THIS MERGER AGREEMENT is made ●,

BETWEEN:

4414616 CANADA INC., a corporation governed by the laws of Canada,

(the "**Transferor**")

- and -

CW INVESTMENTS CO., an unlimited liability company governed by the laws of Nova Scotia,

(the "**Transferee**").

RECITALS:

A. CanWest MediaWorks Inc., an Affiliate of the Transferor, and its Affiliates have transferred the Canadian television operating segment of their business to ● (the "**Contributed Entity**") pursuant to the Asset Transfer Agreement attached hereto as Exhibit A (the "**Asset Transfer Agreement**").

B. CanWest MediaWorks Inc. has transferred the Securities to the Transferor.

C. The Transferor has agreed to sell to the Transferee and the Transferee has agreed to purchase from the Transferor the Securities on the terms and conditions of this Agreement.

THEREFORE the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement the following terms shall have the meanings set out below:

"**Agreement**" means this Merger Agreement, including the exhibit, and all amendments or restatements, as permitted, and references to "**Article**" or "**Section**" mean the specified Article or Section of this Agreement;

"**Ancillary Agreements**" has the meaning given in the separation and distribution agreement dated as of August 15, 2007 among CW Media Inc. and certain other parties;

"**Appeal Arbitrator**" has the meaning given in Section 9.1(c);

"**Appeal Respondent**" has the meaning given in Section 9.1(c);

"**Appellant**" has the meaning given in Section 9.1(c);

"**Arbitration Act**" has the meaning given in Section 9.1(a);

"**Asset Transfer Agreement**" has the meaning given in the Recitals to this Agreement;

"**Business Day**" means any day, other than a Saturday or Sunday, on which the principal commercial banks in Toronto, Winnipeg and New York are open for commercial banking business during normal banking hours;

"**Claims**" has the meaning given in Section 8.3(a);

"**Closing**" means the completion of the sale by the Transferor to, and purchase by the Transferee of, the Securities under this Agreement;

"**Closing Date**" means ● [**Note: the Combination Date**], or such other date as the Parties may agree in writing as the date upon which the Closing shall take place;

"**Closing Time**" means 10:00 o'clock a.m., Toronto time, on the Closing Date or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place;

"**Confidential Arbitration Information**" has the meaning given in Section 9.1(e);

"**Contributed Entity**" has the meaning given in the Recitals to this Agreement;

"**CRTC**" means the Canadian Radio-television and Telecommunications Commission, or any successor to it;

"**Dispute**" has the meaning given in Section 9.1(a);

"**Encumbrances**" means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, options, adverse claims or encumbrances of any kind or character whatsoever;

"**Governmental Entity**" means any:

(a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;

(b) any subdivision, agent, commission, board or authority of any of the foregoing; or

(c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including the Toronto Stock Exchange or any other stock exchange;

"**Indemnified Party**" has the meaning given in Section 8.3(a);

"**Indemnifying Party**" has the meaning given in Section 8.3(a);

"**Indemnity Agreement**" means the indemnity agreement dated as of August 15, 2007 between CanWest MediaWorks Inc., the Transferor, G.S. Capital Partners VI Fund, L.P.,

GSCP VI AA One Holding S.àr.l, GSCP VI AA Parallel Holding S.àr.l and CW Investments Co.;

"**Laws**" means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Entity having the force of law;

"**Non-Assignable Rights**" has the meaning given in Section 2.3;

"**Notice**" has the meaning given in Section 9.4;

"**Parties**" means the Transferor and the Transferee collectively, and "**Party**" means any one of them;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, limited liability company, unlimited liability company, Governmental Entity, board, tribunal, dispute settlement panel or body, bureau and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**Purchase Price**" has the meaning given in Section 3.1;

"**Securities**" means all of the issued and outstanding **[shares in the capital of ●] or [units of limited partnership interest in ● Limited Partnership and all of the issued and outstanding shares in the capital of ●, the sole general partner in ● Limited Partnership]**;

"**Shareholders Agreement**" means the shareholders agreement dated as of August 15, 2007 between CanWest MediaWorks Inc., the Transferor, G.S. Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.àr.l, GSCP VI AA Parallel Holding S.àr.l and CW Investments Co.;

"**Shares**" means the Class B non-voting common shares in the capital of the Transferee;

"**Subsidiary**" has the meaning given in Section 1.1 of the Shareholders Agreement;

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

"**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Entity under applicable Laws, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and

registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"**Transferee Indemnified Persons**" has the meaning given in Section 8.1(a);

"**Transferor Indemnified Persons**" has the meaning given in Section 8.2(a).

1.2 Certain Rules of Interpretation

In this Agreement:

(a) **Time** - Time is of the essence in the performance of the Parties' respective obligations.

(b) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(d) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(e) **Business Day** - Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(f) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(g) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(h) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(i) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(j) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable,

such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(k) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

1.3 Entire Agreement

This Agreement, the Ancillary Agreements and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement, the Ancillary Agreements and any document required to be delivered pursuant to this Agreement and the Transferee shall acquire the Securities subject only to the benefit of the representations and warranties in this Agreement and in the Ancillary Agreements. The Transferee shall have no remedy in respect of any untrue statement made to it upon which it relied in entering this Agreement other than any such statement in this Agreement or the Ancillary Agreements, subject to the terms of such agreements.

1.4 Exhibit

The exhibit to this Agreement, listed below, is an integral part of this Agreement:

Exhibit A	Asset Transfer Agreement

ARTICLE 2
PURCHASE AND SALE

2.1 Action by Transferor and Transferee

Subject to the provisions of this Agreement, at the Closing Time:

(a) **Purchase and Sale of Securities** – the Transferor shall sell, and the Transferee shall purchase, the Securities;

(b) **Payment of Purchase Price** – the Transferee shall pay the Purchase Price as provided in Section 3.1;

(c) **Transfer and Delivery of Securities** – the Transferor shall execute and deliver to the Transferee all such assignments, instruments of transfer, consents and other documents as shall be necessary to effectively transfer the Securities to the Transferee free and clear of all Encumbrances; and

(d) **Other Documents** – the Transferor and Transferee shall deliver such other documents as may be necessary to complete the transactions provided for in this Agreement.

2.2 Place of Closing

The Closing shall take place at the Closing Time at the offices of Osler, Hoskin & Harcourt LLP located at Suite 6600, One First Canadian Place, Toronto, Ontario, M5X 1B8 or at such other place as may be agreed upon by the Transferor and the Transferee.

2.3 Non-Assignable Rights

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Transferee, any Contract or Governmental Authorization which, as a matter of law or by its terms, requires the approval or consent of the issuer thereof or the other party or parties thereto in connection with the transfer of the Securities as contemplated by this Agreement, without first obtaining such approval or consent (collectively "**Non-Assignable Rights**"). In connection with such Non-Assignable Rights, the Transferor shall:

(a) apply for and use commercially reasonable efforts to obtain all such consents or approvals, provided that nothing shall require the Transferor to make any payment to any other party in order to obtain such consent or approval; and

(b) co-operate with the Transferee in any reasonable arrangements designed to continue to provide the benefits of such Non-Assignable Rights to the Contributed Entity or the Transferee, including holding any such Non-Assignable Rights in trust for the Contributed Entity or the Transferee or acting as agent for the Contributed Entity or the Transferee.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Transferee for the Securities (the "**Purchase Price**"), shall be ● fully paid and non-assessable Shares which shall be issued by the Transferee to the Transferor at the Closing Time. **[Note: The number of Shares to be issued will be determined in accordance with the Shareholders Agreement.]**

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR

The Transferor represents and warrants to the Transferee the matters set out below.

4.1 Organization of the Transferor

The Transferor has been duly incorporated under the Laws of its jurisdiction of incorporation, is validly existing and has full corporate power and capacity to own its properties and assets and conduct its business as currently owned and conducted.

4.2 Authority of Transferor

The Transferor has the requisite corporate power and capacity to execute, deliver and perform its obligations hereunder. It has duly authorized the execution, delivery and performance of this Agreement and no other corporate proceedings on its part are necessary to authorize the execution, delivery and performance of this Agreement by it.

4.3 Enforceability Against Transferor

This Agreement has been duly executed and delivered by the Transferor and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms.

4.4 No Conflict by Transferor

The execution, delivery and performance by the Transferor of this Agreement and the consummation by it of the transactions contemplated hereby will not result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights or payment obligation under any provision of its articles or by-laws (or other constating documents); any resolution of its board of directors (or any committee thereof) or of its shareholders; any applicable Laws; or any material contract to which it or its Subsidiaries is a party or by which any of them is bound or their respective properties or assets are bound; or give rise to any right of termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available where such event would materially impair its ability to complete or materially prevent it from completing the transactions contemplated hereby.

4.5 No Consent Required by Transferor

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by the Transferor in connection with the execution, delivery or performance of this Agreement that has not been obtained or made prior to the Closing Time.

4.6 Residency of Transferor

The Transferor is not a "non-resident" of Canada within the meaning of the Tax Act.

4.7 Direction to the CRTC - Transferor

The Transferor is a "Canadian" within the meaning of the Direction to the CRTC (Ineligibility of Non-Canadians).

4.8 Title to Securities

The Transferor is the sole legal and beneficial owner of the Securities, free and clear of all Encumbrances and is entitled to possess and dispose of same.

4.9 Liabilities of the Contributed Entity

(a) The Contributed Entity has no assets, liabilities or operations other than the assets, liabilities and operations acquired or assumed by it pursuant to and in accordance with the Asset Transfer Agreement (the "**Original Assets, Liabilities and Operations**") and such assets, liabilities and operations as it has acquired, generated or created since the completion of the transactions contemplated by the Asset Transfer Agreement as a result of its ownership and operation of the Original Assets, Liabilities and Operations and in accordance with Section 5.5 of the Shareholders Agreement.

(b) The Contributed Entity has no liabilities for Indebtedness, as that term is defined in the Shareholders Agreement.

4.10 Disclaimer of Other Representations and Warranties

Except as expressly set forth in this ARTICLE 4 and in the Indemnity Agreement, the Transferor makes no representation or warranty, and there is no condition, in each case, express or implied, at law, by statute or in equity, in respect of the Securities, and any such other representations, warranties or conditions are expressly disclaimed.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREE

The Transferee represents and warrants to the Transferor the matters set out below.

5.1 Organization of the Transferee

The Transferee has been duly incorporated under the Laws of its jurisdiction of incorporation, is validly existing and has full corporate power and capacity to own its properties and assets and conduct its business as currently owned and conducted.

5.2 Authority of the Transferee

The Transferee has the requisite corporate power and capacity to execute, deliver and perform its obligations hereunder. It has duly authorized the execution, delivery and performance of this Agreement and no other corporate proceedings on its part are necessary to authorize the execution, delivery and performance of this Agreement by it.

5.3 Enforceability Against Transferee

This Agreement has been duly executed and delivered by the Transferee and constitutes a legal, valid and binding obligations, enforceable against it in accordance with its terms.

5.4 No Consent Required by Transferee

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by it in connection with the execution, delivery or performance of this Agreement.

5.5 Investment Canada Act - Transferee

The Transferee is a "Canadian" as such term is defined in the *Investment Canada Act* (Canada).

5.6 Residency of Transferee

The Transferee is not a "non-resident" of Canada within the meaning of the Tax Act.

5.7 Direction to the CRTC - Transferee

The Transferee is a "Canadian" within the meaning of the Direction to the CRTC (Ineligibility of Non-Canadians).

5.8 No Conflict by Transferee

The execution, delivery and performance by the Transferee of this Agreement and the consummation by it of the transaction contemplated hereby will not result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights or payment obligation under any provision of its articles or by-laws (or other constating documents); any resolution of its board of directors (or any committee thereof) or of its shareholders; any applicable Laws; or any material contract to which it or its Subsidiaries is a party or by which any of them is bound or their respective properties or assets are bound; or give rise to any right of termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available where such event would materially impair its ability to complete or materially prevent it from completing the transaction contemplated hereby.

5.9 Shares

When issued and delivered to the Transferor hereunder, the Shares shall be duly and validly issued as fully paid and non-assessable shares in the capital of the Transferee.

ARTICLE 6
SURVIVAL

6.1 Nature and Survival

All representations and warranties contained in this Agreement on the part of each of the Parties shall survive:

(a) the Closing;

(b) the execution and delivery under this Agreement of any assignments or other instruments of transfer of title to any of the Securities; and

(c) the payment of the consideration for the Securities,

in each case, for the same period of time during which an obligation to indemnify exists pursuant to Section 8.1(b) or 8.2(b).

ARTICLE 7
TAXES

7.1 Income Tax Elections

In accordance with the requirements of the Tax Act, the regulations thereunder, the administrative practice and policy of the Canada Revenue Agency and any applicable equivalent or corresponding provincial or territorial legislative, regulatory and administrative requirements, the Transferee and the Transferor shall make and file, in a timely manner, a joint election(s) to have the provisions of subsection 85(1) of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the purchase and sale of the Securities under this Agreement. It is intended that the purchase and sale of the Securities be on a tax-deferred basis to the Transferor for purposes of the Tax Act and applicable provincial or territorial tax legislation; for purposes of each such election(s), the Parties shall elect transfer prices in respect of the Securities as determined by the Transferor in a manner consistent with this intention. The Transferee and the Transferor shall prepare and file their respective tax returns in a manner consistent with the aforesaid elections. If a Party fails to file its tax returns in such manner, it shall indemnify and save harmless the other Party in respect of any resulting Taxes, legal and/or accounting expenses paid or incurred by the other Party.

7.2 Amendment to Partnership Agreement

Prior to the Closing Date, the **[insert reference to the partnership agreement governing the Contributed Entity]** shall be amended to provide that the allocation of the income or loss of the Contributed Entity for tax purposes for the fiscal year of the Contributed Entity for a partner of the Contributed Entity which disposes of an interest in the Contributed Entity in such year shall be made to such partner as though the Contributed Entity's fiscal year had ended at the date of such disposition and such that any income or loss of the Contributed Entity from the beginning of its fiscal year until the date of such disposition, giving effect to deductions that would be available had there been a fiscal period ended on such date, will be allocated to such departing partner pro rata based on such partner's partnership interest, and any income or loss of the

Contributed Entity for the balance of such fiscal year will be allocated solely to partners who were partners at any time during the remainder of such fiscal year. **[Note: This clause is relevant only if the Contributed Entity is a partnership.]**

7.3 Assumption of Taxes

To the extent that the Contributed Entity has any liabilities for Taxes as at the Closing Time other than in respect of goods and services tax and harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada) and any similar value-added or multi-staged tax payable by it, the Transferor will assume and discharge and fulfill such Taxes (including Taxes relating to the period prior to the Closing Time, regardless of whether such Taxes are due at the Closing Time).

ARTICLE 8
INDEMNIFICATION

8.1 Indemnification by the Transferor

(a) The Transferor shall indemnify and save harmless the Transferee, its Affiliates and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, successors and assigns ("**Transferee Indemnified Persons**") from and against all Damages sustained or incurred by any Transferee Indemnified Person as a result of or arising out of:

(i) any non-fulfilment or breach of any covenant or agreement on the part of the Transferor contained in this Agreement;

(ii) any inaccuracy in or breach of any representation or warranty of the Transferor contained in this Agreement;

(iii) any liability or obligation that does not relate primarily to the Contributed Business (including as such business has been operated by the Contributed Entity) or the Purchased Assets and any other assets acquired by the Contributed Entity in the operation of the Contributed Business (as the terms "Contributed Business" and "Purchased Assets" are defined in the Asset Transfer Agreement);

(iv) any Taxes assumed by the Transferor pursuant to Section 7.3; and

(v) any Indebtedness of the Contributed Entity as at the Closing Date.

(b) The Transferor's obligations under Section 8.1(a) shall be subject to the following limitations:

(i) the obligations of the Transferor under Section 8.1(a)(ii) shall terminate on the Survival Date, as such term is defined in the Indemnity Agreement, except with respect to *bona fide* Claims by the Transferee set forth in written notices given by the Transferee

to the Transferor prior to such date and in any event, within 45 days of its determination that it has a *bona fide* Claim; and

(ii) the Transferor shall not be liable for any special, indirect, incidental, consequential, punitive or aggravated damages.

8.2 Indemnification by the Transferee

(a) The Transferee shall indemnify and save harmless the Transferor, its Affiliates and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, successors and assigns ("**Transferor Indemnified Persons**") from and against all Damages sustained or incurred by any Transferor Indemnified Person as a result of or arising out of:

(i) any non-fulfilment or breach of any covenant or agreement on the part of the Transferee contained in this Agreement; and

(ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Transferee contained in this Agreement.

(b) The Transferee's obligations under Section 8.2(a) shall be subject to the following limitations:

(i) the obligations of the Transferee under Section 8.2(a)(ii) shall terminate on the Survival Date, as such term is defined in the Indemnity Agreement, except with respect to *bona fide* Claims by the Transferor set forth in written notices given by the Transferor to the Transferee prior to such date and in any event, within 45 days of its determination that it has a *bona fide* Claim; or

(ii) the Transferee shall not be liable for any special, indirect, incidental, consequential, punitive or aggravated damages.

8.3 Indemnification Procedures for Third Party Claims

(a) In the case of claims for Damages made by a third party with respect to which indemnification is sought pursuant to this Agreement ("**Claims**"), the Party seeking indemnification (the "**Indemnified Party**") shall give prompt notice, and in any event within 30 days, to the other Party (the "**Indemnifying Party**") of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.

(b) The Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 8.3(a), to assume the control of the defence, compromise or settlement of the Claim,

provided that such assumption shall, by its terms, be without cost to the Indemnified Party.

(c) Upon the assumption of control of any Claim by the Indemnifying Party pursuant to Section 8.3(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the Claim at its sole expense, including if necessary, employment of counsel and experts reasonably satisfactory to the Indemnified Party and, in connection with such defence, the Indemnified Party shall cooperate fully, but at the reasonable expense of the Indemnifying Party, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other reasonable steps as in the opinion of counsel for the Indemnifying Party are reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any Claim at its own expense; provided, however, that if the Indemnified Party reasonably believes that there is a conflict of interest between its interests and the interests of the Indemnifying Party or counsel chosen by the Indemnifying Party or there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, then the Indemnified Party may retain counsel of its own, at the expense of the Indemnifying Party. The Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party a release from all liability in respect to such Claim or that provides for any relief other than monetary damages.

(d) The final determination of any Claim pursuant to this Section 8.3, including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.

8.4 Exclusive Remedy

The rights of indemnity set forth in this ARTICLE 8 are the sole and exclusive remedy of each Party in respect of any misrepresentation, incorrectness in or breach of representation or warranty or breach of covenant, by the other Party under this Agreement. Accordingly, the Parties waive, from and after the Closing, any and all rights, remedies and claims that one Party may have against the other, whether at law, under any statute or in equity (including but not limited to claims for contribution or other rights of recovery arising under any environmental Laws, claims for breach of contract, breach of representation and warranty, negligent misrepresentation and all claims for breach of duty), or otherwise, directly or indirectly, relating to the provisions of this Agreement or the transactions contemplated by this Agreement other than as expressly provided for in this ARTICLE 8 and other than those arising with respect to any fraud or wilful misconduct. The Parties agree that if a Claim for indemnification is made by one Party in accordance with Section 8.1(b) or Section 8.2(b), as the case may be, and there has been a refusal by the other Party to make payment or otherwise provide satisfaction in respect of such Claim, then a legal proceeding is the appropriate means to seek a remedy for such refusal.

This ARTICLE 8 shall remain in full force and effect in all circumstances and shall not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants under this Agreement or under any closing document or by any termination or rescission of this Agreement by any Party.

8.5 One Recovery

A Party shall not be entitled to double recovery for any Claims even though they may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the other Party in this Agreement.

8.6 Duty to Mitigate

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of a Party to mitigate any loss which it may suffer or incur by reason of the breach by the other Party of any representation, warranty or covenant of that other Party under this Agreement. If any Claim can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, a Party shall take all appropriate steps to enforce such recovery, settlement or payment. If the Indemnified Party fails to make all commercially reasonable efforts to mitigate any loss then the Indemnifying Party shall not be required to indemnify any Indemnified Party for the loss that could have been avoided if the Indemnified Party had made such efforts.

8.7 Trustee and Agent

Each Party acknowledges that the other Party is acting as trustee and agent for the remaining Transferor Indemnified Parties or Transferee Indemnified Parties, as the case may be, on whose behalf and for whose benefit the indemnity in Section 8.1 or Section 8.2, as the case may be, is provided and that such remaining indemnified parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each Party agrees that the other Party may enforce the indemnity for and on behalf of such remaining indemnified parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining indemnified parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

8.8 Tax Status of Indemnification Payments

Any payment made by the Transferor pursuant to this ARTICLE 8 shall constitute a reduction of the Purchase Price and any payment made by the Transferee pursuant to this ARTICLE 8 shall constitute an increase in the Purchase Price. In either case, each of the Transferor and the Transferee shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past tax returns as may be necessary to reflect the foregoing. If any payment made by the Transferor or the Transferee pursuant to this ARTICLE 8 is deemed by the *Excise Tax Act* (Canada) to include goods and services tax or harmonized sales tax, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multi-staged tax, the amount of such payment shall be increased accordingly.

ARTICLE 9
GENERAL

9.1 Arbitration

(a) Any controversy or dispute arising out of or relating to this Agreement, its negotiation, validity, existence, breach, termination, construction or application, or the rights, duties or obligations of any party to this Agreement (a "**Dispute**"), shall be referred to and determined by arbitration before a single arbitrator to be administered by ADR Chambers Inc., based in the City of Toronto, in accordance with its Arbitration Rules and the *Arbitration Act*, 1991 (Ontario) (the "**Arbitration Act**").

(b) The seat of the arbitration shall be Ontario and hearings shall be conducted in the City of Toronto.

(c) A Party to the arbitration (the "**Appellant**") may appeal an award on a question of law or a question of mixed fact and law by delivering a Notice of appeal ("**Notice of Appeal**") to the Party opposite (the "**Appeal Respondent**") within 10 days of receipt of the award. With the Notice of Appeal, the Appellant shall name three persons whom the Appellant is prepared to nominate as appeal arbitrators, each of such persons to be a former appellate judge of the Ontario Court of Appeal or the Supreme Court of Canada (an "**Appeal Arbitrator**"). Within seven days of the receipt of the Notice of Appeal, the Appeal Respondent shall by Notice to the Appellant select one or more of the three persons named by the Appellant or provide the Appellant with a list of three persons who are Appeal Arbitrators. Within seven days of receipt of the Appeal Respondent's list, by Notice to the Appeal Respondent, the Appellant shall select one or more of such persons and/or provide a further list of three Appeal Arbitrators. The Parties shall continue to exchange lists of three Appeal Arbitrators in this fashion until three Appeal Arbitrators are selected. If the Parties are unable to agree upon three Appeal Arbitrators within 20 days of the receipt by the Appeal Respondent of the Notice of Appeal, each Party shall appoint one Appeal Arbitrator, and the two Appeal Arbitrators thus appointed shall appoint a third Appeal Arbitrator. Where the two Appeal Arbitrators fail to agree on the third Appeal Arbitrator within 10 days of their appointment, either Party may provide copies of the exchanged lists to ADR Chambers Inc. which shall appoint the third Appeal Arbitrator. Where an appeal is taken, the award of the Appeal Arbitrators shall be final and binding upon the Parties and there shall be no further right of appeal. The award of the Appeal Arbitrators shall be an arbitral award under the Arbitration Act.

(d) Arbitration in accordance with the provisions of this Section 9.1 shall be the sole dispute resolution mechanism in respect of any Dispute except it is not incompatible with this arbitration agreement for any Party to request, before or during the arbitral proceedings, from a competent court any interim, provisional or conservatory relief and for the court to grant such relief.

(e) The Parties undertake as a general principle to keep confidential all information concerning the existence of the arbitration, all awards or appeals in the arbitration, all materials in the proceedings created or used for the purpose of the arbitration, and all materials and information produced during the arbitration and not in the public domain ("**Confidential Arbitration Information**") save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or set aside an award in bona fide Proceedings before a competent court. Each Party shall obtain and deposit with the arbitrator a signed confidentiality undertaking from its legal counsel, independent experts and consultants regarding the Confidential Arbitration Information.

9.2 Public Notices

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no Party shall act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, except:

(a) where required to meet timely disclosure obligations of any Party under Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable and a copy of such disclosure is provided to the other Party at such time as it is made available to the regulatory authority; and

(b) in the case of the Transferor's communication made to the Transferor's employees affected by such transaction.

9.3 Expenses

Except as otherwise provided in this Agreement, each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the purchase and sale of the Business and the Purchased Assets and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses incurred, provided that the Transferee shall not be obligated to pay (or otherwise be responsible for) more than $2.5 million of such fees, costs and expenses, it being agreed that the Transferor shall pay all such amounts, if any, in excess of such $2.5 million. The Parties will co-operate and use all reasonable commercial efforts to minimize such fees, costs and expenses.

9.4 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) in the case of a Notice to the Transferor at:

c/o CanWest MediaWorks Inc.
3100, CanWest Global Place
201 Portage Avenue
Winnipeg, MB R3B 3L7
Canada

Attention: General Counsel
Fax: (204) 947-9841
E-mail: rleipsic@canwest.com

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

Osler, Hoskin & Harcourt LLP
Box 50, One First Canadian Place
Toronto, ON M5X 1B8

Attention: Linda Robinson
Fax: (416) 862-6666
E-mail: lrobinson@osler.com

(b) in the case of a Notice to the Transferee at:

c/o GS Capital Partners AA Investment LLC
85 Broad Street
New York, NY 10004
U.S.A.

Attention: Gerry Cardinale
Fax No.: 212-357-5505
E-mail: gerry.cardinale@gs.com

with a copy (which shall not constitute Notice) to the Transferor (as above) and to:

GS Capital Partners VI, L.P.
One New York Plaza
38th Floor
New York, NY 10004
U.S.A.

Attention: Ben Adler
Fax No.: 212-482-3820
E-mail: ben.adler@gs.com

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt.

However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day. Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

9.5 Attornment

Subject to Section 9.1, each of the Parties hereby attorns to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any Dispute.

9.6 Assignment

No Party may assign this Agreement or any of the benefits, rights or obligations under this Agreement or enter into any participation agreement with respect to the benefits under this Agreement without the prior written consent of the other Party.

9.7 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

9.8 Amendments and Waivers

No amendment to or supplement of this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give such waiver and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

9.9 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

9.10 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed this Agreement.

4414616 CANADA INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CW INVESTMENTS CO.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

to

SCHEDULE 5.1
MERGER AGREEMENT

CANWEST MEDIAWORKS INC.

- and -

●

ASSET TRANSFER AGREEMENT

●

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THIS ASSET TRANSFER AGREEMENT is made ●,

BETWEEN:

CANWEST MEDIAWORKS INC., a corporation governed by the laws of the Province of Manitoba,

(the "**Transferor**")

- and -

●,

(the "**Transferee**").

[Note: The Transferee will be a corporation that will be a wholly-owned subsidiary of the Transferor or a limited partnership in which the Transferor will hold all of the limited partnership interests and will hold all of the shares of the corporation that is the sole general partner of the limited partnership, following the transfer.]

RECITALS:

A. The Transferor carries on the Contributed Business.

B. The Transferor has agreed to sell to the Transferee and the Transferee has agreed to purchase from the Transferor substantially all of the assets, property and undertaking of and relating to the Contributed Business, on the terms and conditions of this Agreement.

THEREFORE the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement the following terms shall have the meanings set out below:

"**Accounts Payable**" means amounts relating primarily to the Contributed Business owing to any Person as of the Closing Date, which are incurred in connection with the purchase of goods or services in the ordinary course of business;

"**Accounts Receivable**" means accounts receivable, bills receivable, trade accounts, book debts and insurance claims as of the Closing Date relating primarily to the Contributed Business or the Purchased Assets, recorded as receivable in the Books and Records and other amounts due or deemed to be due to the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets including refunds and rebates receivable relating primarily to the Contributed Business or the Purchased Assets;

"**Accrued Liabilities**" means any and all debts (other than Indebtedness), liabilities, costs, expenses and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable, of the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets, including accruals for vacation pay and customer rebates and allowances but excluding the Excluded Liabilities;

"**Affiliate**" has the meaning set out in Section 1.1 of the Shareholders Agreement, provided that for purposes of this Agreement the Transferee shall be deemed not to be an Affiliate of the Transferor;

"**Agreement**" means this Asset Transfer Agreement, including all schedules, and all amendments or restatements, as permitted, and references to "**Article**" or "**Section**" mean the specified Article or Section of this Agreement;

"**Ancillary Agreements**" has the meaning given in the separation and distribution agreement dated as of August 15, 2007 among CW Media Inc. and certain other parties;

"**Appeal Arbitrator**" has the meaning given in Section 9.1(c);

"**Appeal Respondent**" has the meaning given in Section 9.1(c);

"**Appellant**" has the meaning given in Section 9.1(c);

"**Arbitration Act**" has the meaning given in Section 9.1(a);

"**Assumed Liabilities**" means Accounts Payable and Accrued Liabilities, plus the liabilities and obligations of the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets accrued at the Closing Date under the Contracts, the Governmental Authorizations, the Permitted Encumbrances or relating to the Employees to be employed by the Transferee as contemplated by Section 7.1, whether or not such Employees accept employment by the Transferee and other obligations or liabilities accrued at the Closing Date and to be assumed by the Transferee as specifically provided for under this Agreement, other than the Excluded Liabilities;

"**Assumed Obligations**" means the liabilities and obligations of the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets accruing subsequent to the Closing Date under the Contracts, the Governmental Authorizations, the Permitted Encumbrances or relating to the Employees to be employed by the Transferee as contemplated by Section 7.1, whether or not such Employees accept employment by the Transferee, but excluding the Excluded Liabilities;

"**Benefit Plans**" means all plans, arrangements, agreements, programs, policies, practices or undertakings, whether formal or informal, funded or unfunded, insured or uninsured, registered or unregistered with respect to Employees to which, as at the Closing Date, the Transferor or any of its Affiliates is a party or bound or in which the Employees participate or under which the Transferor or any of its Affiliates has, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any

Employees, former employees or individuals working under contract with the Transferor or any of its Affiliates primarily with respect to the Contributed Business or the Purchased Assets or other individuals providing services to the Transferor or any of its Affiliates primarily with respect to the Contributed Business or the Purchased Assets (or any spouses, dependants, survivors or beneficiaries of any such individuals);

"**Books and Records**" means books and records of the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, (including advertisers and subscribers), business reports, plans and projections and all other documents, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media;

"**Business Day**" means any day, other than a Saturday or Sunday, on which the principal commercial banks in Toronto, Winnipeg and New York are open for commercial banking business during normal banking hours;

"**Cash**" means cash and cash equivalents as determined in accordance with GAAP;

"**Claims**" has the meaning given in Section 9.3(a);

"**Closing**" means the completion of the sale by the Transferor to, and purchase by the Transferee of, the Purchased Assets under this Agreement;

"**Closing Date**" means December 31, 2009, or such other earlier date as the Parties may agree in writing as the date upon which the Closing shall take place;

"**Closing Time**" means 10:00 o'clock a.m., Toronto time, on the Closing Date or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place;

"**Confidential Arbitration Information**" has the meaning given in Section 9.1(e);

"**Contracts**" means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements, other than Benefit Plans, to which the Transferor or any of its Affiliates is a party or by which the Transferor or any of its Affiliates is bound or under which the Transferor or any of its Affiliates has, or will have, any liability or contingent liability as at the Closing Date relating primarily to the Contributed Business or the Purchased Assets (in each case, whether written or oral, express or implied), and includes quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;

"**Contributed Business**" means the Canadian television operating segment of the business of the Transferor and its Affiliates as at January 10, 2007 determined in accordance with the principles employed in reporting the financial results of the "Television Canada" operating segment of CanWest Global Communications Corp. in

the footnotes to the audited financial statements of CanWest Global Communications Corp. for the fiscal year ended August 31, 2006, and such business as it exists from time to time after January 10, 2007 (subject to the covenants in Section 5.4 of the Shareholders Agreement), but at the option of the Transferor excluding therefrom the Excluded Division;

"**CRTC**" means the Canadian Radio-television and Telecommunications Commission, or any successor to it;

"**Dispute**" has the meaning given in Section 9.1(a);

"**Damages**" means all injunctions, judgments, orders, decrees, rulings, liabilities, obligations, liens, assessments, levies, losses (including diminution in the value of an investment), damages, fines, penalties, costs of any investigation, response, or remedial or corrective action, capital improvements and related activities and third party claims, including reasonable attorneys' fees and expenses;

"**Employees**" means individuals employed or retained by the Transferor or any of its Affiliates at the Closing Time, on a full-time, part-time or temporary basis, primarily with respect to the Contributed Business or the Purchased Assets, including those employees of the Contributed Business on disability leave, parental leave or other absence;

"**Encumbrances**" means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, options, adverse claims or encumbrances of any kind or character whatsoever;

"**Excluded Assets**" means:

(a) Cash;

(d) corporate, financial and taxation records of the Transferor or any of its Affiliates, whether relating to the Contributed Business or the Purchased Assets or otherwise, and records of the Transferor that do not relate primarily to the Contributed Business;

(e) extra-provincial, sales, excise or other similar licences or registrations issued to or held by the Transferor or any of its Affiliates, whether relating to the Contributed Business or the Purchased Assets or otherwise, other than any such licences or registrations that are exclusively related to the Contributed Business or the Purchased Assets and are transferable;

(f) refunds in respect of assessments or reassessments for Taxes paid prior to the Closing whether relating to the Contributed Business or the Purchased Assets or otherwise;

(g) refundable Taxes and input tax credits in respect of Taxes paid prior to Closing whether relating to the Contributed Business or the Purchased Assets or otherwise;

(h) insurance policies, other than in respect of the right to receive insurance recoveries under such policies in respect of any loss, damage or destruction of or to the Purchased Assets; and

(i) Contracts relating to the foregoing;

"Excluded Division" means the CanWest Media Sales Division of the Transferor and its Affiliates;

"Excluded Liabilities" means all liabilities or obligations of the Transferor and its Affiliates of whatsoever nature or kind:

(a) with respect to Taxes, whether or not the same relate to the Contributed Business or the Purchased Assets, including Taxes with respect to periods prior to the Closing Date;

(b) with respect to Indebtedness, whether or not the same was incurred with respect to or relating to the Contributed Business or the Purchased Assets;

(c) that do not arise with respect to or do not primarily relate to the Contributed Business or the Purchased Assets;

(d) relating to the Excluded Assets; and

(e) that have been specifically agreed to be assumed or retained by the Transferor or its Affiliates pursuant to the Agreement;

"Fair Market Value" means the highest price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash;

"Goodwill" means the goodwill of the Contributed Business and relating primarily to the Purchased Assets, and information and documents relevant thereto including lists of customers (including advertisers and subscribers) and suppliers, credit information, telephone and facsimile numbers, research materials, research and development files and the exclusive right of the Transferee to represent itself as carrying on the Contributed Business in succession to the Transferor and its Affiliates and to all rights in respect of the names "Global" and "E!" any variations of such names;

"Governmental Entity" means any:

(a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;

(b) any subdivision, agent, commission, board or authority of any of the foregoing; or

(c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including the Toronto Stock Exchange or any other stock exchange;

"**Governmental Authorizations**" means authorizations, approvals, licences or permits issued to the Transferor and its Affiliates relating primarily to the Contributed Business or the Purchased Assets by or from any Governmental Entity;

"**Indebtedness**" means, in respect of any Person, the amount of all debts and liabilities in respect of:

(a) money borrowed or raised, including any related premiums and all capitalized interest;

(b) debentures, bonds, promissory notes or similar debt instruments; and

(c) obligations under leases of real or personal property to the extent that such obligations would be capitalized on a balance sheet prepared in accordance with GAAP;

determined, without duplication, on a consolidated basis in accordance with GAAP but, for the avoidance of doubt, not including any trade payables or Accrued Liabilities (including, by way of example, in respect of pension or post-retirement obligations, program payables or CRTC-related obligations);

"**Indemnified Party**" has the meaning given in Section 9.3(a);

"**Indemnifying Party**" has the meaning given in Section 9.3(a);

"**Indemnity Agreement**" means the indemnity agreement dated as of August 15, 2007 between the Transferor, 4414616 Canada Inc., G.S. Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.àr.l, GSCP VI AA Parallel Holding S.àr.l and CW Investments Co.;

"**Ineligible Assets**" has the meaning given in Section 8.3;

"**Information Technology**" means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites primarily for the Contributed Business, databases, telecommunications equipment and facilities and other information technology systems owned, used or held by the Transferor and its Affiliates on the Closing Date primarily for use in or relating primarily to the Contributed Business or the Purchased Assets;

"**Intellectual Property**" means intellectual property rights, whether registered or not, owned, used or held by the Transferor and its Affiliates on the Closing Date primarily for use in or relating primarily to the Contributed Business or the Purchased Assets, including:

(a) trade-marks, trade dress, trade-names, business names and other indicia of origin; and

(b) copyrights, including copyright registrations and applications;

"**Inventories**" means items that on the Closing Date are held by the Transferor and its Affiliates for sale, license, rental, lease or other distribution in the ordinary course of business, or are being produced for sale, or are to be consumed, directly or indirectly, in the production of goods or services to be available for sale, of every kind and nature and wheresoever situate and in each case relating primarily to the Contributed Business or the Purchased Assets;

"**Laws**" means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Entity having the force of law;

"**Leased Real Property**" means lands and/or premises which are used by the Transferor and its Affiliates at the Closing Date relating primarily to the Contributed Business or the Purchased Assets which are leased, subleased, licensed or otherwise occupied by the Transferor and its Affiliates and the interest of the Transferor and its Affiliates in buildings, structures, fixtures, erections, improvements, easements, rights of way and other appurtenances situate on or forming part of such premises;

"**Non-Assignable Rights**" has the meaning given in Section 2.3;

"**Notice**" has the meaning given in Section 9.4;

"**Owned Real Property**" means real property used primarily with respect to the Contributed Business or the Purchased Assets, owned by the Transferor and its Affiliates on the Closing Date, including buildings, structures, fixtures, erections, improvements and other appurtenances situate on or forming part of such real property;

"**Parties**" means the Transferor and the Transferee collectively, and "Party" means any one of them;

"**Permitted Encumbrances**" means the Encumbrances listed in Schedule 1.1;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, limited liability company, unlimited liability company, Governmental Entity, board, tribunal, dispute settlement panel or body, bureau and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**Prepaid Expenses and Deposits**" means the unused portion of amounts that have been prepaid by or on behalf of the Transferor and its Affiliates on the Closing Date relating primarily to the Contributed Business or the Purchased Assets including Taxes, assessments, rates and charges, utilities, rents, tenant allowances, insurance and deposits with any public utility or any Governmental Entity, but excluding income or other Taxes which are personal to the Transferor and its Affiliates and amounts paid in respect of the Benefit Plans;

"**Proceeding**" means any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement

procedure, investigation, audit, assessment, inquiry, request for information, warrant, charge, suit or claim, or any similar matter or proceeding;

"**Purchase Price**" has the meaning given in Section 3.1;

"**Purchased Assets**" means all of the right, title and interest of the Transferor and its Affiliates in, to and under, or relating to, all rights, properties and assets of the Transferor and its Affiliates used primarily in, or held by the Transferor or its Affiliates primarily for use in, or relating primarily to, the Contributed Business, of whatsoever nature or kind and wherever situated, including the following:

(a) the Accounts Receivable;

(b) the Books and Records;

(c) the Contracts;

(d) the Goodwill;

(e) the Governmental Authorizations;

(f) the Inventories;

(g) the Owned Real Property;

(h) the Prepaid Expenses and Deposits;

(i) the Securities;

(j) the Tangible Personal Property; and

(k) the Technology;

other than the Excluded Assets;

"**Real Property**" means Owned Real Property and Leased Real Property;

"**Securities**" means the shares, partnership interests or other ownership interests held by the Transferor and its Affiliates in other Persons, including Subsidiaries of the Transferor and its Affiliates, that engage primarily in the Contributed Business;

"**Shareholders Agreement**" means the shareholders agreement dated as of August 15, 2007 between the Transferor, 4414616 Canada Inc., G.S. Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.àr.l, GSCP VI AA Parallel Holding S.àr.l and CW Investments Co.;

["Shares" means the voting common shares in the capital of the Transferee;]

"**Subsidiary**" has the meaning set out in Section 1.1 of the Shareholders Agreement;

"**Tangible Personal Property**" means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and tangible assets (other than Real Property and Inventory) owned, used or held by the Transferor and its Affiliates on the Closing Date for primarily use in or relating primarily to the Contributed Business or the Purchased Assets;

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

"**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Entity under applicable Law, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"**Technical Information**" means know-how and related technical knowledge owned, used or held by the Transferor and its Affiliates primarily for use in or relating primarily to the Contributed Business or the Purchased Assets;

"**Technology**" means Intellectual Property, Technical Information and Information Technology;

"**Transferee Indemnified Persons**" has the meaning given in Section 8.1(a);

"**Transferor Indemnified Persons**" has the meaning given in Section 8.2(a); and

["Units" means units of limited partnership interest in the Transferee.]

1.2 Certain Rules of Interpretation

In this Agreement:

(a) **Time** - Time is of the essence in the performance of the Parties' respective obligations.

(b) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(d) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by

excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(e) **Business Day** - Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(f) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(g) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(h) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(i) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(j) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(k) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

1.3 Entire Agreement

This Agreement, the Ancillary Agreements and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties, and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties, in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Ancillary Agreements and any document required to be delivered pursuant to

this Agreement and the Transferee shall acquire the Contributed Business and the Purchased Assets "as is, where is" subject only to the benefit of the representations and warranties in this Agreement and in the Ancillary Agreements. The Transferee shall have no remedy in respect of any untrue statement made to it upon which it relied in entering this Agreement other than any such statement in this Agreement or the Ancillary Agreements, subject to the terms of such agreements.

1.4 Accounting Principles

Unless otherwise specified, wherever in this Agreement reference is made to generally accepted accounting principles ("**GAAP**"), such reference shall be deemed to be to the generally accepted accounting principles as defined as at the date of this Agreement by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants.

1.5 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule	Description
Schedule 1.1	Permitted Encumbrances
Schedule 7.3	Services of Excluded Division

ARTICLE 2
PURCHASE AND SALE

2.1 Action by Transferor and Transferee

Subject to the provisions of this Agreement, at the Closing Time:

(a) **Purchase and Sale of Purchased Assets** – the Transferor shall sell or cause to be sold and the Transferee shall purchase the Purchased Assets;

(b) **Assumption of Assumed Liabilities and Assumed Obligations** – the Transferee shall assume the Assumed Liabilities and Assumed Obligations;

(c) **Payment of Purchase Price** – the Transferee shall pay the Purchase Price as provided in Section 3.2;

(d) **Transfer and Delivery of Purchased Assets** – the Transferor shall execute and deliver, or cause to be executed and delivered, to the Transferee all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be necessary to effectively transfer to the Transferee the Purchased Assets; the Transferor shall deliver up or cause to be delivered up to the Transferee possession of the Purchased Assets, free and clear of all Encumbrances (other than Permitted Encumbrances); and

(e) **Other Documents** – the Transferor and Transferee shall deliver or cause to be delivered such other documents as may be necessary to complete the transactions provided for in this Agreement.

2.2 Place of Closing

The Closing shall take place at the Closing Time at the offices of Osler, Hoskin & Harcourt LLP located at Suite 6600, One First Canadian Place, Toronto, Ontario, M5X 1B8 or at such other place as may be agreed upon by the Transferor and the Transferee.

2.3 Non-Assignable Rights

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Transferee, any Contract or Governmental Authorization which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof or the other party or parties thereto, without first obtaining such approval or consent (collectively "**Non-Assignable Rights**"). In connection with such Non-Assignable Rights, the Transferor shall:

(a) apply for and use commercially reasonable efforts to obtain all such consents or approvals, provided that nothing shall require the Transferor to make any payment to any other party in order to obtain such consent or approval; and

(b) co-operate with the Transferee in any reasonable arrangements designed to provide the benefits of such Non-Assignable Rights to the Transferee, including holding any such Non-Assignable Rights in trust for the Transferee or acting as agent for the Transferee.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The amount payable by the Transferee for the Purchased Assets (the "**Purchase Price**"), exclusive of all applicable sales and transfer taxes, shall be **[the Fair Market Value of the Purchased Assets]**:

3.2 Satisfaction of Purchase Price

The Transferee shall satisfy the Purchase Price at the Closing Time, to the extent of the amount of the Assumed Liabilities at the Closing Time, by assuming the Assumed Liabilities and, to the extent of the remainder of the Purchase Price, by issuing to the Transferor and/or its Affiliates, as applicable, of ● fully paid and non-assessable **[Shares]** or **[Units]**.

3.3 Assumption of Assumed Liabilities and Assumed Obligations

From and after Closing, the Transferee shall assume, satisfy and fully perform, pay and discharge the Assumed Liabilities and Assumed Obligations.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR

The Transferor represents and warrants to the Transferee the matters set out below.

4.1 Organization of the Transferor

The Transferor has been duly incorporated under the Laws of its jurisdiction of incorporation, is validly existing and has full corporate power and capacity to own its properties and assets and conduct its business as currently owned and conducted.

4.2 Authority of Transferor

The Transferor has the requisite corporate power and capacity to execute, deliver and perform its obligations hereunder. It has duly authorized the execution, delivery and performance of this Agreement and no other corporate proceedings on its part are necessary to authorize the execution, delivery and performance of this Agreement by it.

4.3 Enforceability Against Transferor

This Agreement has been duly executed and delivered by the Transferor and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms.

4.4 No Conflict by Transferor

The execution, delivery and performance by the Transferor of this Agreement and the consummation by it of the transactions contemplated hereby will not result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights or payment obligation under any provision of its articles or by-laws (or other constating documents); any resolution of its board of directors (or any committee thereof) or of its shareholders; any applicable Laws; or any material Contract to which it or its Subsidiaries is a party or by which any of them is bound or their respective properties or assets are bound; or give rise to any right of termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available where such event would materially impair its ability to complete or materially prevent it from completing the transactions contemplated hereby.

4.5 No Consent Required by Transferor

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by the Transferor in connection with the execution, delivery or performance of this Agreement that has not been obtained or made prior to the Closing Time.

4.6 Goods and Services Tax and Harmonized Sales Tax Registration of Transferor

The Transferor is duly registered under Subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax and its registration number is: **[insert]**

4.7 Residency of Transferor

The Transferor is not a "non-resident" of Canada within the meaning of the Tax Act.

4.8 Direction to the CRTC - Transferor

The Transferor is a "Canadian" within the meaning of the Direction to the CRTC (Ineligibility of Non-Canadians).

4.9 Title to Certain Assets

Except as identified elsewhere in this Agreement, the Transferor is the sole legal and beneficial owner of the Purchased Assets with good and valid title, free and clear of all Encumbrances other than Permitted Encumbrances and is entitled to possess and dispose of same (subject only, in the case of Contracts or Governmental Authorizations, to any necessity of obtaining consents to their assignment).

4.10 Disclaimer of Other Representations and Warranties

Except as expressly set forth in this ARTICLE 4 and the Indemnity Agreement, the Transferor makes no representation or warranty, and there is no condition, in each case, express or implied, at law, by statute or in equity, in respect of the Contributed Business or the Purchased Assets, including with respect to merchantability or fitness for any particular purpose, and any such other representations, warranties or conditions are expressly disclaimed.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREE

The Transferee represents and warrants to the Transferor the matters set out below.

5.1 Organization of the Transferee

The Transferee has been duly **[incorporated] [formed]** under the Laws of its jurisdiction of **[incorporation] [formation]**, is validly existing and has full **[corporate] [partnership]** power and capacity to own its properties and assets and conduct its business as currently owned and conducted.

5.2 Authority of the Transferee

The Transferee has the requisite **[corporate] [partnership]** power and capacity to execute, deliver and perform its obligations hereunder. It has duly authorized the execution, delivery and performance of this Agreement and no other **[corporate] [partnership]** proceedings on its part are necessary to authorize the execution, delivery and performance of this Agreement by it.

5.3 Enforceability Against Transferee

This Agreement has been duly executed and delivered by the Transferee and constitutes a legal, valid and binding obligations, enforceable against **[it] [the partners in the Transferee, subject to the limitations contained in *The Partnership Act* (Manitoba)] [or other applicable statute]** in accordance with its terms.

5.4 No Consent Required by Transferee

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by it in connection with the execution, delivery or performance of this Agreement that has not been obtained or made prior to the Closing Time.

5.5 Investment Canada Act - Transferee

The Transferee is a "Canadian" as such term is defined in the Investment Canada Act.

5.6 Goods and Services Tax and Harmonized Sales Tax Registration of Transferee

The Transferee is duly registered under Subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax and its registration number is: **[insert]**

5.7 Direction to the CRTC - Transferee

The Transferee is a "Canadian" within the meaning of the Direction to the CRTC (Ineligibility of Non-Canadians).

5.8 No Conflict by Transferee

The execution, delivery and performance by the Transferee of this Agreement and the consummation by it of the transaction contemplated hereby will not result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights or payment obligation under any provision of its articles or by-laws (or other constating documents); any resolution of its **[board of directors (or any committee thereof) or of its shareholders] [partners]**; any applicable Laws; or any material contract to which it or its Subsidiaries is a party or by which any of them is bound or their respective properties or assets are bound; or give rise to any right of termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available where such event would materially impair its ability to complete or materially prevent it from completing the transaction contemplated.

5.9 [Shares] [Units]

When issued and delivered to the Transferor hereunder, the **[Shares] [Units]** shall be duly and validly issued as fully paid and non-assessable shares in the capital of the Transferee.

ARTICLE 6
SURVIVAL

6.1 Nature and Survival

All representations and warranties contained in this Agreement on the part of each of the Parties shall survive:

(a) the Closing;

(b) the execution and delivery under this Agreement of any bills of sale, instruments of conveyance, assignments or other instruments of transfer of title to any of the Purchased Assets; and

(c) the payment of the consideration for the Purchased Assets,

in each case, for the same period of time during which an obligation to indemnify exists pursuant to Section 8.1(b) or 8.2(b).

ARTICLE 7
OTHER COVENANTS OF THE PARTIES

7.1 Employment Matters

(a) The Transferee shall continue the employment of all of the Employees effective as of the Closing Time on terms that are substantially similar to the terms of their current employment and shall recognize the service of such Employees with the Transferor and its Affiliates for all purposes as service with the Transferee. For administrative convenience, the Transferor may continue to provide payroll reporting and payroll services with respect to the Employees and may make payments, or cause payments to be made, on behalf of the Transferee until such time as the Transferee can assume responsibility for such activities.

(b) The Transferee shall become the successor employer under any collective agreements that apply to the Employees and shall be bound by and comply with the terms of such collective agreements.

(c) The Transferor shall be solely responsible for all amounts accrued and owing to the Employees in respect of all periods prior to the Closing Time and all contributions owing under the Benefit Plans as at the Closing Time in respect of benefits accrued or incurred by the Employees prior to the Closing Time regardless of whether such amounts would otherwise be due and payable as of the Closing Time. This includes amounts for vacation, bonus, incentive commission or pay in lieu of overtime.

(d) The Transferee shall be responsible for all notice of termination, severance and other obligations including entitlement to benefit coverage, stock options or incentive compensation to the Employees who do not continue employment with the Transferee.

7.2 Benefit Plans

The Transferor and the Transferee shall take, and shall cause their respective Affiliates to take, such actions and enter into such arrangements following Closing as are required to provide benefits to the Employees that are substantially similar in the aggregate to the benefits provided to the Employees under the Benefit Plans immediately prior to the Closing Time. Subject to Section 7.1(c), the Transferee shall be solely responsible for all liabilities and obligations under Benefit Plans in respect of Employees, the Contributed Business or the Purchased Assets, unless the Transferee and the Transferor agree otherwise. For the avoidance of doubt, the Transferor

and/or its Affiliates and the Transferee may agree to assign and transfer sponsorship of any particular Benefit Plan from the Transferor and/or its Affiliates, as applicable, to the Transferee, provided that the Transferor will not be relieved of its obligations under Section 7.1(c) in such circumstances.

7.3 Services of Excluded Division

From and after the Closing Time the Transferor shall continue to make the services of the Excluded Division available to the Transferee on the terms and conditions set forth in Schedule 7.3 to the extent that the Transferor elects to exclude the Excluded Division from the Contributed Business.

7.4 Preservation of Records

The Transferee shall take all reasonable steps to preserve and keep the records of the Transferor and the Contributed Business delivered to it in connection with the completion of the transactions contemplated by this Agreement for a period of six years from the Closing Date, or for any longer period as may be required by any Law or Governmental Entity, and shall make such records available to the Transferor on a timely basis, as may be required by it.

7.5 Stated Capital

In accordance with the provisions of subsection [26(3) of the *Canada Business Corporations Act* OR 26(3) of *The Corporations Act* (Manitoba)], the maximum amount permitted to be added to the paid-up capital of the Shares having regard to subsection 85(2.1) of the Tax Act shall be added to the stated capital account maintained for the Shares as a result of the transfer of the Purchased Assets to the Transferee. **[Note: Applicable only if the Transferee is a corporation.]**

7.6 Insurance

The Transferor shall cooperate with the Transferee in making any claims for the benefit of the Transferee under any insurance policies maintained by the Transferor in respect of the Contributed Business or the Purchased Assets (whether occurring prior to or after the Closing Time), and shall assign and pay over to the Transferee the proceeds of any such insurance policies to the extent such proceeds apply to any loss, damage or destruction of or to the Purchased Assets.

7.7 Shared Assets

To the extent that:

(a) any assets of the Transferor and its Affiliates that do not form part of the Purchased Assets were used by the Contributed Business prior to the Closing Time; or

(b) any Purchased Assets were used by the Transferor and its Affiliates (for the avoidance of doubt, other than the Contributed Business) prior to the Closing Time;

the Parties will co-operate with each other in any reasonable arrangements designed to allow the continued use of, or otherwise provide the benefits of, such assets or such Purchased Assets, as the case may be, following the Closing Time on a non-exclusive basis, by or to the Party that does not own such assets following the Closing Time (or its Affiliates), including the licensing of such assets for use by such Party or its Affiliates or acting as agent for such Party or its Affiliates, on terms (including financial compensation and otherwise) consistent with the basis upon which the Parties shared the use of such assets or such Purchased Assets, as the case may be, prior to the Closing Time.

7.8 Trade-marks

Without limiting the generality of Section 7.7, to the extent that the Contributed Business uses any trade names or trade-marks owned by the Transferor or its Affiliates that do not form part of the Purchased Assets, the Transferor will license or cause to be licensed to the Transferee such trade names and trade-marks on a royalty-free, non-exclusive basis to allow the Transferee and the Contributed Business to continue to use such trade names and trade-marks for an indefinite term in the same manner in which they were used prior to the Closing Time. Any such licence will be granted pursuant to a trade-mark licence agreement containing terms and conditions satisfactory to the Transferor, acting reasonably.

ARTICLE 8
TAXES

8.1 Sales and Transfer Taxes

The Transferee shall pay direct to the appropriate Governmental Entity all sales and transfer taxes, registration charges and transfer fees, other than the goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) and any similar value-added or multi-staged tax imposed under any applicable provincial or territorial legislation, payable by it in respect of the purchase and sale of the Purchased Assets and, upon the reasonable request of the Transferor, the Transferee shall furnish proof of such payment.

8.2 Goods and Services Tax and Harmonized Sales Tax Election

If and to the extent applicable, the Transferor and the Transferee shall jointly elect, or the Transferor shall cause its Affiliates to jointly elect with the Transferee, under subsection 167(1) of Part IX of the *Excise Tax Act* (Canada), and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar value added or multi-staged tax (collectively, a "Section 167 Election"), that no tax be payable with respect to the purchase and sale of the Purchased Assets under this Agreement. The Transferor, and/or the Affiliates of the Transferor, as applicable, and the Transferee shall make such election(s) in prescribed form containing prescribed information and the Transferee shall, on a timely basis, file such election(s) in compliance with the requirements of the applicable legislation. The Transferee shall indemnify and save harmless the Transferor from and against any such Tax imposed on the Transferor or its Affiliates, as applicable, as a result of any failure or refusal by any Governmental Entity to accept any such election.

8.3 Goods and Services Tax and Harmonized Sales Tax if Election Not Applicable

If a Section 167 Election is not applicable in respect of the transfer of some or all of the Purchased Assets ("Ineligible Assets"),

(a) subject to Section 8.3(b), the Transferee shall be liable for and shall pay to the Transferor or the applicable Affiliate of the Transferor an amount equal to any goods and services tax and harmonized sales tax payable by the Transferee and collectible by the Transferor or the applicable Affiliate of the Transferor under the *Excise Tax Act* (Canada), plus an amount equal to any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation, in connection with the purchase and sale of the Ineligible Assets under this Agreement; and

(b) to the extent permitted under subsection 221(2) of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Transferee shall self-assess and remit directly to the appropriate Governmental Entity any goods and services tax and harmonized sales tax imposed under the *Excise Tax Act* (Canada) and any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation payable in connection with the transfer of any of the Real Property to the extent such Real Property is an Ineligible Asset. The Transferee shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation.

8.4 Income Tax Elections

In accordance with the requirements of the Tax Act, the regulations thereunder, the administrative practice and policy of the Canada Revenue Agency and any applicable equivalent or corresponding provincial or territorial legislative, regulatory and administrative requirements, the Transferee and the Transferor shall make and file, and the Transferor shall cause its Affiliates, as applicable, to make and file with the Transferee, in a timely manner,

(a) a joint election(s) to have the provisions of **[subsection 85(1)] [subsection 97(2)]** of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the purchase and sale of the Purchased Assets under this Agreement. It is intended that the purchase and sale of the Purchased Assets be on a tax-deferred basis to the Transferor and its applicable Affiliates for purposes of the Tax Act and applicable provincial or territorial tax legislation; for purposes of each such election(s), the parties to the applicable election shall elect transfer prices in respect of the Purchased Assets as determined by the Transferor or its applicable Affiliates, as the case may be, in a manner consistent with this intention and the consideration received for the Purchased Assets shall be allocated in a manner consistent with this intention;

(b) if and to the extent applicable, a joint election(s) to have the rule in section 22 of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply in respect of the Accounts

Receivable that are the subject of such election, and shall designate therein the amount determined by the Transferor or its applicable Affiliates, as the case may be; and

(c) if and to the extent applicable, a joint election(s) to have the rules in subsection 20(24) of the Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Transferor or its applicable Affiliates, as the case may be, in respect of undertakings which arise from the operation of the Contributed Business and to which paragraph 12(1)(a) of the Tax Act applies. The Transferee and the Transferor acknowledge that the Transferor or its applicable Affiliates, as the case may be, is transferring assets to the Transferee which have a value equal to the elected amount as consideration for the assumption by the Transferee of such obligations of the Transferor or its applicable Affiliates, as the case may be.

The Transferee and the Transferor shall prepare and file and/or the Transferor shall cause its Affiliates to prepare and file, as applicable, their respective tax returns in a manner consistent with the aforesaid elections. If a Party fails to file, or fails to cause an Affiliate to file, its tax returns in such manner, it shall indemnify and save harmless the other Party in respect of any resulting Taxes, legal and/or accounting expenses paid or incurred by the other Party.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification by the Transferor

(a) The Transferor shall indemnify and save harmless the Transferee, **[the partners in the Transferee,] [its] [their]** respective Affiliates (for the avoidance of doubt, excluding the Transferor and its Affiliates other than the Transferee and its Subsidiaries) and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, successors and assigns (**"Transferee Indemnified Persons"**) from and against all Damages sustained or incurred by any Transferee Indemnified Person as a result of or arising out of:

(i) any non-fulfilment or breach of any covenant or agreement on the part of the Transferor contained in this Agreement;

(ii) any inaccuracy in or breach of any representation or warranty of the Transferor contained in this Agreement;

(iii) any liability or obligation of the Transferor and its Affiliates that is not an Assumed Liability or an Assumed Obligation; and

(iv) the Excluded Liabilities.

(b) The Transferor's obligations under Section 8.18.1(a) shall be subject to the following limitations:

(i) the obligations of the Transferor under Section 8.18.1(a)(ii) shall terminate on the Survival Date, as such term is defined in the Indemnity Agreement, except with respect to *bona fide* Claims by the Transferee set forth in written notices given by the Transferee to the Transferor prior to such date and in any event, within 45 days of its determination that it has a *bona fide* Claim; and

(ii) the Transferor shall not be liable for any special, indirect, incidental, consequential, punitive or aggravated damages.

9.2 Indemnification by the Transferee

(a) The Transferee shall indemnify and save harmless the Transferor, its Affiliates and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, successors and assigns ("**Transferor Indemnified Persons**") from and against all Damages sustained or incurred by any Transferor Indemnified Person as a result of or arising out of the Assumed Liabilities and the Assumed Obligations.

(b) The Transferee shall not be liable for any special, indirect, incidental, consequential, punitive or aggravated damages.

9.3 Indemnification Procedures for Third Party Claims

(a) In the case of claims for Damages made by a third party with respect to which indemnification is sought pursuant to this Agreement ("**Claims**"), the Party seeking indemnification (the "**Indemnified Party**") shall give prompt notice, and in any event within 30 days, to the other Party (the "**Indemnifying Party**") of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.

(b) The Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 3.5(a), to assume the control of the defence, compromise or settlement of the Claim, provided that such assumption shall, by its terms, be without cost to the Indemnified Party.

(c) Upon the assumption of control of any Claim by the Indemnifying Party pursuant to Section 3.5(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the Claim at its sole expense, including if necessary, employment of counsel and experts reasonably satisfactory to the Indemnified Party and, in connection with such defence, the Indemnified Party shall cooperate fully, but at the reasonable expense of the Indemnifying Party, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other reasonable steps as in the opinion of counsel for the Indemnifying Party are

reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any Claim at its own expense; provided, however, that if the Indemnified Party reasonably believes that there is a conflict of interest between its interests and the interests of the Indemnifying Party or counsel chosen by the Indemnifying Party or there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, then the Indemnified Party may retain counsel of its own, at the expense of the Indemnifying Party. The Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party a release from all liability in respect to such Claim or that provides for any relief other than monetary damages.

(d) The final determination of any Claim pursuant to this Section 3.5, including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.

9.4 Bulk Sales and Retail Sales Tax Waiver

In respect of the purchase and sale of the Purchased Assets under this Agreement, the Transferee shall not require the Transferor or its Affiliates to comply, or to assist the Transferee to comply, with the requirements of (a) the *Bulk Sales Act* (Ontario) or (b) section 6 of the *Retail Sales Tax Act* (Ontario) and any equivalent or corresponding provisions under any other applicable legislation in any other jurisdiction. Notwithstanding the foregoing, the Transferor shall indemnify and save harmless the Transferee from and against all Claims which may be made or brought against the Transferee, or which it may suffer or incur arising out of such non-compliance other than Claims relating to the Assumed Liabilities.

9.5 Reductions and Subrogation

If the amount of any Claim incurred by a Party at any time subsequent to the making of an indemnity payment is reduced by:

(a) any net Tax benefit to that Party; or

(b) any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person,

the amount of such reduction (less any costs, expenses (including taxes) or premiums incurred in connection therewith), together with interest thereon from the date of payment thereof at an annual rate of interest from time to time equal to the annual rate of interest used by Bank of Nova Scotia as its reference rate of interest for Canadian dollar denominated demand loans to commercial customers in Canada and referred to by such bank as its "prime rate", shall promptly be repaid by that Party to the other Party. Upon making a full indemnity payment, a Party shall,

to the extent of such indemnity payment, be subrogated to all rights of the other Party against any third party in respect of the Claim to which the indemnity payment relates.

9.6 Exclusive Remedy

The rights of indemnity set forth in this ARTICLE 8 are the sole and exclusive remedy of each Party in respect of any misrepresentation, incorrectness in or breach of representation or warranty or breach of covenant, by the other Party under this Agreement. Accordingly, the Parties waive, from and after the Closing, any and all rights, remedies and claims that one Party may have against the other, whether at law, under any statute or in equity (including but not limited to claims for contribution or other rights of recovery arising under any environmental Laws, claims for breach of contract, breach of representation and warranty, negligent misrepresentation and all claims for breach of duty), or otherwise, directly or indirectly, relating to the provisions of this Agreement or the transactions contemplated by this Agreement other than as expressly provided for in this ARTICLE 8 and other than those arising with respect to any fraud or wilful misconduct. The Parties agree that if a Claim for indemnification is made by one Party in accordance with Section 8.1(b) or Section 8.2(b), as the case may be, and there has been a refusal by the other Party to make payment or otherwise provide satisfaction in respect of such Claim, then a legal proceeding is the appropriate means to seek a remedy for such refusal. This ARTICLE 8 shall remain in full force and effect in all circumstances and shall not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants under this Agreement or under any closing document or by any termination or rescission of this Agreement by any Party.

9.7 One Recovery

A Party shall not be entitled to double recovery for any Claims even though they may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the other Party in this Agreement.

9.8 Duty to Mitigate

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of a Party to mitigate any loss which it may suffer or incur by reason of the breach by the other Party of any representation, warranty or covenant of that other Party under this Agreement. If any Claim can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, a Party shall take all appropriate steps to enforce such recovery, settlement or payment. If the Indemnified Party fails to make all commercially reasonable efforts to mitigate any loss then the Indemnifying Party shall not be required to indemnify any Indemnified Party for the loss that could have been avoided if the Indemnified Party had made such efforts.

9.9 Trustee and Agent

Each Party acknowledges that the other Party is acting as trustee and agent for the remaining Transferor Indemnified Parties or Transferee Indemnified Parties, as the case may be, on whose behalf and for whose benefit the indemnity in Section 8.1 or Section 8.2, as the case may be, is provided and that such remaining indemnified parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be

parties to this Agreement. Each Party agrees that the other Party may enforce the indemnity for and on behalf of such remaining indemnified parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining indemnified parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

9.10 Tax Status of Indemnification Payments

Any payment made by the Transferor pursuant to this ARTICLE 8 shall constitute a reduction of the Purchase Price and any payment made by the Transferee pursuant to this ARTICLE 8 shall constitute an increase in the Purchase Price. In either case, each of the Transferor and the Transferee shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past tax returns as may be necessary to reflect the foregoing. For greater certainty, any such reduction of, or increase in, the Purchase Price shall be allocated among the Purchased Assets to which such payment by the Transferor or Transferee, respectively, can reasonably be considered to relate. If any payment made by the Transferor or the Transferee pursuant to this ARTICLE 8 is deemed by the *Excise Tax Act* (Canada) to include goods and services tax or harmonized sales tax, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multi-staged tax, the amount of such payment shall be increased accordingly.

ARTICLE 10
GENERAL

10.1 Arbitration

(a) Any controversy or dispute arising out of or relating to this Agreement, its negotiation, validity, existence, breach, termination, construction or application, or the rights, duties or obligations of any party to this Agreement (a "**Dispute**"), shall be referred to and determined by arbitration before a single arbitrator to be administered by ADR Chambers Inc., based in the City of Toronto, in accordance with its Arbitration Rules and the *Arbitration Act*, 1991 (Ontario) (the "**Arbitration Act**").

(b) The seat of the arbitration shall be Ontario and hearings shall be conducted in the City of Toronto.

(c) A Party to the arbitration (the "**Appellant**") may appeal an award on a question of law or a question of mixed fact and law by delivering a Notice of appeal ("**Notice of Appeal**") to the Party opposite (the "**Appeal Respondent**") within 10 days of receipt of the award. With the Notice of Appeal, the Appellant shall name three persons whom the Appellant is prepared to nominate as appeal arbitrators, each of such persons to be a former appellate judge of the Ontario Court of Appeal or the Supreme Court of Canada (an "**Appeal Arbitrator**"). Within seven days of the receipt of the Notice of Appeal, the Appeal Respondent shall by Notice to the Appellant select one or more of the three persons named by the Appellant or provide the Appellant with a list of three persons who are Appeal Arbitrators. Within seven days of receipt of the Appeal Respondent's list, by Notice to the Appeal Respondent, the Appellant shall select one or more of such persons and/or

provide a further list of three Appeal Arbitrators. The Parties shall continue to exchange lists of three Appeal Arbitrators in this fashion until three Appeal Arbitrators are selected. If the Parties are unable to agree upon three Appeal Arbitrators within 20 days of the receipt by the Appeal Respondent of the Notice of Appeal, each Party shall appoint one Appeal Arbitrator, and the two Appeal Arbitrators thus appointed shall appoint a third Appeal Arbitrator. Where the two Appeal Arbitrators fail to agree on the third Appeal Arbitrator within 10 days of their appointment, either Party may provide copies of the exchanged lists to ADR Chambers Inc. which shall appoint the third Appeal Arbitrator. Where an appeal is taken, the award of the Appeal Arbitrators shall be final and binding upon the Parties and there shall be no further right of appeal. The award of the Appeal Arbitrators shall be an arbitral award under the Arbitration Act.

(d) Arbitration in accordance with the provisions of this Section 9.1 shall be the sole dispute resolution mechanism in respect of any Dispute except it is not incompatible with this arbitration agreement for any Party to request, before or during the arbitral proceedings, from a competent court any interim, provisional or conservatory relief and for the court to grant such relief.

(e) The Parties undertake as a general principle to keep confidential all information concerning the existence of the arbitration, all awards or appeals in the arbitration, all materials in the proceedings created or used for the purpose of the arbitration, and all materials and information produced during the arbitration and not in the public domain ("**Confidential Arbitration Information**") save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or set aside an award in bona fide Proceedings before a competent court. Each Party shall obtain and deposit with the arbitrator a signed confidentiality undertaking from its legal counsel, independent experts and consultants regarding the Confidential Arbitration Information.

10.2 Public Notices

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no Party shall act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, except:

(a) where required to meet timely disclosure obligations of any Party under Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable and a copy of such disclosure is provided to the other Party at such time as it is made available to the regulatory authority; and

(b) in the case of the Transferor's communication made to the Transferor's employees affected by such transaction.

10.3 Expenses

Except as otherwise provided in this Agreement, each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in

connection with the purchase and sale of the Contributed Business and the Purchased Assets and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses incurred.

10.4 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) in the case of a Notice to the Transferor at:

CanWest MediaWorks Inc.
3100, CanWest Global Place
201 Portage Avenue
Winnipeg, MB R3B 3L7
Canada

Attention: General Counsel
Fax: (204) 947-9841
E-mail: rleipsic@canwest.com

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

Osler, Hoskin & Harcourt LLP
Box 50, One First Canadian Place
Toronto, ON M5X 1B8

Attention: Linda Robinson
Fax: (416) 862-6666
E-mail: lrobinson@osler.com

(b) in the case of a Notice to the Transferee at:

●

Attention: ●
Fax: ●
E-mail: ●

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day. Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

10.5 Attornment

Subject to Section 9.1, each of the Parties hereby attorns to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any Dispute.

10.6 Assignment

No Party may assign this Agreement or any of the benefits, rights or obligations under this Agreement or enter into any participation agreement with respect to the benefits under this Agreement without the prior written consent of the other Party.

10.7 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

10.8 Amendments and Waivers

No amendment to or supplement of this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give such waiver and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

10.9 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

10.10 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed this Agreement.

CANWEST MEDIAWORKS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE 1.1
TO ASSET TRANSFER AGREEMENT

PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means:

General

I. Applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, other agreements, building and other restrictions, easements, servitudes, rights of way and licences which do not in the aggregate materially adversely affect the use or value of the real property affected thereby and provided the same have been complied with in all material respects to the Closing Date including the posting of any required security for performance of obligations thereunder.

II. Defects or irregularities in title to the real property which are of a minor nature and do not materially adversely affect the use or value of the real property affected thereby and provided the same have been complied with in all material respects to the Closing Date.

III. Inchoate statutory liens for Taxes, assessments, governmental or utility charges or levies not at due as at the Closing Date.

IV. Rights of equipment lessors under equipment contracts provided the terms of such equipment contracts have been fully performed to the Closing Date.

V. Any privilege in favour of any lessor, licensor or permitter for rent to become due or for other obligations or acts, the performance of which is required under Contracts so long as the payment of such or the performance of such other obligation or act is not delinquent and provided that such liens or privileges do not materially adversely affect the use or value of the Purchased Assets affected thereby.

VI. All Encumbrances affecting a landlord's freehold interest in any leased real property.

VII. Any other Encumbrance that is not material in amount or effect (but in no event including any Encumbrances consisting of or related to the Excluded Liabilities).

VIII. Any other Encumbrances that the Transferor or its Affiliates shall cause to be removed without liability or cost to the Transferee or the Contributed Business prior to the completion of the Combination Transaction.

SCHEDULE 7.3
TO ASSET TRANSFER AGREEMENT

SERVICES OF EXCLUDED DIVISION

To the extent that the Transferor elects to exclude the Excluded Division from the Contributed Business in accordance with the Agreement, the services of the Excluded Division (the "**Excluded Services**") will continue to be made available to the Contributed Business by the Transferor on the following terms:

1. The Excluded Services will be equivalent to those that were provided to the Contributed Business by the Excluded Division prior to the Closing Time.

2. The standards applicable to the Excluded Services will be equivalent to the standards applicable under the Management and Administrative Services Agreement dated as of August 15, 2007 between the Transferor and CW Media Inc. (the "**Management Agreement**") to the Services (as defined in the Management Agreement).

3. As compensation for the Excluded Services, the Transferee shall pay to the Transferor Costs and Expenses (as those terms are defined in the Management Agreement) in respect of the Excluded Services, determined and administered in the manner contemplated by the Management Agreement.

4. The Excluded Services will be provided for an indefinite term.

5. In all other respects, the terms of the Management Agreement will apply to the provision of the Excluded Services, *mutatis mutandis*.

SCHEDULE 6.1
FORM OF COUNTERPART AND ACKNOWLEDGEMENT

RE: The amended and restated shareholders agreement (the "Agreement") made between CW Investments Co. (the "Corporation") and its shareholders and others dated as of January 4, 2008

The undersigned acknowledges that it has received a copy of the Agreement and has had an opportunity to review the Agreement. The undersigned agrees to be bound by the terms (including all covenants, agreements and obligations) of the Agreement as a party to the Agreement and shall be entitled to all benefits of a party pursuant to the Agreement, as fully and effectively as though the undersigned had executed the Agreement together with the other parties to the Agreement.

Dated **[as of]** ●.

[NAME]

By: _____
●
Authorized Signatory

OR IF AN INDIVIDUAL

_____ _____
Witness **[Name]**

SCHEDULE 6.9
REGISTRATION RIGHTS

Definitions & Interpretation

1.1 Definitions

Unless otherwise defined in this Schedule 6.9, capitalized terms used in this Schedule 6.9 have the meanings assigned to them in the Agreement. Whenever used in this Schedule 6.9, the following terms shall have the meanings set out below:

"**Canadian Securities Laws**" means all applicable securities laws in the Qualifying Jurisdictions, the respective regulations, rules and orders made thereunder, and all applicable policies and notices issued by the Canadian Securities Regulators;

"**Canadian Securities Regulators**" means, collectively, each of the securities regulatory authorities in each of the Qualifying Jurisdictions;

"**CanWest Shares**" means any and all Shares beneficially owned by the CanWest Parties;

"**Commission**" means the United States Securities and Exchange Commission;

"**Distribution Shares**" has the meaning set out in Section 2.3;

"**Indemnified Party**" has the meaning set out in Section 4.1(a) or Section 4.2(a), as applicable;

"**Indemnifying Party**" has the meaning set out in Section 4.3(a);

"**Qualifying Jurisdictions**" means all of the provinces of Canada;

"**Sale Number**" has the meaning set out in Section 3.3;

"**Selling Shareholder**" means any Shareholder selling Shares under a distribution pursuant to this Schedule 6.9;

"**US Securities Laws**" means all applicable securities laws in the United States and any state of the United States, the respective regulations, rules and orders made thereunder, and all applicable policies and notices issued by the US Securities Regulators;

"**US Securities Regulators**" means, collectively, each of the securities regulatory authorities in the United States and each of the states of the United States; and

"**Violation**" has the meaning set out in Section 4.1(a).

1.2 Section References

Unless the context provides otherwise, reference to Sections contained in this Schedule 6.9 refer to Sections of this Schedule 6.9.

Canadian and United States Qualification Rights

2.1 GSCP Demand Qualification

(a) Subject to Sections 2.5 and 2.6 below, in the circumstances contemplated by Section 6.9 of the Agreement, GSCP may require the Corporation to take the steps and procedures set forth in Section 2.3 in order to qualify up to 100% of the GS Shares for distribution pursuant to Canadian Securities Laws in each of the Qualifying Jurisdictions by delivering a written request (a "**Demand Qualification Request**") to the Corporation, with a copy to CanWest, specifying the number of GS Shares that GSCP wishes to have qualified for distribution and the intended method of distribution.

(b) Subject to Section 2.5, in the circumstances contemplated by Section 6.9 of the Agreement, GSCP may require the Corporation to take the steps and procedures set forth in Exhibit A in order to register up to 100% of the GS Shares for distribution in the United States pursuant to US Securities Laws by delivering a Demand Qualification Request to the Corporation, with a copy to CanWest, specifying the number of GS Shares that GSCP wishes to have qualified for distribution and the intended method of distribution.

(c) GSCP may deliver only four Demand Qualification Requests pursuant to this Section 2.1; provided, that, with respect to each such request, (i) the aggregate proposed offering price (in the case of a proposed Canadian offering pursuant to Section 2.1(a)) is no less than $5,000,000 and (ii) the aggregate proposed offering price (in the case of a proposed US offering pursuant to Section 2.1(b)) is no less than $25,000,000.

2.2 Piggyback Qualification

(a) Subject to Sections 2.5 and 2.6 below, upon the written request (a "**CanWest Piggyback Request**") of CanWest given within 25 days of receipt of a copy of the Demand Qualification Request in accordance with Section 2.1, the Corporation shall use its commercially reasonable efforts to include up to 100% of the CanWest Shares, as specified by CanWest in the CanWest Piggyback Request, in such filings as may be necessary to qualify such CanWest Shares for distribution pursuant to Canadian Securities Laws or register such CanWest Shares under US Securities Laws, as applicable.

(b) The Corporation will promptly notify GSCP if the Corporation determines to qualify any Shares for distribution in Canada or the United States. Subject to Sections 2.5 and 2.6 below, upon the written request (a "**GSCP Piggyback Request**") of GSCP given within 25 days of receipt of such notice, the

Corporation shall use its commercially reasonable efforts to include up to 100% of the GS Shares, as specified by GSCP in the GSCP Piggyback Request, in such filings as may be necessary to qualify such GS Shares for distribution pursuant to Canadian Securities Laws or register such GS Shares under US Securities Laws, as applicable.

2.3 Qualification Procedures

Whenever required under this Schedule 6.9 to qualify any Shares for distribution (such Shares being sometimes referred to as the "**Distribution Shares**"), the Corporation shall, as expeditiously as reasonably possible, take the following actions with respect to a distribution in Canada:

(a) prepare and file (in any event within 90 days after a Demand Qualification Request has been delivered to the Corporation) a preliminary prospectus in accordance with Canadian Securities Laws and such other related documents as may be necessary or appropriate relating to the proposed distribution of the Distribution Shares and shall, as soon as possible after any comments of the Canadian Securities Regulators have been satisfied with respect to such preliminary prospectus, prepare and file in accordance with Canadian Securities Laws a (final) prospectus and obtain a receipt (or equivalent document) for such (final) prospectus and shall take all other steps and proceedings that may be necessary in order to qualify the Distribution Shares for distribution or distribution to the public, as the case may be, under Canadian Securities Laws; provided, however, that GSCP and CanWest, if any CanWest Shares are being distributed, shall use their commercially reasonable efforts to, and shall request any underwriters to, terminate distribution of the Distribution Shares as soon as possible following the issuance of a receipt (or equivalent document) for such (final) prospectus;

(b) prepare and file with the Canadian Securities Regulators such amendments and supplements to such preliminary prospectus and (final) prospectus as may be necessary to comply with the provisions of Canadian Securities Laws with respect to the distribution of the Distribution Shares;

(c) furnish to GSCP and CanWest, if applicable, such number of commercial copies of such preliminary prospectus and (final) prospectus and of each amendment and supplement to either and such other relevant documents as GSCP and CanWest, if applicable, may reasonably request;

(d) if GSCP advises the Corporation in accordance with Section 3.1 that it wishes to distribute the GS Shares by means of an underwriting, enter into and perform its obligations under an underwriting agreement, in customary form, with the underwriter or underwriters selected for such underwriting by GSCP and acceptable to each of the Corporation and CanWest, acting reasonably;

(e) use commercially reasonable efforts to cause all the Distribution Shares to be listed on the stock exchange or quotation system on which the Shares are then

listed or quoted, if any, and if not then listed or quoted, on a recognized stock exchange or quotation or other system selected by GSCP that is acceptable to the Corporation, acting reasonably;

(f) provide a transfer agent and registrar and a CUSIP number for all the Distribution Shares not later than the date of filing of the (final) prospectus;

(g) furnish to the underwriter or underwriters involved in the distribution all documents that they may reasonably request;

(h) furnish to GSCP and CanWest, if applicable:

(i) an opinion of counsel for the Corporation addressed to GSCP, CanWest, if applicable, and the underwriters of the distribution and dated the date of such (final) prospectus; and

(ii) a "comfort" letter addressed to the underwriter or underwriters dated such date and the closing date signed by the auditors of the Corporation;

in each case, covering substantially the same matters as are customarily covered in such documents and such other matters as GSCP and CanWest, if applicable, may reasonably request;

(i) immediately notify GSCP and CanWest of the occurrence or discovery of any event as a result of which the preliminary prospectus or the (final) prospectus, as then in effect, would include a misrepresentation (as such term is defined in the *Securities Act* (Ontario)) or an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make any statement therein not misleading in the light of the circumstances in which it was made, and at the request of GSCP or CanWest prepare and furnish to GSCP and CanWest a reasonable number of commercial copies of a supplement to or an amendment of the preliminary prospectus or the (final) prospectus as may be necessary so that, as thereafter delivered to the purchasers of the Distribution Shares, such document shall not include a misrepresentation (as such term is defined in the *Securities Act* (Ontario)) or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make any statement therein not misleading in the light of the circumstances in which it was made; and

(j) otherwise use its commercially reasonable efforts to comply with all provisions of Canadian Securities Laws in connection with the qualification of the Distribution Shares for distribution.

2.4 Expenses of Qualification

All expenses, other than underwriting discounts and commissions and similar placement fees, incurred in connection with the qualification of Distribution Shares for distribution pursuant to this Schedule, including all filing fees, printers' fees, fees and disbursements of counsel to the Corporation and one counsel (selected by GSCP) for GSCP and CanWest, if applicable, fees and

disbursements of auditors, stock exchange listing fees, fees and expenses (including counsel fees and disbursements) incurred in connection with compliance with provincial and state securities laws, fees of any transfer agent or registrar and costs of insurance shall be borne by the Corporation; provided, however, that the Corporation shall not be required to bear such expenses in connection with any Demand Qualification Request delivered pursuant to Section 2.1 if the offering of GS Shares is not consummated or is terminated primarily as a result of any act or omission of GSCP or CanWest, if applicable (in which case the party making the act or omission shall bear such expenses), provided, however, that if (i) at the time of such termination, GSCP or CanWest, if applicable, has learned of a material adverse change in the financial condition or business of the Corporation from that known to GSCP or CanWest, if applicable, at the time of the Demand Qualification Request, or (ii) such termination is at the request of, caused by, or the result of an unreasonable delay by the Corporation, then GSCP or CanWest, if applicable, shall not be required to pay any such expenses and shall retain its rights pursuant to Section 2.1 and 2.2 of this Schedule, respectively.

2.5 Furnish Information

The obligations of the Corporation to take any action pursuant to this Schedule 6.9 in respect of the Shares of any Selling Shareholder is conditional upon such Selling Shareholder furnishing to the Corporation such information regarding itself, its Distribution Shares and the intended method of distribution of such Distribution Shares, as is required to effect the qualification of its Distribution Shares.

2.6 Canadian Escrow Requirements

In connection with any distribution of GS Shares or CanWest Shares in accordance with this Schedule 6.9 in Canada, each Shareholder will comply with any escrow requirements imposed under Canadian Securities Laws and, if applicable, The Toronto Stock Exchange, and will execute all undertakings and agreements that are customary and reasonably required in connection with such requirements.

2.7 Canadian Securities Law Requirements

With a view to making available the benefits of certain rules and regulations of Canadian Securities Laws that may at any time permit the distribution of the Distribution Shares without the filing of a prospectus and to otherwise assist with any such distribution, the Corporation agrees to use its commercially reasonable efforts to:

(a) once the Shares are listed on a stock exchange, maintain such listing of the Shares for so long as the GS Parties hold at least 1% of the number of issued and outstanding Shares; and

(b) file with the appropriate Canadian Securities Regulators in a timely manner all reports and other documents required to be filed by the Corporation under Canadian Securities Laws (at any time after the date that the Corporation becomes a reporting issuer under Canadian Securities Laws) for so long as the GS Parties hold at least 1% of the number of issued and outstanding Shares.

2.8 Lock-Up

Notwithstanding anything to the contrary in this Agreement, including this Schedule 6.9, none of the provisions of this Schedule shall in any way limit any of the GS Parties or any of their Affiliates from engaging in any brokerage, investment advisory, financial advisory, anti-raid advisory, principaling, merger advisory, financing, asset management, trading, market making, arbitrage, investment activity and other similar activities conducted in the ordinary course of their business. Notwithstanding anything to the contrary set forth in this Agreement, including this Schedule 6.9, the provisions of this Agreement, including this Schedule 6.9, other than Section 2.6 of this Schedule 6.9, shall not apply to Shares or any securities convertible into or exercisable or exchangeable for Shares acquired by any GS Party or any of their Affiliates following the earlier of the date of the (final) prospectus for a distribution in Canada and the effective date of the first United States Registration Statement of the Corporation covering Shares to be sold in a public offering.

Underwriting

3.1 Underwriting of GS Shares

If the GS Parties intend to distribute the GS Shares (whether in the US or Canada) referred to in the Demand Qualification Request by means of an underwriting, GSCP will so advise the Corporation and CanWest as part of the Demand Qualification Request. The right of CanWest to qualify its Shares for distribution in accordance with Section 2.2 is conditional upon CanWest's participation in such underwriting (unless otherwise mutually agreed by GSCP and CanWest). All Selling Shareholders proposing to distribute their Shares through such underwriting will, together with the Corporation, enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by GSCP and acceptable to each of the Corporation and CanWest, acting reasonably, including, without limitation, providing for customary representations and warranties and a customary indemnity in favour of the underwriter or underwriters.

3.2 Limitations

No Selling Shareholder is required, in connection with any underwriting agreement entered into pursuant to Section 3.1, to make any representations or warranties or provide indemnification except as they relate to such Selling Shareholder's ownership of Shares and authority to enter into the underwriting agreement and to such Selling Shareholder's intended method of distribution. The liability of any Selling Shareholder in connection with such underwriting agreement is to be limited to an amount equal to the proceeds received by such Selling Shareholder from the offering.

3.3 Allocation of Shares Included in Prospectus

(a) If the GS Parties intend to distribute the GS Shares referred to in the Demand Qualification Request (whether in the US or Canada) by means of an underwriting and CanWest has exercised its right to have CanWest Shares qualified for distribution as well, and if the lead managing underwriter shall advise GSCP and CanWest that, in its view, the number of Distribution Shares requested to be

included in such offering exceeds the largest number (the "**Demand Registration Sale Number**") that can be sold in an orderly manner in such offering within a price range acceptable to GSCP, the Corporation shall include the Demand Registration Sale Number of Distribution Shares in the prospectus to be used to qualify Distribution Shares for distribution in the following priority:

(i) firstly, the Distribution Shares that the GS Parties wish to include in the prospectus; and

(ii) secondly, the Distribution Shares that CanWest wishes to include in the prospectus.

(b) If the GS Parties have exercised their right to have GS Shares qualified for distribution (whether in the US or Canada) by making a GSCP Piggyback Request, and if the lead managing underwriter shall advise the Corporation that, in its view, the number of Distribution Shares requested to be included in such offering exceeds the largest number (the "**Maximum Sale Number**") that can be sold in an orderly manner in such offering within a price range acceptable to the Corporation, the Corporation shall include the Maximum Sale Number of Distribution Shares in the prospectus to be used to qualify Distribution Shares for distribution in the following priority:

(i) firstly, the Distribution Shares that the Corporation wishes to include in the prospectus;

(ii) secondly, the Distribution Shares that the GS Parties wish to include in the prospectus; and

(iii) thirdly, the Distribution Shares that CanWest wishes to include in the prospectus.

Indemnification with respect to Canadian Offerings

4.1 Indemnification by Corporation

(a) If any Shares are included in a prospectus under this Schedule 6.9 with respect to a distribution in Canada, the Corporation will indemnify and hold harmless each Shareholder, the officers, directors, partners, members, agents and employees of each Shareholder and each Person, if any, that controls such Shareholder under Canadian Securities Laws (each, in this Section 4.1, an "**Indemnified Party**"), against any losses (other than loss of profit), claims, damages or liabilities (joint or several) to which such Indemnified Party may become subject under Canadian Securities Laws or any other federal or provincial law, insofar as such losses, claims, damages or liabilities (or actions in respect of them) arise out of or are based upon any of the following statements, omissions or violations (each a "**Violation**"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such prospectus or any amendments or supplements to it;

(ii) the omission or alleged omission to state in the prospectus a material fact required to be stated in it or necessary to make the statements in it, in light of the circumstances in which they were made, not misleading; or

(iii) any violation or alleged violation by the Corporation of Canadian securities laws in connection with the qualification or sale of Distribution Shares.

(b) The Corporation will reimburse each Indemnified Party for any legal or other out-of-pocket expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability, or action.

(c) The Corporation is not liable under the indemnity contained in this Section 4.1:

(i) in respect of amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Corporation (which consent may not be unreasonably withheld or delayed);

(ii) to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such qualification by or on behalf of such Indemnified Party; or

(iii) in the case of a sale effected directly by a Selling Shareholder of Shares (including a sale of such Shares through any underwriter retained by such Selling Shareholder engaging in a distribution solely on behalf of such Selling Shareholder), where:

(A) such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus; and

(B) such Selling Shareholder failed to deliver a copy of the final or amended prospectus at or prior to the confirmation of the sale of the Shares to the Person asserting any such loss, claim, damage or liability in any case in which such delivery is required by Canadian Securities Laws.

4.2 Indemnification by Selling Shareholder

(a) Each Selling Shareholder that qualifies any Distribution Shares for distribution in Canada pursuant to a prospectus of the Corporation will indemnify and hold harmless the Corporation, each of its directors, each of its officers who have signed the prospectus, each Person, if any, who controls the Corporation within the meaning of Canadian Securities Laws, each employee, agent, and any

underwriter for the Corporation, and any other Selling Shareholder or other shareholder selling securities pursuant to such prospectus or any of its directors, officers, partners, members, agents or employees or any Person who controls such Shareholder or such other shareholder or such underwriter (each, in this Section 4.2, an "**Indemnified Party**"), against any losses (other than loss of profits), claims, damages, or liabilities (joint or several) to which such Indemnified Party may become subject under Canadian Securities Laws or other federal or provincial law, insofar as such losses, claims, damages or liabilities (or actions in respect of them) arise out of or are based upon any Violation, in each case only to the extent that such Violation occurs in reliance upon and in conformity with written information furnished by or on behalf of such Selling Shareholder expressly for use in such prospectus.

(b) Each such Selling Shareholder will reimburse each Indemnified Party for any legal or other out-of-pocket expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action.

(c) The liability of any Selling Shareholder under this indemnity is limited to the amount of net proceeds (after deduction of all underwriters' discounts and commissions paid by such Selling Shareholder in connection with the qualification in question) received by such Selling Shareholder in the offering giving rise to the Violation.

(d) The Selling Shareholder is not liable under the indemnity contained in this Section 4.2 in respect of amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Selling Shareholder (which consent may not be unreasonably withheld or delayed).

(e) The obligations of the Selling Shareholders under this indemnity are several, not joint or joint and several.

4.3 Indemnification Procedure

(a) Promptly after receipt by an Indemnified Party of notice of the commencement of any action (including any action by a Governmental Entity), such Indemnified Party will, if a claim in respect of such action is to be made against any Person or Persons against whom any indemnity will be sought under Sections 4.1 or 4.2 (the "**Indemnifying Party**"), deliver to the Indemnifying Party a written Notice of the commencement of the action, and the Indemnifying Party may participate in, and, to the extent the Indemnifying Party so desires, jointly with any other Indemnifying Party similarly noticed, assume and control the defense of such action with counsel mutually satisfactory to the parties; provided that the Indemnifying Party may not settle, compromise, or consent to judgment in any such action without the consent of the Indemnified Party unless such settlement, compromise or judgment contains a complete release of the Indemnified Party

from any further claims, does not contain any injunction or restraint on future actions of the Indemnified Party.

(b) An Indemnified Party may retain its own counsel, with the fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests, as reasonably determined by either party, between such Indemnified Party and any other party represented by such counsel in such proceeding.

(c) The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, will relieve such Indemnifying Party of any liability to the Indemnified Party under Sections 4.1 or 4.2, as applicable, to the extent of such prejudice, but the omission to deliver written Notice to the Indemnifying Party does not relieve it of any liability that it may have to any Indemnified Party otherwise than under this Schedule 6.9.

4.4 Contribution

If the indemnification provided for in Sections 4.1 or 4.2 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, claim, damage, liability or action referred to in Sections 4.1 or 4.2, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party under this Schedule 6.9, will contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the Violations that resulted in such loss, claim, damage, liability or action, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party is to be determined by reference to, among other things, whether the Violation relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such Violation.

4.5 Survival of Indemnities

The obligations of the Corporation and the Selling Shareholders under Sections 4.1 through 4.4 and the corresponding provisions in Exhibit A survive the completion of any offering of Shares under a prospectus under this Schedule 6.9.

Section 5: Effect on Shares; Regulatory Matters

5.1 Put Shortfall Shares

(a) If the GS Parties hold any Put Shortfall Shares, the Put Shortfall Shares shall be qualified for distribution under Canadian Securities Laws, or registered under US Securities Laws, as applicable, and sold by the GS Parties prior to or concurrently with the qualification for distribution under Canadian Securities Laws, or

registration under US Securities Laws, as applicable, and sale of any other GS Shares pursuant to this Schedule 6.9.

(b) Subject to Section 5.1(c), upon any sale by the GS Parties pursuant to this Schedule 6.9 of Put Shortfall Shares, the Corporation shall issue additional Shares to GSCP (to be sold in the same offering as the Put Shortfall Shares to be sold at such time) such that the aggregate gross proceeds to the GS Parties from the sale of the Put Shortfall Shares and such additional Shares (before the payment of any underwriter's fee, commission or discount) shall be not less than the product of the number of Put Shortfall Shares sold multiplied by the sum of the Put Shortfall Price per Share plus the IRR Adjustment.

(c) If the GS Parties propose to sell any Put Shortfall Shares pursuant to this Schedule 6.9, GSCP shall cooperate with the Corporation and CanWest in structuring such sale in a manner that does not require or involve the issuance of any additional Shares to the GS Parties as contemplated by Section 5.1(b) of this Schedule 6.9 or in a manner that is otherwise preferred by the Corporation or CanWest, provided that (i) the GS Parties receive gross proceeds of sale equal to the gross proceeds that would be obtained from the sale of the Put Shortfall Shares and any additional Shares as contemplated by Section 5.1(b) of this Schedule 6.9, (ii) the GS Parties receive such proceeds no later than such time as they would have received them pursuant to Section 5.1(b) of this Schedule 6.9 and (iii) such alternative is otherwise not adverse to any of the GS Parties.

5.2 Voting Shares; Shareholders Agreement

Upon any sale by GSCP pursuant to this Schedule 6.9 of Distribution Shares, such Distribution Shares shall be converted into the same class of voting shares as those held by CanWest or its Affiliates at such time (to the extent such Distribution Shares are not voting shares prior thereto). The parties hereto agree to reasonable amendments to this Agreement, including this Schedule 6.9, in connection with sales by GSCP hereunder as reasonably requested by GSCP and/or the applicable managing underwriter in order to effectively market the offering (provided, that, in no event shall any such amendment increase or enhance the rights afforded to GSCP under this Agreement, including this Schedule 6.9).

5.3 Regulatory Matters

The Shareholders and the Corporation shall each use commercially reasonable efforts to structure any public offering to comply with applicable law, including CRTC regulations and any laws with respect to foreign ownership, and shall use commercially reasonable efforts to obtain the approval of the CRTC and any other applicable regulator with respect to any offering or sale.

Exhibit A

US Registration Procedures

1. Demand Registration Rights.

(a) All Demand Qualification Requests for distributions in the United States will specify the aggregate amount of Shares to be registered and will also specify the intended methods of disposition thereof. Promptly upon receipt of any such Demand Qualification Request, the Company will take such actions as are necessary to effect such registration under the United States Securities Act of 1933 and the rules and regulations promulgated thereunder (the "**Securities Act**") (including, without limitation, filing post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with the applicable regulations promulgated under the Securities Act and ensuring that at the time of offering, the disclosure available to prospective investors includes all of the information required by Sections 12(a)(2) and 17(a)(2) of the Securities Act) of the Shares which the Company has been so requested to register within 180 days of such request (or within 120 days of such request in the case of a Demand Qualification Request after a public offering of at least $25 million has already occurred (a "**Qualified Public Offering**")). Without limiting the generality of the foregoing, the Corporation will, as expeditiously as possible:

(i) prepare and, within 60 days, file with the Commission a Registration Statement with respect to such Distribution Shares, make all required filings with the NASD and thereafter use its reasonable best efforts to cause such Registration Statement to become effective, provided that before filing a Registration Statement or any amendments or supplements thereto, the Corporation will furnish to GSCP copies of all such documents proposed to be filed;

(ii) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective for a period of either (a) not less than six months or, if such Registration Statement relates to an underwritten offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sales of Distribution Shares by an underwriter or dealer or, or two years in the case of shelf Registration Statements (or such shorter period ending on the date that the securities covered by such shelf Registration Statement cease to constitute Distribution Shares) or (b) such shorter period as will terminate when all of the securities covered by such Registration Statement have been disposed of in accordance with the intended methods of disposition by GSCP set forth in such Registration Statement (but in any event not before the expiration of any longer period required under the Securities Act), and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered

by such Registration Statement until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by GSCP set forth in such Registration Statement;

(iii) furnish to GSCP such number of copies, without charge, of such Registration Statement, each amendment and supplement thereto, including each preliminary prospectus, final prospectus, all exhibits and other documents filed therewith and such other documents as GSCP may reasonably request including in order to facilitate the disposition of the Distribution Shares owned by GSCP;

(iv) register or qualify such Distribution Shares under such other securities or blue sky laws of such jurisdictions in the United States or Canada as GSCP reasonably requests and do any and all other acts and things that may be necessary or reasonably advisable to enable GSCP to consummate the disposition in such jurisdictions (provided that the Corporation will not be required to (i) file any prospectus, registration statement or similar document in such jurisdiction that is materially different from that used in connection with the subject distribution, (ii) take any action that would require it to become subject to any periodic reporting, continuous disclosure or similar obligations in such jurisdiction, (iii) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (iv) subject itself to taxation in any such jurisdiction or (v) consent to general service of process in any such jurisdiction);

(v) cause all Distribution Shares covered by such Registration Statement to be registered with or approved by such other governmental agencies, authorities or self-regulatory bodies as may be necessary or reasonably advisable in light of the business and operations of the Corporation to enable GSCP to consummate the disposition of such Distribution Shares in the United States in accordance with the intended method or methods of disposition thereof;

(vi) promptly notify GSCP, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the discovery of the happening of any event as a result of which, the prospectus contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and, as promptly as practicable, prepare and furnish to GSCP a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Distribution Shares, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vii) notify GSCP (i) when the prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to such Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission for amendments or supplements to such Registration Statement or to amend or to supplement such prospectus or for additional information, and (iii) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for any of such purposes;

(viii) cause all such Distribution Shares to be listed on each securities exchange on which securities of the same class are then listed or, if no securities of the same class are then listed on any securities exchange, use its commercially reasonable efforts to cause all such Distribution Shares to be listed on the New York Stock Exchange or NASDAQ, if then eligible for such listing, as determined by GSCP and acceptable to the Corporation, acting reasonably, (including, without limitation, effecting a consolidation or reverse stock split in order to satisfy the listing requirements of any stock exchange) and comply with applicable listing requirements for so long as GSCP owns at least 1% of the number of issued and outstanding Shares;

(ix) provide a transfer agent and registrar for all such Distribution Shares not later than the effective date of, or date of final receipt, for such Registration Statement;

(x) enter into such customary agreements (including underwriting agreements with customary provisions) and take all such other actions as GSCP or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Distribution Shares;

(xi) make available for inspection by GSCP, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by GSCP or underwriter, all financial and other records, pertinent corporate documents and documents relating to the business of the Corporation, and cause the Corporation's officers, directors, employees and independent accountants to supply all information reasonably requested by any of GSCP, underwriter, attorney, accountant or agent in connection with such Registration Statement; provided that prior to the Corporation making any such information available for inspection or supplying any such information, such underwriter, accountant or other agent has entered into a confidentiality agreement in form and substance reasonably satisfactory to the Corporation or otherwise confirmed the confidentiality of such information to the Company's satisfaction and agreed to use its commercially reasonable efforts to minimize the disruption to the Corporation's business in connection with the foregoing;

(xii) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Corporation's first full calendar quarter after the effective date of the Registration Statement, which earnings statement will satisfy the provisions of Section 11(a) of the US Securities Act and Rule 158 thereunder;

(xiii) in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related prospectus or ceasing trading of any securities included in such Registration Statement for sale in any jurisdiction, use its commercially reasonable efforts to promptly to obtain the withdrawal of such order;

(xiv) take such other actions as the underwriters reasonably request in order to expedite or facilitate the disposition of such Distribution Shares, including, without limitation, preparing for and participating in such number of "road shows" and all such other customary selling efforts as the underwriters reasonably request in order to expedite or facilitate such disposition;

(xv) obtain one or more comfort letters, addressed to the sellers of Distribution Shares, dated the effective date of such Registration Statement (and, if such registration includes an underwritten public offering dated the date of the closing under the underwriting agreement for such offering), signed by the Corporation's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters as GSCP reasonably requests;

(xvi) provide legal opinions of the Corporation's outside counsel, addressed to the holders of the Distribution Shares being sold, dated the effective date of such Registration Statement, (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement) in customary form and covering such matters of the type customarily covered by legal opinions of such nature; and

(xvii) not to file or make any amendment to any Registration Statement with respect to any Distribution Shares, or any amendment of or supplement to the prospectus used in connection therewith, that refers to GSCP by name, or otherwise identifies GSCP as the holder of any securities of the Corporation, without the consent of GSCP, such consent not to be unreasonably withheld or delayed, unless and to the extent such disclosure is required by law; and

(xviii) use its reasonable best efforts to take or cause to be taken all other actions, and do and cause to be done all other things, necessary or reasonably

advisable in the opinion of GSCP to effect the registration of such Distribution Shares contemplated hereby.

(b) If the Company receives a Demand Qualification Request and the Corporation furnishes to the GS Parties a copy of a resolution of the board of directors of the Corporation stating that in the good faith judgment of the board of directors it would be materially adverse to the Corporation for a Registration Statement to be filed on or before the date such filing would otherwise be required hereunder, the Corporation shall have the right to defer such filing for a period of not more than ninety (90) days after the date such filing would otherwise be required hereunder. The Corporation shall not be permitted to take such action more than twice in any 360-day period. If the Corporation shall so postpone the filing of a Registration Statement, the requesting party may withdraw its Demand Qualification Request by so advising the Corporation in writing within thirty (30) days after receipt of the notice of postponement.

(c) Registrations shall be on such appropriate registration form (the **"Registration Statement"**) of the Commission (i) as shall be selected by the Corporation, acting reasonably, and (ii) as shall permit the disposition of such Distribution Shares in accordance with the intended method or methods of disposition specified in the Demand Qualification Request.

(d) In the case of an underwritten offering, GSCP shall select the underwriters, provided such selection is acceptable to the Corporation, acting reasonably.

2. **Lock-ups.**

Prior to or in connection with a Qualified Public Offering, if the Corporation shall register Distribution Shares under the Securities Act for sale to the public, no holder of Shares other than GSCP (in connection with the offering) shall sell publicly, make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any Shares of the Corporation without the prior written consent of GSCP and the Corporation, for the period of time in which the GS Parties have similarly agreed not to sell publicly, make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any Shares of the Corporation. In addition, if requested by the managing underwriter(s), in connection with the initial public offering, all holders of Shares shall enter into a customary lock-up agreement with the managing underwriter(s). In connection with an underwritten public offering following a Qualified Public Offering, no holder of Shares shall sell publicly, make any short sale of, grant any option for the purchase of, or otherwise dispose publicly of, any capital stock of the Corporation, for such period as shall be required by the managing underwriter of such public offering. For the avoidance of doubt, CanWest will not be obligated to enter into or accept any lock-up agreement unless the GS Parties enter into or accepts a lock-up agreement providing for substantially the same restrictions.

3. Indemnification.

(a) Indemnification by the Corporation. The Corporation agrees to indemnify and hold harmless, to the full extent permitted by law, GSCP (for purposes of this Section 3, a "Selling Shareholder"), its officers, directors, employees and representatives and each person who controls (within the meaning of the Securities Act) such Selling Shareholder against any losses, claims, damages, liabilities and expenses caused by any untrue or alleged untrue statement of a material fact contained in any Registration Statement, prospectus, preliminary prospectus, "free writing" prospectus or any supplement thereto or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same may be caused by or contained in any information furnished in writing to the Corporation by such Selling Shareholder for use therein; provided, however, that the Corporation shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such preliminary prospectus if (A) such Selling Shareholder failed to deliver or cause to be delivered a copy of the prospectus to the Person asserting such loss, claim, damage, liability or expense after the Corporation has furnished such Selling Shareholder with a sufficient number of copies of the same and (B) the prospectus completely corrected in a timely manner such untrue statement or omission; and provided, further, that the Corporation shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission in the prospectus, if such untrue statement or alleged untrue statement, omission or alleged omission is completely corrected in an amendment or supplement to the prospectus and the Selling Shareholder thereafter fails to deliver such prospectus as so amended or supplemented prior to or concurrently with the sale of the securities to the Person asserting such loss, claim, damage, liability or expense after the Corporation had furnished such Selling Shareholder with a sufficient number of copies of the same. The Corporation will also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Selling Shareholder, if requested.

(b) Indemnification by Selling Shareholders. Each Selling Shareholder agrees to indemnify and hold harmless, to the full extent permitted by law, the Corporation, its directors, officers, employees and representatives and each person who controls the Corporation (within the meaning of the Securities Act) against any losses, claims, damages or liabilities and expenses caused by any untrue or alleged untrue statement of a material fact contained in any Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or

omission is contained in any statement or affidavit furnished in writing by such Selling Shareholder to the Corporation expressly for inclusion in such Registration Statement, prospectus, preliminary prospectus, "free writing" prospectus, or any supplement thereto and has not been corrected in a subsequent writing prior to or concurrently with the sale of the securities to the person asserting such loss, claim, damage, liability or expense. In no event shall the liability of any Selling Shareholder hereunder be greater in amount than the dollar amount of the proceeds received by such Selling Shareholder upon the sale of the securities giving rise to such indemnification obligation and any indemnification shall be several and not joint. The Corporation and the Selling Shareholders shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, to the same extent as provided above with respect to information so furnished in writing by such Persons specifically for inclusion in any prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. Any claim made for indemnification hereunder shall be made in accordance with the procedures set forth in Section 4.3 of this Schedule.

(d) Other Indemnification. Indemnification similar to that specified in paragraphs (a) and (b) (with appropriate modifications) shall be given by the Corporation and each Selling Shareholder with respect to any required registration or other qualification of securities under United States federal or state law or regulation of governmental authority other than the Securities Act.

(e) Contribution. If for any reason the indemnification provided for in paragraphs (a), (b) or (d) of this Exhibit A to Schedule 6.9 is unavailable to an indemnified party or insufficient to hold such indemnified party harmless as contemplated by such paragraphs, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the indemnified party and the indemnifying party, but also the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations, provided that no Selling Shareholder shall be required to contribute in an amount greater than the dollar amount of the proceeds received by such Selling Shareholder with respect to the sale of any securities hereunder. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not itself guilty of such fraudulent misrepresentation.

SCHEDULE 7.1
FINANCIAL CALCULATIONS

1. If any contracts or other assets of the Contributed Business are unable to be transferred to the Corporation in connection with the Combination Transaction (due to consent issues or otherwise), the Financial Calculations shall be calculated on a *pro forma* basis such that (a) Cash of the Corporation will increase or decrease, as applicable, to account for the Cash that would have been generated or depleted, as applicable, by the Corporation had such contract or asset been transferred to the Corporation and (b) EBITDA of the Corporation will increase or decrease, as applicable, to account for the EBITDA that would have been generated or depleted, as applicable, by the Corporation had such contract or asset been transferred to the Corporation.

2. "EBITDA" shall be increased by the amount of EBITDA related to an asset acquired by the Contributed Business or the Corporation (reflecting a *pro forma* EBITDA for the last 12 months prior to the date of the EBITDA calculation to the extent that the EBITDA of the acquired assets is not fully reflected in the Financial Calculations for the Contributed Business or the Corporation for such period), subject to *pro rata* adjustment in the case of the acquisition of any partial interest.

3. If the Corporation or any of its Subsidiaries lends money to a third party (for the avoidance of doubt, excluding any Person in which the Corporation or any of its Subsidiaries has an equity interest) or otherwise acquires a note receivable, promissory note, bond, other debt or debt-like instruments or other debt securities from such a third party (including in the event that the Corporation or any of its subsidiaries lends money to or otherwise finances a CanWest Party in connection with a purchase of GS Shares by such CanWest Party (pursuant to this Agreement), but excluding the acquisition of all or substantially all of the securities of a business in connection with the acquisition of a business or asset that is an operating business or asset and/or generates or is expected to generate EBITDA), such amount shall be added to Cash (until such time as such amount has been repaid to the Corporation or its Subsidiaries or the proceeds from the disposition of any such instrument have been received by the Corporation or its Subsidiaries).

4. The Corporation, CanWest and its Affiliates agree not to take any action to the extent the motivation for such action is to affect the Financial Calculations in such a way as to favour one or more of the CanWest Parties over one or more of the GS Parties.

Industry Canada | Industrie Canada
Canada Business Corporations Act | Loi canadienne sur les sociétés par actions

FORM 17 ARTICLES OF DISSOLUTION (SECTIONS 210 AND 211)

FORMULAIRE 17 CLAUSES DE DISSOLUTION (ARTICLES 210 ET 211)

Note: All corporations are to complete Items 1, 2, 3 and 6, and either complete Item 4 or 5.
Nota : Toutes les sociétés doivent remplir les rubriques 1, 2, 3 et 6, ainsi que la rubrique 4 ou 5.

1 -- Name of the Corporation - Dénomination sociale de la société	2 -- Corporation No. - N° de la société
4414616 CANADA INC.	441461-6

3 -- Is the Corporation bankrupt or insolvent within the meaning of the *Bankruptcy and Insolvency Act*?
La société est-elle en faillite ou insolvable au sens de la *Loi sur la faillite et l'insolvabilité* ?

☐ Yes - Oui ☑ No - Non

Complete either Item 4 or 5, but not both - Remplir la rubrique 4 ou 5, mais non les deux

4 -- Has the corporation previously filed a statement of intent to dissolve (Form 19) under subsection 211(4) of the Act?
La société a-t-elle déjà déposé une déclaration d'intention de dissolution (formulaire 19) en vertu du paragraphe 211(4) de la Loi ?

☐ Yes - Oui If the answer is negative, please complete only Item 5 - Si la réponse est négative, veuillez remplir seulement la rubrique 5

If yes, has the corporation provided for the payment or discharge of its obligations and distributed its remaining property as required by subsection 211(7) of the Act?
Dans l'affirmative, conformément au paragraphe 211(7) de la Loi, la société a-t-elle constitué une provision pour honorer ses obligations et réparti le reliquat de l'actif ?

☐ Yes - Oui ☐ No - Non

5 -- Is the Corporation applying for dissolution under section 210 of the Act? (To apply under section 210, the corporation cannot have previously filed a statement of intent to dissolve (Form 19) under subsection 211(7) of the Act.)
La société dépose-t-elle une demande de dissolution en vertu de l'article 210 de la Loi? (Pour être admissible en vertu de l'article 210, la société ne peut pas avoir déposé une déclaration d'intention de dissolution (formulaire 19) en vertu du paragraphe 211(7) de la Loi.)

☑ Yes - Oui If the answer is negative, please complete only Item 4 - Si la réponse est négative, veuillez remplir seulement la rubrique 4

If yes, under what subsection of the Act is the corporation applying for dissolution? (CHECK ONLY ONE ITEM)
Dans l'affirmative, en vertu de quel paragraphe de la Loi la société procède-t-elle ? (COCHER UNE RUBRIQUE SEULEMENT)

☐ Subsection 210(1) of the Act applying to a corporation that has not issued any shares.
Paragraphe 210(1) de la Loi applicable à une société qui n'a pas émis d'actions.
or / ou

☐ Subsection 210(2) of the Act applying to a corporation that has no property and no liabilities.
Paragraphe 210(2) de la Loi applicable à une société sans biens ni dettes.
or / ou

☑ Subsection 210(3) of the Act applying to a corporation that has discharged its liabilities and distributed its property.
Paragraphe 210(3) de la Loi applicable à une société qui a réglé ses dettes et réparti ses biens.

6 -- Name, address and occupation of the person keeping the documents and records of the corporation for six years after the date of dissolution.
Nom, adresse et profession de la personne qui garde les documents et livres de la société pour une période de six ans suivant la date de dissolution.

Janice A. Anderson or successor

Manager, Legal Services

Canwest Global Communications Corp.

Canwest Place, 31st Floor, 201 Portage Ave.

Winnipeg, Manitoba R3B 3L7

Signature	Printed Name - Nom en lettres moulées	7 -- Capacity of - En qualité de	8 -- Tel. No. - N° de tél.
	Richard M. Leipsic		(204) 956-2025

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IC 3317 (2003/06)

Canada

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP. AND THE OTHER APPLICANTS LISTED IN SCHEDULE "A"

Court File No. CV – 09-8396-00 CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

AFFIDAVIT OF GERALD J. CARDINALE

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Solicitors for GSCP Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.ar.l, GSCP VI AA One Parallel Holding S.ar.l.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP., AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"

APPLICANTS

AFFIDAVIT OF JOHN E. MAGUIRE
(Sworn October 5, 2009)

I, John E. Maguire, of the City of Winnipeg, in the Province of Manitoba, the Chief Financial Officer of the Applicant, Canwest Global Communications Corp. ("**Canwest Global**"), MAKE OATH AND SAY:

INTRODUCTION

1. This Affidavit is made in support of an Application by Canwest Global and the other Applicants listed on Schedule "A" hereto (together, the "**Applicants**") for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). While the partnerships listed on Schedule "B" hereto (the "**Partnerships**") are not Applicants in this proceeding, the Applicants seek to have a stay of proceedings and other benefits of an Initial Order under the CCAA extended to the Partnerships as they carry on operations integral to the business of the Applicants.

2. I am the Chief Financial Officer of Canwest Global and its principal operating subsidiary Canwest Media Inc. ("**CMI**"). I am also a director of CMI and an officer of certain of the Applicants listed on Schedule "A", including CMI and Canwest Television GP Inc. ("**Canwest Television GP**"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied upon other sources for information, I have specifically referred to such sources and verily believe them to be true. In preparing this Affidavit, I have also consulted

with other members of Canwest Global's senior management team and, where necessary, members of the senior management teams of Canwest Global's subsidiaries.

3. Canwest Global is a leading Canadian media company with interests in (i) free-to-air television stations and subscription-based specialty television channels and (ii) newspaper publishing and digital media operations. With respect to its television operations, Canwest Global, principally through its subsidiary Canwest Television Limited Partnership ("**CTLP**"), owns and operates the *Global Television Network* (as defined below), which is comprised of 12 free-to-air television stations and covers approximately 98% of Canada's English-language television market. Canwest Global, through its subsidiaries, also owns and operates a portfolio of leading subscription-based national specialty television channels, including 17 leading specialty television channels which are held jointly with Goldman Sachs Capital Partners ("**Goldman Sachs**") and which include *Food Network Canada, HGTV Canada, Slice* and *History Television.*

4. With respect to its newspaper publishing operations, Canwest Global, principally through its subsidiary Canwest Limited Partnership (the "**Limited Partnership**"), is the largest publisher of daily English-language newspapers in Canada which have an estimated average daily circulation of approximately 1.0 million copies and an estimated average weekly readership of approximately 4.1 million people. Canwest Global, through the Limited Partnership, also publishes a number of community newspapers and other publications and has extensive online and digital media operations. In addition, Canwest Global, through its indirect ownership interest in The National Post Company/La Publication National Post (the "**National Post Company**"), publishes the *National Post* national newspaper and related online operations.

5. Until recently, Canwest Global, indirectly through its subsidiary CanWest MediaWorks Ireland Holdings ("**CMIH**"), was also the majority and controlling shareholder of Ten Network Holdings Limited ("**Ten Holdings**"), which is the owner and operator of various businesses in Australia, including *Ten Television Network*, a free-to-air television network, and Eye Corp Pty. Limited, a multi-national out-of-home advertising business. As described in greater detail below, CMIH recently sold its interest in Ten Holdings.

6. The entities seeking relief in this CCAA proceeding do not comprise the entire Canwest Global enterprise. Relief is sought only on behalf of Canwest Global, CMI, CTLP, the National Post Company and certain of their respective subsidiaries (all of whom are guarantors

under CMI's 8% Senior Subordinated Notes (as defined below) and are parties to the Support Agreement (as defined below)). The businesses operated by the Applicants and Partnerships seeking CCAA protection (collectively, the "**CMI Entities**") include (i) Canwest's free-to-air television broadcast business (*i.e.*, the *Global Television Network* stations); (ii) certain subscription-based specialty television channels that are wholly owned and operated by CTLP (defined below as the "**CMI Owned Specialty Channels**"); and (iii) the *National Post*.

7. For greater certainty, the following entities and businesses are not included in this CCAA proceeding, nor is a stay of proceedings sought in respect of them: (i) Canwest Global's Canadian subscription-based specialty television channels which are held jointly with Goldman Sachs (acquired from Alliance Atlantis Communications Inc. ("**Alliance Atlantis**") in August 2007) and which are now operated by Canwest Global's indirect subsidiary CW Investments Co. ("**CW Investments**") and its subsidiaries; (ii) Canwest Global's subscription-based specialty television channels which are held in the Canadian Television Segment (as defined below) but not wholly owned by CTLP (*i.e.*, *TVtropolis*, *MysteryTV* and *MenTV*); and (iii) the entities in Canwest's publishing and digital media business in Canada (with the exception of the *National Post*), namely the Limited Partnership, Canwest Publishing Inc./Publications Canwest Inc. ("**CPI**"), Canwest Books Inc. ("**CBI**"), and Canwest (Canada) Inc. ("**CCI**") (collectively, the "**LP Entities**").

8. Hereinafter, where reference is made to the Canwest Global enterprise as a whole, which includes all of the CMI Entities, together with Canwest Global's other subsidiaries which are not Applicants or Partnerships in this CCAA proceeding, the term "**Canwest**" will be used.

9. As of October 1, 2009, Canwest employed the full-time equivalent ("**FTE**") of approximately 7,400 employees around the world. Of that number, approximately 1,700 FTE employees are employed by the CMI Entities, the vast majority of whom work in Canada, with approximately 850 FTE employees working in Ontario.

10. Over the past year, the CMI Entities have experienced significant and sudden declines in their advertising revenues reflecting the weakening economic environment in Canada. The weakening economy has caused many of the CMI Entities' advertising customers to reduce the amounts that they spend on advertising, resulting in decreased demand for advertising and lower advertising rates. The decrease in advertising revenue (which accounts for approximately

77% of Canwest's total Canadian revenues) has had a significantly negative impact on the cash flow positions of the CMI Entities, causing them to be at various times in default of their credit facilities, note indenture and guarantee obligations.

11. In particular, in February 2009, CMI breached, for the first time, certain financial covenants set out in its then current senior secured credit facility. Following the initial default, CMI received a waiver of the borrowing conditions from its then current senior lenders to allow the CMI Entities an opportunity to pursue a possible refinancing or recapitalization transaction. The waiver was extended on six separate occasions over the following three months.

12. On March 15, 2009, CMI failed to make an interest payment in the amount of US$30.4 million which was due in respect of its US$761,054,211 aggregate principal amount of 8% senior subordinated notes due 2012 (the "**8% Senior Subordinated Notes**"). Under the terms of the applicable note indenture, CMI had 30 days to "cure" its default and make the required interest payment to the holders of the 8% Senior Subordinated Notes (the "**8% Senior Subordinated Noteholders**"). On April 14, 2009, immediately before the "cure" period was set to expire, CMI entered into the first of a series of extension agreements with an *ad hoc* committee of the 8% Senior Subordinated Noteholders holding approximately 72% of the 8% Senior Subordinated Notes (the "**Ad Hoc Committee**"), wherein the parties agreed that the 8% Senior Subordinated Noteholders who were party to that extension agreement would not demand immediate payment of the principal amount of the outstanding 8% Senior Subordinated Notes during the applicable extension period. Had the waiver agreements and extension agreements not been provided, and had a demand for immediate payment been made by either The Bank of Nova Scotia ("**BNS**"), as Administrative Agent, on behalf of CMI's then current senior lenders, or on behalf of the 8% Senior Subordinated Noteholders, neither CMI nor any of the guarantors under the then current senior secured credit facility or note indenture would have been in a position to repay the amounts owing under the then current senior secured credit facility or the 8% Senior Subordinated Notes.

13. On May 20, 2009, after a series of lengthy negotiations with the Ad Hoc Committee, CMI announced that it had entered into an agreement (as amended, the "**Note Purchase Agreement**") with certain members of the Ad Hoc Committee wherein CMI and its subsidiary CTLP agreed to issue the U.S. dollar equivalent of $105 million principal amount of

12% senior secured notes (the "**12% Secured Notes**") to those members of the Ad Hoc Committee (the "**12% Secured Notes Purchasers**") for an aggregate purchase price of $100 million. On the same day, CMI announced that it would be entering into an agreement with CIT Business Credit Canada Inc. ("CIT") wherein CIT would provide a senior secured revolving asset-based loan ("**ABL**") facility in an amount up to $75 million to CMI (the "**CIT Facility**"). Both transactions closed on May 22, 2009. These transactions were entered into to provide CMI with sufficient cash to operate its business in the ordinary course until it could enter into further agreements to effect a consensual recapitalization transaction for the CMI Entities. CMI also used the proceeds from the issue and sale of the 12% Secured Notes and from the CIT Facility to, among other things, repay its then current senior lenders all amounts owing under the then current senior credit facility and to settle certain related swap obligations.

14. Due to the size of the indebtedness owing to the 8% Senior Subordinated Noteholders, the continued forbearance of the members of the Ad Hoc Committee with respect to CMI's interest payment default and as a result of the additional liquidity provided to the CMI Entities as a result of the Note Purchase Agreement, the Ad Hoc Committee was provided with the opportunity to negotiate with the CMI Entities a creditor-sponsored "pre-packaged" recapitalization transaction for the CMI Entities. The CMI Entities recognized that any consensual recapitalization transaction would necessarily require the support of the members of the Ad Hoc Committee. In that regard, the Note Purchase Agreement and the CIT Facility contained certain milestones for the achievement of an agreement in principle and the execution of definitive documents with respect to a restructuring or recapitalization transaction involving the CMI Entities. The time frames for satisfying these milestones were extended on numerous occasions while the parties negotiated a possible recapitalization transaction.

15. On September 22, 2009, the board of directors of Canwest Global (the "**Board**") authorized the sale of all of the shares of Ten Holdings owned by CMIH (the "**Ten Shares**") on the recommendation of a Special Committee of the Board struck to explore strategic alternatives for Canwest (the "**Special Committee**"), and with the consent of CIT, the Ad Hoc Committee and the 12% Secured Notes Purchasers. Canwest pursued a sale of the Ten Shares in order to enhance the ability of the CMI Entities to enter into a consensual recapitalization transaction with the Ad Hoc Committee by: (i) providing additional liquidity to CMI for general corporate purposes and to fund the CMI Entities' operations pending completion of a recapitalization

transaction; (ii) repaying all outstanding amounts owing under the CIT Facility, excluding outstanding letters of credit in the amount of approximately $10.7 million; (iii) repaying all of the amounts owing to the 12% Secured Notes Purchasers; and (iv) depositing amounts with the trustee for the 8% Senior Subordinated Notes (the "**Indenture Trustee**") for the purpose of reducing the aggregate principal amount owing under the 8% Senior Subordinated Notes. Pursuant to an underwriting agreement dated September 24, 2009 (the "**Underwriting Agreement**"), the sale of the Ten Shares was effected in a block trade executed on the Australian Stock Exchange on September 25, 2009 and settled on October 1, 2009, realizing gross proceeds of approximately $634 million (the "**Ten Proceeds**").

16. In light of the sale of the Ten Shares, the CMI Entities and the members of the Ad Hoc Committee (representing approximately 72% of the aggregate principal amount of the outstanding 8% Senior Subordinated Notes) executed a Use of Cash Collateral and Consent Agreement (the "**Cash Collateral and Consent Agreement**") dated September 23, 2009 that set out, among other things, the manner in which the Ten Proceeds would be used by the CMI Entities.

17. In accordance with the terms of the Cash Collateral and Consent Agreement, after satisfying certain transactional costs associated with the sale of the Ten Shares, the Ten Proceeds were loaned by CMIH to CMI in exchange for a secured promissory note (the "**Secured Intercompany Note**") in the amount of $187,263,126 and an unsecured promissory note (the "**Unsecured Promissory Note**") in the amount of $430,556,189. The Ten Proceeds advanced to CMI pursuant to the Secured Intercompany Note were applied as follows: (i) US$94,916,583 to repay in full all amounts outstanding under the 12% Secured Notes; and (ii) $85,000,000 to fund general liquidity and operating costs of CMI, including repaying the full balance outstanding under the CIT Facility of approximately $23 million, excluding outstanding letters of credit in the amount of approximately $10.7 million which are currently cash collateralized. The balance of the net Ten Proceeds, US$399,625,199, was advanced to CMI pursuant to the Unsecured Promissory Note and was then deposited by CMI with the Indenture Trustee in payment of outstanding interest (other than an interest payment due September 15, 2009) and to reduce the principal outstanding under the 8% Senior Subordinated Notes. Following the distribution of the Ten Proceeds, the outstanding remaining principal amount owing under the 8% Senior Subordinated Notes is US$393,197,106.

18. Coincidentally with entering into the Underwriting Agreement for the sale of the Ten Shares and the execution of the Cash Collateral Agreement, the members of the Ad Hoc Committee delivered an offer in respect of a recapitalization transaction to the CMI Entities in the form of a Support Agreement executed by approximately 72% of the 8% Senior Subordinated Noteholders (the "**Support Agreement**"). The Support Agreement had attached to it a Restructuring Term Sheet (the "**Term Sheet**") which contained the summary terms and conditions of a going concern recapitalization transaction involving the CMI Entities (the "**Recapitalization Transaction**"). Pursuant to the conditions of this offer, the Support Agreement was not capable of being accepted by the CMI Entities until the Ten Proceeds were distributed in accordance with the Cash Collateral and Consent Agreement. On October 5, 2009, after the completion of the distribution of the Ten Proceeds, on the recommendation of the Special Committee, the Board approved (and the boards of the other CMI Entities as applicable also approved) the acceptance of the Support Agreement. The Support Agreement and Term Sheet represent the culmination of many months of arm's length negotiations between the CMI Entities and the Ad Hoc Committee.

19. The Support Agreement provides that the CMI Entities will pursue a plan of arrangement or compromise on the terms set out in the Term Sheet (the "**Plan**") in order to implement the Recapitalization Transaction as part of this CCAA proceeding. The Support Agreement also provides that each 8% Senior Subordinated Noteholder that is a signatory thereto (the "**Consenting Noteholders**") will vote its 8% Senior Subordinated Notes in favour of the Plan at any meeting of creditors. Under the Recapitalization Transaction, it is proposed, *inter alia*, that creditors of the CMI Entities whose claims are compromised under the Plan, including the 8% Senior Subordinated Noteholders, will receive common shares of a restructured Canwest Global ("**Restructured Canwest Global**"). It is proposed that existing shareholders of Canwest Global will receive in aggregate 2.3% of the shares of Restructured Canwest Global.

20. The Support Agreement provides that the CMI Entities will make the within application under the CCAA in order to implement the Recapitalization Transaction. The Consenting Noteholders who executed the Support Agreement and the Cash Collateral and Consent Agreement executed such agreements on the basis that a restructuring of the CMI Entities as proposed would be undertaken pursuant to the CCAA. Without the liquidity provided by the Consenting Noteholders under the Cash Collateral and Consent Agreement, which is

intended to allow the CMI Entities to continue to operate pending completion of a recapitalization and which is only available within a CCAA proceeding, the CMI Entities would be unable to continue as going concerns and are thus insolvent. In addition, CMI did not make, and does not have the necessary liquidity to make, an interest payment in the amount of US$30.4 million that was due and payable on September 15, 2009 under the 8% Senior Subordinated Notes and therefore cannot satisfy its debts as they become due. None of the other CMI Entities which are guarantors of the 8% Senior Subordinated Notes can make such payment and are thus insolvent. Further, the assets of the CMI Entities are not sufficient to discharge all of their liabilities and the CMI Entities are thus also insolvent on a balance sheet basis.

21. Accordingly, and for the reasons set out herein, the CMI Entities are insolvent and a restructuring of their long-term debt and balance sheets is urgently required and should be pursued in order to preserve their enterprise value.

22. The CMI Entities have reached an agreement on a consensual restructuring transaction with the Ad Hoc Committee. The CMI Entities are seeking a stay of proceedings under the CCAA in order to allow them to proceed to develop the Plan in order to implement the Recapitalization Transaction which, if approved by the creditors and this Honourable Court, would significantly reduce the amount of their indebtedness, allow for a going concern emergence for a substantial number of the businesses operated by the CMI Entities and maintain employment for as many as possible of their approximately 1,700 employees in Canada.

23. As set out below, pursuant to the terms of the CIT Credit Agreement (as defined below) and subject to the conditions therein, the CIT Facility increases from up to $75 million to up to $100 million and converts into a debtor-in-possession financing arrangement for the CMI Entities upon a CCAA filing (the "**DIP Facility**"). Based upon the additional liquidity provided by the Ten Proceeds that have been loaned to CMI by CMIH and the CMI Entities' cash flow projections, the CMI Entities do not expect to draw on the DIP Facility during the early stages of this CCAA proceeding. However, should the need arise, the DIP Facility will be available to be accessed to provide additional liquidity to allow the CMI Entities to develop and implement the Plan.

24. The CMI Entities are also seeking this Honourable Court's authorization for the proposed Monitor to apply for recognition of this CCAA proceeding as "Foreign Main

Proceedings" under Chapter 15 of the United States Bankruptcy Code (the "**Bankruptcy Code**"), initially only in respect of certain of the Applicants (the "**Chapter 15 Proceedings**"), to ensure, *inter alia*, that a continued supply of television programming from certain U.S. entities is not interrupted.

CORPORATE STRUCTURE OF CANWEST GLOBAL

25. Canwest Global is a public company continued under the *Canada Business Corporations Act*, R.S., 1985, c. C-44 (the "**CBCA**").

26. Canwest Global's authorized capital consists of an unlimited number of preference shares, multiple voting shares, subordinate voting shares and non-voting shares. The multiple voting shares carry ten votes per share and the subordinate voting shares carry one vote per share. Non-voting shares do not carry voting rights, except at meetings where the holders of such shares would be entitled, by law, to vote separately as a class.

27. The multiple voting shares are convertible into subordinate voting shares or non-voting shares on a one-for-one basis at any time at the option of the holder. The subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. The non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided that the holder is Canadian.

28. Canwest Global is a "constrained-share company" which means that at least 66 2/3% of its voting shares must be beneficially owned by persons who are Canadian. There is no limit on the number of non-voting shares that non-Canadians may hold. Canwest Global's subordinate voting shares are publicly traded on the Toronto Stock Exchange ("**TSX**") under the symbol "CGS" and its non-voting shares are currently listed for trading on the TSX under the symbol "CGS.A". Canwest Global's multiple voting shares are not listed for trading.

29. As at September 28, 2009, Canwest Global had the following shares issued and outstanding: 76,785,976 multiple voting shares; 99,250,614 subordinate voting shares; and 1,609,949 non-voting shares. Canwest Global had no preference shares outstanding as at that date.

30. Mr. David A. Asper, Ms. Gail S. Asper and Mr. Leonard J. Asper (collectively, the "**Aspers**"), each of whom is an officer and director of Canwest Global, each beneficially own 25,595,325 multiple voting shares of Canwest Global, representing in aggregate all of the multiple voting shares of the company. In addition, the Aspers collectively own 6,995,546 subordinate voting shares of Canwest Global (approximately 7%). An additional 246,359 subordinate voting shares are held by the Asper Charitable Trust, doing business as The Asper Foundation.

31. The Aspers and certain of their respective wholly-owned holding corporations have entered into a shareholders' agreement under which the parties have granted certain rights and undertaken certain obligations to each other with respect to the holding and disposition of securities in Canwest Global (the "**Shareholders' Agreement**"). In addition, each of the parties to the Shareholders' Agreement has agreed to, *inter alia*, vote such securities held by it in favour of individuals nominated by the Aspers (or their representatives) as directors of Canwest Global and who together constitute at least a majority (but as close to a simple majority as possible) of the directors of Canwest Global.

32. According to its public disclosure, as at November 5, 2008, Fairfax Financial Holdings Limited, through its subsidiaries, owned approximately 22% of the total outstanding subordinate voting shares of Canwest Global.

33. Canwest Global owns 100% of CMI. CMI has direct or indirect ownership interests in all of the other CMI Entities. Until recently, CMI also directly held 99.999% of the partnership units of the Limited Partnership. On or about October 5, 2009, CMI transferred its entire interest in the Limited Partnership to 4501071 Canada Inc. ("**4501071 Canada**"), a wholly-owned subsidiary of CMI, in return for nominal consideration. The transfer of CMI's partnership units in the Limited Partnership was effected to give greater flexibility and certainty to both CMI and the Limited Partnership in light of the fact that the recapitalization of the CMI Entities is not occurring at the same time as the recapitalization or restructuring of the LP Entities (described below).

34. A copy of Canwest's corporate organization chart dated October 5, 2009 is attached as Exhibit "A" to this Affidavit. The CMI Entities are located at pages 1, 2, 3, and 7 of Exhibit "A".

CORPORATE DECISION MAKING

35. In April and May 2009, Canwest Global and certain of the CMI Entities, in addition to certain of Canwest Global's other subsidiaries, took steps to consolidate and streamline corporate decision making in the Canwest enterprise. To do so, the shareholder of each of CMI, 4501071 Canada, CCI, CPI, National Post Holdings Ltd. ("**National Post Holdings**"), 4501063 Canada Inc. ("**4501063 Canada**") and Canwest Television GP entered into unanimous shareholder declarations which removed the rights, powers and duties of the directors of the relevant subsidiary to manage, or supervise the management, of the business and affairs of the subsidiary companies. By executing the unanimous shareholder declarations, the applicable shareholder of each subsidiary company has assumed managerial responsibilities from the subsidiary's directors. To complete the corporate initiative, Canwest Global concurrently executed a unanimous shareholder declaration which removed the directorial powers from the directors of CMI. The ultimate effect of the various unanimous shareholder declarations was to consolidate decision making of the CMI Entities and the LP Entities with Canwest Global through the Board.

CHIEF PLACE OF BUSINESS

36. The chief place of business of the CMI Entities is the Province of Ontario. The CMI Entities' television business, which includes the *Global Television Network* and the CMI Owned Specialty Channels (and all of Canwest's specialty television channels owned by CW Investments) is based principally at 121 Bloor Street East and 81 Barber Greene Road in Toronto, Ontario. The National Post Company is headquartered at 1450 Don Mills Road in Toronto, Ontario. All national advertising rates, and national sales policies and guidelines for Canwest's Canadian television operations are managed from Canwest's central national sales offices at 121 Bloor Street East in Toronto, Ontario. The *Global Television Network's* national television newscast, *Global National* is located in Ottawa, Ontario. In addition, Canwest Global's Chief Executive Officer resides in Toronto.

37. Moreover, as at October 1, 2009, the CMI Entities employed approximately 850 FTE employees in Ontario, which was more people than the CMI Entities employed in any other province at that date.

CANWEST'S BUSINESS OPERATIONS

38. Since the completion of the sale of the Ten Shares, Canwest's business operations consist solely of its (a) television business and (b) newspaper publishing and digital media business.

A. TELEVISION BUSINESS

i. Description of Industry

39. The Canadian television broadcasting market is comprised of a number of English and French language networks, stations and channels that operate in different market segments. These networks include free-to-air or broadcast networks, including government-owned or "public" networks, such as the *Canadian Broadcasting Corporation* (CBC), as well as privately-owned networks, such as *CTV* and the *Global Television Network*. In addition, the Canadian television market includes subscription-based specialty television channels, such as *Showcase, TSN* and *Space*, and premium pay television channels, such as *The Movie Network* and *Movie Central*, which provide special interest programming, such as news, sports, arts, lifestyle, children's and other entertainment and information programming. The television stations of Canadian broadcast networks and certain U.S. broadcast networks are available over-the-air to substantially all Canadian households. Pay television, specialty television and certain U.S. stations are only available to households that subscribe to cable, direct-to-home satellite, multi-point distribution systems or telephony television services for subscription fees.

40. Companies operating in the market for the distribution of television signals (other than over-the-air) are known in Canada as Broadcast Distribution Undertakings ("**BDUs**"). A relatively small number of dominant BDUs, including Rogers Communications, Shaw Communications, Bell TV (formerly Bell ExpressVu), StarChoice, Videotron and Cogeco, currently hold a combined BDU market share of approximately 90%. Specialty television broadcasters, such as Canwest, enter into carriage agreements with BDUs in order to distribute their specialty television channels to the public.

41. As of February/March 2009, approximately 11.1 million Canadian households subscribed to cable or satellite television services. Of those 11.1 million Canadians, approximately 32% or 3.6 million subscribers received analog television services and

approximately 68% or 7.5 million subscribers received digital television services via digital set-top boxes provided by their BDUs.

42. As of August 31, 2009, there were approximately 158 specialty television channels available in Canada, including approximately 50 analog and 108 digital television channels.

ii. Regulatory Environment

43. Canadian television broadcasting, including both free-to-air and specialty television broadcasting, is regulated principally by the *Broadcasting Act (Canada)*, 1991, c.11 (the "**Broadcasting Act**") and the regulations made thereunder. The Canadian Radio-television and Telecommunications Commission ("**CRTC**") administers the Broadcasting Act, grants and reviews television broadcasting licences and approves certain changes in corporate ownership and control. In addition, the CRTC establishes and oversees compliance with regulations and policies concerning television broadcasting, including various programming requirements.

44. Typically, the CRTC issues television licences for terms of up to seven years. All television licences are subject to certain conditions, including minimum Canadian content requirements. The current free-to-air television licence renewals have been shortened to one-year transitional licences, given the economic environment and the uncertainty surrounding the future of the current free-to-air television business model in Canada.

45. Under the Broadcasting Act, the CRTC is authorized to issue, amend, renew, suspend or revoke television licences. The CRTC will only issue, amend or renew television licences to eligible "Canadian" entities. A corporation is deemed to be a "Canadian" entity if: (a) it is incorporated or continued under the laws of Canada or a province thereof; (b) its chief executive officer is a resident Canadian; (c) not less than 80% of its directors are resident Canadians; (d) Canadian persons beneficially own and control not less than 80% of its issued and outstanding voting shares and not less than 80% of the votes attached to those shares; and (e) it is not otherwise effectively controlled by non-Canadian persons.

46. If a television licensee is a subsidiary corporation, its parent corporation must also be incorporated or continued under the laws of Canada or a province thereof, and Canadian persons must beneficially own and control not less than 66 2/3 % of its issued and outstanding

voting shares and not less than 66 2/3 % of the votes attached to those shares. In addition, unless Canadian persons own and control not less than 80% of the issued and outstanding voting shares and not less than 80% of the votes of the parent corporation, and unless its chief executive officer and 80% of its directors are resident Canadians, neither the parent corporation, nor its directors, may exercise any control or influence over any programming decisions of the CRTC-licensed subsidiary.

47. The CRTC similarly imposes restrictions on the transfer of ownership and control of television licences. A holder of a television licence must obtain approval from the CRTC prior to any act, agreement or transaction that directly or indirectly would result in a material change in ownership or effective control of the licensee, or of a person who has, directly or indirectly, effective control of the licensee. Transferees of ownership or control of a licensee must demonstrate to the CRTC that the transfer is in the public interest.

iii. Overview of Canwest's Television Business

48. Canwest is one of the largest owners and operators of commercial free-to-air television stations and specialty television channels in Canada. Canwest's television broadcast business is notionally divided between the Canadian Television Segment (as defined below) and the CW Media Segment (as defined below).

(a) Canadian Television Segment

49. Canwest's Canadian television segment consists of the following television stations and specialty channels (collectively, the "**Canadian Television Segment**"):

(a) 12 free-to-air television stations which are wholly-owned and operated by CTLP which comprise the *Global Television Network*;

(b) three subscription-based specialty television channels which are wholly-owned and operated by CTLP *(DejaView, MovieTime* and *Fox Sports World)* (collectively, the "**CMI Owned Specialty Channels**");

(c) two subscription-based specialty television channels which are partially-owned and operated by CTLP *(TVtropolis, Mystery TV)*; and

(d) one subscription-based specialty television channel which is partially-owned but not operated by CTLP (*MenTV*).

The CMI Owned Specialty Channels are included among the businesses seeking relief in this CCAA proceeding. Conversely, the three above-noted subscription-based specialty television channels which are not wholly-owned by CTLP (namely *TVtropolis*, *MysteryTV* and *MenTV*) are not part of this CCAA proceeding.

50. Until recently, CTLP was also the owner of five free-to-air television stations which operated under the *E!* brand (the "***E!* Stations**"). The *E!* Stations delivered *E!*-branded entertainment programming and targeted a younger audience than did the *Global Television Network*. After engaging in a comprehensive sales and marketing process with the assistance of RBC Capital Markets, Canwest's financial advisor, on August 31, 2009, CTLP completed the sale of two of the five *E!* Stations (*CHCH-TV* in Hamilton and *CJNT-TV* in Montreal) to Channel Zero Inc. ("**Channel Zero**"), and permanently closed a third *E!* Station (*CHCA-TV* in Red Deer) after concluding that there were no viable options for that station. The fourth *E!* Station (*CHBC-TV* in Kelowna) was rebranded into a *Global Television Network* affiliate effective September 1, 2009. On September 4, 2009, Canwest Global announced that CTLP had entered into an agreement to sell the remaining *E!* Station (*CHEK-TV* in Victoria) to a local investor group.

51. The *Global Television Network* broadcasts to the major metropolitan areas in Canada, including Toronto/Hamilton, Montreal, Vancouver/Victoria, Kelowna, Ottawa, Calgary, Edmonton, Quebec City, Halifax, Regina, Saskatoon and Winnipeg. It is estimated that the *Global Television Network* reaches approximately 32.2 million individuals (which comprise approximately 98% of the total Canadian television audience). In each of the markets in which it operates, the *Global Television Network* ranked second in its extended market area for the Spring 2009 ratings season with audience shares ranging from 4.3% to 9.3%.

52. The *Global Television Network* broadcasts many of the most popular television programs in Canada. Among the many "hit" shows in its current program schedule are established programs such as *House, Lie to Me, Survivor, Heroes, The Simpsons, Family Guy, The Office, NCIS, Brothers and Sisters, 24,* and *Bones*. The *Global Television Network* also broadcasts world class sporting events such as the *Masters Golf Tournament*, the *PGA Tour*, and the *Wimbledon Tennis Championships* and produces and broadcasts *Global National*, Canada's

only dinner-hour national newscast. *Global National's* base of operations is in Ottawa, Ontario. The *Global Television Network's* headquarters is located in Toronto, Ontario.

53. Substantially all of the non-Canadian produced television programming rights acquired for broadcast on stations held in the Canadian Television Segment have been purchased by either CMI (prior to January 1, 2009) or CTLP (since January 1, 2009). Programming rights are purchased from major television studios, distributors and other suppliers in the United States (or their related Canadian entities), such as, among others, Sony Pictures Television Canada (a branch of Columbia Pictures Industries, Inc.), Twentieth Century Fox/Incendo Television Distribution Inc. (as agent for Twentieth Century Fox Film Corporation, carrying on business in Canada as Twentieth Century Fox Television Canada), and CBS International Television Canada (a division of CBS Canada Holdings Co.). As at January 1, 2009, all programming rights previously acquired by CMI were assigned by CMI to CTLP pursuant to the transactions contemplated by the shareholders agreement with Goldman Sachs that governs CW Investments.

54. By purchasing exclusive Canadian broadcasting rights to non-Canadian produced programming, Canwest is able to control the distribution and exhibition of those programs in Canada. Programming is often purchased for exhibition on multiple media platforms, including telecast rights for Canwest's analog and digital specialty television channels as well as its free-to-air television stations. Some of Canwest's programming agreements with the major U.S. television studios and distributors are for multi-year program supply. These programming agreements (called, amongst other things, "output" agreements) generally require suppliers to provide, and Canwest to buy, pre-agreed amounts of programming over one or more years. First-run foreign programming (mostly U.S. broadcast network primetime programming) is purchased and/or selected principally in May of each year with payment due when the shows are broadcast on a U.S. broadcast network and within 30 days of receipt of invoice.

55. In addition to first run television programming, CTLP also purchases strips (also known as "reruns") from many of the same U.S. distributors or their related Canadian affiliates. Strips are available in respect of television series that have aired for several seasons. Payments are made over multiple years commencing with the start of the term. Movies are also purchased from certain of the U.S. distributors through "output" deals. Prices are determined by box-office

revenue for blockbuster hits, and at negotiated prices for non-blockbuster titles. Payment is generally made in quarterly instalments over two to three year periods.

56. As opposed to first run foreign programming, Canadian-produced television programming is either commissioned by CTLP for production from outside producers, produced internally in the case of news programming, or acquired after production, whether directly from producers or distributors or as part of an existing library. Acquired Canadian television program rights are typically paid for in equal quarterly installments commencing when CTLP takes delivery of the program. In the case of commissioned programs (*i.e.*, those originally produced programs where CTLP works with the program's producer to create the television program), CTLP typically pays a program licence fee in accordance with a standard templated payment schedule that matches payment installments with the producer's achievement of specified production and delivery milestones, generally with 85-95% of the payments made prior to completion and delivery of the program. The cost of internally-produced news programming is incurred as the programming is made.

57. The free-to-air television stations in the Canadian Television Segment derive their revenue primarily from the sale of commercial air time to national, regional and local advertisers. Demand for television advertising is driven primarily by advertisers in the packaged goods, automotive, retail and entertainment industries and is strongly influenced by general economic conditions. For fiscal 2008 (year-ended August 31, 2008), the CMI Entities derived approximately 88% of the advertising revenue relating to its Canadian free-to-air television stations from sales to national advertisers and the balance from sales to regional and local advertisers. National sales are driven predominantly (94%) from Canwest's national television sales office in Toronto, Ontario. All national rates, sales policies and guidelines are managed from this office. The CMI Owned Specialty Channels derive their revenue from a combination of the sale of national advertising airtime and subscriber fees. Subscriber fee revenue is received from the BDUs pursuant to carriage agreements and recorded monthly based upon subscriber levels.

(b) CW Media Segment

58. The other segment in Canwest's television business is comprised of a portfolio of 17 specialty television channels which were acquired jointly with Goldman Sachs from Alliance

Atlantis in August 2007 (hereinafter "**CW Media**" or the "**CW Media Segment**"). In particular, the CW Media Segment consists of: (i) 13 wholly-owned and partially-owned specialty television channels that are operated by CW Investments and its subsidiaries (including *Showcase, Slice, HGTV Canada, History Television* and *Food Network Canada*); and (ii) 4 other specialty television channels in which CW Investments has 50% or lesser ownership interests and does not operate (consisting of *Historia, Series +, DUSK (formerly Scream)* and *One: the Body, Mind and Spirit Channel*).

59. Until recently, CMI held its interest in CW Investments, consisting of a 67% voting interest and a 35% equity interest, directly through its 100% ownership interest in 4414616 Canada Inc. ("**4414616 Canada**"). On or about October 5, 2009, the shares of CW Investments held by 4414616 Canada were distributed to CMI pursuant to a liquidation and dissolution of 4414616 Canada. Goldman Sachs holds the remaining 33% voting interest and 65% equity interest in CW Investments. Neither CW Investments nor any of its subsidiaries are Applicants in this CCAA proceeding, nor is a stay sought in respect of any of those entities.

60. As discussed in greater detail below, subject to regulatory approval and prior contractual restrictions, Canwest has committed to Goldman Sachs that it will use commercially reasonable efforts to combine the Canadian Television Segment with the CW Media Segment (together being the "**Combined Operations**") in 2011. In 2011, Canwest's ownership interest in the Combined Operations is to be determined based upon a formula which will be derived from the segmented operating profit of the Combined Operations at the time of combination less the indebtedness of the CW Media Segment at that time. Goldman Sachs' share will be determined based upon a specified rate of return which varies based on the segmented operating profit of the Combined Operations.

B. PUBLISHING BUSINESS

61. Canwest, principally through its subsidiary the Limited Partnership, owns, operates and publishes ten major metropolitan daily newspapers (nine broadsheets and one tabloid), two small market daily newspapers (broadsheets), 22 non-daily newspapers and certain community newspapers. The average age of Canwest's daily newspapers is 125 years.

62. The Limited Partnership also owns and operates over 80 websites, including the web portal *canada.com*, *FPinfomart.ca* and *FP DataGroup*, in addition to certain other internet and digital online operations. Canwest's online operations are used, *inter alia*, to leverage Canwest's entertainment, news and editorial content across multiple media platforms.

63. Included in Canwest's overall publishing business, but not owned or operated by the Limited Partnership or any of the other LP Entities, is the National Post Company, which publishes the *National Post*, one of Canada's two national daily newspapers. The National Post Company is a general partnership with units held by CMI and National Post Holdings.

64. As a national newspaper, the *National Post* is second in its market position to *The Globe and Mail*. Nadbank 2008 estimated that the *National Post* average weekly readership was approximately 1.1 million people. In Toronto, the *National Post* also competes with the *Toronto Star* and the *Toronto Sun*. The *National Post* is printed at Canwest's facilities in Ottawa, Calgary and Montreal, and by third-party printing contractors in Toronto and Vancouver.

65. The National Post Company and National Post Holdings are the only entities in Canwest's newspaper and online publishing business that are guarantors under the 8% Senior Subordinated Notes and the CIT Facility and are therefore included in this CCAA proceeding.

THE FINANCIAL POSITION OF CANWEST

66. Canwest Global reports its financial results on a consolidated basis. Canwest Global released Canwest's interim consolidated financial statements for the three and nine months ended May 31, 2009 ("**Q3 2009**") (with comparables for the same period in fiscal 2008) on July 10, 2009 (the "**Q3 2009 Report**"). A copy of the Q3 2009 Report is attached as Exhibit "B" to this Affidavit. A copy of Canwest's audited consolidated financial statements for the fiscal year-ended August 31, 2008 is attached as Exhibit "C" to this Affidavit.

A. Assets

67. As at May 31, 2009, Canwest Global had total consolidated assets with a net book value of $4.855 billion (decreased from $6.515 billion as at August 31, 2008) (unless specified otherwise, all amounts noted herein are in Canadian dollars). This included consolidated current assets of $1.103 billion and consolidated non-current assets of $3.752 billion.

i. Current Assets

68. As at May 31, 2009, Canwest Global's consolidated current assets consisted of the following:

- Cash and cash equivalents - $118,997,000
- Restricted cash - $46,918,000
- Accounts receivable - $549,960,000
- Inventory - $8,177,000
- Investment in broadcast rights - $324,487,000
- Future income taxes - $15,607,000
- Other current assets - $38,916,000

69. Broadcast rights represent the right to exhibit various forms of television programming. In accordance with its accounting policy, Canwest Global amortizes its investment in broadcast rights over the programs' anticipated periods of use. As such, the portion of Canwest Global's investment in broadcast rights which it anticipates will be broadcast over the succeeding 12 months is recorded as a current asset and the remaining portion is recorded as a non-current asset.

70. As at May 31, 2009, the restricted cash held in accounts (the "**Collateral Accounts**") at BNS totalled approximately $46.9 million. Currently, the only restricted cash in the BNS Collateral Accounts consists of $2.5 million to secure BNS against any unfunded obligations related to its provision of banking and cash management services to CMI (discussed below under "The Cash Management System"). The draft Initial Order provides that the Collateral Accounts shall, while any cash management obligations to BNS remain, not form part of the "CMI Property" as defined in the draft Initial Order and shall be excluded from the Court-ordered charges proposed to be created by the Initial Order.

ii. Non-Current Assets

71. As at May 31, 2009, Canwest Global's consolidated non-current assets consisted of the following:

- Other investments - $8,983,000
- Investment in broadcast rights - $208,913,000
- Property and equipment - $655,011,000
- Future income taxes - $230,573,000
- Other assets - $32,398,000
- Intangible assets - $1,479,640,000
- Goodwill - $1,136,692,000

72. With respect to property and equipment, Canwest Global held the following consolidated long-term assets as at May 31, 2009:

Land	$59,277,000	-	$59,277,000
Buildings	$211,286,000	$63,436,000	$147,850,000
Machinery and equipment	$929,737,000	$514,144,000	$415,593,000
Leasehold and land improvements	$55,334,000	$23,043,000	$32,291,000
TOTAL	**$1,255,634,000**	**$600,623,000**	**$655,011,000**

73. As at May 31, 2009, the net book value of property and equipment located in Canada was $568,857,000 and in Australia was $86,154,000.

74. Intangible assets consisted primarily of assets which have indefinite lives. They included broadcasting licences, site licences, newspaper mastheads, brands, circulation lists, and subscriber and customer relationships.

75. As at May 31, 2009, goodwill (the portion of the book value of the company not directly attributable to its otherwise identifiable assets) consisted of the following:

Operating Segment	Total
Publishing	$541,619,000
Television – Canadian Television Segment	-
Television – CW Media Segment	$477,547,000
Television – Australia	$30,752,000
Out-of-Home – Australia	$86,774,000
TOTAL	**$1,136,692,000**

B. Liabilities

76. As at May 31, 2009, Canwest Global had total consolidated liabilities of $5.846 billion (decreased from approximately $5.948 billion as at August 31, 2008). These liabilities consisted of consolidated current liabilities of $3.217 billion and consolidated non-current liabilities of $2.629 billion.

i. Current Liabilities

77. As at May 31, 2009, Canwest Global's consolidated current liabilities included the following:

- Accounts payable and Accrued liabilities - $600,437,000
- Income taxes payable - $28,839,000
- Broadcast rights payable - $139,320,000
- Deferred Revenue - $39,789,000
- Future income taxes - $49,338,000
- Current portion of long-term debt and obligations under capital leases - $2,339,337,000
- Current portion of hedging derivative instruments - $20,269,000

78. The current portion of long-term debt consisted of the debt obligations of the CMI Entities and the LP Entities. As described herein, as at May 31, 2009, CMI was a party to the CIT Facility and the Note Purchase Agreement, both of which matured within 12 months. CMI was also in default of the 8% Senior Subordinated Notes. The Limited Partnership was in default

of its senior secured credit facilities and senior subordinated credit facility, which defaults resulted in a default under its note indenture, permitting the lenders under those facilities and/or the holders of the Limited Partnership's 9.25% senior subordinated notes to take steps to demand immediate payment of those debts. As a result, an aggregate principal amount of $2.334 billion of indebtedness ($954 million for CMI and $1.38 billion for the Limited Partnership) was due within one year and accordingly was categorized as "current" for accounting purposes.

ii. Non-Current Liabilities

79. As of May 31, 2009, Canwest Global's consolidated non-current liabilities consisted of the following:

- Long-term debt - $1,359,849,000
- Hedging derivative instruments - $83,456,000
- Derivative instruments - $16,004,000
- Obligations under capital leases - $3,950,000
- Other long-term liabilities - $188,534,000
- Future income taxes - $147,285,000
- Deferred gain - $164,727,000
- Puttable interest in a subsidiary - $604,422,000
- Minority interest - $60,613,000

80. Canwest's "puttable interest in a subsidiary" reflects the carrying amount according to Generally Accepted Accounting Principles for certain put and call options that have been agreed to by CMI and Goldman Sachs with respect to Goldman Sachs' interest in the common shares of CW Investments. The put and call options are designed to allow Goldman Sachs to exit from its investment in CW Investments and are exercisable in 2011, 2012 and 2013, subject to certain contractual restrictions.

81. Specifically, in each of 2011, 2012 and 2013, CMI will have the right to purchase (or at its option, it may cause CW Investments to purchase) up to 100% of Goldman Sachs' interest in CW Investments (determined based upon a formula which varies based upon the

adjusted operating profit of the Combined Operations at that time, less CW Media Segment's financial indebtedness at that time), subject to CW Investments remaining below a specified maximum consolidated leverage ratio if less than 100% of the Goldman Sachs interest is acquired by CW Investments (the "**call right**"). In the event that CMI does not exercise the call right with respect to at least 50% of Goldman Sachs' interest in 2011, Goldman Sachs will have the right to require CW Investments to acquire interests, which, together with any interests purchased pursuant to CMI's call right in 2011, would equal up to 50% of Goldman Sachs' interest, subject to CW Investments remaining below a specified maximum consolidated leverage ratio (the "**put right**"). If, because of this maximum leverage ratio, CW Investments is unable to purchase all of the interests that Goldman Sachs elects to sell pursuant to this put right in 2011, Goldman Sachs will have the right to require CW Investments to acquire any such remaining interests (referred to as the "**put shortfall shares**") in 2012, subject to CW Investments remaining below a specified maximum consolidated leverage ratio. Finally, Goldman Sachs will have a further put right to require CW Investments to purchase any remaining interests that it holds (including any remaining put shortfall shares) in 2013, subject to CW Investments being financially able to purchase such interest.

82. In addition, in the event that CMI or CW Investments has not acquired 100% of the Goldman Sachs' interest by the expiry date of the last put-right in 2013, then Goldman Sachs will be entitled to sell all of the shares of CW Investments, subject to a right of first offer in favour of CMI, failing which Goldman Sachs will have the right to require CW Investments to effect an initial public offering of CW Investments in respect of its shares in order to effect its exit.

C. Revenues

83. Canwest has been experiencing deteriorating financial results over the past several months. For the nine months ended May 31, 2009, Canwest Global's consolidated revenues decreased by $163 million, or 7%, to $2.243 billion as compared to $2.406 billion for the same period in fiscal 2008. Consolidated revenues for the nine months ended May 31, 2008 did not include revenues from the CW Media Segment for September 1, 2007 to December 31, 2007, the period during which it was equity accounted, pending the CRTC approval of the transfer of effective control of the assets that were acquired from Alliance Atlantis in August 2007. On a "same store" basis (*i.e.*, including the operations of the CW Media Segment), consolidated

revenues decreased by $272 million or 11%. Canwest Global's consolidated operating income before amortization decreased by $209 million, or 42%, to $285 million for the nine months ended May 31, 2009 as compared to $494 million for the same period in fiscal 2008. On a "same store" basis (*i.e.*, including the operations of the CW Media Segment), operating income before amortization decreased by $253 million, or 47%. For the nine months ended May 31, 2009, Canwest Global reported a consolidated net loss of $1.578 billion, or a loss of $8.89 per share, compared to a consolidated net loss of $22 million, or $0.12 per share, for the same period in fiscal 2008.

84. With respect to Canwest Global's most recent Q3 2009 consolidated financial results (*i.e.*, three months ended May 31, 2009), consolidated revenues decreased by $119 million, or 14%, from $846 million in Q3 2008 to $727 million in the same period in fiscal 2009. Consolidated operating income before amortization declined by 63% from $178 million in Q3 2008 to $66 million in Q3 2009. Canwest suffered a consolidated net loss of $110 million in Q3 2009 as compared to a consolidated net loss of $28 million in Q3 2008. This quarterly consolidated net loss amounted to $0.62 per share as compared to a year-earlier loss of $0.16 per share.

85. During the three months ended May 31, 2009, Canwest Global recorded an impairment charge of $247 million for goodwill in its publishing business. During the nine months ended May 31, 2009, Canwest Global recorded a goodwill impairment charge of $1.158 billion. The impairment charge was primarily due to an impairment of goodwill in Canwest's publishing ($1.142 billion) business due to lower future profit expectations as a result of the current outlook for the advertising market for these operations. In addition, Canwest Global recorded other impairment charges of $99 million for mastheads in its publishing business and $86 million for broadcast licences in the Canadian Television Segment. The goodwill impairment charges are a preliminary assessment that will be finalized in Canwest Global's fiscal 2009 year-end financial statements. As a result, the goodwill impairment could change and the change could be material.

86. With respect to the CMI Entities in particular, CMI reported that revenues for its Canadian television operations decreased by $8 million, or 4%, to $175 million during Q3 2009, as compared to $183 million for the same period in fiscal 2008. This reflected a 5% decline in

free-to-air television advertising revenue resulting from the current economic downturn. Operating profit in Q3 2009 was $21 million, as compared to $39 million in the same period of the previous fiscal year.

D. Secured Debt and Credit Facilities

87. As more fully described below, as at May 31, 2009, the CMI Entities had indebtedness (excluding accrued and unpaid interest) totalling approximately $954 million:

Issuer	Description of Debt	Maturity Date	Amount Outstanding (Principal Amount)	Principal Amount Outstanding (May 31, 2009 Exchange Rate)	Book Value* (May 31, 2009)	Fair Value of Debt (May 31, 2009)
CMI	2005 Credit Facility**	2011	-	-	-	-
	12% Senior Secured Notes	2010	US$93,959,000	US$93,959,000	$96,792,000	-
	CIT Facility - revolver	2009	$75,000,000	$16,121,000	$16,121,000	-
	8% Senior Subordinated Notes	2012	US$761,054,000	US$761,054,000	$841,209,000	$828,755,000
TOTAL					**$954,122,000**	**$828,755,000**

* reflects the effect of debt issuance costs and certain fair value and hedging adjustments

** as described below, all amounts owing under the 2005 Credit Facility were repaid by CMI on May 22, 2009.

88. By way of background, as at May 31, 2009, the other subsidiaries of Canwest Global which are not Applicants in this CCAA proceeding had short-term and long-term indebtedness totalling approximately $2.742 billion. This consisted of short-term and long-term indebtedness at (i) the Limited Partnership totalling approximately $1.377 billion; (ii) CW Media totalling approximately $829 million; and (iii) Ten Holdings totalling approximately $536 million.

89. As of the date of this Affidavit and after the application of the Ten Proceeds in accordance with the Cash Collateral and Consent Agreement, there are: (i) no amounts owing

under the 12% Secured Notes; (ii) no amounts owing under the CIT Facility, other than outstanding letters of credit in the amount of approximately $10.7 million, (iii) US$393,197,106 principal amount owing under the 8% Senior Subordinated Notes, and (iv) US$30.4 million interest payment due September 15, 2009 owing under the 8% Senior Subordinated Notes.

i. The 2005 CMI Credit Facility

90. As noted above, until recently, CMI was a party to a credit agreement (executed in October 2005) with a syndicate of lenders, BNS, as Administrative Agent, and certain guarantors, which initially provided CMI with access to a revolving credit facility of up to $500 million (the "**2005 CMI Credit Facility**"). In early 2009, availability under the 2005 CMI Credit Facility was permanently reduced to $112 million.

91. In the first quarter of fiscal 2009, CMI announced that it may not be able to comply with certain of the financial covenants contained in the 2005 CMI Credit Facility. On February 2, 2009, Canwest Global announced that the Administrative Agent, on behalf of the syndicate of lenders, had agreed to waive certain borrowing conditions under the 2005 CMI Credit Facility until February 27, 2009. The waiver was extended on six separate occasions.

92. As described below, in May 2009, CMI entered into an agreement with certain members of the Ad Hoc Committee wherein CMI and CTLP agreed to issue the 12% Secured Notes to the 12% Secured Notes Purchasers for an aggregate purchase price of $100 million. CMI also entered into the CIT Facility. CMI used the proceeds from the issue and sale of the 12% Secured Notes and from the CIT Facility, to, among other things, repay its then current senior lenders all amounts owing under the 2005 CMI Credit Facility and to settle certain related foreign currency and interest rate swap obligations.

ii. 8% Senior Subordinated Notes

93. CMI (through its predecessor 3815668 Canada Inc.) is a party to a trust indenture, (as amended and supplemented, the "**CMI Indenture**") dated as of November 18, 2004 with certain guarantors (the "**CMI Indenture Guarantors**") and The Bank of New York (now The Bank of New York Mellon) as Indenture Trustee in connection with the issuance of the 8% Senior Subordinated Notes in an aggregate principal amount of US$761,054,211. The 8% Senior Subordinated Notes bear interest of 8% (paid semi-annually) and mature in September

2012. The 8% Senior Subordinated Notes can be redeemed at par at CMI's option on or after September 15, 2011 and have been guaranteed by the CMI Indenture Guarantors (which include all of the CMI Entities other than Canwest Global and 30109, LLC ("**30109**")). A list of the CMI Indenture Guarantors is attached as Exhibit "D" to this Affidavit. Of the CMI Indenture Guarantors, CMIH and Canwest Ireland Nominee Limited are not Applicants in this CCAA proceeding.

94. Upon signing the CMI Indenture, CMI entered into a foreign currency and interest rate swap (the "**CMI Foreign Currency and Interest Rate Swap**") in the amount of US$761 million until September 2012 resulting in a fixed currency exchange rate of US$1:$1.1932 and a floating interest rate based upon 90-day banker's acceptance rates from time to time plus a margin. In June 2008, CMI amended the CMI Foreign Currency and Interest Rate Swap resulting in a floating interest rate based upon 90-day banker's acceptance rates plus a margin on a notional amount of US$601 million and a fixed interest rate of 7.9% on a notional amount of US$160 million. The CMI Foreign Currency and Interest Rate Swap was unwound on March 9, 2009, realizing net proceeds in the amount of approximately $105 million, which were used, in part, to reduce then outstanding amounts owing under the 2005 CMI Credit Facility. As a result, the 8% Senior Subordinated Notes are no longer hedged against foreign currency fluctuations and have reverted to a fixed rate of interest of 8% per annum.

95. The 8% Senior Subordinated Notes are unsecured obligations of CMI and the CMI Indenture Guarantors. They are expressly subordinated to all Senior Indebtedness (as defined in the CMI Indenture) of CMI and the CMI Indenture Guarantors, which would include Indebtedness (as defined in the CMI Indenture) under the CIT Facility, all hedging obligations of CMI and the CMI Indenture Guarantors, all reimbursement obligations of CMI and the CMI Indenture Guarantors in respect of amounts paid under letters of credit, banker's acceptances, or other similar instruments, and any other Indebtedness that does not by its terms provide that such Indebtedness is to rank *pari passu* with, or subordinate to, the 8% Senior Subordinated Notes. The 8% Senior Subordinated Notes rank *pari passu* to all other Indebtedness of CMI that does not constitute Senior Indebtedness.

96. An event of default under the CMI Indenture occurs when CMI or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X under the *U.S. Securities*

Act of 1933) commences a voluntary insolvency proceeding. Consequently, the commencement of this CCAA proceeding constitutes an event of default under the CMI Indenture. Absent a stay of proceedings, the result of this event of default is stated to be that all principal, premium, if any, and interest now outstanding with respect to the 8% Senior Subordinated Notes would be due and payable immediately without any declaration or other act.

97. Under the terms of the CMI Indenture, CMI is required to make interest payments to the 8% Senior Subordinated Noteholders twice annually. On March 11, 2009, Canwest Global announced that CMI would not be making an interest payment of approximately US$30.4 million owing to the 8% Senior Subordinated Noteholders on March 15, 2009. Under the terms of the CMI Indenture, CMI had a 30-day window to "cure" the default, failing which the 8% Senior Subordinated Noteholders would be entitled to take steps to demand payment of the principal amount of the outstanding notes, totalling approximately US$761 million, plus unpaid interest and default interest thereon.

98. On April 14, 2009, immediately before the "cure" period was to expire, CMI entered into an extension agreement (the "**Extension Agreement**") with 8% Senior Subordinated Noteholders who are members of the Ad Hoc Committee. Under the terms of the Extension Agreement, the members of the Ad Hoc Committee agreed not to demand payment of the principal amount of the outstanding 8% Senior Subordinated Notes for a 7-day period ending on April 21, 2009. Subsequent extension agreements were entered into by the parties on April 22, 2009, May 5, 2009, May 19, 2009, June 15, 2009, June 30, 2009, July 17, 2009, July 31, 2009, August 14, 2009, August 28, 2009, September 11, 2009 and September 23, 2009. The most recent extension agreement (dated September 23, 2009) expires on the date by which a Definitive Agreement (as defined in the Cash Collateral and Consent Agreement) is required to be entered into pursuant to the Cash Collateral and Consent Agreement and is attached (without signature pages) as Exhibit "E" to this Affidavit.

99. CMI has also not made the interest payment of approximately US$30.4 million which was due pursuant to the CMI Indenture on September 15, 2009. As set out herein, CMI and the CMI Indenture Guarantors do not have sufficient liquidity to make such payment prior to the expiry of the 30-day cure period.

100. Following the public announcement of the sale of the Ten Shares, CMI conducted a consent solicitation to solicit consents from the 8% Senior Subordinated Noteholders to amend certain sections of the CMI Indenture in order to permit the sale of the Ten Shares and the application of the Ten Proceeds as set out in the Cash Collateral and Consent Agreement. The requisite level of approval with respect to these matters under the CMI Indenture is 8% Senior Subordinated Noteholders holding a majority of the principal amount of outstanding 8% Senior Subordinated Notes. The members of the Ad Hoc Committee agreed in advance to provide their consents so that the success of the consent solicitation was assured. The consent solicitation was outstanding for a period of five business days and it concluded before the time of settlement of the sale of the Ten Shares. Upon receipt of the requisite consents, a tenth supplemental indenture to the CMI Indenture was executed to effect the amendments necessary to permit the sale of the Ten Shares and the use of the Ten Proceeds as contemplated in the Cash Collateral and Consent Agreement.

101. In order to facilitate the deposit of the applicable Ten Proceeds to the Indenture Trustee on behalf of the 8% Senior Subordinated Noteholders, the Ad Hoc Committee agreed to deliver a notice of acceleration in respect of the 8% Senior Subordinated Notes and make a demand for immediate repayment of all amounts owing. It was agreed in advance of the delivery of the notice of acceleration that the acceleration would be rescinded immediately after the deposit to the Indenture Trustee was complete. To that end, a notice of acceleration was delivered to the Indenture Trustee effective October 1, 2009 and the aforementioned deposit was made to the Indenture Trustee, on behalf of the 8% Senior Subordinated Noteholders, by CMI on the same day. After the deposit was made, the acceleration was rescinded.

102. Following the distribution of the Ten Proceeds in accordance with the Cash Collateral and Consent Agreement, the outstanding remaining principal amount owing under the 8% Senior Subordinated Notes is US$393,197,106.

iii. The May 2009 Refinancing Transactions

(a) The 12% Secured Notes

103. As noted above, CMI and CTLP entered into the Note Purchase Agreement with the 12% Secured Notes Purchasers on May 20, 2009. The transactions contemplated by the Note

Purchase Agreement closed on May 22, 2009. Pursuant to the terms of the Note Purchase Agreement, CMI and CTLP issued the 12% Secured Notes (which at the time had a face value of the U.S. dollar equivalent of $105 million) for net proceeds of the U.S. dollar equivalent of $100 million (approximately US$89 million). The subsidiaries of CMI who are guarantors under the CMI Indenture, in addition to Canwest Global and 30109, also guaranteed the obligations of CMI and CTLP under the Note Purchase Agreement (the "**CMI Secured Notes Guarantors**"). The 12% Secured Notes bore interest at a rate of 12% per annum.

104. The proceeds from the 12% Secured Notes were used to (i) repay any outstanding obligations under the 2005 CMI Credit Facility, which repayment included the replacement or cash collateralization of any letters of credit issued thereunder and the repayment of related hedging obligations; (ii) pay legal fees and expenses incurred in connection with issuance of the 12% Secured Notes; (iii) provide cash collateral to BNS to be held in the Collateral Accounts in connection with cash management obligations; and (iv) provide for the CMI Entities' short-term working capital liquidity needs and general operating expenses.

105. Among other things, CMI and CTLP agreed in the Note Purchase Agreement to comply with certain milestones in connection with a possible recapitalization transaction of the CMI Entities within certain time frames. The milestones included the following time frames (which dates were extended pursuant to the amending agreements):

(a) to reach an agreement in principle with members of the Ad Hoc Committee on or before October 6, 2009, pursuant to which such members agree to a restructuring transaction that would address the treatment of the 8% Senior Subordinated Noteholders and other related matters; and

(b) to execute and deliver a definitive restructuring agreement on or before October 6, 2009.

Failure to meet either of these deadlines would have resulted in an Event of Default (as defined therein) under the Note Purchase Agreement.

106. As described below, all amounts owing to the 12% Secured Noteholders under the 12% Secured Notes were paid and satisfied following the sale of the Ten Shares and the distribution of the Ten Proceeds in accordance with the Cash Collateral and Consent Agreement.

(b) The CIT Facility

107. CMI entered into a credit agreement with CIT, the same entities who are guarantors under the CMI Indenture, in addition to Canwest Global and 30109 (collectively, the "**CIT Facility Guarantors**"), and certain lenders from time to time (the "**CIT Facility Lenders**") on May 22, 2009, as amended on June 15, 2009, June 30, 2009, July 17, 2009, July 31, 2009, August 14, 2009, August 28, 2009, September 11, 2009 and September 23, 2009 (the "**CIT Credit Agreement**"). The CIT Credit Agreement provides CMI with a revolving ABL credit facility of up to $75 million, bears interest at prime rate or base rate plus an applicable margin and matures (a) on October 15, 2009, if the Restructuring Event Date (defined as the date on which CMI and the CIT Facility Guarantors apply for relief via an Initial Order under the CCAA) has not occurred; and (b) if the Restructuring Event Date has occurred, the date which is the earliest of (i) the date which is 12 months after the Restructuring Event Date; (ii) the date on which a plan of arrangement under the CCAA has been implemented, having regard to all requisite CRTC approvals being in place; and (iii) the date of termination of the CIT Credit Agreement. Availability under the CIT Facility is calculated based upon the value of the assets that are included in the borrowing base set out in the CIT Credit Agreement. A copy of the CIT Credit Agreement and the amendments are attached (without schedules and signature pages) as Exhibit "F" to this Affidavit.

108. Similar to the Note Purchase Agreement, the CIT Credit Agreement provides that CMI will complete certain milestones in connection with a possible recapitalization transaction of the CMI Entities within certain time frames. It is an Event of Default (as defined therein) if any of the milestones are not achieved within the time frames contemplated. The milestones and time frames required to be met in the CIT Credit Agreement are substantially similar to those set out in the Note Purchase Agreement with some additional milestones set out in the CIT Credit Agreement.

109. Subject to certain conditions set out in the CIT Credit Agreement, including the issuance of an Initial Order under the CCAA which is approved by the CIT Facility Lenders, the CIT Facility will increase from up to $75 million to up to $100 million and will convert to a debtor-in-possession facility in the event that CMI seeks relief under the CCAA. The amount of the outstanding borrowings under the revolving CIT Facility fluctuates. As at October 1, 2009,

prior to the distribution of Ten Proceeds, approximately $23 million was owing under the CIT Facility, excluding letters of credit in the amount of approximately $10.7 million.

110. The CIT Facility is secured by first-priority perfected liens in all of the property, assets, and undertaking of CMI and CTLP and the guarantors (including the CMI Entities) of such facilities (the "**CMI Collateral**"). The security for the 2005 CMI Credit Facility granted in favour of CIBC Mellon Trust Company ("**CIBC Mellon**") (the "**Existing Security**"), including under a General Security Agreement, pursuant to an Intercreditor and Collateral Agency Agreement dated October 13, 2005 (the "**Collateral Agency Agreement**") setting out the terms of such agency for the benefit of the creditors noted therein, is now held by CIBC Mellon to secure the CIT Facility and the obligations under the Secured Intercompany Note. A copy of the Collateral Agency Agreement made as of October 13, 2005 (without signature pages) is attached as Exhibit "G" to this Affidavit. A copy of the Credit Confirmation and Amendment to Intercreditor and Collateral Agency Agreement dated as of May 22, 2009 (without signature pages) is attached as Exhibit "H" to this Affidavit.

111. CMI has also entered into a blocked account agreement with CIT, which provides that all deposits of the CMI Entities subject to the CIT Credit Agreement are deposited in blocked accounts and at the end of each day, the amounts in these accounts are applied against the amounts outstanding under the CIT Facility. This arrangement is discussed below under the heading "Cash Management System".

112. As described below, all outstanding amounts owing under the CIT Facility (excluding outstanding letters of credit in the amount of approximately $10.7 million) were repaid following the sale of the Ten Shares and the distribution of the Ten Proceeds in accordance with the Cash Collateral and Consent Agreement. In the event that this Honourable Court grants the Initial Order, the CIT Facility increases to up to $100 million and converts to a DIP Facility to be available to the CMI Entities.

iv. The September 2009 Transactions

(a) Distribution of Ten Proceeds

113. The sale of the Ten Shares was announced in a news release dated September 23, 2009, which is attached as Exhibit "I" to this Affidavit. As noted above, pursuant to the

Underwriting Agreement, the sale of the Ten Shares was effected in a block trade that was completed on September 25, 2009, settled on October 1, 2009 and resulted in the Ten Proceeds of approximately $634 million accruing to CMIH, which owned the Ten Shares prior to their sale. CMI and the members of the Ad Hoc Committee (representing approximately 72% of the aggregate principal amount of the outstanding 8% Senior Subordinated Notes, which are guaranteed by CMIH) executed the Cash Collateral and Consent Agreement on September 23, 2009 that, among other things, set out the manner in which CMIH would be permitted to apply the Ten Proceeds notwithstanding the 8% Senior Subordinated Noteholders' direct claim against CMIH for such proceeds on account of CMIH's guarantee of the 8% Senior Subordinated Notes.

114. In accordance with the terms of the Cash Collateral and Consent Agreement, after satisfying certain transactional costs associated with the sale of the Ten Shares, the net Ten Proceeds were loaned by CMIH to CMI in exchange for the Secured Intercompany Note and the Unsecured Promissory Note. The Ten Proceeds advanced by CMIH to CMI under the Secured Intercompany Note were applied as follows: (i) US$94,916,583 to repay in full all amounts outstanding under the 12% Secured Notes; and (ii) $85 million to fund general liquidity and operating costs of CMI, including repaying the full balance outstanding under the CIT Facility of approximately $23 million, excluding outstanding letters of credit in the amount of approximately $10.7 million which are currently cash collateralized. The balance of the Ten Proceeds, US$399,625,199, was advanced by CMIH to CMI pursuant to the Unsecured Promissory Note and then deposited by CMI with the Indenture Trustee on account of certain outstanding interest and to reduce the principal outstanding under the 8% Senior Subordinated Notes.

115. The Cash Collateral and Consent Agreement includes certain covenants of Canwest with respect to reporting to the Ad Hoc Committee and various restrictive covenants, including in respect of compliance with cash flow forecasts attached thereto. In addition, the Cash Collateral and Consent Agreement includes events of default similar to the covenants and events of default set out in the Note Purchase Agreement in recognition of the fact that the Consenting Noteholders are permitting $85 million of the Ten Proceeds to be used by the CMI Entities for liquidity purposes, notwithstanding their direct claim against CMIH for such proceeds on account of CMIH's guarantee of the 8% Senior Subordinated Notes. A copy of the

Cash Collateral and Consent Agreement is attached (without signature pages) as Exhibit "J" to this Affidavit.

(b) The Secured Intercompany Note

116. The Secured Intercompany Note issued by CMI to CMIH is in the amount of $187,263,126 and bears interest at a rate of 3% per annum, which is payable in arrears on the first anniversary date of the Secured Intercompany Note and each subsequent anniversary date thereafter. The Secured Intercompany Note has been guaranteed by the same parties that guaranteed the CIT Facility and the 12% Secured Notes other than CMIH. A copy of the Secured Intercompany Note is attached (without signature pages) as Exhibit "K" to this Affidavit.

117. Under the terms of the Secured Intercompany Note, CMI has promised to pay CMIH, upon the earlier of a demand made by CMIH and the date on which an "Event of Default" (as defined therein) is declared under the Use of Cash Collateral Agreement, all amounts owing under the Secured Intercompany Note. In the event that CMI or one of the other CMI Entities issues new equity for valuable consideration to a third party that is not an "affiliate", CMI is required to make a repayment of the Secured Intercompany Note in an amount equal to the lesser of the "Principal Amount" (as defined therein) and the net proceeds raised through the issuance of such new equity.

118. The Secured Intercompany Note is secured by a perfected lien in all of the CMI Collateral, including pursuant to the terms of the Existing Security granted in favour of CIBC Mellon, but subject to the interests of CIT and the Revolving Credit Lenders (as defined therein) on the terms set forth in the additional Credit Confirmation and Amendment to Intercreditor and Collateral Agency Agreement dated as of October 1, 2009. A copy of the Credit Confirmation and Amendment to Intercreditor and Collateral Agency Agreement dated as of October 1, 2009 (without signature pages) is attached as Exhibit "L" to this Affidavit.

(c) The Unsecured Promissory Note

119. The Unsecured Promissory Note issued by CMI to CMIH in the amount of $430,556,189 and bears interest at 3% per annum which is payable in arrears on the first anniversary of the Unsecured Promissory Note and each subsequent anniversary date thereafter. The Unsecured Promissory Note has been guaranteed by the same parties that guaranteed the

CIT Facility and the 12% Secured Notes other than CMIH. A copy of the Unsecured Promissory Note is attached (without signature pages) as Exhibit "M" to this Affidavit.

120. Under the terms of the Unsecured Promissory Note, CMI has promised to pay CMIH, upon the earlier of a demand made by CMIH and the date on which an "Event of Default" (as defined therein) is declared under the Use of Cash Collateral Agreement, all amounts owing under the Unsecured Promissory Note. The obligations under the Unsecured Promissory Note may not be prepaid.

121. CMI has covenanted and agreed, and CMIH has agreed, that the payment of all amounts owing under the Unsecured Promissory Note is expressly and irrevocably subordinated and postponed in right of payment to the prior payment in full of all amounts owing under the CIT Credit Agreement. However, CMI is permitted to pay interest owing in arrears (as described above) under the Unsecured Promissory Note.

122. In the event that any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceeding relating to the CMI Entities are commenced, including this CCAA proceeding, it is agreed that CIT will first be entitled to receive payment in full of any amounts owing under the CIT Facility before CMIH is entitled to receive any payment or distribution of any kind, which may be payable or deliverable in respect of the amounts owing under the Unsecured Promissory Note.

E. Distributions

123. CMI had historically received distributions from the Limited Partnership and Ten Holdings. Distributions from the Limited Partnership were historically made monthly and distributions from Ten Holdings were historically made semi-annually in January and July of each year. In the first four months of fiscal 2009, CMI received $45 million in distributions from the Limited Partnership and in January 2009, Ten Holdings distributed the Australian dollar equivalent of $9 million to CMI. However, based upon the current defaulted status of the Limited Partnership's secured and subordinated credit facilities, CMI does not expect to receive any further distributions for the Limited Partnership for the foreseeable future and, as a result of the sale of the Ten Shares, CMI will not receive any further distributions from Ten Holdings.

EMPLOYEES

124. As noted above, as of October 1, 2009, Canwest employed approximately 7,400 FTEs employees around the world. Of that number, the CMI Entities employed approximately 1,700 FTE employees, with approximately 850 FTE employees located in Ontario. As employees of a federally regulated entity, the employees in Canwest's Canadian television broadcasting business are subject to the provisions of the *Canada Labour Code*.

125. Over 50% of the employees in the Canadian Television Segment are unionized and are employed under a total of 12 collective agreements. None of the approximately 250 employees of the National Post Company are unionized. Eleven of the 12 Canadian television collective agreements are negotiated with the Communications, Energy and Paper-workers Union of Canada ("**CEP**"). These 11 collective agreements are all in expired status. On November 6, 2007, the Canadian Industrial Relations Board ("**CIRB**") amalgamated these 11 bargaining units into three new geographical bargaining units: British Columbia (Vancouver and Kelowna), Alberta (Calgary, Edmonton and Lethbridge) and Eastern Canada (Saskatoon to Halifax). New collective agreements have not been concluded for any of these three bargaining units. The other Canadian television bargaining unit is at *CKMI-TV* in Montreal and is represented by the Canadian Union of Public Employees ("**CUPE**"). This agreement expires December 31, 2010.

126. As at October 1, 2009, the unionized employees in the Canadian Television Segment had filed approximately 95 separate grievances against Canwest, 20 of which are currently at the arbitration stage. In addition, Canwest is involved in proceedings with the CEP at the *Canada Industrial Relations Board* regarding the scope of certain bargaining rights.

PAYROLL OBLIGATIONS

127. The CMI Entities' gross payroll obligations (including salaries for full-time and part-time workers, salaries for freelancers and temporary workers, commissions and bonuses) for their Canadian employees for their 2008 fiscal year were approximately $176 million.

128. The CMI Entities also offer benefits to their eligible salaried and hourly employees, including benefits provided through group insurance programs. These benefits include, but are not limited to, employee medical, dental, disability, life insurance and similar

benefit plans, share compensation plans, automobile allowances, and employee assistance programs. The total amounts paid by the CMI Entities for group benefits (excluding share compensation plans and employee assistance programs) for hourly and salaried employees during its 2008 fiscal year (excluding all statutory withholdings) totalled approximately $28 million.

PENSION, POST RETIREMENT AND POST EMPLOYMENT BENEFITS

129. The CMI Entities currently maintain in the aggregate for their unionized and non-unionized Canadian employees 10 defined benefit pension plans registered under the federal *Pension Benefits Standards Act*, 1985, c. 32 (2nd Supp.) (the "**PBSA**") (the "**Federal DB Pension Plans**") and 1 defined benefit pension plan registered under the *Ontario Pension Benefits Act*, R.S.O., 1990, c. P.8 (the "**Ontario DB Pension Plans**") (collectively, the "**DB Pension Plans**"). As noted below, one of the Federal DB Pension Plans (CH Employees Plan) is currently being terminated. The DB Pension Plans are as follows:

Federal DB Pension Plans

- Global Communications Limited Retirement Plan for BCTV Senior Management ("**BCTV Senior Management Plan**")
- Global Communications Limited Retirement Plan for BCTV Staff ("**BCTV Staff Plan**")
- Global Communications Limited Retirement Plan for CHBC Executives ("**CHBC Executives Plan**")
- Global Communications Limited Retirement Plan CHBC Management ("**CHBC Management Plan**")
- Global Communications Limited Retirement Plan for CHBC Staff ("**CHBC Staff Plan**")
- Global Communications Limited Retirement Plan for WIC Designated Executives ("**WIC Plan**")
- Global Communications Limited Retirement Plan for CH Employees ("**CH Employees Plan**")
- Global Communications Limited Retirement Plan for CICT and CISA Employees ("**CICT Plan**")
- Global Communications Limited Employees' Pension Plan ("**Global Plan**")

- CanWest Maritime Television Employees Pension Plan ("**Maritime T.V. Plan**")

Ontario DB Pension Plan

- National Post Retirement Plan ("**National Post Plan**")

130. In addition, the CMI Entities maintain and contribute to the following four defined contribution pension plans (collectively, the "**DC Pension Plans**"):

(a) Retirement Plan for Bargaining Unit Employees of Global Communications Limited

(b) Retirement Plan for Management and Non-Bargaining Unit Employees of Global Communications Limited

(c) Global Communications Limited Retirement Plan for Former WIC-Allarcom Employees

(d) Pension Plan for Employees of CanWest Interactive Inc.

131. Mercer (Canada) Limited ("**Mercers**") is the actuary for the DB Pension Plans. Using the numbers from the last filed actuarial valuation for each DB Pension Plan, excluding plan participants at the recently closed *CHCA-TV* and sold *CHCH-TV* and *CHEK-TV*, the DB Pension Plans had, in the aggregate, approximately 1,237 active members, approximately 121 pensioners (*i.e.*, persons receiving a pension), and approximately 313 deferred vested and other members.

132. The annual special payments and current service costs for each of the registered DB Pension Plans and the date of the valuation report that determined these amounts are as follows:

Plan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1. BCTV Senior Management Plan**	$506,837	NIL	NIL®	12/31/06	$516,837
2. BCTV Staff Plan◊	$3,689,850 ψ	$902,376	$674,073	12/31/08	$5,729,912
3. CHBC Executives Plan*	$101,556	$55,692	NIL*	12/31/08	$220,489

4. CHBC Management Plan**	$418,057	$278,460	$64,557	12/31/08	$1,268,384
5. CHBC Staff Plan	$845,670	$317,136	$163,403	12/31/08	$1,541,770
6. WIC Plan	NIL	NIL	NIL*	12/31/08	NIL
7. CH Employees Plan◊ †	NIL▽	NIL	$515,000	12/31/06	$2,290,994
8. CICT Plan◊	$2,322,215 ψ	$511,944	$451,327	12/31/08	$4,703,824
9. Global Plan•	$3,041,860 ψ	$2,119,080	$2,498,617	01/01/09	$12,644,621
10. Maritime T.V. Plan•	$909,068 ψ	$438,192	$118,204	01/01/09	$2,279,749
11. National Post Plan•	$1,512,244	$360,468	$662,000	12/31/06	$1,627,566
TOTAL	**$13,347,357**	**$4,983,348**	**$5,147,181**		**$32,824,146**

⊕ The Solvency Deficiencies assume that the solvency assets include the present value of 5 years of previously established special payments (with the exception of the four plans marked ψ)

ψ These plans have applied for the solvency relief funding measures recently enacted under the Regulations to the *Pension Benefits Standards Act*, 1985 (Canada). Under these solvency relief measures, the amortization period for payment of solvency deficits is extended from five to ten years for 2009.

□ Estimated Annual Current Service Cost is based on the rule for computing the Employer's current service costs (as reflected in the valuation report) updated to reflect a recent estimate of active membership in the plan, and corresponding current payroll and employee contribution levels

* No current service costs because plan has no active members accruing benefits

** Designated Plan for *Income Tax Act* (Canada) purposes and hence special funding rules apply

⊗ The value of benefits that will accrue on behalf of active members (current service cost) can be estimated as 9.26% of 2009 pensionable earnings determined in accordance with the most recent funding valuation. Due to Designated Plan rules, the employer is currently not permitted to remit contributions in respect of current service cost

† The CMI Entities have terminated this plan.

• Plans have going concern unfunded liability in addition to solvency deficiency. Special payments include payments towards going concern unfunded liability and solvency deficiency

◊ Wind-up deficiencies include the maximum liabilities payable upon wind-up as if the Company continues operations

▽ These plans have a solvency/wind-up excess as of the last funding valuation date

133. The DB Pension Plans are valued on a regular basis, in accordance with the requirements of their respective governing legislation. Eight of the DB Pension Plans filed

valuations in July 2009, effective as of either December 31, 2008 or January 1, 2009. As a result of the recent economic decline, the corresponding negative results in the financial markets, and the decline in long-term bond rates, the new valuations reflected an increase in the aggregate solvency deficiencies for the eight DB Pension Plans of approximately $7.7 million dollars and an increase in the aggregate annual special payments for those plans of approximately $2 million.

134. Four of the eight DB Pension Plans that filed valuation reports in July 2009 have applied for the solvency relief funding measures recently enacted under Regulations to the PBSA. Under these solvency relief measures, the amortization period for payment of solvency deficits is extended from five to ten years for 2009. For years following 2009, the ten year solvency amortization period can only be continued if either (i) the CMI Entities obtain the consent of the members and former members of the plan – consent is deemed to be obtained if no more than one-third of members and no more than one-third of former members object to the ten year amortization, or (ii) the CMI Entities are able to obtain an irrevocable letter of credit to cover the difference in solvency payments between the five and ten year amortization periods. If the CMI Entities are not able to meet either of these conditions, then the DB Pension Plans would have to revert to solvency funding using a five year amortization schedule commencing in 2010, which would increase the CMI Entities total annual special payments to these plans by approximately $1.7 million, assuming no other changes to the plans' funded status.

135. Canwest Global maintained the Canwest Global Communications Corp. and Related Companies Retirement Compensation Arrangement Plan (the "**CGCC RCA**") for certain of its current and former management employees. A November 2008 valuation (the "**CGCC RCA Valuation**") estimated that the settlement liabilities under the CGCC RCA for the period ending December 31, 2009 were approximately $47 million. The CGCC RCA Valuation estimated that net assets (after provision for expenses) available to provide benefits would be approximately $5.7 million. Until recently, the difference between the net assets and estimated settlement liabilities (approximately $41 million) had been secured by an irrevocable letter of credit (the "**CGCC RCA Letter of Credit**") held by Royal Trust Corporation of Canada ("**Royal Trust**") – the trustee of the CGCC RCA. In May 2009, CGCC terminated the CGCC RCA, causing active participants to cease earning any further benefits. In June 2009, Royal Trust demanded payment under the CGCC RCA Letter of Credit and after payment was made

the process of distributing the assets of the CGCC RCA to those persons who were entitled to benefits under the CGCC RCA commenced. On September 4, 2009, a partial distribution of assets was made to various individuals who were entitled to benefits under the CGCC RCA. A second distribution of assets will take place after refundable taxes held by the Canada Revenue Agency in relation to the CGCC RCA are refunded to Royal Trust.

136. The CMI Entities also provide post-employment and post-retirement benefits to certain of their employees, most notably health, dental and term life insurance benefits. The aggregate annual cash contribution in the 2008 fiscal year to provide these post-employment and post-retirement benefits was approximately $0.4 million. The aggregate accrued benefit obligation relating to these benefits as at the end of the fiscal 2008 year totalled approximately $16.7 million.

TERMINATION OF THE CH EMPLOYEES PLAN

137. As noted above, following the sale of *CHCH-TV* to Channel Zero, the CMI Entities commenced terminating the CH Employees Plan. On June 30, 2009, CMI notified the Office of the Superintendent of Financial Institutions ("**OSFI**") of CMI's intention to do so effective August 31, 2009. The CH Employees Plan was terminated effective August 31, 2009.

138. In a letter dated August 10, 2009, OSFI directed CMI to prepare a valuation report for the CH Employees Plan effective as of December 31, 2008 and to file such report by August 31, 2009. CMI responded to OSFI in a letter dated August 27, 2009, advising that it was not feasible to prepare a file a valuation report in 21 days as requested and that the need to prepare such a report would delay completion of the termination report for the CH Employees Plan. CMI accordingly asked OSFI to advise whether OSFI still required a valuation report to be prepared for the CH Employees Plan as of December 31, 2008. By letter dated September 15, 2008, OSFI acknowledged the length of time it would take to prepare a valuation report but still required that CMI prepare a valuation report for the CH Employees Plan as of December 31, 2008, as this report would establish additional amounts to accrue from January 1, 2009 that would need to be funded. OSFI stated that CMI was required to file the valuation report immediately. CMI has instructed the actuary for the CH Employees Plan to give top priority to the completion of the December 31, 2008 valuation so that CMI can comply with the OSFI request as soon as possible.

CASH MANAGEMENT SYSTEM

139. In the ordinary course of their businesses, the CMI Entities use a centralized cash management system which is maintained at BNS to monitor account activity and account balances for each entity (the "**Cash Management System**").

140. The Cash Management System consists of 55 Canadian dollar accounts and 8 U.S. dollar accounts. Until recently, 35 of the Canadian dollar accounts and 7 of the U.S. dollar accounts in the Cash Management System operated under a mirror netting arrangement (the "**Mirror Netting Arrangement**"), which was supported by a swingline facility connected to the 2005 CMI Credit Facility. The Mirror Netting Arrangement allowed the balances in the accounts operating under that arrangement to be automatically (rather than manually) netted on a daily basis. The net position was used to determine the daily surplus or overdraft position. The overdraft position resulted in a swingline facility drawdown. The non-mirror netting accounts were, and continue to be, maintained in a surplus position.

141. Since entering into the CIT Facility in May 2009, a number of CMI's Canadian and U.S. dollar accounts have been moved outside of the Mirror Netting Arrangement. Under the new arrangement with CIT, the Canadian and U.S. dollar deposit accounts maintained at BNS are consolidated on a daily basis into one of two concentration accounts maintained at BNS. CIT withdraws funds from the concentration accounts on a daily basis to reduce the revolving loan balance under the CIT Facility. When CMI requires cash to fund operations, a drawdown from the CIT Facility is made. All funds drawn from the CIT Facility are deposited into Canadian and U.S. dollar operating accounts maintained at BNS. The Mirror Netting Arrangement continues to operate, but is no longer supported by a swingline facility. As a result, all remaining accounts in the Mirror Netting Arrangement must be maintained in a net cash surplus position.

142. The Cash Management System is managed centrally using oversight procedures and controls implemented by CMI's treasury department located in Winnipeg, Manitoba. On a daily basis, the treasury department and the accounting department reviews the account balances and activity, inter-entity fund transfers, and availability under the CIT Facility. Based upon this information, CMI's treasury department is able to assess whether any drawdown under the CIT Facility is required and prepares the required drawdown notice.

143. By centralizing control over its cash management arrangements, the CMI Entities are able to facilitate cash forecasting and reporting, monitor collection and disbursement of funds, and maintain control over the administration of various bank accounts required to effect the collection, disbursement and movement of cash.

SHARED SERVICES

144. Over the past several years, Canwest has attempted to streamline processes and gain synergies by sharing certain administrative, advisory and other business critical services between various corporate entities. Most of these inter-entity arrangements (the "**Shared Services**") are governed by various inter-entity agreements (the "**Inter-Entity Agreements**").

145. By their terms, the Inter-Entity Agreements provide generally that the service provider (whether CMI, CTLP, the Limited Partnership or otherwise) is entitled to reimbursement for all expenses incurred in the provision of the Shared Services. Expenses that are shared between the service provider and the service recipient are allocated between the parties on reasonable bases consistent with past practices. Neither the reimbursement of expenses nor the payment of fees is intended to result in any material financial gain or loss to the service provider.

146. In particular, CMI provides CTLP, CW Media and the Limited Partnership with, *inter alia*, the following Shared Services based upon various fee and cost allocation agreements and practices:

- executive advisory services related to corporate development, strategic planning, capital allocation, financing, equity and noteholder relations, insurance and risk management, tax planning and certain operational matters;
- corporate and administrative services related to legal matters (including securities law compliance, corporate records maintenance, contract management and corporate secretarial services), tax compliance, financial reporting, internal audit, investor and public relations, treasury, human resources management, sales representation and capital asset management; and
- insurance coverage (comprehensive, general liability, property, etc.) for which insurance premiums are shared.

147. The total amount paid to CMI by the Limited Partnership in fiscal 2008 in respect of these services was approximately $6.1 million. The actual cost for fiscal 2009 was $6.5 million.

148. The Limited Partnership provides CMI, CTLP, and CW Media with, *inter alia*, the following Shared Services:

- financial and accounting support services, including accounts payable, accounts receivable, payroll services, cash flow management, and accounting services;
- corporate services, including human resources consulting, pension services, and other employee benefits administration;
- IT infrastructure and support services, including information technology and processing and website development and maintenance services;
- support and reporting services including making available senior officers and other key personnel to participate in investor relations functions, assisting in public relations and government relations initiatives, preparing and delivering financial information, and assisting in the preparation of reporting documentation, including regulatory and tax filings and prospectuses;
- certain cross-promotional activities, such as providing advertising space in its newspapers and online media; and
- content from Canwest News Service and other editorial services.

In fiscal 2008, the aggregate amount received by the Limited Partnership from CMI, CTLP, and CW Media, in respect of these services was approximately $14.8 million. The actual cost for fiscal 2009 was approximately $16.2 million.

149. The Limited Partnership also provides the National Post Company with, *inter alia*, the following Shared Services:

- financial and accounting support services, including accounts payable, accounts receivable, payroll services, cash flow management, and accounting services;
- corporate services, including human resources consulting, pension services, and employee benefits administration;
- IT infrastructure and support services, including information technology and processing and website development and maintenance services (*FPinfomart.com*; *NationalPost.com*);

- advisory services regarding corporate development, capital expenditures and other operational matters;
- content from Canwest News Service and other editorial services;
- sales and marketing services;
- office space at 1450 Don Mills Road, Toronto, Ontario;
- classified advertising and customer support services provided by ReachCanada call centre; and
- printing and distribution services, including outsourced printing of the *National Post* at various metropolitan newspaper printing facilities.

In fiscal 2008, the total amount received by the Limited Partnership from the National Post Company in respect of these services was approximately $22.6 million. The actual cost for fiscal 2009 was $21.5 million.

150. In addition to the above, the Limited Partnership manages, invoices and collects certain advertising and circulation revenues on behalf of the National Post Company, CW Media and CTLP. The Limited Partnership is required to make payment to the applicable Canwest entity based on gross actual sales and collections. The total amount payable by the Limited Partnership in respect of these services for fiscal 2009 was approximately $40 million (approximately $35 million to the National Post Company, $1.9 million to CTLP and $3.1 million to CW Media).

151. With respect to other Canwest entities, Canwest Global grants to CMI and the Limited Partnership a non-exclusive, royalty-free, non-transferable licence to use some or all of the Canwest trademarks in Canada and to sublicense the use of the Canwest trademarks to its subsidiaries. CTLP provides a variety of management services, including program acquisition and scheduling, to the various operating units within the CW Media Segment and to certain of the entities in the Canadian Television Segment that are not Applicants in this CCAA proceeding.

152. During the course of this CCAA proceeding, it is proposed that the CMI Entities and the LP Entities continue to provide, receive, collect and pay for the Shared Services in the ordinary course and in accordance with current arrangements, payment terms and business

practices, except as to payment terms which may be amended to provide for revised timing of reconciliations. The CMI Entities have taken steps to bring amounts owing to the LP Entities for Shared Services current and regularize payment terms to net 30 days. It is proposed in the draft Initial Order that the CMI Entities and the LP Entities be prohibited from modifying, ceasing to provide or terminating the provision of or payment for the Shared Services except with the consent of the other party receiving such Shared Services, the approval of the CMI CRA and the prior consent of the Monitor or further Order of the Court, except with respect to portions of the CMI Entities' business which may be shut down or reorganized in the manner contemplated by the Term Sheet.

153. The Shared Services provided and received by the CMI Entities are greatly beneficial to them and the other Canwest entities and are therefore integral to maintaining the enterprise value of Canwest as a whole. It is intended that all pre-filing amounts owing by the CMI Entities for Shared Services will be paid in the ordinary course during this CCAA proceeding.

ISSUES IN THE MEDIA INDUSTRY

154. The CMI Entities generate the majority of their revenue from the sale of advertising (approximately 77% of Canwest's Canadian total revenue on a consolidated basis). In recent months, many segments of the media industry have experienced significant and sudden declines in advertising revenues reflecting the weakening economic environment in Canada and the other countries in which Canwest operated until recently. These conditions have caused many advertising customers to reduce the amounts that they spend on advertising, resulting in a decrease in demand for advertising and lower advertising rates.

155. At present, the outlook for the advertising market in Canada remains difficult and the weakness in advertising revenues is resulting in an increasingly challenging operating environment.

156. The CMI Entities expect the difficult advertising market to continue into fiscal 2010. Since the CMI Entities' businesses are characterized by generally high fixed operating costs, primarily for television programming and staffing, a decline in advertising revenue has had a disproportionately negative effect on their consolidated operating results.

EFFORTS TO RESPOND TO DETERIORATING ECONOMIC CONDITIONS

157. Over the past several years, the CMI Entities have undertaken a number of steps to improve operational efficiencies and the strength of their respective balance sheets. For example, in 2007, Canwest Global announced that the CMI Entities would centralize certain broadcast functions by developing four state of the art broadcast centres to support the production needs of their free-to-air television stations and to enable the transition to high definition television broadcasting.

158. In response to the current economic conditions, Canwest's television business and Canwest's publishing business have recently commenced workforce reductions of their operations, through voluntary buyouts, attrition and reductions. With respect to Canwest's television business in particular, Canwest has eliminated certain activities non-core to the Canadian television business. The National Post Company has also instituted changes to accelerate profitability, including focussing on profitable markets, reducing unproductive and deeply discounted circulation and utilizing new technology to better target key high value readers while increasing web engagement with its brands. These combined initiatives are expected to reduce annualized operating costs by approximately $61 million across the Canwest enterprise and reduce head count by approximately 540 employees, or 5% of the workforce.

159. Other cost savings initiatives have also been implemented by the CMI Entities, including the elimination of positions across all departments, hiring and salary freezes, freezes on discretionary spending (including travel, meals, entertainment, and training) and a review and decrease of broadcast capital spending.

160. On March 9, 2009, Canwest Global completed the sale of *The New Republic*, an American magazine which is focused upon politics and the arts. Prior to the sale, *The New Republic* was Canwest's principal enterprise in the United States.

161. On May 28, 2009, CMI sold its indirect interest in certain Turkish radio stations to Spectrum Medya A.S.

162. As set out above, as of September 4, 2009, Canwest no longer operates the *E!* Stations in Canada and on October 1, 2009, CMIH completed the sale of its interest in Ten Holdings.

163. In terms of regulatory initiatives, the CMI Entities have been engaged in efforts to encourage the CRTC to, among other things, require BDUs to pay fees to free-to-air television broadcasters for the carriage of their channels in local markets (known as "fee-for-carriage"), similar to the current CRTC requirement that BDUs pay fees to specialty television broadcasters to carry their specialty television channels. It is anticipated that CRTC hearings on this issue will commence prior to the end of 2009.

APPOINTMENT OF SPECIAL COMMITTEE, RESTRUCTURING ADVISOR AND RECAPITALIZATION OFFICER

164. In addition to the above, on February 19, 2009, the board of directors of Canwest Global struck a special committee of directors (the "**Special Committee**") with a mandate to explore and consider strategic alternatives in order to maximize value in light of the financial difficulties being experienced by Canwest. The Special Committee is comprised of Mr. Derek Burney (Chair), Mr. David Kerr, Mr. David Drybrough, Ms. Margot Micallef and Mr. Frank King.

165. The mandate of the Special Committee includes, among other things, responsibility for overseeing and directing the implementation of a restructuring and/or recapitalization transaction with respect to all, or part, of the business and/or capital structure of Canwest.

166. On or about April 21, 2009, Mr. Thomas Strike was appointed by the Special Committee as Canwest Global's Recapitalization Officer ("**Recapitalization Officer**"). Mr. Strike is also the President, Corporate Development & Strategy Implementation of Canwest Global. Mr. Strike's responsibilities as Recapitalization Officer include, among other things, (i) developing, for consideration by the Special Committee, strategic alternatives for the operational and financial restructuring of Canwest Global and its subsidiaries; (ii) developing a restructuring plan or plans for presentation to lenders, creditors and other stakeholders; and (iii) negotiating all necessary agreements with equity sponsors, lenders, creditors, stakeholders and other interested parties that may be necessary or desirable in connection with any restructuring. In this role, Mr. Strike reports directly and exclusively to the Special Committee.

167. The mandate of the Special Committee was revised to include selecting one or more individuals who would provide advisory services to the Recapitalization Officer and the

Special Committee with respect to the formulation and implementation of a restructuring and/or recapitalization plan for the CMI Entities. To that end, on June 30, 2009, Mr. Hap S. Stephen, Chairman and Chief Executive Officer of Stonecrest Capital Inc. ("**Stonecrest**"), was appointed to serve as the Restructuring Advisor for Canwest other than the LP Entities (the "**Restructuring Advisor**"). The Restructuring Advisor reports directly and exclusively to the Special Committee. It is proposed that the Restructuring Advisor will be named as the CMI Entities' Chief Restructuring Advisor (the "**CMI CRA**") in the event that this Honourable Court grants the Initial Order. Upon the occurrence of that event, Mr. Stephen, as the CMI CRA, will assume primary responsibility for the development and implementation of the Recapitalization Transaction. The draft Initial Order sets out certain matters that will require the approval of the CMI CRA or consultation with the CMI CRA during this CCAA proceeding. Mr. Strike will continue to act as the Recapitalization Officer for the CMI Entities and will report directly to the CMI CRA. A copy of the retainer agreement signed by Mr. Stephen, on behalf of Stonecrest, as amended, is attached as Exhibit "N" to this Affidavit.

RECENT FINANCIAL PRESSURES EXPERIENCED BY THE CMI ENTITIES

168. Notwithstanding the proactive steps which have been taken to improve their respective balance sheets, over the past several months, the CMI Entities have experienced significant tightening of credit from critical suppliers and other trade creditors as a result of the continued and publicized uncertainty surrounding the stability of the Canwest business. Certain of these creditor actions are detailed below:

- CMI has learned that a number of the financial institutions that normally provide financing for the production of Canadian television programs that the Canadian Television Segment and/or the CW Media Segment have committed to broadcast upon completion have been refusing to provide interim financing to the programs' producers. It is CMI's understanding that these financial institutions are reluctant to provide financing because they are uncertain whether the Canadian Television Segment and/or the CW Media Segment will be in a financial and/or operational position to meet their licence fee commitments.

- Certain Canadian television producers/studios have recently asked the CMI Entities to put funds in escrow or to make advance payments or issue them letters of credit prior to moving forward on productions that have been committed to air on Canwest's Canadian television stations or channels. Certain producers have also requested other alterations to existing contracts. In the event that these Canadian production studios refuse to move forward on productions, the Canadian Television Segment and/or the CW Media Segment will not have programs to broadcast on its television stations and channels to meet their respective Canadian content requirements. Certain productions have been put on hold by their producers pending a resolution of the current issues surrounding the Canwest enterprise.

- Major U.S.-based television studios amended customary contractual terms by demanding that, as a condition precedent to renewing certain output agreements for the 2009/2010 television season, the CMI Entities deliver and maintain in full irrevocable standby letters of credit to secure payments owing under the renewed output agreements. These actions caused a significant strain on the CMI Entities' cash flow as it forced the CMI Entities to in effect pre-pay for a portion of this season's television programming months before receiving any advertising revenues associated with such programming. Certain U.S.-based studios have also required that the CMI Entities pay in full or in part all amounts past due, currently due or to become due under its existing output agreements on or before a specified date.

- The CMI Entities have received calls from a number of major advertising agencies which represent their major advertising clients expressing concerns about the stability of Canwest's Canadian businesses and advising that their clients' plans to reduce their advertising spending with the CMI Entities based upon the current financial uncertainty. In fact, the CMI Entities have recently learned that at least two of their significant long-term advertising customers have decided not to renew their existing advertising sales contracts because of the uncertainty surrounding the CMI Entities.

- One of the companies that prints the *National Post* unilaterally decided to cease printing the newspaper effective July 1, 2009.

- Certain of Canwest's credit card processors (companies responsible for processing credit card payments received from, *inter alia*, subscribers and advertisers) have requested that they be allowed to hold back amounts in reserve or, in certain cases, extend the payment cycle. Collectively these companies process approximately $350 million in annual revenue on Canwest's behalf.

- Petro-Canada has cancelled all credit cards that it had issued to employees of the CMI Entities in Kelowna, Toronto and Montreal.

169. Standard & Poor's Ratings Services ("**S&P**") has lowered its long-term corporate credit rating for CMI from 'CCC' to 'D' due to the financial difficulties noted above. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired.

THE RECAPITALIZATION TRANSACTION

(i) The Support Agreement

170. As set out above, the Support Agreement provides that the CMI Entities will pursue the Plan on the basis set out in the Term Sheet. It also provides that the Consenting Noteholders will vote their 8% Senior Subordinated Notes in favour of the Plan at any meeting of creditors. The obligation of the Consenting Noteholders to support the Recapitalization Transaction is subject to certain conditions set out in the Support Agreement and the Term Sheet.

171. The Support Agreement may be terminated by Consenting Noteholders holding a majority of the aggregate principal amount of the 8% Senior Subordinated Notes held by all Consenting Noteholders, in their sole discretion, upon the occurrence of certain events, including:

(a) failure of the CMI Entities to initiate proceedings under the CCAA by October 15, 2009 or failure to file the Plan with the Court within 30 days after filing under the CCAA;

(b) if the Plan is not implemented by April 15, 2010;

(c) failure of the CMI Entities to comply in all material respects with their covenants or upon breach of any representation or warranty by the CMI Entities;

(d) if the Ad Hoc Committee determines, acting reasonably, that the conditions precedent to the implementation of the Recapitalization Transaction cannot reasonably be expected to be satisfied;

(e) an event of default under the CIT Credit Agreement; and

(f) an event of default under the Cash Collateral and Consent Agreement.

172. The Support Agreement may be terminated by Canwest Global, on behalf of the CMI Entities, in its sole discretion upon the occurrence of certain events, including if Canwest Global determines, acting reasonably, that the conditions precedent to the implementation of the Recapitalization Transaction cannot reasonably be expected to be satisfied. A copy of the Support Agreement, including the Term Sheet, is attached (without signature pages) as Exhibit "O" to this Affidavit.

(ii) The Restructuring Term Sheet

173. The Recapitalization Transaction, as set out in the Term Sheet, provides for a comprehensive corporate restructuring of the CMI Entities and the satisfaction of certain creditor claims against the CMI Entities. As set out in the Term Sheet, "the purpose of the Recapitalization Transaction is, among other things, to restructure CMI into a viable and competitive industry participant able to deal with the current issues facing the broadcasting industry and other competitive factors."

174. Under the Recapitalization Transaction, it is proposed, *inter alia*, that creditors of the CMI Entities whose claims are compromised under the Plan (the "**Affected Creditors**") will receive percentages of the shares of Restructured Canwest Global based on the percentage of such creditors' claims relative to the total claims proven against CMI or CTLP, as applicable.

175. Other essential elements of the proposed Recapitalization Transaction include the following:

- the share capital of Restructured Canwest Global will be comprised of the following four classes of shares: (i) multiple voting shares (the "**Multiple Voting Shares**") issued to the New Investors (as described below), (ii) class A subordinated voting shares (the "**Class A Subordinated Voting Shares**) issued to the New Investors, Affected Creditors and existing shareholders of Canwest Global that are Canadians within the meaning of the *Direction to the CRTC (ineligibility of Non-Canadians)* (the "**Direction**"), (iii) non-voting shares (the "**Non-Voting Shares**") issued to Affected Creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction, and (iv) class B subordinated voting shares (the "**Class B Subordinated Voting Shares**) issued to Affected Creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction;

- it is intended that the Class B Subordinated Voting Shares and Non-Voting Shares, together as a stapled security, and the Class A Subordinated Voting Shares of Restructured Canwest Global, will be listed on the Toronto Stock Exchange;

- one or more Canadians (the "**New Investors**") will invest at least $65 million in Restructured Canwest Global in consideration for Class A Subordinated Voting Shares in the capital of Restructured Canwest Global or a combination of Class A Subordinated Voting Shares and Multiple Voting Shares, in each case, representing an equity interest in Restructured Canwest Global that is acceptable to CMI and the Ad Hoc Committee;

- on completion of the Recapitalization Transaction, the CIT Facility will be extended or replaced by a similar facility on terms to be agreed by CMI and the Ad Hoc Committee;

- the terms and conditions of any arrangement or agreement with respect to the Shared Services between the CMI Entities and the LP Entities, either in current form or as amended or replaced, shall be satisfactory to the Ad Hoc Committee and CMI and there shall be no material adverse effect on CMI's operations in

connection with any disposition, recapitalization or restructuring of the LP Entities;

- as a result of the guarantee of the 8% Senior Subordinated Notes executed by CMIH and having regard to the Secured Intercompany Note and the Unsecured Promissory Note, the 8% Senior Subordinated Noteholders shall be entitled to claim recovery for the full amount of principal (approximately US$761 million) and accrued interest of the 8% Senior Subordinated Notes from CMI without deduction for amounts recovered from the sale of the Ten Shares;

- the 8% Senior Subordinated Noteholders shall be entitled to claim against CTLP, as guarantor, the amount of $800 million, an amount which reflects the 8% Senior Subordinated Noteholders' full claim less an estimated recovery from CMI of $100 million (without deduction for amounts recovered from other guarantors);

- no more than 18.5% of the outstanding equity shares of Restructured Canwest Global will be issued to Affected Creditors (other than the 8% Senior Subordinated Noteholders);

- existing shareholders of Canwest Global will receive in aggregate 2.3% of the shares of Restructured Canwest Global;

- Restructured Canwest Global will, upon completion of the Recapitalization Transaction, own at least 35.33% of the shares of CW Investments and the shareholders agreement with Goldman Sachs relating to CW Investments shall have been revised in a manner agreed to by CMI and the Ad Hoc Committee, subject to CRTC approval if required;

- a definitive agreement in respect of the transfer of the business of *The National Post* to the LP Entities shall have been entered into on terms agreed to by CMI and the Ad Hoc Committee by no later than October 15, 2009;

- there shall have been no default or event of default under the CIT Facility or the Cash Collateral and Consent Agreement;

- there shall not exist or have occurred any material adverse effect to the business, affairs, results of operations or financial condition of the CMI Entities;
- the size and composition of the board of directors of Restructured Canwest Global shall be acceptable to the Ad Hoc Committee;
- the 8% Senior Subordinated Noteholders that executed the Support Agreement in favour of the Recapitalization Transaction shall receive additional consideration, in the form of additional Non-Voting Shares and Class B Subordinated Voting Shares or Class A Subordinated Voting Shares, as applicable, of Restructured Canwest Global, representing, in aggregate, the Canadian dollar equivalent of US$5 million, in consideration for entering into the Support Agreement; and
- the key elements of the Recapitalization Transaction shall have occurred by the following dates set out in the Term Sheet:

  (i) CCAA initial hearing date – no later than October 15, 2009

  (ii) Claims process hearing date – no later than October 22, 2009

  (iii) Creditor approval – no later than January 30, 2009; and

  (iv) Plan implementation date – no later than April 15, 2010.

INSOLVENCY OF THE CMI ENTITIES

176. As discussed above, as a result of the significant decline in advertising revenues, in February 2009 CMI breached certain of the financial covenants set out in the 2005 CMI Secured Credit Facility and in March 2009 failed to make a US$30.4 million interest payment which was due in respect of the 8% Senior Subordinated Notes. CMI subsequently received a series of waivers of the borrowing conditions from its then current secured lenders and entered into a series of extension agreements with the Ad Hoc Committee wherein the parties agreed that the 8% Senior Subordinated Noteholders who were parties to that agreement would not demand immediate payment of the principal amount of the outstanding 8% Senior Subordinated Notes during the extension periods in order to allow the CMI Entities to pursue a recapitalization transaction. Had a demand for immediate payment been made by either the then current CMI

senior lenders or on behalf of the 8% Senior Subordinated Noteholders in lieu of entering into waiver and extension agreements, neither CMI nor any of the other CMI Entity guarantors would have been in a position to repay the amounts owing under the 2005 CMI Credit Facility or under the 8% Senior Subordinated Notes.

177. In May 2009, CMI and CTLP issued the 12% Secured Notes. On the same day, CMI entered into the CIT Facility. CMI used the proceeds from the issue and sale of the 12% Secured Notes and from the CIT Facility, to, among other things, repay its then current senior lenders all amounts owing under the 2005 CMI Credit Facility and to settle related foreign currency and interest rate swap obligations.

178. In late September 2009, the Ten Shares were sold and the net Ten Proceeds were used to retire the 12% Secured Notes and to repay the full balance outstanding under the CIT Facility of approximately $23 million, excluding outstanding letters of credit in the amount of approximately $10.7 million which are currently cash collateralized.

179. The Support Agreement provides that the CMI Entities will make the within application under the CCAA in order to implement the Recapitalization Transaction. The Consenting Noteholders who executed the Support Agreement and the Cash Collateral and Consent Agreement executed such agreements on the basis that a restructuring of the CMI Entities would be undertaken pursuant to the CCAA. Without the liquidity provided by the Consenting Noteholders under the Cash Collateral and Consent Agreement, which is intended to allow the CMI Entities to continue to operate pending a restructuring under the CCAA and which is only available within a CCAA proceeding, the CMI Entities would be unable to continue as going concerns and are thus insolvent. In addition, CMI did not make and does not have the necessary liquidity to make an interest payment in the amount of US$30.4 million that was due and payable on September 15, 2009 under the 8% Senior Subordinated Notes and therefore cannot satisfy its debts as they become due. None of the other CMI Entities, which are guarantors of the 8% Senior Subordinated Notes, can make such payment and are thus insolvent. Further, the assets of the CMI Entities are not sufficient to discharge all of their liabilities and the CMI Entities are thus insolvent on a balance sheet basis.

The DIP Facility

180. Subject to certain conditions in the CIT Credit Agreement, the CIT Facility converts into the DIP Facility for the CMI Entities upon a CCAA filing. As set out above, the CIT Facility will increase from up to $75 million to up to $100 million upon such conversion. Prior to entering into the CIT Facility, the CMI Entities sought proposals from other third party lenders for a credit facility that would convert to a DIP facility should the CMI Entities be required to file for creditor protection under the CCAA. The CIT Facility was the best proposal submitted and was entered into accordingly.

181. The DIP Facility is to be secured by a Court-ordered security interest, lien and charge on the CMI Collateral (the **"DIP Charge"**). It is a condition precedent to the conversion to the DIP Facility that the Initial Order under the CCAA be in form and substance satisfactory to CIT. The DIP Charge is to have priority over all other security interests, charges and liens other than the Administration Charge (defined below) and the Existing Security (to the extent that the Existing Security secures existing and future obligations under the CIT Credit Agreement), except for any validly perfected purchase money security interests in favour of a secured creditor and statutory encumbrances in favour of any entity which is a secured creditor as set out in the draft Initial Order.

182. Based upon the CMI Entities' cash flow forecasts and the additional liquidity provided pursuant to the Cash Collateral and Consent Agreement, the CMI Entities do not anticipate drawing on the DIP Facility during the early stages of this CCAA proceeding. However, the CMI Entities' cash flow projections indicate that the total amount of cash on hand will be down to approximately $10 million by late December 2010. This is not a sufficient cushion for an enterprise of this magnitude. Accordingly, the CMI Entities are seeking approval of the proposed DIP Facility to accommodate any additional liquidity requirements during this CCAA proceeding. The proposed DIP Facility will provide additional assurances to the creditors of the CMI Entities that they will be able to operate as going concerns while pursuing the implementation and completion of a viable Plan.

183. As the proposed DIP Facility is simply a conversion of the pre-existing CIT Facility, it is the CMI Entities' belief that there will be no material prejudice to any of their creditors. Moreover, in the circumstances, conversion of the CIT Facility into the DIP Facility is the only viable funding mechanism for the CMI Entities during this CCAA proceeding should

the net Ten Proceeds advanced to CMI pursuant to the Cash Collateral and Consent Agreement provide insufficient liquidity during this CCAA proceeding. In addition, creditors are benefiting from the full paydown of amounts owing under the CIT Facility, other than the outstanding letters of credit.

184. There are currently approximately $10.7 million in outstanding letters of credit issued pursuant to the CIT Facility. These letters of credit are secured by the Existing Security in favour of CIBC Mellon pursuant to the Collateral Agency Agreement. It is proposed in the Initial Order that the Existing Security, solely to the extent that such Existing Security secures existing and future obligations under the CIT Credit Agreement, rank subsequent to the Administration Charge and in priority to the DIP Charge, the Directors Charge, and the KERP Charge (all as defined below).

THE LIMITED PARTNERSHIP'S FINANCIAL SITUATION

185. The Limited Partnership is currently in default of its debt obligations due to a significant decline in the advertising revenues of it and its subsidiaries, in addition to an increase in certain of their operating costs.

186. In particular, on May 29, 2009, the Limited Partnership failed, for the first time, to make certain interest and principal reduction payments and related swap payments aggregating approximately $10 million in respect of its senior secured credit facilities. On the same day, the Limited Partnership announced that it would be in breach of certain financial covenants set out in its senior secured credit facilities as of May 31, 2009. Since that time, the Limited Partnership has failed on make principal, interest and fee payments which were due and payable in respect of its senior secured credit facilities on several additional occasions.

187. The defaults under the Limited Partnership's senior secured credit facilities, in addition to the failure of the Limited Partnership to make certain interest and principal reduction payments that were due and owing under the Limited Partnership's senior subordinated credit facility in May 2009, have caused the Limited Partnership's senior subordinated credit facility to be in default, entitling the lenders under that facility to take steps to demand immediate payment of all amounts owing under that facility.

188. Further, the defaults occurring in respect of the Limited Partnership's senior secured credit facilities have caused the Limited Partnership's related hedging arrangements to be in default. These swaps have now been terminated by the swap counterparties and, as a result, settlement (early termination) payments totalling approximately $70 million are owed by the Limited Partnership to the swap counterparties. Demands for immediate payment have been made by the swap counterparties in that regard. The Limited Partnership has not satisfied these demands and the unpaid amounts are accruing interest daily.

189. In addition, the termination and demand for payment in respect of the Limited Partnership's hedging arrangements caused the Limited Partnership's 9.25% senior subordinated notes (the "**LP Notes**") to be in default. On August 1, 2009, the Limited Partnership failed to make a payment of interest totalling approximately US$18.5 million in respect of the LP Notes, which also resulted in an Event of Default (as defined therein) under the applicable indenture.

190. On September 10, 2009, Canwest Global announced the Limited Partnership had entered into an agreement with certain of its senior lenders wherein those lenders agreed not to take any steps to demand immediate payment or enforce the security held in support of the Limited Partnership's senior secured credit facilities in order to afford the Limited Partnership and the senior lenders an opportunity to attempt to negotiate a consensual pre-packaged restructuring, recapitalization or reorganization of the LP Entities (the "**LP Forbearance Agreement**"). The LP Forbearance Agreement is subject to the satisfaction of certain milestones including reaching an agreement on the principal terms of a recapitalization transaction. A copy of news releases dated September 10, 2009 and September 30, 2009 dealing with the LP Forbearance Agreement are attached as Exhibit "P" to this Affidavit.

COST SHARING ARRANGEMENT

191. The CMI Entities and the LP Entities have agreed that it is appropriate for the CMI Entities to bear the costs and expenses of the restructuring of the businesses operated by the CMI Entities and for the LP Entities to bear the costs and expenses of the restructuring of the businesses operated by the LP Entities. Although no formal cost sharing agreement has been executed, the CMI Entities and the LP Entities are operating under this principle and the draft Initial Order provides that the CMI Entities shall not make any payments to or in satisfaction of

any liabilities or obligations of the LP Entities, save and except for payments in respect of Shared Services.

FOREIGN SUBSIDIARY APPLICANTS

192. As reflected in the organization chart previously attached at Exhibit "A", certain of the CMI Entities are foreign wholly-owned subsidiaries of CMI, namely: Canwest Irish Holdings (Barbados) Inc., Canwest International Communications Inc., Canwest MediaWorks Turkish Holdings (Netherlands) B.V., CGS International Holdings (Netherlands) B.V., Canwest International Management Inc., Canwest International Distribution Limited, CGS Debenture Holding (Netherlands) B.V., CGS Shareholding (Netherlands) B.V., CGS NZ Radio Shareholding (Netherlands) B.V., Canwest MediaWorks (US) Holdings Corp. and 30109 (collectively, the "**Foreign Subsidiary Applicants**"). Each of the Foreign Subsidiary Applicants has assets situated in Canada. Specifically, on April 3, 2009, the majority of the Foreign Subsidiary Applicants opened Canadian dollar bank accounts at BNS in Toronto, Ontario and deposited funds in those accounts. Canwest MediaWorks (US) Holdings Corp. and 30109 opened Canadian dollar bank accounts at BNS on October 2, 2009 in Toronto, Ontario and deposited funds in those accounts. The Foreign Subsidiary Applicants continue to maintain funds on deposit in those accounts.

193. The Foreign Subsidiary Applicants are seeking relief under the CCAA because each is a guarantor under the 8% Senior Subordinated Notes, the CIT Credit Agreement (and thus the DIP Facility) and are parties to the Support Agreement and the Cash Collateral and Consent Agreement.

PAYMENTS DURING THIS CCAA PROCEEDING

194. During the course of this CCAA proceeding, the CMI Entities intend to make payments for goods and services supplied post-filing as set out in the cash flow projections described below and as permitted by the draft Initial Order.

195. As discussed above, employees of the CMI Entities are compensated in various ways, including by way of salaries, commissions and bonuses. It is contemplated in the cash flow projections that arrears of salaries, commissions, bonuses and outstanding employee expenses will be paid or reimbursed in the ordinary course and that compensation programs for

active employees will continue in the ordinary course post-filing. The cash flow projections also contemplate the continued payment of current service and special payments with respect to the active DB Pension Plans. The cash flow projections do not contemplate termination and severance payments, salary continuance or benefits being paid to previously terminated employees or non-union retirees.

196. It is also contemplated in the cash flow projections that the CMI Entities will have the ability, with the consent of the Monitor, to continue to make payments, including payments in arrears, to independent contractors and freelancers who provide services post-filing, as independent contractors and freelancers are integral to the CMI Entities' operations.

197. In addition, the CMI Entities are proposing in the Initial Order that they be authorized, with the consent of the Monitor, but not required, to make certain payments, including payments owing in arrears, to third parties that provide goods or services that are integral to their businesses.

A. Television Programming Suppliers

198. As noted above, the CMI Entities are dependent, in part, upon programming that it acquires from various distributors, production studios and other suppliers in the United States (or through their Canadian affiliates, agents, branches or divisions) and elsewhere. It is also dependent on programming acquired from Canadian production studios, in part, to fulfil Canadian content requirements. Programming rights represent a significant cost for the CMI Entities and are crucial to the success of any television enterprise.

199. The going-concern enterprise value of Canwest's television business (including the CW Media Segment) is predicated on having a continuous and undisturbed flow of programming, including first-run prime-time programming provided by U.S. studios, distributors or other suppliers (or through their Canadian affiliates, agents, branches or divisions), and Canadian-produced programming to meet Canadian content requirements stipulated by the CRTC. It is crucial to the CMI Entities' audience and advertisers that acquired first-run programs are aired within their very limited "shelf-life" as first-run programs which, in the case of acquired primetime U.S. broadcast network programming, means that the CMI Entities must be able to procure and retain programming rights and procure and retain the rights to "simulcast"

such programming with their initial U.S. broadcast network telecast. Simulcasting refers to the CRTC-mandated requirement that BDUs with over 2,000 subscribers substitute the Canadian network television signal, including commercials that air on such networks, for the signal of the identical programming broadcast by a U.S. station at the same time. If the CMI Entities lose access to television programming rights and thereby also loses the ability to simulcast one or more programs with their respective U.S. network airings, the going-concern enterprise value of Canwest's Canadian television business (including the CW Media Segment) will likely be materially negatively affected. CMI and CTLP expect that the U.S. and Canadian studios that provide them with their television programming will honour their contractual arrangements with the CMI Entities as long as all post-filing payments are made in the normal course. However, in order to ensure a continuous supply of programming, the CMI Entities are seeking in the Initial Order to be, with the consent of the Monitor, entitled but not required to pay pre-filing amounts owing in respect of television programming if, in the opinion of the CMI Entities, the supplier is critical to the business and ongoing operations of any of the CMI Entities. As of August 31, 2009, there was approximately $50 million in commitments made to television distributors, production studios and other suppliers by CMI and CTLP in respect of television programming.

B. Newsprint Suppliers

200. The National Post Company is dependant upon a continuous and uninterrupted supply of newsprint from its newsprint suppliers. The purchase of newsprint represents one of the National Post Company's most significant operating costs. A significant amount of the newsprint used by the National Post Company is acquired through rolling purchase orders as opposed to longer-term contractual arrangements. Should there be an interruption in the supply of newsprint, the National Post Company will not have sufficient inventory of newsprint on-hand to enable it to continue publishing until it is able to resource newsprint supply. It is therefore crucial that the National Post Company have access to a continuous flow of newsprint to enable it to continue publishing newspapers. A cessation of the supply of newsprint to the National Post Company, resulting in its inability to publish, would have a devastating effect on the National Post Company. As of September 29, 2009, there was approximately $0.1 million owing to newsprint suppliers by the National Post Company in respect of newsprint purchases.

201. The National Post Company expects that its newsprint suppliers will honour their contractual arrangements as long as all post-filing payments are made in the normal course.

However, in order to ensure a continuous supply of newsprint, the National Post Company is seeking in the Initial Order to be, with the consent of the Monitor, entitled but not required to pay pre-filing amounts owing in arrears, to its newsprint suppliers, if, in the opinion of the National Post Company, the newsprint supplier is critical to the business and ongoing operations of the National Post Company.

C. Newspaper Distributors

202. The National Post Company is similarly dependent upon third parties to distribute its newspapers through its network of independent newspaper distributors. Generally speaking, newspapers are shipped from the printers to depot drop locations or single copy retail outlets by independent trucking companies in each market. Newspaper distribution is carried out primarily by independent carriers who deliver the newspapers to individual subscribers. The newspaper distributors handle all manners of delivery, including corporate delivery, home delivery, bulk drop offs and deliveries to vending boxes.

203. An interruption in the delivery of newspapers would significantly impair the enterprise value of the National Post Company. As a result, the National Post Company is seeking in the Initial Order to be, with the consent of the Monitor, entitled but not required to pay pre-filing amounts owing in arrears, to its newspaper distributors and other logistics suppliers if, in the opinion of the National Post Company, the distributor or logistic supplier is critical to the business and ongoing operations of the National Post Company.

D. American Express

204. The CMI Entities have implemented certain policies whereby its employees can seek reimbursement for business-related expenses. The expenses are generally incurred by employees of the CMI Entities in the ordinary course of performing their job functions. Included in this category are the following Amex Bank of Canada ("**American Express**") corporate card programs and accounts which are used by employees of the CMI Entities for business related expenses: (i) American Express Corporate Card Program; and (ii) American Express Central Billed Accounts.

205. The American Express Corporate Card Program allows employees of the CMI Entities to use corporate cards to charge business related travel and entertainment expenses. It is

essential to the continued operation of the businesses of the CMI Entities that they be permitted to continue reimbursing employees for such expenses, whether such expenses were incurred before or after the commencement of this CCAA proceeding.

206. The American Express Central Billed Accounts program is used by employees of the CMI Entities to charge the same types of expenses as are incurred in respect of the American Express Corporate Card Program (*i.e.*, employee business travel). Use of the American Express Central Billed Accounts is an integral part of the CMI Entities' cash management and account functions, and the ability of the employees of the CMI Entities to continue to use the Central Billed Accounts for business travel is essential to the continued operation of their businesses.

E. Other Goods and Services Providers

207. In addition to the above, the CMI Entities also maintain relationships with certain other goods and services providers which, while no less integral to the continued operations and viability of the enterprise as a whole, have not been formalized into contractual arrangements. There are also goods and services providers who may be beyond the reach of the stay of proceedings in this CCAA proceeding and the proposed Chapter 15 Proceedings.

208. In order to maintain enterprise value, the CMI Entities seek the ability to pay other suppliers, subject to the consent of the Monitor, any further amounts, costs or expenses whenever incurred, if in the opinion of the CMI Entities, the supplier is critical to the business and ongoing operations of the CMI Entities.

DIRECTORS' AND OFFICERS' PROTECTION

209. A successful restructuring of the CMI Entities will only be possible with the continued participation of their respective boards of directors, management and employees. These personnel are essential to the viability of the continuing businesses of the CMI Entities. With the exception of Canwest Global, the directors of the Applicants consist entirely of management directors (the "**Management Directors**") who have years of experience in the Canadian television and publishing industries and with the Canwest businesses. This specialized expertise and the relationships that the Management Directors have forged with the CMI Entities' suppliers, employees and other stakeholders cannot be easily replicated or replaced.

210. I am advised by Edward Sellers of Osler, Hoskin & Harcourt LLP, counsel for the CMI Entities, and believe that, in certain circumstances, directors can be held personally liable for certain obligations of a company owing to (i) employees, including unpaid wages, certain pension amounts and accrued vacation pay; and (ii) the federal and provincial governments, including payroll remittances, sales taxes, goods and services tax ("GST"), withholding taxes and workers' compensation remittances. In addition, because Canwest's Canadian television business is governed by the *Canada Labour Code* as a "federal undertaking", the directors of certain of the Applicants can also be personally liable for unpaid severance and termination pay in respect of employees who are employed in the television business. The Province of Saskatchewan has similar legislation regarding director liability for unpaid severance and termination pay. The CMI Entities have worked closely with independent counsel for the Management Directors and the proposed Monitor in an attempt to quantify these potential director liabilities. The CMI Entities estimate that the amount of the Directors' Charge (defined below) will not cover all of the directors' and officers' liabilities in the worst case scenario.

211. Canwest Global maintains directors' and officers' liability insurance (the "**D&O Insurance**") for the directors and officers of Canwest Global and its subsidiaries (including the directors and officers of the CMI Entities). The current D&O Insurance policy provides $30 million in coverage plus $10 million in excess coverage for a total of $40 million in coverage. The D&O Insurance originally expired on August 31, 2009. The D&O Insurance policy was subsequently extended for two months in light of Canwest's current financial situation. As of the date of the swearing of this Affidavit, Canwest Global has been unable to obtain additional or replacement D&O Insurance coverage. In addition, there are also contractual indemnities which have been given to the directors by the CMI Entities. Canwest, on an enterprise basis, does not have sufficient funds to satisfy those indemnities should the directors of the Applicants be found responsible for the full amount of the potential directors' liabilities.

212. The directors of Canwest Global and the other Applicants, including the Management Directors, have indicated that, due to the potential for significant personal liability, they cannot continue their service and involvement in this restructuring unless the Initial Order under the CCAA grants a charge on the assets, property and undertaking of the CMI Entities (the "**CMI Property**"), in priority to all other charges except the Administration Charge and the DIP Charge (but postponed in right of payment to the first $85 million payable under the Secured

Intercompany Note), *pari passu* with the KERP Charge (as defined below), as security for the Applicants' indemnification obligations for the potential liabilities imposed upon their directors and officers as set out above. In light of the agreed-upon Recapitalization Transaction for the CMI Entities, the Management Directors, CIT and the Ad Hoc Committee have agreed to a Directors' Charge (as defined below) that is less than the total potential liability on a total shutdown scenario. It is proposed that the directors and officers of the Applicants be granted a directors' and officers' charge in the amount of $20,000,000 (the "**Directors' Charge**") over the CMI Property. The CMI Entities believe the Directors' Charge is fair and reasonable in the circumstances.

213. The Directors' Charge is necessary so that the Applicants may benefit from their directors' and officers' experience with the CMI Entities and, more generally, with the media industry, and so their directors can guide the CMI Entities' restructuring efforts. It is critical to these restructuring efforts that the Management Directors remain with the CMI Entities in order to continue their focus on achieving one or more restructuring transactions to benefit Canwest's stakeholders. The Directors' Charge will also provide a level of assurance to the employees of the CMI Entities that obligations for accrued wages, accrued vacation pay, pension benefits and severance and termination pay will be satisfied, in addition to those withholding and tax obligations owing to the federal and provincial authorities.

KEY EMPLOYEE RETENTION PLANS

214. In order to facilitate and encourage the continued participation of certain of the CMI Entities' senior executives and other key employees who are required to guide the CMI Entities through a successful restructuring and preserve enterprise value, the CMI Entities have developed a "Key Employee Retention Plan" (the "**CMI Master KERP**"). The CMI Master KERP will provide the participants thereunder (the "**KERP Participants**") with payments as an incentive to continue their employment with the CMI Entities through the full term of this CCAA proceeding. In total, there are 20 KERP Participants comprised of the following: (i) three of the Management Directors (the "**Senior Management KERP Participants**"), (ii) four key executives employed by the CMI Entities (the "**Management KERP Participants**"), and (iii) 13 other key employees employed by the CMI Entities (the "**Key Employees**") who have extensive knowledge of the CMI Entities and expertise in corporate structuring transactions.

215. The payments to the KERP Participants (other than the Senior Management KERP Participants) will be calculated as a percentage of the KERP Participants' base compensation and will be paid in two tranches: the first payment will be made on the last regular payroll period occurring in December 2009 and the second and final payment will be made on the date upon which the CMI Entities emerge from this CCAA proceeding (the "**Emergence Date**"). The payments to the Senior Management KERP Participants will take the form of two lump sum payments which have been agreed to by the Senior Management KERP Participants and the CMI Entities and will be paid at the same time as the payments to the other KERP Participants.

216. It is proposed that the KERP Participants be granted a charge (the "**KERP Charge**") over the CMI Property in the amount of the financial obligation owing by the CMI Entities under the CMI Master KERP which will rank in priority after the Administration Charge, the Existing Security (solely to the extent that such Existing Security secures existing and future obligations under the CIT Credit Agreement) and the DIP Charge and *pari passu* with the Directors' Charge and ahead of all other liens and encumbrances (except for any validly perfected purchase money security interest in favour of a secured creditor and statutory encumbrances in favour of any entity which is a secured creditor as set out in the draft Initial Order), save and except that it shall be postponed in right of payment to the first $85 million payable under the Secured Intercompany Note. The proposed KERP Charge has been calculated with reference to the amount payable by the CMI Entities to each of the KERP Participants under the CMI Master KERP and is calculated at $5.9 million.

217. Within the auspice and authority of the CMI Master KERP, the CMI Entities have also developed independent retention plans for the Senior Management KERP Participants (the "**Senior Management KERPs**") and for the Management KERP Participants (the "**Management KERP**"). The Senior Management KERP Participants and the Management KERP Participants are responsible for providing services to, and overseeing and implementing the restructuring of, the CMI Entities (and the LP Entities).

218. The Senior Management KERPs and the Management KERP provide that the existing terms of employment shall continue for all of the participants thereunder during this CCAA proceeding. However, any incentives which are based upon restructuring transactions and

termination and severance entitlements pursuant to the Senior Management KERP Participants' or the Management KERP Participants' existing employment agreements and any bonus, incentive compensation plan, supplemental deferred compensation plan, savings plan, vacation pay, option or restricted share unit plan, or any similar arrangement that may be in effect between a Senior Management KERP Participant and CMI shall be terminated with effect as of the approval by this Honourable Court of the CMI Master KERP. With respect to Management KERP Participants, incentives based upon restructuring transactions are pursuant to the Management KERP, and termination and severance and other terms of their existing employment agreements remain in effect.

219. The Senior Management KERPs also provide that the employment of the Senior Management KERP Participants shall terminate on the Emergence Date, unless otherwise agreed to by the parties. It is contemplated that each of the Senior Management KERP Participants will, at Restructured Canwest Global's option, enter into a consulting agreement (each a "**Consulting Agreement**") with Restructured Canwest Global on certain terms set out in the Senior Management KERP, in which case the second and final payment under the Senior Management KERPs will be reduced by the amount of aggregate consulting fees provided for in the applicable Consulting Agreement. The Consulting Agreement shall commence on the Emergence Date and continue for a period of 12 months. The Senior Management KERP Participants will be entitled to an annual fee payable monthly on the last business day of each month. Restructured Canwest Global will not be required to enter into a Consulting Agreement with a Senior Management KERP Participant if it instead offers that Participant full-time employment on substantially similar terms for an indefinite term commencing immediately following the Emergence Date, on terms acceptable to the Senior Management KERP Participant, in his sole discretion.

220. As a condition of receiving the Senior Management KERPs, the three Senior Management KERP Participants will continue to serve as directors and/or officers of the CMI Entities on which they currently serve, subject to certain rights set out in the Senior Management KERP. The Senior Management KERP Participants will resign as a director and/or officer of all such entities on the Emergence Date and will be provided with a full release in respect of his/her acting as a director and/or officer.

221. The Management KERP provides that the employment of the Management KERP Participants shall continue unamended with CMI or, in the alternative, be assigned to any other subsidiary of Restructured Canwest Global on terms and conditions (including salary, incentive compensation, benefits and termination and severance entitlements) substantially similar to those currently available to the Management KERP Participants, following the Emergence Date.

222. The CMI Master KERP, the Senior Management KERPs and the Management KERP have been approved in form and substance by the Ad Hoc Committee, the CMI CRA, the Board, the Special Committee, Canwest Global's Human Resources Committee of the Board, and FTI as proposed Monitor.

223. As noted above, because of the independent nature of the debt structure utilized by CMI and the Limited Partnership, this CCAA filing has necessitated a division between the CMI Entities and the LP Entities. Since all three Senior Management KERP Participants and certain of the Management KERP Participants and other Key Employees have provided, and will continue to provide, services to both the CMI Entities and the LP Entities, it is appropriate to provide for a fair sharing of the cost of the KERPs between the CMI Entities and the LP Entities. Accordingly, the LP Entities have agreed to contribute a net amount of $3,946,022 to a trust to be administered by the CMI Entities and distributed to the KERP participants. This is more cost effective than establishing two parallel structures. Both the amounts and the structure have been agreed and approved by the Ad Hoc Committee, the CMI CRA, the Board, the Special Committee, Canwest Global's Human Resources Committee and the proposed Monitor.

224. All of the KERP Participants have been essential to the restructuring initiatives taken to date and all are critical to the completion of a successful restructuring of the CMI Entities. The three Senior Management KERP Participants are seasoned executives who have extensive experience in corporate and banking affairs, together with the broadcasting and publishing industries. It is likely that the Senior Management KERP Participants will consider other employment options if the Senior Management KERPs are not granted and secured by the KERP Charge. Doing so would undoubtedly distract from the restructuring process that is underway with respect to the CMI Entities. The Management KERP Participants and the other Key Employees are similarly crucial to the restructuring of the CMI Entities as they perform critical functions regarding operations and management of the CMI Entities on a day-to-day

basis. It would be extremely difficult at this stage of the restructuring process to find adequate replacements for those employees.

225. Accordingly, it is the belief of the CMI Entities that the CMI Master KERP, as structured, not only provides appropriate incentives for the KERP Participants to remain in their current positions, but also ensures that they are properly compensated for their assistance in the reorganization process. Copies of the CMI Master KERP, the Senior Management KERP funded by Canwest Global, the Senior Management KERP funded through the trust by the LP Entities (as described above) and the Management KERP, redacted to remove individually identifiable information and compensation information, are attached as Exhibits "Q", "R", "S" and "T" to this Affidavit, respectively. The compensation information related to specifically identifiable employees is commercially sensitive information and it would be harmful to the CMI Entities and its employees if it was publicly disclosed in the marketplace. Copies of the full unredacted CMI Master KERP, the Senior Management KERPs and the Management KERP will be attached to a Confidential Supplement to the proposed Monitor's pre-filing report.

FINANCIAL ADVISOR AGREEMENT APPROVAL

226. On or about December 10, 2008, Canwest Global, on behalf of itself and its subsidiaries, entered into an agreement with RBC Dominion Securities Inc., a member company of RBC Capital Markets, relating to RBC Capital Markets' provision of investment banking services to Canwest Global and its subsidiaries. That agreement was amended by a letter agreement dated January 20, 2009 and a further letter agreement dated October 5, 2009 (the agreement, as amended, is referred to as the "**Financial Advisor Agreement**"). A copy of the Financial Advisor Agreement is attached as Exhibit "U" to this Affidavit (redacted in respect of the December 10, 2008 letter agreement). All current or future payment obligations as of the date of filing are as set out in the letter agreement dated October 5, 2009.

227. The Financial Advisor Agreement provides, *inter alia*, that if, during the term of RBC Capital Markets' engagement or during the period of 12 months following termination of its engagement, Canwest Global or any of its wholly-owned subsidiaries commences, or there are commenced against Canwest Global or any of its wholly-owned subsidiaries, proceedings under corporate, restructuring, arrangement, reorganization or similar laws of any jurisdiction, Canwest Global will, subject to the discretion of the relevant court, engage RBC Capital Markets

on terms and conditions identical to the terms and conditions set out in the Financial Advisor Agreement. As such, the draft Initial Order provides for the approval of the Financial Advisor Agreement.

228. It is my belief, and the belief of senior management of the CMI Entities, that RBC Capital Markets' significant investment banking experience and expertise, its extensive knowledge of the capital markets and its capabilities in the area of debt restructuring have greatly benefited the CMI Entities. The proposed Recapitalization Transaction set out in the Term Sheet would not have been achievable without the advice and assistance of RBC Capital Markets and in particular the enormous dedication of the time and resources of the RBC Capital Markets' team to the development of the strategic alternatives and the development and analysis of recapitalization proposals. RBC Capital Markets was also instrumental in assisting the CMI Entities in achieving the various waivers and extension agreements described herein and in the implementation of the disposition of certain assets as described in this Affidavit.

229. RBC Capital Markets has spent approximately ten months working closely with senior management of the CMI Entities and their other advisors. RBC Capital Markets has greatly assisted the CMI Entities in their restructuring efforts to date and has gained a thorough and intimate understanding of the businesses operated by the CMI Entities. If the CMI Entities were deprived of the benefit of RBC Capital Markets' continued advice and assistance and were required to retain a new financial advisor, it would likely take a significant period of time for such financial advisor to acquire a similar working knowledge of the business and would make it extremely difficult to implement the Recapitalization Transaction in the currently contemplated time frame. Thus, the CMI Entities believe that the continued involvement of RBC Capital Markets is essential to the completion of the Recapitalization Transaction.

230. It is also my belief that the quantum and nature of the remuneration provided for in the Financial Advisor Agreement is fair and reasonable. Specifically, the restructuring fees payable to RBC Capital Markets are only payable if a restructuring transaction is completed and the quantum of those fees is dependent on the amount of existing indebtedness that is restructured.

MONITOR

231. FTI Consulting Canada Inc. ("FTI") has consented to act as the monitor (the "**Monitor**") of the CMI Entities under the CCAA.

232. The CMI Entities, with the assistance of FTI, have prepared a consolidated 13-week cash flow projection (the "**Cash Flow Projection**"), as required by the CCAA. A copy of the Cash Flow Projection is attached as Exhibit "V" to this Affidavit.

233. FTI will also be filing an initial report with the Court as prospective monitor in conjunction with the CMI Entities' request for relief under the CCAA.

ADMINISTRATION CHARGE

234. It is contemplated in the draft Initial Order that the Monitor and its counsel, counsel to the CMI Entities, counsel and the financial advisor to the Special Committee, counsel to the Management Directors, the CMI CRA, RBC Capital Markets and counsel and the financial advisor to the Ad Hoc Committee will be granted the right to receive a first priority Court-ordered charge on the CMI Property for services rendered to the CMI Entities (the "**Administration Charge**") up to a maximum amount of $15 million in respect of their respective fees and disbursements.

235. As such, it is proposed that the priorities of the Administration Charge, the DIP Charge, the Directors' Charge, the KERP Charge and the Existing Security (solely to the extent that such Existing Security secures existing and future obligations under the CIT Credit Agreement) be as follows:

First – Administration Charge;

Second – The Existing Security, solely to the extent that such Existing Security secures existing and future obligations under the CIT Credit Agreement;

Third – DIP Charge; and

Fourth – Directors' Charge and KERP Charge, save and except that these Charges shall be postponed in right of payment to the extent of the first $85,000,000 payable under the Secured Intercompany Note.

236. It is proposed that the charges requested to be created by the Initial Order will not rank in priority to validly perfected purchase money security interests in favour of secured creditors and statutory encumbrances in favour of any entity which is a secured creditor as set out in the draft Initial Order. As CIT and CMIH have been given notice of this CCAA proceeding, based on the books and records of the company, and to the best of my knowledge, secured creditors who are likely to be affected by the proposed charges have been given notice of this CCAA proceeding.

237. The draft Initial Order also provides that the names and addresses of individuals who are creditors of the CMI Entities are not required to be included on the list prepared by the proposed Monitor in accordance with Section 23(1)(a)(ii)(c) of the CCAA. The CMI Entities believe that the identity and privacy of their former employees and retirees and other individuals who are creditors should be respected and wish to prevent any harm that may arise to their former employees and retirees and other individuals who are creditors from having their names and addresses included on such list.

POSTPONEMENT OF ANNUAL MEETING OF SHAREHOLDERS

238. As noted above, Canwest Global is a public company continued under the CBCA. As such, Canwest Global is required pursuant to section 133(1)(b) of the CBCA to call an annual meeting of its shareholders by no later than February 28, 2010, being six months after the end of its preceding financial year which ended on August 31, 2009. Canwest Global generally strives to hold its annual meetings in January. Its last annual meeting was held on January 14, 2009.

239. The management of Canwest Global and the other CMI Entities are presently devoting their efforts to stabilizing the business of the CMI Entities with a view to implementing the Plan in accordance with the terms of the Support Agreement and the Term Sheet.

240. Preparing the proxy materials required for an annual meeting of shareholders (which must be commenced in early October 2009, sent to the Board in early November 2009 and mailed and received by shareholders by late November 2009) and holding the annual meeting of shareholders would divert the attention of senior management of the CMI Entities away from such tasks, would require significant resources and could impede the CMI Entities' ability to achieve their restructuring under the CCAA.

241. Further, under section 106(6) of the CBCA, if directors of Canwest Global are not elected at an annual meeting, the incumbent directors will continue to hold office until their successors are elected.

242. Financial and other information is and will continue to be available to the public through the CMI Entities' court filings which will be easily accessible on the proposed Monitor's website (http://cfcanada.fticonsulting.com/cmi) and through other public records. For example, it is anticipated that Canwest Global will continue to issue and file with the securities regulatory authorities annual and quarterly financial statements, in accordance with past practice.

243. Under the circumstances, I believe it is impractical for Canwest Global to call and hold an annual meeting of shareholders during this CCAA proceeding.

CHAPTER 15 PROCEEDINGS

244. As noted above, in order to obtain the exclusive rights to broadcast many of the most popular prime-time television programs in its current program schedule, CMI or its predecessor companies (as assigned to CTLP) and CTLP have entered into multi-year and other programming agreements and arrangements with certain production studios, distributors and other suppliers that produce and distribute such programs in the United States. Generally speaking, whether the CMI Entities' contractual counterparty is a U.S. entity or a Canadian affiliate or division of a U.S. entity, the CMI Entities receive the broadcast signal for a particular first-run prime-time U.S. broadcast network program by satellite feed from the United States shortly before the scheduled time of exhibition. In order to maintain the *status quo* with respect to these programming agreements and arrangements, and specifically to prevent any of the distributors, production studios or other suppliers from unilaterally terminating or attempting to terminate the programming agreements due to the commencement of this CCAA proceeding, the CMI Entities are seeking in the Initial Order to have the Monitor authorized to commence proceedings under Chapter 15 of the Bankruptcy Code with respect to the Applicants. It is contemplated that initially Chapter 15 recognition as "foreign main proceedings" will be sought only with respect to certain of the Applicants (the "**Chapter 15 Proceedings**"). It is proposed that the Monitor be authorized to file additional Chapter 15 Proceedings as to any of the other

Applicants as, if and when such additional proceedings might be beneficial to protecting the CMI Entities and their businesses.

245. Specifically, the CMI Entities are seeking to initiate the Chapter 15 Proceedings at the outset with respect to Canwest Global, CMI, 4501063 Canada, Canwest Television GP, and Canwest Global Broadcasting Inc./Radiodiffusion Canwest Global Inc. (the "**Chapter 15 Entities**"). In addition, it is proposed that the Monitor will ask that this Honourable Court's Initial Order be enforced in the United States as to the Chapter 15 Entities, including the portions of the Initial Order that protect CTLP (as it holds significant assets and programming procurement arrangements that are integral to the business of the Applicants and the CW Media Segment) and protect the officers and directors of the Chapter 15 Entities from being distracted by the types of claims that the Initial Order enjoins (each only to the extent and for the time that the Initial Order is a continuing Order of this Honourable Court). As stated above, the Chapter 15 Entities are generally the parties that entered into the programming agreements and arrangements which have now been assigned to CTLP. Canwest Television GP is the general partner of CTLP and 4501063 Canada is its direct parent.

246. The initial effect of the Chapter 15 Proceedings would be to give effect to the Initial Order in the United States as it relates to the Chapter 15 Entities and the protection of CTLP and stay any actions, including contractual termination rights by parties to the programming agreements and arrangements, that may be taken by any contractual counterparty against the Chapter 15 Entities and CTLP. It is proposed that the Monitor would be appointed as the foreign representative of the Chapter 15 Entities in respect of the Chapter 15 proceedings.

247. In all of the circumstances, including those set out below, the centre of main interest (the "**COMI**") of each of the Chapter 15 Entities is in Canada:

(a) each of the Chapter 15 Entities is incorporated or organized under the laws of Canada or provinces of Canada;

(b) the registered office of each of the Chapter 15 Entities is located in Canada;

(c) Canwest's television operations operated by the Chapter 15 Entities are headquartered in Toronto, Ontario;

(d) the books and records of each of the Chapter 15 Entities are maintained in Winnipeg, Manitoba and Toronto, Ontario;

(e) the assets of each of the Chapter 15 Entities are primarily located in Canada;

(f) the corporate tax returns of each of the Chapter 15 Entities are filed in Canada;

(g) corporate governance of each of the Chapter 15 Entities is conducted from Canada. Meetings of the Board are primarily held in Canada and all of the directors and executive management of each of the Chapter 15 Entities are resident in Canada;

(h) substantially all of the employees of the Chapter 15 Entities are located in Canada and are paid on Canadian payroll;

(i) the compensation and benefits paid to substantially all of the employees of the Chapter 15 Entities are regulated in Canada;

(j) certain of the Chapter 15 Entities own real property assets located in Canada;

(k) the human resources functions of the Chapter 15 Entities are administered in Canada;

(l) Canwest Global's subordinate voting shares and its non-voting shares are publicly traded on the TSX;

(m) 66 2/3% of each of the Chapter 15 Entities' voting shares must be held by Canadian persons; and

(n) all of Canwest Global's multiple voting shares are held by Canadian persons.

CONCLUSION

248. I am confident that granting the Initial CCAA Order sought by the CMI Entities is in the best interests of the CMI Entities and their respective stakeholders. The CMI Entities require the stay of proceedings to pursue and implement the Recapitalization Transaction in an attempt to complete a going concern restructuring for their businesses. The Ad Hoc Committee and CIT support this application and CMI's pursuit of a restructuring transaction in this CCAA proceeding. The funding available to CMI pursuant to the Cash Collateral and Consent Agreement is only available as part of this CCAA proceeding.

249. Without the breathing space afforded by a stay of proceedings and the opportunity to effect the Recapitalization Transaction, the CMI Entities face a cessation of going concern operations, the liquidation of their assets and the loss of employment for the approximately 1,700 employees of the CMI Entities who work in Canada. The granting of the requested stay of proceedings will assist in permitting an orderly restructuring of the CMI Entities, with minimal short-term disruptions to their businesses.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on October 5, 2009.

Commissioner for Taking Affidavits
SHAWN T. IRVING

John E. Maguire

Schedule "A"

Applicants

1. Canwest Global Communications Corp.
2. Canwest Media Inc.
3. MBS Productions Inc.
4. Yellow Card Productions Inc.
5. Canwest Global Broadcasting Inc./Radiodiffusion Canwest Global Inc.
6. Canwest Television GP Inc.
7. Fox Sports World Canada Holdco Inc.
8. Global Centre Inc.
9. Multisound Publishers Ltd.
10. Canwest International Communications Inc.
11. Canwest Irish Holdings (Barbados) Inc.
12. Western Communications Inc.
13. Canwest Finance Inc./Financiere Canwest Inc.
14. National Post Holdings Ltd.
15. Canwest International Management Inc.
16. Canwest International Distribution Limited
17. Canwest MediaWorks Turkish Holdings (Netherlands) B.V.
18. CGS International Holdings (Netherlands) B.V.
19. CGS Debenture Holding (Netherlands) B.V.
20. CGS Shareholding (Netherlands) B.V.
21. CGS NZ Radio Shareholding (Netherlands) B.V.
22. 4501063 Canada Inc.
23. 4501071 Canada Inc.
24. 30109, LLC
25. CanWest MediaWorks (US) Holdings Corp.

Schedule "B"

Partnerships

1. Canwest Television Limited Partnership
2. Fox Sports World Canada Partnership
3. The National Post Company/La Publication National Post