canwest L.P. to enter into a \$25 million senior secured super-priority debtor-in-possession DIP credit facility commitment letter (the "Bank DIP") with The Bank of Nova Scotia, Royal Bank of Canada, Canadian Imperial Bank of Commerce and Bank of Montreal and creates a charge on the LP Property (as defined in the Initial Order) to secure the obligations under the Bank DIP;

AND WHEREAS the Lenders (as defined below) wish to provide Canwest L.P. with a credit facility on more advantageous terms than those offered in the Bank DIP;

AND WHEREAS Canwest wishes to accept this offer subject to the approval of the Court and the amendment of the Initial Order in the manner contemplated hereby;

NOW THEREFORE, the parties, in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged) agree as follows:

**DIP Borrower:** Canwest Limited Partnership (the "Borrower")

**DIP Guarantors:** All of the obligations of the Borrower shall be jointly and severally guaranteed by Canwest (Canada) Inc. and each subsidiary of the Borrower other than National Post Inc. (collectively, the "Guarantors"), including, without limitation, the following:

Canwest Publishing Inc./Publication Canwest Inc. ("CPI")  
 Canwest Books Inc.

The Borrower and the Guarantors shall be collectively referred to herein as the "L.P. Entities".

**Lenders:** The following shall be lenders under the DIP Facility (as defined below) (the "DIP Lenders") and shall be obligated to make advances thereunder in the amounts set out as follows (the "Individual Commitment Amounts"):

GoldenTree Asset Management, LP	\$20 million
West Face Capital Inc.	\$15 million

Halbis Capital Management (USA) Inc.	\$5 million
TD Asset Management Inc.	\$5 million
Invesco Trimark Ltd.	\$5 million

The obligations of each DIP Lender shall be several and limited to their Individual Commitment Amounts. Lenders will have the right to assign all or part of their Commitments and any or all Notes held by them to other entities controlled, managed or affiliated with them. If the Commitment Amount is reduced as provided under "Loan Amount", the Individual Commitment Amounts will be reduced on a pro rata basis.

All Advances will be evidenced by Notes and all Notes will rank pari passu. All repayments on the Notes shall be pro rata.

**Agent:**

A third party agent will be appointed to act as agent for the DIP Lenders in respect of the DIP Facility and will be selected in consultation with the Borrower.

**Purpose/Use of Proceeds:**

To provide for short term liquidity needs of the Borrower and the Guarantors while under CCAA protection, including working capital, capital expenditures and other expenditures in the ordinary course reflected in the cash flow forecasts delivered to the Court in connection with the application for the Initial Order, payment of fees and expenses, making advances to National Post Inc. under the letter loan agreement dated October 30, 2009 (the "NP Intercompany Loan Agreement") between CPI and National Post Inc. and to pay interest on existing secured obligations of the Borrower and Guarantors.

**Loan Amount:**

The aggregate amount available under the super priority credit facility available hereunder (the "DIP Facility") shall be C\$50 million or U.S. dollar equivalent thereof or such lesser amount as the Borrower may elect provided that the minimum amount shall not be less than \$20 million (the "Commitment Amount"). The DIP Facility may be drawn in Canadian or U.S. dollars or in any combination thereof.

**Maturity Date:**

The first anniversary of the drawdown or such earlier date (the "Termination Date") upon which payment is required to be made due to the occurrence of an Event of Default (as defined below) (the "Maturity Date"). The Maturity Date may be extended beyond the first anniversary of the drawdown at the request of the Borrower for additional periods of not more than three months each with the consent of the Majority DIP Lenders and upon payment of an applicable Extension Fee (as defined below), and on such other terms and conditions as the

Borrower and such DIP Lenders may agree.

All amounts outstanding under the DIP Facility shall be repaid in full no later than the first anniversary of the drawdown (or such later date to which the DIP Facility has been extended in accordance with the terms hereof) without the DIP Lenders being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

**DIP Facility:**

The DIP Facility shall be drawn as a single tranche of notes equal to the Commitment Amount and shall be available subject to and upon the terms and conditions set out in this term sheet (the "Term Sheet"). In order to draw down funds hereunder, the Borrower shall give notice to the Agent not less than four Business Days prior to the date upon which such funds are required and the funds shall be wired into the Borrower's account with Bank of Nova Scotia or such other bank as may be designated by the Borrower on the drawdown date. Funds advanced under the DIP Facility may be repaid in whole at any time or in minimum amounts of \$1 million and once repaid, may not be reborrowed.

**Definitive Documents:**

Any commitment of the DIP Lenders in respect of the DIP Facility will be subject to negotiation, execution and delivery of a definitive note purchase agreement and trust indenture containing the terms and conditions herein as well as standard representations, covenants and events of default and other terms usual and customary for a facility of this nature as well as guarantees and security agreements, including assignment of the NP Intercompany Loan Agreement and all security in connection therewith (collectively, the "DIP Loan Documents").

**Funding Conditions:**

After (i) the Court enters an order terminating the charge securing the Bank DIP under the Initial Order and approving the terms of the DIP Facility (in form and substance acceptable to the DIP Lenders in their sole and absolute discretion) (the "Revised Order"), and (ii) the satisfaction of the additional conditions precedent noted below under "Additional Conditions Precedent to Advances Under the DIP Facility", the DIP Lenders shall fund the advance under the DIP Facility on the terms and subject to the conditions set out in this Term Sheet (the "DIP Funding"), provided, however, that the DIP Lenders shall not be obligated to provide any DIP Funding if any one or more of the following occurs: (a) the Revised Order has been vacated, stayed or otherwise caused to be ineffective

or is amended in a manner not acceptable to the DIP Lenders (such consent not to be unreasonably withheld where any amendment does not pertain to the DIP Facility), (b) a Default or Event of Default has occurred and is continuing under the DIP Facility, or (c) the Court has not entered the Revised Order on or before February 28, 2010.

**Interest Rate:**

9% per annum. Interest on Advances under the DIP Facility (and on any overdue interest and other amounts owing hereunder) shall be payable monthly in arrears on the last business day of each calendar month by remittance to the Agent of the amount due. Interest shall be calculated daily for the actual number of days lapsed in the period during which it accrues based on a year of 365/366 days, as applicable.

**DIP Lenders' Expenses:**

The Borrower shall pay, promptly upon presentation, all invoices, accounts and DIP Lenders' reimbursement requests on account of legal fees and disbursements and other costs and expenses incurred by the DIP Lenders in respect of the DIP Facility and the Borrower's CCAA proceedings generally (collectively, "Expenses").

**Discount on Notes:**

The Notes evidencing the Advances will be issued for a price equal to 97.5% of the face amount thereof.

**Extension Fee:**

0.5% of the Commitment Amount shall be payable to the Agent on behalf of the DIP Lenders upon the Majority DIP Lenders' consent to each extension of the Maturity Date beyond the first anniversary of the draw down of DIP facility.

**DIP Security and Priority:**

All of the obligations of the Borrower and the Guarantors in connection with the DIP Facility shall, in addition to the LP DIP Lenders' Charge (as defined below) and the DIP Loan Documents (as defined below), be secured by a first super priority charge over all the present and after-acquired property, assets and undertakings of the Borrower and the Guarantors and ahead of and senior to all other creditors, interest holders, lienholders and claimants of any kind whatsoever other than the LP Administration Charge (as defined in the Initial Order) and certain existing validly perfected liens granted by the Borrower and the Guarantor prior to the date hereof and only in respect of purchase money equipment loans, financing leases and real property mortgages and other liens or encumbrances existing on the date of the Initial Order ("Permitted Encumbrances") (the "LP DIP Lenders' Charge") which shall be dealt with as provided in the Initial Order. Notwithstanding the foregoing, the LP DIP Lenders' Charge shall rank pari

passu to the Cash Management Existing Security up to \$7.5 million (as defined in the Initial Order). For greater certainty the DIP Security shall include an assignment of the NP Intercompany Loan Agreement and the security therefor.

**Mandatory Repayments:**

Advances under the DIP Facility shall be repaid and the Commitment Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower or the Guarantors or any subsidiary or affiliate thereof out of the ordinary course of business in an amount equal to the net cash proceeds unless agreed otherwise with the prior consent of the DIP Lenders or unless the total amount of all such sales (whether in any one transaction or series of transactions) is less than C\$5 million, in which case only the excess shall be subject to a permanent reduction as aforesaid.

**Conditions to Revised Order:**

The Court shall have entered the Revised Order in form and substance satisfactory to the DIP Lenders, which Order shall, without limitation, include:

- (i) provisions approving this Term Sheet and the DIP Facility on the terms set out herein and the execution and delivery by the Borrower and the Guarantors of such other documents as the DIP Lenders deem necessary or appropriate acting reasonably, including the DIP Loan Documents;
- (ii) provisions granting the DIP Lenders the LP DIP Lenders' Charge;
- (iii) provisions authorizing the DIP Lenders to effect registrations, filings and recordings wherever in their discretion they deem appropriate regarding the LP DIP Lenders' Charge and the documents delivered pursuant hereto (collectively, the "DIP Security") shall have priority over all present and future charges, encumbrances and security whether legal or equitable other than (A) any charge, encumbrance or security arising by operation of or given priority over the DIP Security by any applicable statutory law, (B) Permitted Encumbrances and (C) the Administrative Charge and shall rank pari passu to the Cash Management Existing Security up to \$7.5 million;
- (iv) provisions providing that the LP DIP Lenders' Charge shall be valid and effective to secure all of



the obligations of the Borrower and the Guarantors to the DIP Lenders without the necessity of the making of any registrations or filings whether or not any of the documents are executed by the Borrower or the Guarantors and the DIP Lenders pursuant hereto;

- (v) provisions declaring that the granting of the LP DIP Lenders' Charge and all other documents executed and delivered to the DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, record and register the LP DIP Lenders' Charge, do not constitute conduct meriting an oppression remedy, settlements, preferences, provisional conveyances or any other challengeable or reviewable transactions under applicable federal or provincial legislation;
- (vi) provisions restricting the granting of any additional liens, charges or encumbrances on the assets of the Borrower or the Guarantors other than as permitted herein and in the Revised Order (which, for greater certainty, shall permit the FA Charge, L.P. Directors Charge and L.P. MIP Charge (all defined in the Initial Order) on the terms set out in the Initial Order);
- (vii) provisions granting the DIP Lenders and their advisors clear and unfettered access to the books and records of the Borrower and the Guarantors and such other information as the DIP Lenders and its advisors may deem necessary or desirable;
- (viii) provisions ordering and declaring that the DIP Lenders be treated as unaffected creditors in any CCAA plan and providing that the stay of proceedings under the CCAA Order shall not apply to (A) prevent the DIP Lenders from exercising their rights to terminate the DIP Facility and make demands thereunder; (B) prevent the DIP Lenders from applying to the Court for the appointment of a receiver or receiver and manager or the appointment of a trustee in bankruptcy in connection with the enforcement of the LP DIP Lenders' Charge or to seek other relief in connection with or for the purposes of payment of the DIP Facility; (C) the right to receive and apply amounts received from

the Borrower and Guarantors in accordance with this Term Sheet and the DIP Facility.

**Additional Conditions  
Precedent to Advances  
Under the DIP Facility:**

The DIP Lenders shall be satisfied that (i) the Borrower and the Guarantors have complied with all applicable laws, regulations and policies in relation to their businesses, and (ii) there are no liens ranking ahead of the DIP Security except as provided for herein or as arising by operation of law in the ordinary course of business without any contractual grant of security

**Representations and  
Warranties:**

1. The Borrower and each Guarantor jointly and severally represents to the DIP Lenders that the transactions contemplated by this Term Sheet and other DIP Loan Documentation, including the DIP Security are (i) within the powers of the Borrower and each Guarantor which has executed such documents; (ii) have been duly authorized by all necessary corporate and, if required, partnership or shareholder approval; (iii) have been duly executed and delivered by and on behalf of the Borrower and each DIP Guarantor; (iv) upon granting of the Revised Order shall constitute legal, valid and binding obligations of the Borrower and each Guarantor who has executed such document, enforceable in accordance with its terms; (v) upon granting of the Revised Order, do not require the consent or approval of, registration or filing with or any other action by any governmental authority other than filings which may be made to register or otherwise record the DIP Security; and (vi) will not violate the charter documents or by-laws of any of the Borrower or Guarantors who have executed such documents or any applicable law relating to such parties. The DIP Loan Documentation will contain other usual and customary representations and warranties.

**Affirmative Covenants:**

In addition to other customary and usual covenants to be contained in the DIP Loan Documentation, the Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause each of their respective affiliates and subsidiaries, to do the following:

1. Provide the DIP Lenders with a weekly status update and plan regarding the restructuring process (including reports on the progress of any sale or investment process and other terms of any plan of arrangement being considered and any other information which may otherwise be confidential subject to the same being

maintained as confidential by the DIP Lenders, subject to usual exceptions).

2. Keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the L.P. Entities.
3. Deliver to the DIP Lenders and their advisor, Moelis & Company ("Moelis"), reporting and other information from time to time as reasonably requested by the DIP Lenders or Moelis in form and substance reasonably satisfactory to the DIP Lenders.
4. Provide the DIP Lenders and Moelis with the following:
  - (a) on a weekly basis, a rolling 13-week cash flow forecast of receipts and disbursements and a comparison of actual-to-forecast for the prior four-week period (together with an explanation of any material variances in respect of same); and
  - (b) periodic consolidated and unconsolidated financial reports, (i) for each month not later than 20 days after the end of each such month, (ii) for each of the first three fiscal quarters not later than 45 days after the end of such fiscal quarter, and (iii) for the fiscal year ending August 31, 2010 no later than 90 days after the end of such fiscal year.
5. The Borrower shall ensure that its Chief Restructuring Advisor, the Financial Advisor, its other advisors and its senior management team are available to meet with and respond to enquiries and information requests from the Agent, the DIP Lenders, their advisors and Moelis as they may be reasonably required, and in any event no less frequently than once per month, and to provide them with updates as to progress of the Sale and Investor Solicitation Process
6. Operate the L.P. Entities business in the ordinary course of business.
7. Comply with the provisions of any Court orders made in connection with the CCAA filing, provided that if any such order contravenes this Term Sheet or the DIP

Loan Documentation in a manner detrimental to the DIP Lenders, the same shall be an Event of Default hereunder.

8. Preserve, renew and keep in full force their respective corporate existences and their respective material licences, etc.
9. Forthwith notify the Agent and the DIP Lenders of the occurrence of any Default or Event of Default or any event or circumstance that may constitute a material adverse change from those presented in the cash flow projections provided from time to time to the Court or the DIP Lenders.
10. Maintain at all times acceptable insurance coverage of such time, in such amounts and against such risks as is prudent for a similar business of an established reputation with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lenders.
11. Duly and punctually pay or cause to be paid to the DIP Lenders all principal, interest, fees and other amounts payable by them under this Term Sheet and under any other DIP Loan Documentation on the dates, at the places and in the amounts and manner set forth herein and therein.
12. Comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws and laws requiring remittance of taxes and other withholdings.
13. Negotiate, execute and deliver loan and collateral security documentation satisfactory to the DIP Lenders, including such security agreements, financing statements, discharges, opinions and other document and information in form and substance satisfactory to the DIP Lenders as may be requested by the DIP Lenders in connection with the DIP Facility.

**Negative Covenants:**

The Borrower and each Guarantor covenants and agrees, and covenants and agrees to cause their respective affiliates and subsidiaries, not to do the following other than with the prior written consent of the Majority DIP Lenders:

1. Transfer, lease or otherwise dispose of all or any part of its property, assets or undertakings through any series of related transactions of more than \$5 million in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business) without the prior written consent of the DIP Lenders and the Court, as applicable.
2. Make any payment of principal or interest in respect of existing (pre-filing) borrowed money or payments of interest, principal or lease obligations in respect of Permitted Encumbrances.
3. Create or permit to exist any indebtedness for borrowed money other than existing (pre-filing) debt and debt contemplated by the DIP Facility.
4. Except for payments due under the management incentive plans permitted under the Initial Order, enter into any transaction with any affiliate or subsidiary or any of their directors, senior or executive officers or senior management or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its directors or executive or senior management or make any payment to any of its directors or senior officers or senior management, except in respect of a transaction or agreement which is in the ordinary course of business of the L.P. Entities and which is upon fair and reasonable terms no less favourable to the L.P. Entities than it would obtain in a comparable arm's-length transaction, provided, however, that the L.P. Entities may continue with arrangements approved by the Court in connection with the existing shared services agreements described in the Affidavit filed in connection with the Initial Order (the "Shared Services").
5. Amend or terminate the agreements relating to the Shared Services and ensure that such arrangements provide a full cost recovery to the L.P. Entities.
6. Amend or terminate the NP Intercompany Loan Agreement, except in a manner favourable to the L.P. Entities and approved by the majority of Lenders, or

increase the available advances thereunder.

7. Make any investments or acquisitions of any kind direct, or indirect, in any business or otherwise except in accordance with a cash flow projection or business plan approved by the DIP Lenders.
8. Make any payments outside the ordinary course of business and, for greater certainty, no payment shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the L.P. Entities (other than as required by law including, without limitation, any Court order with the exception of amounts owing to current employees and describe critical suppliers).
9. Permit any new Liens to exist on any of its properties or assets other than the charges granted under the Initial Order but not including the charge for the Bank DIP.
10. Amalgamate, consolidate with or merge into or enter any similar transaction with any other entity.

**Indemnity:**

The Borrower and each Guarantor agrees on a joint and several basis, to indemnify and hold harmless the DIP Lenders and each of their respective directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "Indemnified Persons") from and against any and all actions, suits, proceedings (including investigations and inquiries, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever including indirect or consequential damages or claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way related to or resulting from any bankruptcy or insolvency proceedings, this Term Sheet, the DIP Facility or any of the related documentation and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which such expenses arise); provided however that no Borrower nor Guarantor shall be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim,

damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction.

The Indemnity granted under this Term Sheet shall survive any termination of the DIP Facility. Any plan of arrangement in respect of the Borrower or any Guarantor shall include a comprehensive release of the Indemnified Persons in form and substance satisfactory to the DIP Lenders acting reasonably.

**Events of Default:**

The occurrence of any one or more following events shall constitute an event of default ("Event of Default") under the DIP Facility and the DIP Loan Documentation:

- (a) the failure to pay any amount payable to the DIP Lenders under the DIP Facility when due;
- (b) the breach of any other term, covenant or agreement contained herein or in the DIP Loan Documentation which, if capable of being rectified has not been rectified within 10 days after notice thereof has been given to the Borrower or the Guarantor or if not capable of being remedied forthwith upon the occurrence of any breach of any term, covenant or agreement contained herein or in the DIP Loan Documentation;
- (c) the entry of an order dismissing any of the CCAA cases, lifting the stay to permit the enforcement of any security against the Borrower or any Guarantor, or the appointment of a receiver, interim receiver, trustee in bankruptcy or similar official or the making of a receiving order against the Borrower or any Guarantor, other than in respect of a non-material asset not required for the operation of the business of the Borrower or any of the Guarantors and which is subject to a priority lien;
- (d) the entry of an order granting any other claim, super-priority status or lien equal to or superior to that granted to the DIP Lenders other than the Court ordered charges permitted hereunder;
- (e) the entry of an order staying, reversing, vacating or otherwise modifying the DIP Loan Documentation, the Initial Order insofar as it relates to the DIP Facility or the

Revised Order and related security or the entry of an order by the Court having a similar effect, without the prior written consent of the DIP Lenders;

- (f) the Borrower or the Guarantors cease or threaten to cease to carry on business in the ordinary course except where such cessation occurs in connection with the sale of all or substantially all of the assets of the Borrower and the Guarantors or other restructuring or reorganization of the Borrower or the Guarantors which has been consented to by the DIP Lenders;
- (g) any representation or warranty by the Borrower or any Guarantors shall be incorrect or misleading in any material respect when made where such failure is continuing for more than three Business Days after written notice thereof from the DIP Lenders to the Borrower;
- (h) the borrowings under the DIP Facility exceed the Commitment Amount; or
- (i) there is a change in ownership or control of the Borrower or any of the Guarantors.

**Remedies:**

Upon the occurrence of an Event of Default, the DIP Lenders may (i) terminate the Commitment, (ii) declare the obligations in respect of the DIP Facility and the DIP Loan Documentation to be immediately due and payable, (iii) apply to a court for the appointment of an interim receiver or receiver and manager of the undertaking, property and assets of the Borrower and/or the Guarantors or the appointment of a trustee in bankruptcy of any of the Borrower or the Guarantors, (iv) exercise the power and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect applicable to the DIP Security and (v) exercise all such other rights and remedies under the DIP Loan Documentation and the Court orders.

**DIP Lenders Approvals:**

Any consent, approval (including without limitation any approval of or authorization for any waiver under or any amendment to any of the DIP Loan Documentation), instruction or other expression of the DIP Lenders under any of the DIP Loan Documentation or this Term Sheet must be obtained in writing and signed by the Agent on behalf of the



DIP Lenders. The Agent, on behalf of the DIP Lenders, may execute any such consent or waiver with the approval of the Majority DIP Lenders, provided, however, that any amendment or waiver which has the result or effect of (i) increasing the Commitment amount, (ii) waiving or reducing any payment obligation by the Borrower hereunder, (iii) extending the Maturity Date except for Permitted Extensions, (iv) releasing any of the DIP Security or (v) modifying the levels of approval required from the DIP Lenders shall require the consent of those DIP Lenders whose Individual Commitments represent not less than 95% of the Commitment Amount.

**Guarantee:**

Each of the Guarantors hereby agrees that it is jointly and severally liable for, and hereby irrevocably and unconditionally guarantees to the DIP Lenders and their respective successors and assigns, the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) and at all times thereafter, and performance, of all the obligations owed or hereafter owing to the DIP Lenders by the Borrower hereunder. Each of the Guarantors agrees that its guarantee obligation hereunder is a continuing guarantee of payment and performance and not of collection, that its obligations under this Guarantee shall not be discharged until payment and performance, in full, of all of the obligations of the Borrower under the DIP Facility have occurred and this Term Sheet has been terminated, and that its obligations hereunder shall be primary, absolute and unconditional.

The obligations of the Guarantors hereunder shall not be satisfied, reduced or discharged by any intermediate payment, settlement or satisfaction of the whole or any part of the principal, interest, fees or other money or amounts which may at any time be or become owing or payable under, by virtue of, or otherwise in connection with the obligations of the Borrower under this Term Sheet or any of the documents executed in connection herewith.

The Guarantors shall be regarded, and shall be in the same position, as principal debtor with respect to the obligations of the Borrower hereunder and any amounts expressed to be payable from the Guarantors shall be recoverable from the Guarantors as primary obligors and principal debtors in respect thereof.

The Guarantors hereby expressly and irrevocably subordinate

to the payment of the obligations of the Borrower hereunder, any and all rights at law or in equity to reimbursement, exoneration, contribution, indemnification or set-off and any and all defences available to a surety, guarantor or accommodation co-obligor until all of the obligations of the Borrower hereunder are indefeasibly paid in full in cash and this DIP Facility has been terminated. The Guarantors further agree to waive any rights of subrogation arising at law or in equity.

The obligations of the Guarantors hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to claim against the Guarantors hereunder or might operate to release or otherwise exonerate the Guarantors from any of their obligations hereunder or otherwise affect such obligations. Each of the Guarantors hereby irrevocably waives any defence it may now or hereafter have in any way relating to any of the foregoing, including, without limitation:

- (a) any limitation of status or power, disability, incapacity or other circumstance relating to the Borrower or the Guarantors;
- (b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Borrower or any of the Guarantors;
- (c) any failure of the Borrower or any of the Guarantors to perform or to comply with any of the provisions of this Term Sheet, the DIP Loan Documentation or any documents executed in connection herewith;
- (d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Borrower, the Guarantors or their respective assets or the release or discharge of any such right or remedy by the DIP Lenders;
- (e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Borrower or any Guarantor (except to the extent such Guarantor receives any such indulgence);

- (f) any amendment, restatement, variation, modification, supplement or replacement of this Term Sheet, the DIP Loan Documentation or any documents executed in connection herewith;
- (g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Borrower or any Guarantor or any merger or amalgamation of the Borrower or any Guarantor with any person or persons;
- (h) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Borrower or the DIP Lenders, whether in connection with the Term Sheet or otherwise; and
- (i) any other circumstance that might otherwise constitute a legal or equitable discharge or defence of any Guarantor.

The DIP Lenders, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantors' obligations and liabilities hereunder and without the consent of or notice to the Guarantors, may:

- (a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and any other indulgences to the Borrower or any of the Guarantors;
- (b) amend, vary, modify, supplement or replace this Term Sheet, the DIP Loan Documentation or any document issued in connection therewith or any other related document to which the Guarantors are not a party;
- (c) take or abstain from taking security or collateral from the Borrower or the Guarantors or from perfecting security or collateral of any such person;
- (d) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or things in respect of any security given by the Borrower or the Guarantors with respect to any of the obligations of the Borrower or the Guarantors contemplated by this Term Sheet or the DIP Loan Documentation;
- (e) accept compromises or arrangements from the Borrower or the Guarantors;

- (f) apply all money at any time received from the Borrower or either Guarantor or from any collateral to any part of the obligations outstanding under this Term Sheet as they may see fit; and
- (g) otherwise deal with, or waive or modify their right to deal with, the Borrower, the Guarantors and all other persons and securities as they may see fit.

**Further Assurances:**

The Borrower and Guarantors shall at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lenders may reasonably request for the purpose of giving effect to this Term Sheet and the DIP Security, perfecting, protecting and maintaining the Liens created by the DIP Security or establishing compliance with the representations, warranties and conditions of this Term Sheet or any other DIP Loan Documentation.

**Currency:**

All monetary amounts referred to herein are in Canadian currency.

**Entire Agreement; Conflict:**

This Term Sheet, including the Schedules hereto and the DIP Loan Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other DIP Loan Documentation, the DIP Loan Documentation shall govern. In the event of any inconsistency between an DIP Loan Documentation and a Court order, the Court order shall govern.

**Amendments, Waivers, Etc.:**

No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder or under any other DIP Loan Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lenders or the Agent.

**Severability:**

Any provisions in any DIP Loan Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such

provision in any other jurisdiction.

**Assignment:**

The Notes may be assigned by the DIP Lenders in whole or in part.

**Counterparts and Facsimile Signatures:**

This Term Sheet may be executed in any number of counterparts and by facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

**Governing Law and Jurisdiction:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower and each DIP Guarantor irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum non conveniens or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

**Additional Definitions:**

Capitalized terms not otherwise defined herein shall have the following meanings:

"**Business Day**" means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario and New York, New York;

"**Default**" means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

"**DIP Loan Documentation**" means this Term Sheet and other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lenders in their absolute discretion;

"**Liens**" means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever; and

"**Majority DIP Lenders**" means DIP Lenders whose aggregate Individual Commitments represent not less than 51% of the Commitment Amount.

**GOLDENTREE ASSET  
MANAGEMENT, LP,**  
as Investment Advisor, on behalf of one  
or more domestic Accounts

by *Karen Weber*

Name: Karen Weber

Title: Director, Bank Debt

WEST FACE CAPITAL INC.

by

  
Name: Anthony Griffol

Title: PARTNER

**HALBIS CAPITAL MANAGEMENT  
(USA) INC.**

by

*Peter Sakon*

Name:

*Peter Sakon*

Title:

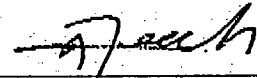
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**TD ASSET MANAGEMENT INC.  
AS MANAGER AND TRUSTEE OF  
TD HIGH YIELD INCOME FUND  
AND TD HIGH CORPORATE BOND  
CAPITAL YIELD FUND**


by



Name: NICHOLAS LEACH  
Title: ~~TD~~ VICE PRESIDENT

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**INVESCO TRIMARK LTD.**  
in its capacity as manager of various funds  
and portfolios

by   
Name: Rex Chong,  
Title: Portfolio Manager

Accepted and agreed to by Canwest Limited Partnership, subject to Court  
Approval, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**CANWEST L.P.**  
by \_\_\_\_\_  
Name:  
Title:



DAVIES WARD PHILLIPS &amp; VINEBERG LLP

44th Floor Tel 416 863 0900  
 1 First Canadian Place Fax 416 863 0871  
 Toronto Canada M5X 1B1 www.dwpv.com

January 27, 2010

Jay A. Swartz  
 Dir 416.863.5520  
 jswartz@dwpv.com

File No. 228162

**BY EMAIL AND DELIVERY**

Mr. Edward A. Sellers  
 Osler, Hoskin & Harcourt LLP  
 100 King Street West  
 1 First Canadian Place  
 Suite 6100, P.O. Box 50  
 Toronto, ON M5X 1B8

This is Exhibit.....<sup>S</sup>.....referred to in the  
 affidavit of.....Ted S. Lodge.....  
 sworn before me, this.....<sup>27<sup>th</sup></sup>.....  
 day of.....January.....20.....10.....

  
 A COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. Sellers:

**Canwest Limited Partnership**

ANGELA N. D'ELIA  
 Notary Public, State of New York, Nassau City :  
 01DE8189083  
 My Commission Expires June 18, 2011

On behalf of certain members of the Ad Hoc Committee for the Noteholders of Canwest Limited Partnership, we are enclosing a commitment to provide DIP financing to Canwest Limited Partnership. This commitment would replace the DIP facility offered by the Senior Banks and which was approved by the Court in the Initial Order (the "Bank DIP").

The terms of financing offered in this commitment are clearly beneficial to Canwest Limited Partnership and all of its stakeholders who will ultimately be bearing the cost of any DIP facility for a variety of reasons, including:

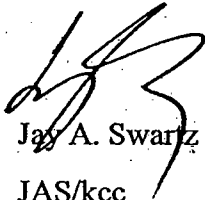
1. The Borrower may elect to draw between \$20 million and \$50 million in either Canadian or US currency. This gives the Borrower a greater degree of flexibility and, potentially, more borrowing capacity than under the Bank Facility.
2. The interest rate on advances under this facility is 9% which is substantially lower than the rate under the Bank DIP.
3. There are no fees or standby charges under this facility other than the original issue discount.
4. There is no borrowing base limitation on the amount available under the Facility.
5. Unlike the Bank DIP there are no material restrictions on the use of Facility.
6. The covenants are less onerous than under the Bank DIP.

Tor#: 2462107.1

Given that we have had no opportunity to discuss the terms with Canwest, we have attempted to craft the term sheet on a basis which would appear to meet its needs. However, I should make it clear that the parties offering this facility are open to discussions and willing to make reasonable alterations to the facility to tailor it to Canwest needs and to deal with facts of which we are not aware.

As we have advised you, we intend to make application to the Court to approve the financing offered under the attached commitment. We also intend to seek modifications to the Sale and Investor Solicitation Process to allow for a fairer process.

Yours very truly,



Jay A. Swartz

JAS/kcc  
Enclosure

cc: Lyndon Barnes (*Osler Hoskin & Harcourt LLP*)  
Gary Colter (*Canwest LP*)  
Paul Bishop (*FTI Consulting*)  
David Byers (*Stikeman Elliott LLP*)

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 CANWEST PUBLISHING  
INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.

Court File No.: CV-10-85333-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at Toronto

**AFFIDAVIT OF TED S. LODGE**

DAVIES WARD PHILLIPS & VINEBERG LLP  
44th Floor, 1 First Canadian Place  
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Jay A. Swartz (LSUC #15417L)  
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Lawyers for the Ad Hoc Committee of the 9.25%  
Senior Subordinated Noteholders

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 CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.

Court File No.: CV-10-8533-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at Toronto

**MOTION RECORD OF THE AD HOC COMMITTEE  
OF 9.25% SENIOR SUBORDINATED  
NOTEHOLDERS**

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