

**This is Exhibit "C" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "L. Lehard", is written above a horizontal line.

Commissioner for taking affidavits

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:

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- 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:

		Canada	Australia
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:

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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

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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:

Entity	Description of Facility	Year(s)	Amount Available/Due on Maturity	Amount Outstanding	Amount Paid	Amount Accrued
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”)

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- 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**”):

- Retirement Plan for Bargaining Unit Employees of Global Communications Limited
- Retirement Plan for Management and Non-Bargaining Unit Employees of Global Communications Limited
- Global Communications Limited Retirement Plan for Former WIC-Allarcom Employees
- 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	Solvency Deferrals (as at last valuation date)	Annual Special Payments	Estimated Annual Current Service Costs	Last Valuation Date	Estimated Annual Contributions
1. BCTV Senior Management Plan**	\$506,837	NIL	NIL ^o	12/31/06	\$516,837
2. BCTV Staff Plan ^o	\$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

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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 ^o †	NIL ^v	NIL	\$515,000	12/31/06	\$2,290,994
8. CICT Plan ^o	\$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*);

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- 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

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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.

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- 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.

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- 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;

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- (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:

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- 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

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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;

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- 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"

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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.

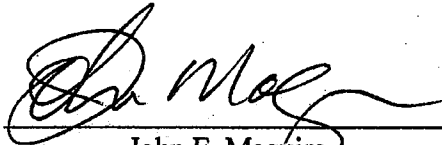
CONCLUSION

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.

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Schedule "B"

Partnerships

1. Canwest Television Limited Partnership
2. Fox Sports World Canada Partnership
3. The National Post Company/La Publication National Post

**This is Exhibit "D" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "L. Shepard", is written over a horizontal line.

Commissioner for taking affidavits

Court File No. CV-09-8396-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

Applicants

**AFFIDAVIT OF THOMAS C. STRIKE
(Sworn February 12, 2010)**

I, Thomas C. Strike, of the City of Winnipeg, in the Province of Manitoba,
MAKE OATH AND SAY:

1. I am the President, Corporate Development & Strategy Implementation and Recapitalization Officer of Canwest Global Communications Corp. ("**Canwest Global**"). I am also a director of Canwest Media Inc. ("**CMI**") and an officer and/or director of certain of the Applicants listed in Schedule "A" hereto (the "**Applicants**"). 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.

2. This affidavit is sworn in support of a motion brought by Canwest Global and the other Applicants listed in Schedule "A" hereto and the Partnerships listed in Schedule "B" hereto (the "**Partnerships**" and, together with the Applicants, the "**CMI Entities**") seeking an Order (the "**Approval Order**"), *inter alia*, (i) approving the Subscription Agreement dated February 11, 2010 (the "**Subscription Agreement**") between Shaw Communications Inc. ("**Shaw Communications**") and Canwest Global, including the subscription term sheet appended thereto (the "**Subscription Term Sheet**"); (ii) approving an amendment and restatement dated February 11, 2010 (the "**Amended Support Agreement**") of the Support Agreement and Restructuring Term Sheet (both as defined below) made between the 8% Senior Subordinated Noteholders (as

defined below) party thereto and the CMI Entities and approved by this Honourable Court on October 6, 2009; (iii) approving the support agreement dated February 11, 2010 (the “**Shaw Support Agreement**”) between Shaw Communications, Canwest Global and the 8% Senior Subordinated Noteholders party thereto (the “**Consenting Noteholders**”); (iv) authorizing and approving the entering into, execution and delivery of the Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement by Canwest Global and the performance by Canwest Global of those agreements in accordance with their terms and conditions; and (v) declaring that the assets, property and undertaking of the CMI Entities are subject to a charge ranking after all existing charges as at the date of the Approval Order in order to secure the payment of the Termination Fee (as defined below) and the Expense Reimbursement (as defined below).

BACKGROUND

3. The CMI Entities were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 6, 2009. FTI Consulting Canada Inc. was appointed at that time to act as monitor (the “**Monitor**”) in this CCAA proceeding.

4. The Initial Order, a copy of which is attached as Exhibit “A” to this Affidavit, granted, *inter alia*, a stay of proceedings (the “**Stay Period**”) until November 5, 2009, or such later date as this Honourable Court may order. On October 30, 2009, the CMI Entities obtained an Order, *inter alia*, extending the Stay Period until January 22, 2010. On January 21, 2010, the CMI Entities obtained a further Order extending the Stay Period until March 31, 2010. A copy of the January 21, 2010 extension Order is attached as Exhibit “B” to this Affidavit.

5. Further details regarding the background to this CCAA proceeding are set out in the affidavits sworn by John E. Maguire on October 5, 2009 (the “**Initial Order Affidavit**”), October 22, 2009, October 27, 2009, November 27, 2009 and January 18, 2010, and unless relevant to the present motion, are not repeated herein. A copy of the Initial Order Affidavit, without exhibits, is attached as Exhibit “C” to this Affidavit.

6. Capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the Initial Order Affidavit.

RECAPITALIZATION TRANSACTION

7. As set out in the Initial Order Affidavit, on October 5, 2009, the CMI Entities agreed to enter into a Support Agreement (the “**Support Agreement**”) with the members of an *ad hoc* committee (the “**Ad Hoc Committee**”) representing over 70% of the holders of CMI’s 8% Senior Subordinated Notes due 2012 (the “**8% Senior Subordinated Noteholders**”). The Support Agreement had attached to it a recapitalization transaction term sheet (the “**Restructuring Term Sheet**”) that set out the summary terms and conditions of a consensual recapitalization transaction involving the CMI Entities (the “**Recapitalization Transaction**”). The Support Agreement and Restructuring Term Sheet represented the culmination of many months of arm’s length negotiations between the CMI Entities and the Ad Hoc Committee. Certain milestone dates set out in the Support Agreement have been extended during the course of this CCAA proceeding. Copies of the Support Agreement and Restructuring Term Sheet that were attached to the Initial Order Affidavit (without signature pages and excluding Schedules F and G) are attached as Exhibit “D” to this Affidavit.

8. The Support Agreement provided that the CMI Entities will pursue a plan of arrangement or compromise on the terms set out in the Restructuring Term Sheet (the “**Plan**”) in order to implement the Recapitalization Transaction as part of this CCAA proceeding. The Restructuring Term Sheet provided, *inter alia*, that creditors of the CMI Entities whose claims are compromised under the Plan, including the 8% Senior Subordinated Noteholders, would receive shares of a restructured Canwest Global (“**Restructured Canwest Global**”) which would be a publicly-listed company on the TSX.

9. In addition, the Restructuring Term Sheet provided, *inter alia*, that one or more Canadians (the “**New Investors**”) (as defined in the *Direction to the CRTC (Ineligibility of Non-Canadians)*) (the “**CRTC Direction**”) would invest at least \$65 million in Restructured Canwest Global. The New Investors must qualify as Canadians in order to satisfy ownership requirements that apply to broadcasters operating under licence from the Canadian Radio-television and Telecommunications Commission (the “**CRTC**”). The equity investment in Restructured Canwest Global must be acceptable to CMI and the Ad Hoc Committee.

EQUITY INVESTMENT SOLICITATION PROCESS

10. 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 (“RBC”), relating to RBC’s provision of investment banking services to Canwest Global and its subsidiaries. Since that time, and as described in the Initial Order Affidavit, the CMI Entities have worked closely with RBC in developing the proposed Recapitalization Transaction. During the course of its engagement, RBC has developed detailed and intimate knowledge of the business of the CMI Entities and has been uniquely positioned to design and conduct an equity investment solicitation process on behalf of the CMI Entities to attract the New Investors required to implement the Recapitalization Transaction.

11. On or about November 2, 2009, RBC commenced an equity investment solicitation process required to implement the Recapitalization Transaction and, in particular, to identify potential New Investors that, among other things, would satisfy the requirement of being Canadian for purposes of the CRTC Direction. RBC conducted the equity investment solicitation process in two phases. The CMI Entities’ Chief Restructuring Advisor (the “CMI CRA”) was actively involved in all aspects of the equity investment solicitation process. The Monitor was provided with periodic updates during the process.

12. In the first phase of the equity investment solicitation process (“Phase 1”), RBC contacted approximately 90 potential investors to inquire whether they would be interested in making a minimum 20% equity investment in Restructured Canwest Global. During the course of initial discussions with potential investors that indicated an interest in an alternative transaction, it was recognized that alternative proposals would be considered. The list of potential investors included both strategic and financial investors and qualified high net worth individuals in Canada and was generated by RBC through its own internal sources and in consultation with the CMI Entities, the CMI CRA and the Ad Hoc Committee. In total, 52 potential investors expressed interest in the investment opportunity and were sent a “teaser” document and a form of non-disclosure agreement (“NDA”). The “teaser” was based upon public information and provided a high-level overview of the investment opportunity and the equity investment solicitation process, and was designed to assist potential investors in determining whether to execute a NDA and receive more detailed and confidential information regarding the CMI Entities. Ultimately, 22 potential investors executed NDAs and received a more

comprehensive confidential information memorandum and access to an internet-based data room containing further confidential information including financial models and operational information. Throughout the equity investment solicitation process, RBC and the CMI Entities continued to update the internet-based data room to ensure that accurate and timely information was provided to the participants in the process.

13. Potential investors that executed a NDA were invited to submit non-binding proposals, along with a mark-up of a proposed equity investment term sheet provided to them by RBC on behalf of the CMI Entities, by no later than December 2, 2009. Potential investors were advised to specifically raise significant proposed modifications to the proposed equity investment term sheet, and it was recommended that RBC be given advance notice of significant structuring issues or other significant changes that potential investors were going to propose to the term sheet. RBC also advised the potential investors that any party seeking to pursue a potential equity investment in Restructured Canwest Global was expected to prepare and submit a non-binding proposal (the “**Initial Proposal**”). Potential investors were informed that Canwest Global would favour investors that placed the highest equity value on Restructured Canwest Global and demonstrated the ability and willingness to complete due diligence and documentation within the required timeline.

14. The potential investors were advised to address a number of matters in the Initial Proposal, including, *inter alia*:

- (a) the dollar amount being proposed to be invested in cash on the date of emergence of Restructured Canwest Global and the other CMI Entities from the CCAA proceeding (the “**Emergence Date**”);
- (b) the proposed equity ownership stake to be acquired by the potential investor as a percentage of total equity ownership of Restructured Canwest Global;
- (c) a description of the entity that would be making the proposed equity investment, the principals/shareholders of the investing entity and confirmation that the investing entity would be a “Canadian” as defined in the CRTC Direction;

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- (d) information on the anticipated sources of capital, preliminary evidence of the availability of such capital, and the steps and associated timing to obtain the capital;
- (e) a detailed description of the additional due diligence and/or information that would be required by the prospective investor in order to provide a binding equity investment proposal;
- (f) an indication of the level of review and approval that the Initial Proposal had received, as well as any additional corporate or other internal approvals required prior to executing a definitive agreement; and
- (g) any regulatory approvals, consents or other conditions (other than CRTC approval) necessary to complete the proposed equity investment.

15. Participants in Phase 1 were also informed that if an interested party's Initial Proposal met Canwest Global's objectives, then that party would be invited to commence the next phase of the process, and would be allowed to perform confirmatory due diligence and would have the opportunity to meet with Canwest Global's senior management team.

16. As of December 2, 2009, six potential investors submitted Initial Proposals as part of the equity investment solicitation process. Based upon the recommendation of RBC, five of the six potential investors that submitted Initial Proposals as part of the formal process were invited to participate in phase 2 of the equity investment solicitation process ("**Phase 2**"). An additional prospective investor submitted a proposal outside of the equity investment solicitation process. This investor was unwilling to execute a NDA in order to receive the confidential information available to parties during Phase 1 of the process. Accordingly, further discussions with this investor were not pursued, although further attempts were made by RBC to encourage this potential investor to execute a NDA and enter the equity investment solicitation process.

17. RBC commenced Phase 2 shortly after the receipt of the non-binding Initial Proposals. As part of Phase 2, the CMI Entities' senior management team, together with RBC, met with and provided each Phase 2 participant (collectively, "**Phase 2 Participants**") with a detailed management presentation as well as further detailed and confidential information regarding the investment opportunity to facilitate each party's ongoing due

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diligence. The management presentations provided the opportunity for Phase 2 Participants to ask RBC and senior management of the CMI Entities specific questions about the business and the investment opportunity. Further, RBC arranged, to the extent required, for additional business and legal due diligence sessions with the CMI Entities' management and their legal and financial advisors as part of Phase 2. The CMI Entities continued to add further information to the internet-based data room in response to information requests from the Phase 2 Participants.

18. On December 22, 2009, RBC informed the Phase 2 Participants that the deadline for the submission of final binding offers would likely be during the latter half of January 2010. RBC informed the Phase 2 Participants that, in addition to ongoing access to the CMI Entities' senior management team and RBC, they would also have the opportunity to meet with members of the Ad Hoc Committee prior to submitting their proposals. In advance of any such meetings, RBC requested that Phase 2 Participants provide certain additional information, including the status of due diligence and any further information requests and their then current thinking on the proposed ownership/governance structure of Restructured Canwest Global, taking into account CRTC requirements.

19. Four of the five Phase 2 Participants met with the CMI Entities, RBC, the CMI CRA and certain representatives of the Ad Hoc Committee to discuss the potential equity investment. The fifth Phase 2 Participant withdrew from the equity investment solicitation process.

20. On January 20, 2010, RBC informed the four remaining Phase 2 Participants that final binding offers (the "**Formal Bids**" and each a "**Formal Bid**") were required to be received by 5:00 p.m. on January 27, 2010. The Phase 2 Participants were provided with a copy of a proposed equity subscription agreement together with an attached term sheet for the proposed equity investment. The attached term sheet was based upon the form of term sheet provided in Phase 1, amended to be consistent with the provisions incorporated in the proposed subscription agreement.

21. In order to assist the parties with their Formal Bids, RBC communicated to Phase 2 Participants a number of criteria that Canwest Global and RBC would consider in evaluating any offers (many of which were similar to the criteria communicated prior to the receipt of the Initial Proposals), including, *inter alia*:

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- (a) the dollar amount being proposed to be invested in cash on the Emergence Date;
- (b) the proposed equity ownership stake to be acquired as a percentage of the total equity ownership of Restructured Canwest Global;
- (c) confirmation that the investing entity is a "Canadian" as defined in the CRTC Direction;
- (d) the nature and extent of any changes to the proposed subscription agreement (including the equity investment term sheet attached thereto). It was again noted that potential investors should specifically raise significant proposed modifications to the proposed subscription agreement (including the equity investment term sheet attached thereto) and that RBC be given advance notice of significant structuring issues;
- (e) sources of financing and confirmation that the offer would not be subject to any financing conditions;
- (f) preference being given to offers that would not be subject to any further due diligence;
- (g) confirmation that all required corporate approvals would have been obtained and that no additional approvals would be required to implement the offer;
- (h) confirmation that the offer and proposed subscription agreement would remain open, binding, enforceable and in effect on a confidential basis for a period of not less than 14 days from the deadline for submission of offers; and
- (i) confirmation that the proposed investor would be willing to proceed with its investment on the basis that the Amended and Restated Shareholders Agreement with GS Capital Partners VI Fund, L.P. and its affiliates ("**Goldman Sachs**") concerning CW Investments Co. (the "**CW Investments Shareholders Agreement**") would be amended on terms acceptable to the proposed investor.

Offers Received

22. Two Formal Bids were received from Phase 2 Participants (the “**Formal Bidders**”) by RBC prior to the January 27, 2010 deadline, one of which was the Formal Bid from Shaw Communications. Both Formal Bids included mark-ups of the proposed equity subscription agreement and subscription term sheet for the proposed equity investment. RBC and the CMI Entities, in consultation with the Ad Hoc Committee and the CMI CRA, proceeded to discuss each Formal Bid with each of the Formal Bidders in an attempt to reach an agreement with a prospective New Investor that would secure the best possible transaction in the circumstances and which would allow the CMI Entities to proceed to finalize the Plan and seek to emerge from CCAA protection as a viable going concern business.

Shaw Communications’ Formal Bid

23. Rather than restructure Canwest Global as a public company as was originally contemplated in the Support Agreement and as was proposed in the form of subscription agreement and subscription term sheet that accompanied RBC’s solicitation of Formal Bids, the Formal Bid by Shaw Communications contemplated that Restructured Canwest Global would be a private company, the shareholders of which would be comprised of Shaw Communications or a direct or indirect wholly-owned subsidiary of Shaw Communications that is Canadian as defined in the CRTC Direction (Shaw Communications and any such designated wholly-owned subsidiary being collectively referred to herein as “**Shaw**”) and those 8% Senior Subordinated Noteholders and other creditors of Canwest Global that elected to receive equity shares of Restructured Canwest Global and that would hold at least 5% of the equity shares of Restructured Canwest Global following the completion of the proposed Recapitalization Transaction (collectively, the “**Participating Creditors**”). Creditors that would hold less than 5% of the equity shares of Restructured Canwest Global upon completion of the Recapitalization Transaction (the “**Non-Participating Creditors**”) and existing shareholders of Canwest Global (the “**Existing Shareholders**”) would receive cash payments (rather than equity shares of Restructured Canwest Global) to extinguish their interests to be affected pursuant to the Plan. The amount of cash to be distributed to each Non-Participating Creditor would be equal to the value of the equity they would otherwise have received under the Recapitalization Transaction as originally proposed but using the higher implied equity value contained in the Formal Bid by Shaw Communications.

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24. Shaw Communications' Formal Bid contemplated that, prior to or as soon as reasonably practicable following the successful completion of the Recapitalization Transaction, Restructured Canwest Global would apply to be de-listed from the TSX Venture Exchange and would apply to cease to be a reporting issuer for purposes of Canadian securities laws.

25. Other basic elements of Shaw Communications' Formal Bid were as follows:

- (a) Shaw would subscribe for that number of Class A Voting Shares in the capital of Restructured Canwest Global (the "**Securities**") that would represent a 20% minimum equity subscription by Shaw in the capital of Restructured Canwest Global in a specified amount and an 80% voting interest in Restructured Canwest Global immediately following completion of the Recapitalization Transaction (the "**Minimum Shaw Commitment**");
- (b) a portion of the net cash proceeds received from the Minimum Shaw Commitment would be distributed to the 8% Senior Subordinated Noteholders pursuant to the Plan in connection with the partial payment of the Secured Intercompany Note (as defined in the Initial Order Affidavit) and the balance would be used for working capital purposes;
- (c) in addition to the Minimum Shaw Commitment, Shaw would subscribe for an additional commitment of equity shares of Restructured Canwest Global at the same price per share (the "**Additional Commitment**") in order to fund cash payments which would be made to the Non-Participating Creditors and the Existing Shareholders pursuant to the Recapitalization Transaction (as amended), subject to the right of the members of the Ad Hoc Committee to elect to participate *pro rata* (based upon the *pro forma* ratio of equity in Restructured Canwest Global allocated to Shaw to equity allocated to the Ad Hoc Committee) with Shaw in the funding of the Additional Commitment;
- (d) confirmation that Shaw would be Canadian in order to comply with the CRTC Direction;
- (e) confirmation that Shaw had adequate financial resources on hand to complete the Recapitalization Transaction;

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- (f) none of Shaw's Formal Bid, the Subscription Agreement or the proposed Amended Support Agreement would be subject to financing conditions in favour of Shaw;
- (g) the Formal Bid was subject to confirmatory due diligence with respect to certain matters identified by Shaw; and
- (h) Shaw confirmed that no additional internal approvals were required.

26. Over the next several days, numerous follow-up discussions were held with RBC, the CMI Entities, the CMI CRA, the Ad Hoc Committee and Shaw and their respective advisors to negotiate the terms of the Subscription Agreement (together with the Subscription Term Sheet), Amended Support Agreement and Shaw Support Agreement. The Monitor and its counsel were provided with drafts of the documents and participated in discussions with the advisors to the CMI Entities. The CMI Entities also provided information to Shaw to allow it to complete its confirmatory due diligence. At the same time, discussions were also held between RBC, the CMI Entities, the Ad Hoc Committee and the other Formal Bidder and their respective advisors, in respect of the other Formal Bid.

27. I am advised by Richard Grudzinski, a Managing Director of RBC, and believe that it is RBC's view that the Formal Bid submitted by Shaw, as documented by the Subscription Agreement, Subscription Term Sheet, Amended Support Agreement and Shaw Support Agreement, is the best overall offer received by the CMI Entities, considering various criteria and as set out in paragraph 28 below, including those communicated by RBC to the participants in the equity investment solicitation process. Specifically, among other things, Shaw's Formal Bid provided (i) significant value to Restructured Canwest Global in exchange for the equity investment; (ii) affected creditors the opportunity to receive cash distributions from a Plan as opposed to shares in Restructured Canwest Global; and (iii) a long-term solution and stability for Restructured Canwest Global through the involvement of a strategic investor with significant experience in the media industry.

28. On February 11, 2010, after many days of extensive, arm's length negotiations between RBC, the CMI Entities, the Ad Hoc Committee and the Formal Bidders and their respective advisors, the Special Committee of Canwest Global (the "Special Committee") met

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to consider the Formal Bids. The Special Committee duly considered the Formal Bids, having regard to the best interests of Canwest Global. After due consideration, the Special Committee recommended to the board of directors of Canwest Global (the “Board”) that it approve, and the Board approved, the Subscription Agreement (together with the Subscription Term Sheet), Amended Support Agreement and Shaw Support Agreement. The CMI Entities’ senior management, the CMI CRA, and the Ad Hoc Committee support the entering into of such agreements. The Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement have been executed by the respective parties thereto (including, in the case of the Shaw Support Agreement and the Amended Support Agreement, by the members of the Ad Hoc Committee) and, should the Approval Order requested of this Honourable Court be granted, such agreements will become effective and legally binding on the parties thereto.

Subscription Agreement

29. Subject to the terms of the Subscription Term Sheet, Shaw has agreed in the Subscription Agreement to subscribe for the Minimum Shaw Commitment and the Additional Commitment. If agreed by Canwest Global, Shaw and the Ad Hoc Committee, Restructured Canwest Global will be a newly created corporation. Shaw has agreed not to revoke its subscription for the Securities prior to the proposed Approval Order being granted by the Court. If the Approval Order is not granted by February 19, 2010, the Subscription Agreement will have no further force and effect and neither party would be required to perform its obligations thereunder. Copies of the Subscription Agreement (together with the Subscription Term Sheet), the Amended Support Agreement and the Shaw Support Agreement (without signature pages) will be attached to the Confidential Supplement to the Monitor’s Tenth Report which will be filed in respect of this motion. These agreements are being filed on a confidential basis with the material non-financial terms of such agreements being disclosed in this Affidavit, in order to ensure the integrity of the equity investment solicitation process and to protect Canwest Global and Shaw which has, in the opinion of RBC and the CMI Entities, put forward the best offer after a lengthy and exhaustive equity investment solicitation process. It is my belief that disclosing the Subscription Agreement (together with the Subscription Term Sheet), the Amended Support Agreement and the Shaw Support Agreement at this time would be extremely detrimental to the CMI Entities’ interest as it would significantly weaken Canwest Global’s ability to bargain with other potential investors which may later wish to make an equity investment in Restructured Canwest Global in the event that the Approval Order is not granted, as, among other things, the

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financial terms that the CMI Entities were prepared to accept will have been disclosed to the market. It is proposed that the Monitor will post copies of the executed Subscription Agreement (together with the Subscription Term Sheet), Amended Support Agreement and Shaw Support Agreement (without signature pages) on the Monitor's website and will distribute copies of such agreements (without signature pages) to the service list should the Approval Order be granted by this Honourable Court.

30. The Subscription Agreement contains certain customary deal protection provisions, including an "exclusivity" provision and a "termination fee" provision in favour of Shaw. In particular, the Subscription Agreement provides that Canwest Global shall not, directly or indirectly, through any officer, director, employee, representative or agent (collectively, "**Representatives**" and each a "**Representative**") of Canwest Global or any Representative of any of its affiliates,

- (a) solicit, initiate, knowingly facilitate or knowingly encourage (including by way of furnishing information or entering into any agreement) any inquiries or proposals regarding an Acquisition Proposal (as defined below);
- (b) participate in any substantive discussion or negotiations with any person (other than Shaw) regarding an Acquisition Proposal;
- (c) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend any Acquisition Proposal; or
- (d) enter into, or publicly propose to enter into, any agreement in respect of an Acquisition Proposal.

31. Canwest Global is required, with limited exception, to terminate any existing solicitations, discussions or negotiations with any person (other than Shaw) that has made or may make, an Acquisition Proposal. Canwest Global has also agreed not to release any third party from any standstill covenant to which it is a party, or amend, waive or modify in any way any such standstill covenant.

32. Canwest Global is further required, with limited exception, to promptly notify and apprise Shaw in the event that Canwest Global or its Representatives receives, after the date of

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the Subscription Agreement, any Acquisition Proposal or any request for information or discussions with respect to an Acquisition Proposal.

33. The term "Acquisition Proposal" is defined in the Subscription Agreement as any proposal other than from Shaw that:

- (a) relates to the emergence from creditor protection under the CCAA of Canwest Global and its affiliates (other than Canwest Limited Partnership ("Canwest LP") and Canada (Canada) Inc. ("CCI") and their subsidiaries); and
- (b) involves (i) any merger or tender offer made in respect of Canwest Global and its affiliates (other than Canwest LP and CCI and their subsidiaries); (ii) any sale of assets having a value over \$5 million of Canwest Global or any of its affiliates (other than Canwest LP and CCI and their subsidiaries); (iii) the acquisition of any equity interest in Canwest Global or Restructured Canwest Global or the issuance of any debt securities of Canwest Global or Restructured Canwest Global; (iv) any transaction similar to those described in the foregoing clauses involving Canwest Global's affiliates (excluding Canwest LP and CCI and their subsidiaries); or (v) any inquiry, proposal, offer or public announcement of an intention to do any of the foregoing,

but excluding the Recapitalization Transaction and the Subscription Agreement.

34. The Subscription Agreement provides that it may be terminated at any time prior to the Effective Date:

- (a) by mutual written agreement of the parties;
- (b) by Shaw, at any time prior to the Effective Time, if:
 - (i) certain conditions relating to the "bring-down" of representations and warranties and the performance of covenants have not been satisfied;
 - (ii) certain conditions that are set forth in the Subscription Agreement have not been satisfied, and such conditions are incapable of being satisfied on or before a date that is six months from the date of the

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Subscription Agreement (*i.e.*, August 11, 2010) (the “**Outside Date**”) and Shaw has not waived such conditions;

(iii) any of the Participating Creditors breach, in any material respect, any of their representations, warranties, covenants or agreements set forth in the Shaw Support Agreement which breach would result in a failure to satisfy any of the conditions; or

(iv) the Shaw Support Agreement is terminated by the Consenting Noteholders in accordance with its terms.

(c) by Canwest Global, at any time prior to the Effective Time, if:

(i) the Shaw Support Agreement is terminated by Canwest Global in accordance with section 8(d) of the Shaw Support Agreement, which provision, as noted below, allows Canwest Global to terminate that agreement in circumstances where a definitive GS Amending Agreement (as defined below) with Goldman Sachs is acceptable to both Canwest Global and the Ad Hoc Committee but is not acceptable to Shaw;

(ii) certain conditions in favour of Canwest Global that are set forth in the Subscription Agreement are not satisfied or cannot reasonably be expected to be satisfied on or before the Outside Date and Canwest Global has not waived such conditions; or

(iii) the Shaw Support Agreement is terminated by the Consenting Noteholders in accordance with its terms.

35. The Subscription Agreement provides for a termination fee in the amount of \$5 million (the “**Termination Fee**”) to be paid by Canwest Global to Shaw in the event that:

(a) the Subscription Agreement is terminated by Shaw at any time prior to the implementation of the Recapitalization Transaction (the “**Effective Time**”) as a result of a failure by Canwest Global to satisfy certain closing conditions (relating to the “bring-down” of representations and warranties and the performance of

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covenants) and the closing has not occurred on or before the Outside Date solely because of a failure to satisfy such condition; or

- (b) the Subscription Agreement is terminated by Canwest Global at any time prior to the Effective Time as a result of the Shaw Support Agreement being terminated in accordance with section 8(d) of the Shaw Support Agreement (described above),

(each, a "**Termination Event**").

36. In the event that a Termination Event has occurred, the Subscription Agreement provides that, in addition to the Termination Fee, Canwest Global will reimburse Shaw up to \$2.5 million for any and all out-of-pocket fees and expenses incurred by Shaw or its affiliates in connection with the negotiation and entering into of the Subscription Agreement and the Recapitalization Transaction (the "**Expense Reimbursement**"). The Expense Reimbursement is also payable to Shaw upon closing of the Recapitalization Transaction.

37. Among other representations, warranties and covenants, Canwest Global has covenanted to use its commercially reasonable efforts to, or to cause its affiliates to, terminate the participation of any employee of Canwest LP, CCI and their subsidiaries (the "**Specified Affiliates**") in a pension or benefit plan of Canwest Global or its other subsidiaries (other than the Specified Affiliates), and to terminate all inter-company plan participation agreements between a Specified Affiliate and Canwest Global and one of its subsidiaries (other than a Specified Affiliate). This covenant is intended to cause the CMI Entities to use commercially reasonable efforts to realign certain employees of the Specified Affiliates who, for various reasons, participate in a pension plan which is sponsored by the CMI Entities and enable those employees to participate in a pension plan which is sponsored by the Specified Affiliates.

38. As noted above, the Subscription Agreement also requires the proposed Approval Order to provide for a charge over all of the assets, property and undertaking of the CMI Entities (as defined in the Initial Order) ranking after all existing charges at the date thereof to secure the payment of the Termination Fee and the Expense Reimbursement.

Subscription Term Sheet

39. The principal terms of the subscription transaction by Shaw (the "**Shaw Transaction**") are more fully set out in the Subscription Term Sheet. The Subscription Term

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Sheet does not create any obligation on the parties until the Subscription Agreement has become binding and effective.

40. The Subscription Term Sheet contemplates that, after the closing of the Shaw Transaction and the completion of the Recapitalization Transaction, the shareholders of Restructured Canwest Global will consist of:

- (a) Shaw, which will hold a minimum of 20% of the outstanding equity shares of Restructured Canwest Global that are issued and outstanding immediately after giving effect to the Recapitalization Transaction; and
- (b) the Participating Creditors.

41. The share capital of Restructured Canwest Global will be comprised of the following classes of shares:

- (a) Class A Voting Shares issued to Shaw;
- (b) Non-Voting Shares issued to Participating Creditors; and
- (c) Class B Subordinated Voting Shares issued to Participating Creditors,

provided that: (i) the Non-Voting Shares and the Class B Subordinated Voting Shares will trade as a unit; and (ii) a fraction of a Class B Subordinated Voting Share will attach to each whole Non-Voting Share such that immediately following the Recapitalization Transaction, Class B Subordinated Voting Shares will represent, in aggregate, 20% in number (and, for greater certainty, 20% of the total votes) of the total outstanding Class A Voting Shares and Class B Subordinated Voting Shares.

42. The Subscription Term Sheet provides that Restructured Canwest Global, Shaw and the Participating Creditors will enter a definitive shareholders agreement which will govern their interests in, and the operation of, Restructured Canwest Global. The shareholders agreement will provide for matters such as board composition, management team composition, pre-emptive rights, capital calls, restrictions on share transfers, liquidity rights and such other terms as are customary for a shareholders agreement in such circumstances.

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43. With respect to board composition in particular, the Subscription Term Sheet provides that the initial board of directors of Restructured Canwest Global (the “**Restructured Board**”) will be comprised of eleven or nine directors as follows: (i) six nominees (all of whom must be Canadian as defined in the CRTC Direction) selected by Shaw in the event that Shaw holds at least 50% of the equity shares of Restructured Canwest Global at any time following the Restructuring Transaction or four nominees (all of whom must be Canadian as defined in the CRTC Direction) selected by Shaw in the event that Shaw holds less than 50% of the equity shares of Restructured Canwest Global at any time following the Restructuring Transaction; (ii) three nominees selected by the Participating Creditors; (iii) one Independent Director (who must be Canadian as defined in the CRTC Direction) mutually agreed by Shaw and the Participating Creditors; and (iv) the Chief Executive Officer of Restructured Canwest Global (who must be Canadian as defined in the CRTC Direction). The Subscription Term Sheet also sets out procedures for board nomination rights and a method to replace vacancies on the Restructured Board.

44. With respect to liquidity rights, appended to the Subscription Term Sheet is a schedule which sets out certain liquidity rights which will govern the parties, including the method by which shares will be valued, in the event that (i) one or more of the Participating Creditors wish to sell their shares in Restructured Canwest Global to Shaw; (ii) the shareholders of Restructured Canwest Global receive an unsolicited *bona fide* fully financed and unconditional offer from an arm's length financially-qualified third party for all of the outstanding equity shares of Restructured Canwest Global; (iii) one shareholder wishes to sell at least 5% of the outstanding equity shares or if less, all of such shareholder's equity shares in Restructured Canwest Global; (iv) a shareholder receives an unsolicited *bona fide* fully financed and unconditional offer from an arm's length financially qualified third party for at least 5% of the outstanding equity shares or if less than 5%, all of such shareholder's shares, in Restructured Canwest Global; or (v) Shaw wishes to sell all or some of its equity shares in Restructured Canwest Global.

45. The Subscription Term Sheet provides that it will terminate and be at an end in the event that the Recapitalization Transaction is not completed on or before the Outside Date (*i.e.*, August 11, 2010) or such later date as Shaw and Canwest Global may determine from time to time.

Amended Support Agreement

46. As the Subscription Agreement contemplates that Restructured Canwest Global will be a private company, as opposed to a publicly-traded entity (as was contemplated in the original Support Agreement and Restructuring Term Sheet), the CMI Entities and the Ad Hoc Committee have agreed to enter into the Amended Support Agreement in order to amend and restate a number of the terms of the Support Agreement and the Restructuring Term Sheet so that each will conform with the Subscription Agreement.

47. Some of the material amendments or revisions set out in the Amended Support Agreement (not otherwise discussed above) are as follows:

- (a) if an affected creditor (including an 8% Senior Subordinated Noteholder), would, individually or on a *pro forma* basis, hold at least 5% of the outstanding equity shares of Restructured Canwest Global if it elected to receive shares in full satisfaction of any of its proven claims and other payment entitlements under the Amended Support Agreement, then such affected creditor may elect to receive shares of Restructured Canwest Global in full satisfaction of all such claims;
- (b) each affected creditor (including an 8% Senior Subordinated Noteholder) that is not permitted to, or otherwise elects not to, receive shares of Restructured Canwest Global, shall receive a cash payment equal in dollar value (based upon the implied equity value of Restructured Canwest Global under the Subscription Term Sheet (the “**Equity Value**”)) to its *pro rata* entitlement to the equity shares of Restructured Canwest Global that it would have otherwise received under the Subscription Term Sheet in full and final satisfaction of its claims. As a result, it is expected that the vast majority of affected creditors under the Plan will receive cash distributions in lieu of shares in Restructured Canwest Global at a value greater than the implied equity value contemplated in the initial Restructuring Term Sheet approved by this Honourable Court;
- (c) each affected creditor (including a 8% Senior Subordinated Noteholder) that is a Participating Creditor (*i.e.*, permitted to and otherwise elects to receive shares of Restructured Canwest Global) will receive shares in Restructured Canwest Global representing a percentage ownership of the outstanding equity shares of

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Restructured Canwest Global equal to such Participating Creditors' *pro rata* entitlement to the applicable equity percentages outlined in the Subscription Term Sheet;

- (d) each of the shareholders of record of Canwest Global will, in exchange for its existing shares in the capital of Canwest Global, receive a cash payment equal to such shareholder's *pro rata* entitlement (based upon the number of shares owned by such shareholder of Canwest Global and, for greater certainty, without taking into account the number of votes attributed to each such share) to the amount obtained by multiplying (i) the Equity Value by (ii) the percentage of the Equity Value to be allocated to the existing shareholders of Canwest Global as set out in the initial Restructuring Term Sheet;
- (e) Restructured Canwest Global, Shaw and the Participating Creditors shall enter into a definitive shareholders agreement governing their interests in, and the operation of, Restructured Canwest Global in a form acceptable to Restructured Canwest Global, Shaw and the Ad Hoc Committee; and
- (f) creditor approval of the Plan shall have occurred by April 15, 2010, and the Plan shall have been implemented by no later than the Outside Date (*i.e.*, August 11, 2010) unless such dates are extended. The Use of Cash Collateral and Consent Agreement has been amended to conform with the new milestone dates.

48. The Amended Support Agreement also amends certain conditions of the Restructuring Term Sheet by, among other things: (a) requiring *Competition Act* (Canada) approval in a form of a final non-appealable decision on terms satisfactory to the CMI Entities and the Ad Hoc Committee; (b) requiring Canwest Global to apply to cease to be a "reporting issuer" and to delist its securities from the TSX Venture Exchange; and (c) requiring that the subscription by Shaw be completed in accordance with the Subscription Agreement. The Amended Term Sheet also removes conditions with respect to, among other things, the listing of Canwest Global's securities on the TSX.

Shaw Support Agreement

49. The obligations of Shaw and the Ad Hoc Committee to support the Recapitalization Transaction are subject to the conditions set out in the Shaw Support Agreement. The agreement contains representations, warranties and covenants of Canwest Global, Shaw and the Consenting Noteholders, many of which are similar to those contained in the Support Agreement. In particular, each of the Consenting Noteholders covenants to pursue, support and use its commercially reasonable efforts to complete the Recapitalization Transaction and implement the Plan (as modified to reflect the contemplated equity subscription by Shaw and the contemplated private company transaction) in good faith and to do all things necessary and appropriate in furtherance of the Recapitalization Transaction. Similarly, Shaw agrees to pursue, support and use its commercially reasonable efforts to complete the Recapitalization Transaction and implement the Plan in good faith, as well as to perform all of its covenants under the Subscription Agreement. Subject to limited exceptions, each Consenting Noteholder further covenants that, to the extent eligible to do so, it will elect to receive shares of Restructured Canwest Global.

50. The Shaw Support Agreement also formalizes the agreement between Shaw and the Consenting Noteholders with respect to the contemplated equity subscription by Shaw and its impact on the Recapitalization Transaction as it was originally contemplated under the Support Agreement (to which Shaw is not a party). It also provides for the support by the Consenting Noteholders of Shaw's equity investment on the terms set out in the Subscription Agreement. In particular, the Shaw Support Agreement expressly provides that the Restructuring Term Sheet may not be amended in a manner that materially adversely affects Shaw without the prior written consent of Shaw (although amendments that affect matters as between affected creditors only are generally permitted).

51. Among other things, pursuant to the Shaw Support Agreement, it is a condition of each party's obligation to consummate the Shaw Transaction that:

- (a) the CW Investments Shareholders Agreement shall have been amended and restated or otherwise addressed in a manner agreed to by Shaw, Canwest Global and the Ad Hoc Committee, subject to CRTC approval, if required; or

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- (b) the CW Investments Shareholders Agreement shall have been disclaimed or resiliated in accordance with the provisions of the CCAA and the CMI Claims Procedure Order and, if applicable, the Court issues an Order that such agreement be disclaimed or resiliated, and such Order shall not have been amended, varied or stayed and all appeal periods shall have expired or, in the event of an appeal, a final determination dismissing such appeal shall have been made.

52. The foregoing condition in the Shaw Support Agreement is subject to a proviso that such condition as it relates to Shaw shall be satisfied if either clause (a) or (b) above is satisfied and as it relates to Canwest Global and the Consenting Noteholders shall be satisfied, at their election, if clause (a) or (b) above is satisfied and that, notwithstanding any other provision of the Shaw Support Agreement, the Subscription Agreement or the Subscription Term Sheet, neither Canwest Global nor the Consenting Noteholders shall be obligated to pursue a disclaimer or resiliation of the CW Investments Shareholders Agreement.

53. In order to satisfy the condition that the CW Investments Shareholders Agreement shall have been amended and restated or otherwise addressed, Shaw, Canwest Global and the Ad Hoc Committee have agreed to jointly pursue in good faith an amendment and restatement of the CW Investments Shareholders Agreement with Goldman Sachs (a “**GS Amending Agreement**”). Shaw, Canwest Global and the Ad Hoc Committee have agreed to cooperate with each other in the joint pursuit of such amendment or restatement and each party has agreed to keep the other parties fully and timely informed concerning the development and progress of any such discussions. If Shaw, Canwest Global and the Ad Hoc Committee determine that it is advisable for Canwest Global to enter into a GS Amending Agreement, then each of them shall, immediately prior to or concurrently with the execution and delivery of the definitive agreements, execute and deliver to each other a side letter confirming that the condition has been satisfied. As noted above, Canwest Global is not required to take any steps towards disclaiming or resiliating the CW Investments Shareholders Agreement.

54. The decision with respect to whether it is advisable for Canwest Global to enter into a GS Amending Agreement is to be made jointly by mutual agreement, provided, however, that Canwest Global and the Ad Hoc Committee may, at any time, notify Shaw that the form of a proposed GS Amending Agreement is acceptable to each of them. If Shaw advises Canwest

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Global and the Ad Hoc Committee that the proposed GS Amending Agreement is not acceptable, then Canwest Global may enter into a GS Amending Agreement provided that immediately prior to entering into such GS Amending Agreement, Canwest Global shall immediately terminate the Shaw Support Agreement and the Subscription Agreement and shall pay the Termination Fee and Expense Reimbursement to Shaw.

55. Each of Canwest Global, Shaw and the Ad Hoc Committee have the right to terminate the Shaw Support Agreement in specified circumstances, including by mutual agreement, in the event that the Support Agreement is terminated and for failure to consummate the subscription transaction by the Outside Date or to satisfy closing conditions or comply with certain covenants.

Conclusion

56. The CMI Entities believe that the Subscription Agreement (including the Subscription Term Sheet), Amended Support Agreement and Shaw Support Agreement together represent the best available transaction for the equity investment required by the Recapitalization Transaction and are a crucial step towards the finalization of the Plan. It follows a lengthy and comprehensive equity investment solicitation process – one that has had a very high degree of public visibility given the nature of the assets available – conducted by RBC, Canwest Global's financial advisor, and is the result of extensive arm's length negotiations between the parties. The CMI Entities also believe that the Termination Fee and the Expense Reimbursement and deal protection provisions are reasonable and necessary in the circumstances.

SWORN BEFORE ME at the City of
Winnipeg, in the Province of Manitoba,
on February 12, 2010.


Commissioner for Taking Affidavits


Thomas C. Strike

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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)
18. CGS International Holdings (Netherlands)
19. CGS Debenture Holding (Netherlands)
20. CGS Shareholding (Netherlands)
21. CGS NZ Radio Shareholding (Netherlands)
22. 4501063 Canada Inc.
23. 4501071 Canada Inc.
24. 30109, LLC
25. CanWest MediaWorks (US) Holdings Corp.

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Schedule "B"

Partnerships

1. Canwest Television Limited Partnership
2. Fox Sports World Canada Partnership
3. The National Post Company/La Publication National Post

**This is Exhibit "E" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "L. Shepard", is written above a horizontal line.

Commissioner for taking affidavits



Court File No. CV-09-8396-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 19 th DAY
)	
MADAM JUSTICE PEPALL)	OF FEBRUARY, 2010

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

ORDER
(Approval of Subscription Agreement)

THIS MOTION, made by Canwest Global Communications Corp. ("**Canwest Global**") and the other Applicants listed on Schedule "A" hereto (collectively, the "**Applicants**") and the Partnerships listed on Schedule "B" hereto (the "**Partnerships**" and, together with the Applicants, the "**CMI Entities**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the CMI Entities, the Affidavit of Thomas C. Strike sworn February 12, 2010 (the "**Strike Affidavit**"), the Tenth Report of FTI Consulting Canada Inc. in its capacity as Court-appointed monitor of the CMI Entities (the "**Monitor**"), including the Confidential Supplement thereto (the "**Confidential Supplement**"), and on hearing from counsel for the CMI Entities, the Monitor, the *ad hoc* committee of holders of 8% senior subordinated notes issued by Canwest Media Inc., CIT Business Credit Canada

Inc., Shaw Communications Inc. ("**Shaw**") and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed.

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

2. **THIS COURT ORDERS** that

- (a) the Subscription Agreement and the Subscription Term Sheet attached as Schedule "A" thereto (collectively, the "**Subscription Agreement**") dated February 11, 2010 between Canwest Global and Shaw,
- (b) the Amended Support Agreement (as defined in the Strike Affidavit) dated February 11, 2010 between the CMI Entities and certain holders of 8% Senior Subordinated Notes issued by Canwest Media Inc. (the "**Consenting Noteholders**"), and
- (c) the Shaw Support Agreement (as defined in the Strike Affidavit) dated February 11, 2010 between Canwest Global, Shaw, and the Consenting Noteholders,

are hereby approved and the entering into, execution and delivery of the Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement by the CMI Entities and the performance by the CMI Entities of the Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement in accordance with their terms and conditions is hereby authorized and approved.

3. **THIS COURT ORDERS** that the CMI Entities are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transactions and the satisfaction of the obligations contemplated by the Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement.

4. **THIS COURT ORDERS** that the CMI Entities shall be required to comply with their obligations under the Subscription Agreement and the Shaw Support Agreement. Prior to exercising any and all rights and remedies they may have against the CMI Entities under or in respect of the Subscription Agreement and the Shaw Support Agreement, in accordance with the terms of such agreements, Shaw and the Consenting Noteholders, as applicable, shall be required to obtain a further order of the Court, other than in respect of contractual termination rights under the Subscription Agreement and the Shaw Support Agreement.

5. **THIS COURT ORDERS** that Shaw shall be entitled to the benefit of and is hereby granted a charge (the “**Investor Charge**”) on the CMI Property (as defined in the Initial Order of this Honourable Court dated October 6, 2009 (the “**Initial Order**”)) to secure the payment of the Termination Fee pursuant to Section 4.6 and the expense reimbursement payable pursuant to Section 9.2 of the Subscription Agreement.

6. **THIS COURT ORDERS** that paragraph 47 of the Initial Order be amended to read as follows:

47. **THIS COURT ORDERS** that the deposit accounts containing cash collateral pledged to The Bank of Nova Scotia and referred to in Section 6.11 of the Collateral Agency Agreement (as defined below) as the “Cash Management Collateral Account” (the “**Excluded Accounts**”) shall not form part of the CMI Property, shall be excluded from the CMI DIP Charge, the KERP Charge, the Directors’ Charge, and the Administration Charge and the Investor Charge (as defined in the Order of this Court made in these proceedings on February 19, 2010), except as provided in paragraph 48 hereof, and shall remain subject to the existing liens in favour of The Bank of Nova Scotia in connection with the CMI Entities’ obligations to The Bank of Nova Scotia in connection with overdrafts and related liabilities arising from cash consolidation, electronic funds transfer arrangements, treasury, depository and cash management services or in connection with any automated clearing house transfers of funds in an aggregate amount not to exceed \$2,500,000 (the “**BNS Cash Management Obligations**”).

7. **THIS COURT ORDERS** that paragraph 48 of the Initial Order be amended to read as follows:

48. **THIS COURT ORDERS AND DECLARES** that notwithstanding any stay of proceedings imposed by this Order, The Bank of Nova Scotia shall be entitled to seize and dispose of any collateral on deposit in the Excluded Accounts and apply such proceeds to any and all outstanding BNS Cash Management Obligations, provided that, notwithstanding anything herein, upon payment and satisfaction of the BNS Cash Management Obligations in full and the return of any remaining collateral in the Excluded Accounts to the CMI Entities, such collateral shall then form part of the CMI Property charged by the Directors' Charge, the Administration Charge, the KERP Charge, ~~and the DIP Lender's Charge~~ and the Investor Charge.

8. **THIS COURT ORDERS** that paragraph 55 of the Initial Order shall be amended to read as follows:

55. **THIS COURT ORDERS** that the priorities of the CMI Directors' Charge, the CMI Administration Charge, the CMI KERP Charge (as defined below), ~~and the CMI DIP Charge, and the Investor Charge,~~ as among them and the Existing Security, ~~solely to the extent that such Existing Security secures existing and future obligations under the CIT Credit Agreement,~~ shall be as follows:

First – CMI 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 – CMI DIP Charge; and

Fourth – CMI Directors' Charge and CMI 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 Note;

Fifth – Existing Security in respect of the balance of the obligations secured thereunder; and

Sixth – Investor Charge.

9. **THIS COURT ORDERS** that paragraph 56 of the Initial Order shall be amended to read as follows:

56. **THIS COURT ORDERS** that the filing, registration or perfection of the CMI Directors' Charge, the CMI Administration Charge, the CMI KERP Charge, ~~and~~ the CMI DIP Charge and the Investor Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record, or perfect.

10. **THIS COURT ORDERS** that paragraph 57 of the Initial Order shall be amended to read as follows:

57. **THIS COURT ORDERS** that, the CMI Directors' Charge, the CMI Administration Charge, the CMI DIP Charge, ~~and~~ the CMI KERP Charge and the Investor Charge shall constitute a charge on the CMI Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected purchase money security interest in favour of a secured creditor or any statutory Encumbrance existing on the date of this Order in favour of any Person which is a "secured creditor", as defined in the CCAA, in respect of any of source deductions from wages, employer health tax, workers compensation, GST/QST, PST payables, vacation pay and banked overtime for employees, amounts under the Wage Earners' Protection Program that are subject to a super priority claim under the BIA.

11. **THIS COURT ORDERS** that paragraph 58 of the Initial Order is amended to read as follows:

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58. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the CMI Entities shall not grant any Encumbrances over any CMI Property that rank in priority to, or *pari passu* with, any of the Charges, unless the CMI Entities also obtain the prior consent of the Monitor, the CMI DIP Lender and the beneficiaries of the Charges or upon further Order of this Court.

12. **THIS COURT ORDERS** that paragraph 59 of the Initial Order is amended to read as follows:

59. **THIS COURT ORDERS** that the Charges and the CMI DIP Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”), the rights and remedies of the CMI DIP Lender under the CMI DIP Definitive Documents, the rights and remedies of Irish Holdco under the Secured Note, ~~and~~ the rights and remedies of the Consenting Noteholders under the Use of Collateral and Consent Agreement and the Support Agreement, the rights and remedies of Shaw Communications Inc. under the Subscription Agreement and the rights and remedies of Shaw Communications Inc. and the Consenting Noteholders under the Shaw Support Agreement (as those terms are defined in the Order of this Court made in these proceedings on February 19, 2010) shall not otherwise be limited or impaired in any way, subject to the provisions of paragraph 53 herein, by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the CMI Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

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(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the CIT Credit Agreement, the CMI DIP Definitive Documents, the Use of Collateral and Consent Agreement, the Support Agreement, the Secured Note, ~~or~~ the Unsecured Note, the Subscription Agreement or the Shaw Support Agreement shall create or be deemed to constitute a breach by any of the CMI Entities of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the CMI Entities entering into the CIT Credit Agreement or any other CMI DIP Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the CMI Definitive Documents; and

(c) the CIT Credit Agreement, the CMI DIP Definitive Documents, the Use of Collateral and Consent Agreement, the Support Agreement, the Secured Note, ~~and~~ the Unsecured Note, the Subscription Agreement and the Shaw Support Agreement, the payments made by the CMI Entities pursuant to the foregoing or pursuant to the terms of this Order, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

13. **THIS COURT ORDERS** that all provisions of the Initial Order applicable to the “Support Agreement” (as defined in the Initial Order) shall be applicable in all respects to the Amended Support Agreement.

14. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to post a copy of the Confidential Supplement containing a copy of the Subscription Agreement, the Amended Support Agreement and the Shaw Support Agreement (all without signature pages) on the Monitor’s website established with respect to this CCAA proceeding at <http://cfcanada.fticonsulting.com/cmi> and to send a copy of the Confidential Supplement containing a copy of the Subscription Agreement, the Amended Support Agreement and the

Shaw Support Agreement (all without signature pages) by electronic transmission to the service list maintained with respect to this CCAA proceeding.

Joanne Nicoara

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

FEB 22 2010

PER / PAR: *JSN*

Joanne Nicoara
Registrar, Superior Court of Justice

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)
18. CGS International Holdings (Netherlands)
19. CGS Debenture Holding (Netherlands)
20. CGS Shareholding (Netherlands)
21. CGS NZ Radio Shareholding (Netherlands)
22. 4501063 Canada Inc.
23. 4501071 Canada Inc.

24. 30109, LLC

25. CanWest MediaWorks (US) Holdings Corp.

Schedule "B"**Partnerships**

26. Canwest Television Limited Partnership
27. Fox Sports World Canada Partnership
28. The National Post Company/La Publication National Post

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"

Court File No: CV-09-8396-00CL

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER
(Approval of Subscription Agreement)**

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Fax: (416) 862-6666

Lawyers for the Applicants

F. 1114233

**This is Exhibit "F" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "L. Shepard", is written above a horizontal line.

Commissioner for taking affidavits

CITATION: Re: Canwest Global Communications Corp., 2010 ONSC 1176
 COURT FILE NO.: CV-09-8396-00CL
 DATE: 20100301

ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST

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

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

COUNSEL: *Lyndon Barnes, Jeremy Dacks and Shawn Irving* for the CMI Entities
Mario Forte for the Special Committee of the Board of Directors
David Byers and Maria Konyukhova for the Monitor, FTI Consulting Canada Inc.
Hilary Clarke for the Administrative Agent of the Senior Secured Lenders'
 Syndicate
Benjamin Zarnett and Logan Willis for the Ad Hoc Committee of Noteholders
Robin B. Schwill and Vincent A. Mercier for Shaw Communication Inc.
Kevin McElcheran and Malcolm Mercer for the GS Parties
Gavin Finlayson and S.R. Orzy for Catalyst Capital Group Inc.
Edmond Lamek for Leonard Asper et al.
Steve Weisz for CIT Business Credit Canada Inc.
Hugh O'Reilly for Canwest Retirees/ Canadian Media Guild

REASONS FOR DECISION

PEPALL J.

Introduction

[1] When the CMI Entities filed for *Companies' Creditors Arrangement Act*¹ protection, their stated intention was to pursue a recapitalization transaction. The anticipated plan of arrangement or compromise would implement the recapitalization transaction and creditors compromised, including the 8% Senior Subordinated Noteholders, would receive shares in a restructured Canwest Global Corporation Corp. ("Canwest Global"). To that end, in November, 2009, the CMI Entities commenced an equity solicitation process. RBC Capital Markets

¹ R.S.C. 1985, c. C. 36, as amended.

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("RBC") assisted them with that process. The extensive process resulted in a bid from Shaw Communications Inc. ("Shaw") that was acceptable to the CMI Entities and others. The CMI Entities now seek approval of the subscription agreement dated February 11, 2010 between Shaw and Canwest Global and other related documents (the "Shaw Definitive Documents") and other ancillary relief. The approval motion was served on February 12, 2010 returnable February 19, 2010. If not approved by the court, the Shaw bid expired on February 19, 2010. The Monitor served its 10th Report on February 14, 2010. In its Report, the Monitor expressed support for the relief requested by the CMI Entities.

[2] A condition of completion of the Shaw transaction is amendment or disclaimer of the CW Investments Shareholders' Agreement to which GS Capital Partners VI Fund L.P. and its affiliates (collectively the "GS Parties") and Canwest Media Inc. ("CMI") are parties. The GS Parties oppose any such amendment or disclaimer.

[3] The GS Parties served materials opposing the relief sought in the late afternoon of February 18, 2010. In addition, in the wee hours of the morning of February 19, 2010 (3:38 a.m. to be exact according to the Monitor), counsel for Catalyst Capital Group Inc. ("Catalyst") served an affidavit enclosing a competing bid to that of Shaw. The Catalyst bid required no amendment or disclaimer of the CW Investments Shareholders' Agreement and was supported by the GS Parties.

[4] Given the afternoon and twilight hour service of the GS Parties' and Catalyst materials, the CMI Entities and the Ad Hoc Committee of 8% Senior Subordinated Noteholders ("the Ad Hoc Committee") then responded with service of numerous affidavits and materials of their own including an affidavit of Richard Grudzinski of RBC and a factum from the CMI Entities. These were emailed to the court commencing at about 5:30 the morning of the motion. Such was the state of play when court commenced at 10 o'clock. Some might call this real time litigation; others surreal time litigation. In my view, this late breaking flurry of activity was unnecessary.

[5] Perhaps not surprisingly, the GS Parties and Catalyst requested an adjournment of the CMI Entities' approval motion for at least two weeks. The adjournment would allow the Monitor, the court and interested parties to review the terms of the Catalyst proposal with a view

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to determining whether the terms contained therein were superior to the terms of the Shaw subscription agreement. The CMI Entities, the Special Committee, the Ad Hoc Committee and Shaw all opposed the adjournment request. The Monitor took no position. I heard extensive argument on the request for an adjournment². As mentioned, the Shaw bid was conditional on court approval by February 19, 2010, the date of the hearing. Shaw was not prepared to extend its deadline. The issue was expressly raised with Shaw in court but Shaw maintained its position. I refused the adjournment request but in the absence of evidence of the Monitor's position, asked the Monitor to provide evidence on its position with respect to the Catalyst proposal. Counsel could then make inquiries and submissions once the Monitor had done so. In a certain sense, so-called real time litigation begets more real time litigation.

[6] The Monitor proceeded to prepare a supplementary Report. Perhaps in keeping with the subject matter of this CCAA proceeding, the supplementary Report contained more "late breaking news" including correspondence from Quebecor Media Inc. to the effect that it would be prepared to consider an alternative proposal if the solicitation process was reordered and transparent.

[7] Following receipt of the Monitor's supplementary Report and completion of argument, I granted the relief requested with reasons to follow. These are they.

[8] I do not propose to embark on a review of the history of the CMI Entities' CCAA proceeding nor the players all of which has been discussed in detail in past decisions. By way of introduction, it will be recalled that the CMI Entities entered into a Support Agreement with members of the Ad Hoc Committee and that Agreement had attached to it the Restructuring Term Sheet that set out the summary terms and conditions of a consensual recapitalization transaction. The Support Agreement provided that the CMI Entities would pursue a Plan on the terms set out in the Restructuring Term Sheet in order to implement the recapitalization transaction as part of the CCAA proceeding. An equity investment of at least \$65 million was to be pursued. This brings me to the equity solicitation process.

² During which time counsel not yet retained by certain noteholders who are not represented by the Ad Hoc Committee appeared to advise the court that his potential clients might not agree with the position of the Ad Hoc Committee.

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Equity Solicitation

[9] On November 2, 2009, RBC commenced the equity solicitation process to identify potential new investors. They had to be Canadian so as to satisfy the ownership requirements that apply to parent corporations of a corporation that is in receipt of a television license from the Canadian Radio-Television and Telecommunications Commission. It was contemplated that the new investment would amount to at least \$65 million. The process was run by RBC, not the Monitor, although the Monitor did receive periodic updates during the process. RBC had been working with Canwest Global since December 10, 2008, and therefore had developed detailed and intimate knowledge of the business of the CMI Entities.

[10] The process proceeded in two phases. In the first phase, RBC contacted about 90 potential investors to inquire whether they would be interested in making a minimum 20% equity investment. During the course of initial discussions with potential investors, it was recognized that alternative proposals would be considered. The list of potential investors included both strategic and financial investors and qualified high net worth individuals in Canada and was generated by RBC through its own internal sources and in consultation with the CMI Entities, the CMI CRA, and the Ad Hoc Committee. 52 potential investors expressed interest and were sent "teaser" documents. These included an overview of the investment opportunity and a form of non-disclosure agreement ("NDA") to sign. According to Mr. Grudzinski of RBC, the form of NDA was standard for a process such as this equity solicitation and restrictions on discussions with entities involved in the business are commonplace. Ultimately, 22 potential investors executed NDAs, a take up Mr. Grudzinski viewed as being generally in line with similar investment processes. They then received a more comprehensive confidential information memorandum and access to an internet-based data room containing further confidential information. Those investors were then invited to submit non-binding proposals along with a markup of a proposed equity investment term sheet by December 2, 2009. By that date, six potential investors had submitted initial proposals, five of whom were invited to participate in phase two of the process.

[11] Catalyst, a private equity firm specializing in investments in distressed companies, submitted a commitment letter on December 2, 2009. It reflected a \$65 million investment

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representing 25% of the total equity of a restructured Canwest Global, Catalyst was prepared to increase the equity investment up to \$165 million for an additional pro rata equity percentage acceptable to Catalyst in conjunction with potential transactions related to CW Investments Co. The cover email described the spirit of the deal as being "a fully funded, fully executable proposal in order to get the Estate out of insolvency protection as soon as possible" and that its transaction had "no due diligence requirement, no financing conditions and no CW Investments Co. condition." This latter reference presumably referred to the CW Investments Shareholders' Agreement with the GS Parties. The commitment was also stated to be in accordance with the Support Agreement negotiated between the CMI Entities and the Ad Hoc Committee. The cover e-mail enclosing the commitment letter stated: "We also understand and adopt the terms and the fact that the Board, management and the other stakeholders have set up a process and the terms of a Plan which we certainly support." The proposal was to be considered withdrawn if Catalyst had not received an executed counterpart to the commitment letter by December 8, 2010.

[12] Catalyst had not executed an NDA. Gabriel De Alba of Catalyst states that notwithstanding Catalyst's attempts to open a dialogue with RBC, its proposal expired and other than an acknowledgement of receipt, Catalyst was not contacted.

[13] On December 21, 2009, Mr. Grudzinski of RBC advised Catalyst that it would not be permitted to participate further in the process unless it executed an NDA. Catalyst states that it would not agree to this for two reasons. Firstly, its proposal was not conditional on due diligence and as it did not need confidential information, there was no reason for it to execute an NDA. Secondly, the NDA included "offensive and problematic provisions that did not appear appropriate as conditions precedent to submitting a bid including one that would have precluded Catalyst from having discussions with a number of parties, including the GS parties. Given the GS parties' importance to any deal involving Canwest Global, that provision was highly inappropriate in this context and would have severely limited the ability of Catalyst"... "to complete a transaction."

[14] RBC commenced phase two shortly after receipt of the non-binding initial proposals. As part of phase two, RBC and the senior management team of CMI Entities met with and provided each phase two participant with a detailed management presentation and confidential information

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and ongoing access to business and legal due diligence sessions. RBC also advised the phase two participants that they would have the opportunity to meet with members of the Ad Hoc Committee before submitting their proposals. One of the five participants withdrew. On January 20, 2010, RBC advised the remaining four that formal binding offers were required by January 27, 2010, and provided them with a proposed equity subscription agreement and attached term sheet. RBC also advised the phase two participants of criteria Canwest Global and RBC would consider in evaluating offers. These included confirmation that the proposed investor would be willing to proceed with its investment on the basis that the CW Shareholders' Agreement with the GS Parties would be amended on terms acceptable to the proposed investor.

[15] Two bids were received by January 27, 2010, and RBC and the CMI Entities had discussions with those bidders.

[16] Mr. De Alba of Catalyst states that Catalyst directly and through counsel complained to RBC about the process. He states that because the process was not being overseen by the court, Catalyst had no recourse until the next time the process was referred to the court which was this motion.

[17] Ultimately, the CMI Entities selected Shaw's bid as the best overall offer received. The bid contemplates that:

- Canwest Global will be a private company the shareholders of which will be Shaw or its subsidiary and those noteholders and other creditors who elect to receive equity shares and who would hold at least 5% of the equity shares following completion of the transaction.
- Creditors holding less than 5% of the equity shares on completion of the recapitalization transaction (the "non-participating creditors") and existing shareholders would receive cash to extinguish their interests to be effected pursuant to the Plan. The cash the non-participating creditors would receive would be equal to the value of the equity they would have received under the originally proposed recapitalization transaction but using the higher implied equity value contained in Shaw's bid.

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- Shaw will subscribe for Class A voting shares representing a 20% minimum equity subscription in the capital of a restructured Canwest Global and an 80% voting interest. A portion of the proceeds will be distributed to the noteholders pursuant to the Plan in partial payment of the secured intercompany note and the balance will be for working capital purposes.
- In addition to this amount, Shaw would subscribe for an additional commitment of shares at the same price per share to fund the cash payments to the non-participating creditors and the existing shareholders subject to the right of members of the Ad Hoc Committee to elect to participate *pro rata* with Shaw in funding this additional commitment.
- Shaw meets the Canadian requirement, has adequate financial resources on hand to complete the recapitalization transaction, and there are no financing conditions in favour of Shaw.
- A \$5 million termination fee may be paid by Canwest Global to Shaw in certain circumstances. It is payable in the event that the Shaw subscription agreement is terminated by Shaw if the closing has not occurred on or before August 11, 2010, solely because of a failure to satisfy certain closing conditions. It is also payable if the agreement is terminated by Canwest Global prior to the implementation of the recapitalization transaction in order to enter into a definitive amendment and restatement of the CW Investment Shareholders' Agreement with the GS Parties that is acceptable to both Canwest Global and the Ad Hoc Committee but that is not acceptable to Shaw. In the event that a termination event has occurred, the Shaw subscription agreement provides that in addition to the termination fee, Canwest Global will reimburse Shaw in an amount of up to \$2.5 million for any out-of-pocket fees and expenses relating to negotiation of the transaction. The subscription agreement contemplates that the termination fee and expense reimbursement fee will be secured by a charge over all of the assets, property and undertaking of the CMI Entities ranking after the existing charges.

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[18] RBC advised the CMI Entities that the bid submitted by Shaw was the best overall offer received considering various criteria. The bid provided significant value to Canwest Global in exchange for the equity investment, gave affected creditors the opportunity to get cash rather than shares, and provided a long-term solution and stability for a restructured Canwest Global through the involvement of a strategic investor with significant experience in the media industry.

[19] The Special Committee of the Board of Directors of Canwest Global considered the bids having regard to the best interests of Canwest Global and recommended for approval the Shaw Definitive Documents to the Board of Directors of Canwest Global. The Board provided approval. All of the CMI Entities' senior management, the CMI CRA, and the Ad Hoc Committee supported the entering into of the Shaw Definitive Documents.

[20] Catalyst's late February 19, 2010 offer arose outside the process adopted by RBC and the CMI Entities. Catalyst's bid this time was stated to contemplate a fully funded unconditional investment of \$120 million representing 32% of the total equity of a restructured Canwest Global. The proposal again did not require any amendment or disclaimer of the CW Investments Shareholders' Agreement.

[21] In court on February 19, 2010, counsel for the CMI Entities, the Special Committee and the Ad Hoc Committee all expressed continued support for the Shaw Definitive Documents. Counsel for the Monitor advised that the CMI CRA also was in favour. In addition, an affidavit of Mr. Grudzinski of RBC was filed stating, amongst other things, that the Shaw transaction represented the best transaction available to Canwest Global in the circumstances. The material non-financial terms of the Shaw Definitive Documents were disclosed in the materials before the court but the Definitive Documents themselves were filed on a confidential basis. The CMI Entities were of the view that disclosure would be extremely detrimental if the approval order was not provided.

Absence of Standstill Agreement

[22] There had been recent without prejudice negotiations between the Ad Hoc Committee and the GS Parties. The GS Parties thought that the negotiations were subject to a standstill agreement which provided that absent seven days' notice, neither the Ad Hoc Committee nor the

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GS Parties would initiate or encourage any other person including Canwest Global to initiate any proceeding with respect to the insolvency proceeding of Canwest Global. Negotiations between the GS Parties and the Ad Hoc Committee were ongoing when the GS Parties were served with the CMI Entities' motion on February 12, 2009. In argument, counsel for the GS Parties did not press this point. It appeared from the materials filed by counsel for the Ad Hoc Committee that due to a computer glitch, agreement was not reached on any seven day standstill. It is fair to conclude from all of the evidence on this issue that firstly, the Ad Hoc Committee had not agreed to a seven day standstill and secondly, the GS Parties reasonably believed that it had. In any event, the GS Parties knew by February 12, 2010 that the CMI Entities were seeking approval of the Shaw Definitive Documents on February 19, 2010.

Monitor's 10th Report

[23] The Monitor reported extensively on the Shaw transaction in its 10th Report. Dealing firstly with the subject of the CW Investments Shareholders' Agreement, the Monitor noted that Shaw, Canwest Global, and the Ad Hoc Committee had agreed to jointly pursue in good faith an amendment to the CW Investments Shareholders' Agreement with the GS Parties and to cooperate with each other in those negotiations. The Monitor also observed that a resolution of outstanding issues with the GS Parties is a material condition of the CMI Entities' successful emergence from CCAA protection on a going concern basis and that the introduction of other stakeholders may be a complicating factor.

[24] Secondly, the Monitor stated that RBC had circulated to phase two participants a proposed form of subscription agreement that contained a fiduciary out provision that would allow Canwest Global to accept an offer that it determined in good faith to be superior to the offer submitted by the winning bidder and, following payment of a \$2.5 million topping fee, be released from its obligations to the winning bidder under the subscription agreement. The Monitor observed that the Shaw subscription agreement did not include this fiduciary out provision.

[25] The Monitor reported that the Shaw transaction if completed would satisfy one of the major requirements of the original recapitalization transaction, assist with the CMI Entities'

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successful emergence from CCAA protection, and allow them to continue operating on a going concern basis thereby preserving, *inter alia*, enterprise value for their numerous stakeholders.

[26] The Monitor concluded by stating that it supported approval of the transaction agreements reflecting the Shaw proposal. At the time of the filing of the 10th Report, the February 19, 2010, Catalyst proposal had of course not yet been received by the Monitor.

Monitor's Supplementary Report

[27] In its supplementary Report, the Monitor stated that its support of the Shaw transaction was unaffected by the Catalyst proposal.

[28] The Monitor observed that the Shaw subscription agreement including the amount of the proposed equity investment had a higher implied equity value than did the Catalyst proposal. On the other hand, the Catalyst proposal did not require an amendment or disclaimer of the CW Investments Shareholders' Agreement which is a condition of the Shaw transaction. The Monitor noted that the Catalyst proposal was subject to the negotiation and entering into of definitive documentation.³ The Catalyst proposal was subject to approval pursuant to a Plan which must be approved by the majority of the CMI Entities' creditors and the Ad Hoc Committee had informed the Monitor that it would not support any Plan that included Catalyst's proposal. The Monitor noted that no Plan can be approved by the creditors of the CMI Entities without the support of the Ad Hoc Committee because, amongst other things, it holds a blocking vote. The GS Parties have stated that the amount of their claim that would result from any disclaimer would result in the GS Parties holding a blocking vote in any vote on the Plan proposed by the CMI Entities. No request for the Monitor's consent to a disclaimer has been forthcoming and the Monitor was not in a position to estimate the quantum of any such claim by the GS Parties. The Monitor also reported that the Ad Hoc Committee disagrees with the GS Parties' assessment in this regard.

[29] The Monitor also reported on the concerns it had expressed about the removal of the fiduciary out provision in the Shaw subscription agreement. Although each of the Ad Hoc

³ In argument, this condition was waived by Catalyst.

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Committee, RBC and the CMI Entities had used their best efforts to include such a provision in the Shaw subscription agreement, Shaw had refused to include such a provision. In spite of its absence, RBC, the CMI Entities' Board of Directors, the Special Committee and the Ad Hoc Committee all concluded that the Shaw subscription agreement was the best that had resulted from the process. The form of subscription agreement with a fiduciary out provision was only provided to the four phase two participants so there could be no suggestion of reliance on same by Catalyst or the GS Parties. The Monitor noted Mr. Grudzinski's representation that the potential market for Canadian equity investors to invest had been fully canvassed. The Monitor also observed that the NDA requested to be executed by potential bidders was customary for an equity solicitation process. In spite of these factors, the Monitor continued to be supportive of the Shaw Definitive Documents.

Issues

[30] The issues for me to consider were:

- a) Should I grant the adjournment requested?
- b) What is the applicable legal test for approval of the Shaw Definitive Documents?
- c) Should I approve the Shaw Definitive Documents and the request for ancillary relief?

Adjournment

[31] Having heard extensive submissions, I decided not to grant the adjournment requested by Catalyst and the GS Parties. Firstly, it was clear from the evidence before me that there was no meeting of the minds with respect to any standstill agreement between the GS Parties and the Ad Hoc Committee. As such, the Ad Hoc Committee was not obliged to give seven days' notice before the CMI Entities brought the approval motion. I also note that legitimately, counsel for the GS Parties did not press this argument. While the GS Parties might reasonably have believed that there was a seven day standstill, once the materials were served on February 12, 2010, it was obvious that at least one party did not consider itself bound to any such agreement. Inexplicably, the GS Parties waited until the afternoon of February 18 to serve their materials and Catalyst waited until the wee hours of February 19 to serve its materials. It seems to me that the mayhem of the moment and the false urgency was largely created by the GS Parties and Catalyst.

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[32] Furthermore, Catalyst opted not to participate in RBC's and the CMI Entities' process. I do not find Catalyst's rationale for not having done so to be very persuasive. I do not accept that it had no recourse to address process. The late breaking offer scenario could easily have been avoided by Catalyst. Additionally an adjournment could put the Shaw bid at risk. I concluded that an adjournment was not merited in the circumstances. At the court's request, the Monitor provided evidence to address the Catalyst proposal. In my view, this was a satisfactory approach to the conditions largely created by Catalyst. The court did have some concerns with the deadline imposed by Shaw and agreed to by the CMI Entities and the Ad Hoc Committee. In future, absent compelling reasons, court hearings should not be scheduled for the same day that court approval is required.

Legal Standard

[33] The next issue to consider is the standard applicable to the relief requested. The CMI Entities submit in their factum that I should approve the Shaw subscription agreement and the related documents on the basis that they are fair and reasonable, benefit the stakeholders of the CMI Entities as a whole, and do not result in any confiscation of rights held by the GS Parties. In oral argument, without acknowledging that there has been any confiscation of rights, counsel for the CMI Entities refined the standard to the first two elements. In essence the CMI Entities submit that the court should approach the analysis from the perspective of approval of an agreement during a CCAA process. In that regard, they rely on *Re: Air Canada*⁴, *Re: Calpine*⁵ and *Re: Sammi Atlas Inc.*⁶.

[34] In contrast the GS Parties and Catalyst submit that although *RBC v. Soundair Corp.*⁷ dealt with an asset sale, the principles set forth in that case are applicable. Specifically, a court should consider:

- a) whether the CMI Entities have made a sufficient effort to get the best price and have not acted improvidently;

⁴ (2004), 47 C.B.R. (4th) 169 (Ont. S.J.).

⁵ 2007 A.B.Q.B. 504.

⁶ (1998), 3 C.B.R. (4th) 171.

⁷ (1991), 4 O.R. (3rd) 1.

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- b) the interests of all parties;
- c) the efficacy and integrity of the process by which offers are obtained; and
- d) whether there has been unfairness in the working out of the process.

[35] In addition the GS Parties submit that approval should also be tested against the factors enumerated by Morawetz J. in *Nortel Networks Corp.*⁸ dealing with approval of a sale process under the CCAA, namely:

- a) Is a sale transaction warranted at this time?
- b) Will the sale benefit the whole "economic community"?
- c) Do any of the debtors' creditors have a *bona fide* reason to object to a sale of the business?
- d) Is there a better viable alternative?

[36] The cases referred to by counsel did not deal with equity solicitations. Given the nature and extent of the equity solicitation in this case, it seems to me that a fair and reasonable test is too limited and the principles enunciated in *Soundair* are more appropriate. To these principles I would add that the court should consider the position of the Monitor. This is a factor to be considered when approval of an asset sale outside the ordinary course of business is sought pursuant to s. 36 of the CCAA. In my view, this is a useful factor to consider in circumstances such as those before me in this case. I do not believe that the *Nortel* process approval factors need be addressed. They are either largely subsumed by the *Soundair* principles or are unhelpful where the result of the equity solicitation process is before the court for approval not the process itself. That said, even if I were to consider the *Nortel* process approval factors, I would reach the same conclusion.

Approval

(a) Parties' Positions

[37] In brief, the parties' positions were as follows. The CMI Entities submit that the Shaw transaction is fair and reasonable and that it is beneficial to the stakeholders of the CMI Entities,

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viewed as a whole. It is the product of a comprehensive equity investment solicitation process conducted by a sophisticated financial advisor and reflects the exercise of the business judgment of the Board of Directors of Canwest Global on the recommendation of the Special Committee and the CMI CRA as to the best interests of the CMI Entities. The CMI Entities state that the GS Parties have no contractual or legal right to dictate the terms of the equity solicitation process and they are advancing objections to obtain further negotiating leverage. They are not creditors and none of their rights will be affected or confiscated if the Shaw Definitive Documents are approved. Those Documents expressly provide that the parties will jointly pursue any consensual amendment to the Shareholders' Agreement; the parties are not required to pursue disclaimer of the Shareholders' Agreement; and the Ad Hoc Committee and the CMI Entities can pursue an agreement to amend the Shareholders' Agreement with the GS Parties that is not agreed to by Shaw. The Shaw transaction satisfies a crucial step in the restructuring. The members of the Ad Hoc Committee are the CMI Entities' largest creditor group and if the CMI Entities hope to emerge from this restructuring successfully, the members of the Ad Hoc Committee must necessarily vote in favour of the Plan. There was nothing unfair or unbalanced about the process and all potential bidders had equal access to information.

[38] The Special Committee, the Ad Hoc Committee, and Shaw all supported the position of the CMI Entities.

[39] The GS Parties submit that approval is being sought on an incomplete record and in circumstances where there are significant issues about the integrity of the process and whether the best available transaction has emerged. It is premature to conclude that the Shaw transaction represents the best available agreement taking into account the interests of all stakeholders. They complain about the absence of a fiduciary out-provision. Furthermore, they state that they were completely shut out from the process even though any restructuring transaction must ultimately contend with their rights in CW Investments Co. The transaction structure appears to have been controlled by the Ad Hoc Committee to serve its own interests. The GS Parties state that the Shaw transaction enables the Ad Hoc Committee to extract certain minimum cash levels immediately. They also complain that the treatment of the noteholders' claims is proposed to be

⁸ (2009) 55 C.B.R. (5th) 229 at para. 49.

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very different than the treatment of other affected creditors. There are powerful incentives for the CMI Parties to adhere to the terms of the agreements negotiated with the Ad Hoc Committee and in these circumstances, deference should not be given to the exercise of business judgment.

[40] The GS Parties state that lack of disclosure and discussions have substantially impaired their ability to place an alternative to the Shaw transaction before the court. The process was never approved by the court and the Monitor's involvement has been limited to periodic updates. As such, the process and the result are not entitled to deference and should be carefully scrutinized. Others were not prepared to sign the NDA and this constraint and others limited participation in the process. They were also prohibited from engaging in discussion with the GS Parties as a condition of participation. The GS Parties state that they have a limited interest in who ultimately controls Canwest Global given that control of Canwest Global results in control of CWI and the specialty television business. This interest has been ignored. Furthermore, it is a condition of the Shaw transaction that the CW Investments Agreement be disclaimed or amended in a manner agreed to by Canwest Global, the Ad Hoc Committee and Shaw. The exclusion of the GS Parties from the process, the targeting of the rights and interests of the GS Parties under the CWI Agreement, and the prohibition of discussions between the GS Parties and Shaw before court approval are all fundamental failures to consider the legitimate interest of the GS Parties.

[41] Catalyst supported the position of the GS Parties.

(b) Discussion

[42] It is clear that the CMI Entities did make a sufficient effort to obtain the best offer. RBC established and published a process with which the GS Parties and Catalyst now take issue. There was nothing stopping either of them from challenging the process at an earlier stage or alternatively, participating in it. Indeed, as evident from the email enclosing its first bid, Catalyst stated that: "We also understand and adopt the terms and the fact that the Board management and other stakeholders have set up a process and the terms of a Plan which we certainly support." RBC fully canvassed the market. It is unnecessary for the court to be given the identity of prospective investors in the face of the overwhelming evidence of an extensive market canvass.

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[43] As noted by the Monitor and many others, no Plan can be approved by the creditors of the CMI Entities without the support of the Ad Hoc Committee which holds a blocking vote. That said, I am also satisfied that the interests of all parties were considered. While one may reasonably question whether the strategy of postponement of the issues relating to the CW Investments Shareholders' Agreement and the GS Parties is or is not wise, the CW Investments Shareholders' Agreement is unaffected by the Shaw Definitive Documents. The GS Parties are in no worse position with respect to the CW Investments Shareholders' Agreement. The GS Parties are not creditors. In addition, the Definitive Documents provide that the parties will jointly pursue any consensual amendment to the Shareholders' Agreement; the parties are not required to pursue disclaimer of the Shareholders' Agreement; and the Ad Hoc Committee and the CMI Entities can pursue an agreement to amend the Shareholders' Agreement with the GS Parties that is not agreed to by Shaw. The evidence before me suggests that the CMI Entities did turn their minds to the interests of others and the Board of Directors concluded that the Shaw Definitive Documents were in the best interests of Canwest Global and by inference, given that it was an equity solicitation, its stakeholders.

[44] As to the efficacy and integrity of the process by which offers were obtained, there was a fair and thorough canvass of the market and a level playing field. As to whether there has been unfairness in the working out of the process, while the Monitor favoured inclusion of a fiduciary out provision and while one may argue that ideally the fiduciary out provision would not have been negotiated away, this did not constitute unfairness in the working out of the process or a lack of efficacy or integrity in the process. The evidence before me suggests that there were good faith efforts made by RBC, the CMI Entities and the Ad Hoc Committee to maintain that provision but Shaw successfully negotiated for its omission. On balance, all of them were of the view that the merits of the Shaw transaction outweighed the benefit of insisting on the inclusion of the fiduciary out provision. It should also be noted that the Catalyst proposal does not include a fiduciary out provision. Furthermore, in spite of the lack of a fiduciary out provision, the Monitor is supportive of the Shaw Definitive Documents and was not critical of the process. Additionally, there is support from the Special Committee of the Board, the Board of Directors of Canwest Global, the CMI CRA and the Ad Hoc Committee.

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[45] I should also stress that there appears to be a reasonable basis for this support. Amongst other things, Shaw is experienced in the media industry, financing is not an issue, the offer is for a substantial amount and has a substantially higher implied equity value than that proposed by Catalyst. One should also not overlook the fact that the transaction is necessary at this time. The CMI Entities do not have unlimited time within which to conduct the equity solicitation process and, subject to closing, a major objective underpinning the initial CCAA filing has now been accomplished. The transaction provides some confidence that the CMI Entities will be able to continue as going concerns. I reiterate my view that the Shaw Definitive Documents should be approved and the ancillary relief granted. With respect to the latter, the amounts of the termination fee and the expense fee and the proposed charge itself are fair and reasonable in the circumstances. They are also consistent with giving the CMI Entities leeway to address outstanding issues with the GS Parties but in a manner that is fair to Shaw's commercial interests.

[46] Lastly, among other representations and warranties given by Canwest Global to Shaw, Canwest Global has covenanted to use its commercially reasonable efforts to cause its affiliates to terminate the participation of any employee of Canwest LP, CCI and their subsidiaries in a pension or benefit plan of Canwest Global or its other subsidiaries and to terminate all intercompany plan participation agreements between a specified affiliate and Canwest Global and one of its subsidiaries. This covenant is intended to cause the CMI Entities to use commercially reasonable efforts to realign certain employees of the specified affiliates who, for various reasons, participate in a pension plan which is sponsored by the CMI Entities and enable those employees to participate in a pension plan which is sponsored by the specified affiliate. Counsel for the CMI Entities confirmed that they had no intention of terminating pension benefits; this was merely to realign the plans with the appropriate entities.

Conclusion

[47] For these reasons, I granted the relief requested. A major question continues to revolve around the CW Investments Shareholders' Agreement and the relationship between the CMI Entities and the GS Parties. As is evident from paragraph 75 of their factum and their counsels' submissions, the GS Parties' key concern is that the CCAA proceeding is designed by the Ad

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Hoc Committee to achicve a disclaimer of the CW Investment Shareholders' Agreement and to take value away from the GS Parties. I continue to bc of the view that a commercial and negotiated resolution of that issue is in the best interests of all concerned. I have approved the Shaw Definitive Documents and ancillary relief. The parties must now move forward and have a reasonable dialogue.


Pepall J.

DATE: March 1, 2010

CITATION: Re: Canwest Global Communications Corp., 2010 ONSC 1176
COURT FILE NO.: CV-10-8533-00CL
DATE: 20100301

ONTARIO

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

IN THE MATTER OF 'THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, C-36, AS AMENDED
AND IN THE MATTER OF A PROPOSED PLAN
OF COMPROMISE OR
ARRANGEMENT OF CANWEST GLOBAL
COMMUNICATIONS CORP. AND THE OTHER
APPLICANTS

REASONS FOR DECISION

Pepall J.

Released: March 1, 2010

**This is Exhibit "G" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "R. Richard", is written above a horizontal line.

Commissioner for taking affidavits

Court File No. CV-09-8396-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	WEDNESDAY, THE 23rd DAY
)	
JUSTICE PEPALL)	OF JUNE, 2010

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

MEETING ORDER

THIS MOTION made by Canwest Global Communications Corp. ("**Canwest Global**") and the other Applicants listed on Schedule "A" hereto (collectively, the "**Applicants**") and the Partnerships listed on Schedule "B" hereto (the "**Partnerships**" and, together with the Applicants, the "**CMI Entities**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order, *inter alia*, (a) accepting the filing of a Consolidated Plan of Compromise, Arrangement and Reorganization pursuant to the CCAA and the *Canada Business Corporations Act* filed by the CMI Entities dated June 23, 2010 (the "**Plan**"); (b) authorizing the CMI Entities to establish two classes of Affected Creditors for the purpose of considering and voting on the Plan; (c) authorizing the CMI Entities to call, hold and conduct meetings of certain of their Affected Creditors (the "**Meetings**") to consider and vote on a resolution to approve the Plan; (d) approving the procedures to be followed with respect to the calling and conduct of the Meetings; (e) approving: (i) the Amended Shaw Subscription Agreement, (ii) the Further Amended Support Agreement, and (iii) the Amended Shaw Support Agreement (all as defined below); (f) setting the date for the hearing of the CMI Entities' motion seeking sanction of the Plan; and (g) establishing the Restructuring Period Claims Bar Date (as defined below), was heard this day at 330 University Avenue, Toronto.

ON READING the Affidavits of Thomas C. Strike sworn June 7, 2010 (the "**Strike Affidavit**"), June 14 and June 16, 2010, the Affidavit of Peter Buzzi sworn June 14, 2010 and the 15th Report of the Monitor, FTI Consulting Canada Inc., dated June 17, 2010 (the "**Monitor's 15th Report**"), and on hearing the submissions of counsel for the CMI Entities, FTI Consulting Canada Inc. in its capacity as court-appointed Monitor for the CMI Entities (the "**Monitor**"), the *ad hoc* committee (the "**Ad Hoc Committee**") of holders of 8% senior subordinated notes due 2012 issued by Canwest Media Inc. ("**CMI**"), CIBC Asset-Based Lending Inc. ("**CIBC**"), Shaw Communications Inc. ("**Shaw**"), the Ad Hoc Group of Shareholders (the "**Shareholder Group**"), and such other counsel as were present, no one appearing for the remainder of the service list, although duly served with the motion record as appears from the Affidavit of Service, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service upon any interested party other than those parties served is hereby dispensed with.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined in this Meeting Order shall have the meanings ascribed to them in the Plan.

CONSOLIDATED PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

3. **THIS COURT ORDERS** that the Plan is hereby accepted for filing, and the CMI Entities are hereby authorized to seek approval of the Plan from the Affected Creditors of the Plan Entities in the manner set forth herein.

4. **THIS COURT ORDERS** that the CMI Entities may at any time and from time to time prior to the Meetings amend, restate, modify and/or supplement the Plan, subject to the receipt of the prior written consent of the Plan Sponsor and the Ad Hoc Committee. The prior written consent of CIBC will also be required to any proposed amendment, restatement, modification or supplement to the Plan which would impair the rights of CIBC to the DIP

Charge and the Existing Security or would result in CIBC not being repaid in full under the Plan. The Monitor shall post such amended Plan on the Website and file a copy with this Honourable Court. The CMI Entities shall give reasonable written notice to all Affected Creditors present at each Meeting of the details of any such amendment prior to any vote being taken at the Meetings.

FORMS OF DOCUMENTS

5. **THIS COURT ORDERS** that the Notice of Meetings substantially in the form attached hereto as Schedule "C", the notice of meetings that will be published in newspapers pursuant to this Meeting Order (the "Newspaper Notice of Meetings") substantially in the form attached hereto as Schedule "D", the Ordinary Creditors' Proxy substantially in the form attached hereto as Schedule "E", the Master Ballot substantially in the form attached hereto as Schedule "F" and as may be amended with the consent of the Monitor, the Beneficial Noteholder Ballot substantially in the form attached hereto as Schedule "G" and as may be amended with the consent of the Monitor, the Voting Instruction Form ("VIF") substantially in the form attached hereto as Schedule "H" and as may be amended with the consent of the Monitor, the Notice of Appearance attached hereto as Schedule "I", and the Notice of Meetings and Management Proxy Circular Pertaining to a Consolidated Plan of Compromise, Arrangement and Reorganization and all Schedules and Appendices thereto including the Notice of Meetings and the Form of Resolution attached thereto as Appendix "A" (the "Information Circular") substantially in the form attached to the Affidavit of Thomas C. Strike sworn June 18, 2010, are each hereby approved and the CMI Entities are authorized and directed to make such changes as they consider necessary or desirable to conform the content thereof to the terms of the Plan or this Meeting Order.

CLASSIFICATION OF CREDITORS

6. **THIS COURT ORDERS** that for the purposes of considering and voting on the Plan the Affected Creditors of the Plan Entities are classified as follows: (i) the Noteholders Class, and (ii) the Ordinary Creditors Class.

7. **THIS COURT ORDERS** that (a) any Proven Distribution Claim of an Affected Creditor of a Plan Entity, other than a Noteholder, in an amount that is less than or equal to \$5,000, and (b) any Proven Distribution Claim of a Plan Entity, other than a Noteholder, in an

amount in excess of \$5,000 that the relevant Affected Creditor has validly elected to value at \$5,000 for purposes of the Plan in accordance with this Meeting Order and the Plan is a “**Convenience Class Claim**”, and an Affected Creditor with a Convenience Class Claim is a “**Convenience Class Creditor**”.

8. **THIS COURT ORDERS** that for the purposes of voting the Convenience Class Creditors shall be deemed to be in, and shall be deemed to vote in and as part of the Ordinary Creditors Class.

MEETINGS

9. **THIS COURT ORDERS** that the Meetings shall consist of: (i) the Noteholder Meeting, and (ii) the Ordinary Creditors Meeting.

NOTICE OF MEETINGS

10. **THIS COURT ORDERS** that the Monitor shall cause to be sent by regular pre-paid mail, courier, fax or e-mail copies of (i) the Information Circular and (ii) one of the VIF or Beneficial Noteholder Ballot as applicable (the “**Noteholder Meeting Materials**”) to the Noteholders on or about June ³⁰~~28~~, 2010 by sending the Noteholder Meeting Materials to either an intermediary (an “**Intermediary**”) or, in instances where the Beneficial Noteholders hold their beneficial interests in the Notes directly through a participant that holds interest in the Notes (a “**Participant**”), the Participant (the Intermediary and the Participant in each such case, the “**Nominee**”) or the agent of the Nominee (a “**Nominee’s Agent**”).

11. **THIS COURT ORDERS** that the Monitor shall cause to be sent by regular pre-paid mail, courier, fax or e-mail copies of the Information Circular and the Ordinary Creditors’ Proxy (the “**Ordinary Creditors Meeting Materials**” and together with the Noteholder Meeting Materials collectively, the “**Meeting Materials**”) as soon as practicable after the granting of the Meeting Order and, in any event, no later than July 2, 2010 to each Ordinary Creditor and to Convenience Class Creditor (and, for greater certainty, to each Affected Creditor of a Plan Entity with an Unresolved Claim) at the last known address for such Affected Creditor or to such other address subsequently provided to the Monitor by such Affected Creditor.

12. **THIS COURT ORDERS** that the Monitor shall on or before June 28, 2010 post an electronic copy of the Meeting Materials, together with an electronic copy of any other documents to be used in connection with the Meetings that are not included in the Meeting Materials on the Website at: <http://cfcanada.fticonsulting.com/CMI> until the Business Day following the Plan Implementation Date and shall provide a written copy to any Affected Creditor of a Plan Entity upon request by such Affected Creditor.

13. **THIS COURT ORDERS** that the delivery of the Meeting Materials in the manner set out in paragraphs 10 and 11 hereof, and posting of the Meeting Materials on the Monitor's Website in accordance with paragraph 12 hereof shall constitute good and sufficient service of this Meeting Order and of the Plan, and good and sufficient notice of the Meetings on all Persons who may be entitled to receive notice thereof or of these proceedings or who may wish to be present in person or by proxy at the Meetings or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons, and no other document or material need be served on such Persons in respect of these proceedings.

14. **THIS COURT ORDERS** that on or about June 30, 2010 the Monitor shall use reasonable efforts to cause the Newspaper Notice of Meetings to be published for a period of two (2) Business Days in the *National Post*, *The Globe & Mail* (National Edition), *La Presse* and *The Wall Street Journal*.

NOTEHOLDER SOLICITATION PROCESS

15. **THIS COURT ORDERS** that the voting record date for the purposes of determining which Beneficial Noteholders are entitled to receive notice of the Noteholder Meeting and to vote at the Noteholder Meeting, shall be June 24, 2010 (the "**Noteholder Voting Record Date**").

16. **THIS COURT ORDERS** that the Beneficial Noteholders may deliver voting instructions and instructions with respect to the appointment of a proxy in respect of any amendments or variations to the matters identified in the Notice of Meetings and to any other matters that may properly come before the Noteholder Meeting (or an adjournment or postponement thereof) by either completing the VIF provided by the Nominee's Agent or by completing a Beneficial Noteholder Ballot provided by the Nominee. Alternatively, a Beneficial

Noteholder may attend the Noteholder Meeting and vote by contacting its Nominee or Nominee's Agent as contemplated in the instructions set out in the VIF or the Beneficial Owner Ballot.

17. **THIS COURT ORDERS** that each Beneficial Noteholder that wishes to deliver voting instructions and instructions with respect to the appointment of a proxy in respect of any amendments or variations to the matters identified in the Notice of Meetings and to any other matters that may properly come before the Noteholder Meeting (or an adjournment or postponement thereof) may do so by completing the applicable sections of the Beneficial Noteholder Ballot or VIF (in accordance with the instructions attached thereto) and return the completed Beneficial Noteholder Ballot or VIF to the Nominee or the Nominee's Agent, as indicated on such Beneficial Noteholder Ballot or VIF.

18. **THIS COURT ORDERS** that upon receipt of each Beneficial Noteholder Ballot or VIF, the Nominee shall notify the Nominee's Agent that such Beneficial Noteholder Ballot or VIF has been delivered, and the Nominee's Agent shall remove such Beneficial Noteholder's name from the list of Beneficial Noteholders eligible to vote through the Nominee's Agent.

19. **THIS COURT ORDERS** that the Nominee or the Nominee's Agent shall transfer the information contained in the Beneficial Noteholder Ballots and the VIFs as the case may be (including whether the Beneficial Noteholder voted for or against the Plan) to a Master Ballot and return the Master Ballot by courier, fax or e-mail to the Monitor.

CONDUCT AT THE NOTEHOLDER MEETING

20. **THIS COURT ORDERS** that the CMI Entities are hereby authorized to call, hold and conduct the Noteholder Meeting on July 19, 2010 in Toronto, Ontario, at the time and place set out in the Notice of Meetings, for the purpose of considering, and if deemed advisable by the Noteholders Class, voting for or against, with or without variation, the resolution to approve the Plan.

21. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair (the "Noteholders Chair") of the Noteholder Meeting and, subject to this Meeting Order and any further order of this Honourable Court, shall decide all matters relating to the conduct of the Noteholder Meeting.

22. **THIS COURT ORDERS** that the Noteholders Chair is hereby authorized to accept and rely upon Master Ballots, or such other forms as may be acceptable to the Noteholders Chair.

23. **THIS COURT ORDERS** that the quorum required at the Noteholder Meeting shall be one (1) Beneficial Noteholder present by proxy or whose instructions to vote are included on a Master Ballot that is counted for voting purposes at the Noteholder Meeting.

24. **THIS COURT ORDERS** that the Monitor may appoint scrutineers (the “**Scrutineers**”) for the supervision and tabulation of the attendance at, quorum at and votes cast at the Noteholder Meeting. A Person designated by the Monitor shall act as secretary at the Noteholder Meeting.

25. **THIS COURT ORDERS** that if (a) the requisite quorum is not present at the Noteholder Meeting, or (b) the Noteholder Meeting is postponed by the vote of the majority in value of Beneficial Noteholders present in person or by proxy or whose instructions to vote are included on a Master Ballot that is counted for voting purposes at the Noteholder Meeting, then the Noteholder Meeting shall be adjourned by the Noteholders Chair to a date thereafter and to such time and place as may be appointed by the Noteholders Chair.

26. **THIS COURT ORDERS** that the Noteholder Meeting need not be convened in order to be adjourned and that the Noteholders Chair shall be entitled to adjourn and further adjourn the Noteholder Meeting at the Noteholder Meeting or any adjourned Noteholder Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, the CMI Entities shall not be required to deliver any notice of adjournment of the Noteholder Meeting or adjourned Noteholder Meeting other than announcing the adjournment at the Noteholder Meeting or adjourned Noteholder Meeting or posting notice at the originally designated time and location of the Noteholder Meeting or adjourned Noteholder Meeting and posting notice on the Website.

27. **THIS COURT ORDERS** that the only Persons entitled to attend the Noteholder Meeting are the Noteholders Chair, the Monitor and its legal counsel and advisors; the Plan Sponsor and its legal counsel and advisors; CIBC and its legal counsel and advisors; those Persons, including the holders of proxies, ballots or other voting instruments, entitled to vote at

the Noteholder Meeting, their legal counsel and advisors; the CMI Entities and the Chief Restructuring Advisor, and their respective legal counsel and advisors, including RBC; the Directors and Officers including members of the Special Committee, their legal counsel and advisors, including Genuity; members of the Ad Hoc Committee, their legal counsel and Houlihan; the Trustee and its legal counsel; and any Beneficial Noteholder. Any other Person may be admitted on invitation of the Noteholders Chair.

VOTING PROCEDURE AT THE NOTEHOLDER MEETING

28. **THIS COURT ORDERS** that the Noteholders Chair shall direct a vote on a resolution to approve the Plan and any amendments or variations thereto as the Monitor and the CMI Entities may consider appropriate. All votes made pursuant to Master Ballots shall be deemed to be votes for or against such resolution, as applicable and as set out in the relevant Master Ballots. Where a Beneficial Noteholder has delivered instructions with respect to the appointment of a proxy in respect of any amendments or variations identified in the Notice of Meetings and to any matters that may properly come before the Noteholder Meeting (or an adjournment or postponement thereof) in accordance with paragraph 17 of this Meeting Order, the vote of the proxy holder shall be deemed to be a vote for or against such matters as applicable. A Beneficial Noteholder may attend and vote in person to approve the Plan and any amendments or variations thereto at the Noteholder Meeting pursuant to the procedure set out in paragraph 16 of this Meeting Order.

29. **THIS COURT ORDERS** that only Beneficial Noteholders as of the Noteholder Voting Record Date will be entitled to provide instructions relating to voting or otherwise vote in the Noteholder Class.

30. **THIS COURT ORDERS** that for the purposes of voting at the Noteholder Meeting, the votes recorded on the Master Ballots shall be accepted as if voted in person by the Beneficial Noteholders at the Noteholder Meeting. Where a Beneficial Noteholder has delivered instructions with respect to the appointment of a proxy in respect of any amendments or variations identified in the Notice of Meetings and to any matters that may properly come before the Noteholder Meeting (or an adjournment or postponement thereof) in accordance with paragraph 17 of this Meeting Order, the vote of the proxy holder shall be accepted as if voted in person by the Beneficial Noteholder at the Noteholder Meeting.

31. **THIS COURT ORDERS** that for the purposes of voting at the Noteholder Meeting, votes cast by Beneficial Noteholders attending at the Noteholder Meetings who received proxies from their Nominee(s) in a form acceptable to the Monitor shall be accepted.

32. **THIS COURT ORDERS** that where a Beneficial Noteholder delivers voting instructions by VIF or Beneficial Owner Ballot, such Beneficial Noteholder's instructions will not be counted at the Noteholder Meeting unless a Master Ballot reflecting such Beneficial Noteholder's instructions is received by the Monitor before 5:00 p.m. (Toronto time) on July 18, 2010, or such later time as may be agreed to by the Monitor.

33. **THIS COURT ORDERS** that the value of a Beneficial Noteholder's vote shall be equal to the principal amount and accrued and unpaid interest to the Filing Date owing under the Notes held by such Beneficial Noteholder.

CONDUCT OF THE ORDINARY CREDITORS MEETING

34. **THIS COURT ORDERS** that the CMI Entities are hereby authorized to call, hold and conduct the Ordinary Creditors Meeting on July 19, 2010 at Toronto, Ontario at the time and place set out in the Notice of Meetings for the purpose of considering, and if deemed advisable by the Ordinary Creditors Class, voting in favour of, with or without variation, resolutions to approve the Plan.

35. **THIS COURT ORDERS** that a representative of the Monitor, designated by the Monitor, shall preside as the chair (the "**Ordinary Creditors Chair**") of the Ordinary Creditors Meeting and, subject to this Meeting Order and any further Order of this Honourable Court, shall decide all matters relating to the conduct of the Ordinary Creditors Meeting.

36. **THIS COURT ORDERS** that the Ordinary Creditors Chair is hereby authorized to accept and rely upon proxies substantially in the form attached hereto as Schedule "E", or such other form as is acceptable to the Ordinary Creditors Chair.

37. **THIS COURT ORDERS** that the quorum required at the Ordinary Creditors Meeting shall be one (1) Ordinary Creditor with a Proven Voting Claim present at such meeting in person or by proxy.

38. **THIS COURT ORDERS** that the Monitor may appoint Scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Ordinary Creditors Meeting. A Person designated by the Monitor shall act as secretary at the Ordinary Creditors Meeting.

39. **THIS COURT ORDERS** that if (a) the requisite quorum is not present at the Ordinary Creditors Meeting, or (b) the Ordinary Creditors Meeting is postponed by the vote of the majority in value of Ordinary Creditors holding Proven Voting Claims, present in person or by proxy, then the Ordinary Creditors Meeting shall be adjourned by the Ordinary Creditors Chair to a date thereafter and to such time and place as may be appointed by the Ordinary Creditors Chair.

40. **THIS COURT ORDERS** that the Ordinary Creditors Meeting need not be convened in order to be adjourned and the Ordinary Creditors Chair shall be entitled to adjourn and further adjourn the Ordinary Creditors Meeting at the Ordinary Creditors Meeting or any adjourned Ordinary Creditors Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, the CMI Entities shall not be required to deliver any notice of adjournment of the Meeting or adjourned Meeting other than announcing the adjournment at the Meeting or adjourned Meeting or posting notice at the originally designated time and location of the Meeting or adjourned Meeting and posting notice on the Website.

41. **THIS COURT ORDERS** that the only Persons entitled to attend the Ordinary Creditors Meeting are the Ordinary Creditors Chair, the Monitor and its counsel and advisors; the Plan Sponsor and its advisors and legal counsel; CIBC and its legal counsel and advisors; those Persons, including the holders of proxies, ballots and other voting instruments, entitled to vote at the Ordinary Creditors Meeting, their legal counsel and advisors; the CMI Entities and the Chief Restructuring Advisor, and their respective legal counsel and advisors, including RBC; the Directors and Officers including members of the Special Committee, their legal counsel and advisors, including Genuity; members of the Ad Hoc Committee, its legal counsel and Houlihan; and the Trustee and its legal counsel and Beneficial Noteholder. Any other Person may be admitted on invitation of the chair of the Ordinary Creditors Chair.

VOTING PROCEDURE AT THE ORDINARY CREDITORS MEETING

42. **THIS COURT ORDERS** that the Ordinary Creditors Chair shall direct a vote on a resolution to approve the Plan and any amendments thereto as the Monitor and the CMI Entities may consider appropriate.

43. **THIS COURT ORDERS** that each Ordinary Creditor with a Proven Voting Claim shall be entitled to one vote as a member of the Ordinary Creditors Class, which vote shall have the aggregate dollar value of its Proven Voting Claim in respect of the CTLP Plan Entities and its Proven Voting Claim in respect of the Plan Entities other than the CTLP Plan Entities. For greater certainty, an Affected Creditor having Proven Voting Claims against more than one Plan Entity shall only be entitled to one (1) vote in respect of such Proven Voting Claims at the Ordinary Creditors Meeting.

44. **THIS COURT ORDERS** that any proxy in respect of the Ordinary Creditors Meeting (or any adjournment thereof) must be received by the Monitor by 5:00 p.m. (Toronto time) on July 15, 2010, or 72 hours prior to any rescheduled Ordinary Creditors Meeting.

45. **THIS COURT ORDERS** that each Convenience Class Creditor shall be deemed to vote in favour of the Plan in respect of its Convenience Class Claim as a member of the Ordinary Creditors Class, to the extent of the amount of such Convenience Class Claim.

46. **THIS COURT ORDERS** that Affected Creditors of the Plan Entities with Proven Distribution Claims in excess of \$5,000 that wish to elect to have their Proven Distribution Claims treated as Convenience Class Claims must deliver a duly completed and executed Convenience Class Claim Declarations to the Monitor prior to 5:00 p.m. (Toronto time) on July 15, 2010.

47. **THIS COURT ORDERS** that an Ordinary Creditor or a Convenience Class Creditor may transfer or assign the whole of its Claim prior to the Ordinary Creditors Meeting in accordance with paragraph 45 of the Claims Procedure Order, provided that the CMI Entities and the Monitor shall not be obliged to deal with any such transferee or assignee as an Ordinary Creditor or a Convenience Class Creditor in respect thereof, including allowing such transferee or assignee to vote at the Ordinary Creditors Meeting, unless actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received

by the Monitor prior to 5:00 p.m. on the day that is at least ten (10) Business Days prior to the date of the Ordinary Creditors Meeting and acknowledged in writing by the Monitor and the relevant CMI Entity. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Procedure Order, the Meeting Order, the CCAA and the Plan constitute an Ordinary Creditor or a Convenience Class Creditor, as applicable, and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Claim. Such transferee or assignee shall not be entitled to set-off, apply, merge, consolidate, or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the CMI Entities. For greater certainty, the CMI Entities and the Monitor shall not recognize partial transfers or assignments of Claims by Ordinary Creditors or Convenience Class Creditors.

APPROVAL OF THE PLAN

48. **THIS COURT ORDERS** that in order to be approved, the Plan must receive an affirmative vote by the Required Majority.

49. **THIS COURT ORDERS** that following the votes at the Noteholder Meeting and the Ordinary Creditor Meetings, the Monitor shall tally the votes and determine whether the Plan has been approved by the Required Majority.

50. **THIS COURT ORDERS** that if approved by the Required Majority, the CMI Entities will bring the CCAA Sanction Motion (defined below).

51. **THIS COURT ORDERS** that the result of any vote at the Meetings shall be binding on all Affected Creditors of the Plan Entities, including Noteholders, whether or not any such Affected Creditors are present at the Meetings.

PARTIES NOT ENTITLED TO VOTE

52. **THIS COURT ORDERS** that Affected Creditors having Claims against National Post, National Post Holdings, Western Communications, Multisound Publishers, 4501071 Canada, CGS Shareholding, CGS NZ Radio, CGS International, CGS Debenture, Canwest MediaWorks US, Canwest MediaWorks Turkish Holdings, Canwest Irish Holdco, Canwest

International, Canwest International Distribution, Canwest Communications, Canwest Finance, or 30109 shall not vote on the Plan in respect of such Claims.

53. **THIS COURT ORDERS** that the Labour Parties shall have no vote in respect of the Retiree Terminal Deficiency Claim or the CEP Terminal Deficiency Claim.

54. **THIS COURT ORDERS** that any person having an Unaffected Claim, an Intercompany Claim or an Equity Claim shall not be entitled to vote at any Meeting in respect of such Unaffected Claim, an Intercompany Claim or Equity Claim, as applicable.

MISCELLANEOUS

55. **THIS COURT ORDERS** that the Monitor may in its discretion waive in writing the time limits imposed on the Affected Creditors of the Plan Entities as set out in this Meeting Order for the deposit of proxies, VIFs and Beneficial Noteholder Ballots, and all other procedural matters if the Monitor deems it advisable to do so.

56. **THIS COURT ORDERS** that the Affected Claims (other than the Claims of the Noteholders) which are denominated in US Dollars shall be converted into Canadian dollars on the basis of the average US/Canadian dollar noon exchange rate, as quoted by the Bank of Canada, over the ten Business Day period preceding June 23, 2010.

57. **THIS COURT ORDERS** that each Affected Creditor holding an Unresolved Claim against a Plan Entity shall be entitled to attend the Ordinary Creditors Meeting and shall be entitled to one vote at such Meeting which vote shall have the dollar value as set out in such Affected Creditors' CMI Notice of Dispute of Claim or CMI Proof of Claim as applicable. The Monitor shall keep a separate record of votes cast by Affected Creditors of the Plan Entities holding Unresolved Claims and shall report to the Court with respect thereto at the Plan Sanction Hearing. The vote cast in respect of any such Unresolved Claim shall not be counted for any purpose unless, until and only to the extent that such Unresolved Claim is finally determined to be a Proven Voting Claim.

58. **THIS COURT ORDERS** that the CMI Entities and the Monitor shall have the right to seek the assistance of the Court in valuing any Unresolved Claim in accordance with the

Claims Procedure Order, the Meeting Order, the CCAA and the Plan, if required, to ascertain the result of any vote on the Plan.

59. **THIS COURT ORDERS** that an Affected Creditor's Proven Voting Claim shall not include fractional numbers and Proven Voting Claims shall be rounded down to the nearest whole Canadian dollar amount.

SANCTION HEARING

60. **THIS COURT ORDERS** that the Monitor shall provide a report to this Honourable Court no later than four (4) Business Days after the Meetings (the "**Monitor's Report Regarding the Meetings**") with respect to:

- (a) the results of the voting at the Noteholder Meeting and the Ordinary Creditors Meeting on the resolution to approve the Plan;
- (b) whether the Required Majority has approved the Plan;
- (c) the effect on the results of the voting had all of the Affected Creditors of the Plan Entities with Unresolved Claims also voted the full amount of their Unresolved Claims; and
- (d) in its discretion, any other matter relating to the CMI Entities' motion seeking sanction of the Plan.

61. **THIS COURT ORDERS** that an electronic copy of the Monitor's Report regarding the Meetings, the Plan including any amendments and variations thereto, and a draft sanction Order in respect of the Plan shall be posted on the Website prior to the CCAA Sanction Motion (as defined below).

62. **THIS COURT ORDERS** that in the event that the Plan has been approved by the Required Majority, the CMI Entities may bring a motion before this Honourable Court on July 28, 2010, or such later date as is set by this Honourable Court upon motion by the CMI Entities, seeking a sanctioning of the Plan pursuant to the CCAA (the "**CCAA Sanction Motion**").

63. **THIS COURT ORDERS** that service of this Meeting Order by the Monitor to the parties on the service list, delivery of this Meeting Order in accordance with paragraph 10

and 11 hereof, the posting of the Meeting Materials on the Website in accordance with paragraph 12 hereof, and the mailing to Affected Creditors of the Plan Entities of the Meeting Materials in accordance with the requirements of this Meeting Order shall constitute good and sufficient service of notice of the CCAA Sanction Motion on all Persons entitled to receive such service and no other form of notice or service need be made and no other materials need be served in respect of the CCAA Sanction Motion, except that the CMI Entities shall serve the service list with any additional materials to be used in support of the CCAA Sanction Motion and, with the consent of the Monitor and if necessary to expedite the Plan Implementation Date, such service on the service list of additional materials to be used in support of the CCAA Sanction Motion may be made on less than four (4) days' notice.

64. **THIS COURT ORDERS** that any Person who wishes to oppose the CCAA Sanction Motion shall serve on the service list a notice setting out the basis for such opposition and a copy of the materials to be used to oppose the CCAA Sanction Motion at least seven (7) days before the date set for the CCAA Sanction Motion, or such shorter time as this Honourable Court, by Order, may allow.

65. **THIS COURT ORDERS** that in the event that the CCAA Sanction Motion is adjourned, only those Persons who have filed and served a Notice of Appearance shall be served with notice of the adjourned date.

66. **THIS COURT ORDERS** that subject to any further order of this Honourable Court, in the event of any conflict, inconsistency, ambiguity or difference between the provisions of the Plan and this Meeting Order, the terms, conditions and provisions of the Plan shall govern and be paramount, and any such provision of this Meeting Order shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

SHAW TRANSACTION DOCUMENTS

67. **THIS COURT ORDERS** that

- (a) the amended and restated Subscription Agreement dated May 3, 2010 between Shaw and Canwest Global, including the amended subscription term sheet appended thereto (the "**Amended Subscription Agreement**");

- (b) the further amended and restated (the "**Further Amended Support Agreement**") Amended Support Agreement dated May 3, 2010 (as defined in the Strike Affidavit); and
- (c) the amended Shaw Support Agreement dated May 3, 2010 (the "**Amended Shaw Support Agreement**")

as supplemented by the Minutes of Settlement entered into by the CMI Entities, the Shareholder Group, Shaw, and the Ad Hoc Committee dated June 23, 2010, are hereby approved.

68. **THIS COURT ORDERS** that the CMI Entities are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transactions and the satisfaction of the obligations contemplated by the Amended Subscription Agreement, the Further Amended Support Agreement and the Amended Shaw Support Agreement.

69. **THIS COURT ORDERS** that the CMI Entities shall be required to comply with their obligations under the Amended Subscription Agreement, the Further Amended Support Agreement and the Amended Shaw Support Agreement. Prior to exercising any and all rights and remedies they may have against the CMI Entities under or in respect of the Amended Subscription Agreement, the Further Amended Support Agreement and the Amended Shaw Support Agreement, in accordance with the terms of such agreements, other than in respect of contractual termination rights under the Amended Subscription Agreement, the Further Amended Support Agreement and the Amended Shaw Support Agreement, Shaw and the Consenting Noteholders, as applicable, shall be required to obtain a further order of the Court.

70. **THIS COURT ORDERS** that all provisions of the Order of Madam Justice Pepall in respect of the CMI Entities dated October 6, 2009, as amended by the Order of Madam Justice Pepall dated February 19, 2010 (the "**Initial Order**") applicable to the "Support Agreement" (as defined in the Initial Order) shall be applicable in all respects to the Further Amended Support Agreement.

71. **THIS COURT ORDERS** that all provisions of the Initial Order applicable to the "Shaw Support Agreement", "Subscription Agreement" and "Investors Charge" (as defined in

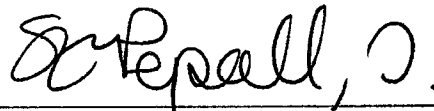
the Initial Order) shall be applicable in all respects to the Amended Shaw Support Agreement and Amended Subscription Agreement.

RESTRUCTURING PERIOD CLAIMS BAR DATE

72. **THIS COURT ORDERS** that any Claims of any Person against one or more of the CMI Entities or any of Directors and Officers in connection with any indebtedness, liability or obligation of any kind whatsoever owed by one or more of the CMI Entities to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach after the Filing Date of any contract, lease or other agreement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Procedure Order (excluding Excluded Claims) for which a CMI Notice of Dispute of Claim or a CMI Proof of Claim has not been filed with the Monitor by 5:00 p.m. (Toronto time) on July 9, 2010 (the “**Restructuring Period Claims Bar Date**”) shall be forever barred, extinguished and released with prejudice.

ASSISTANCE OF OTHER COURTS

73. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Meeting Order.



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

JUN 23 2010

PER / PAR: 

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)
18. CGS International Holdings (Netherlands)
19. CGS Debenture Holding (Netherlands)
20. CGS Shareholding (Netherlands)
21. CGS NZ Radio Shareholding (Netherlands)
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

**This is Exhibit "H" Referred to in the
Affidavit of THOMAS C. STRIKE
sworn before me this 20th day of July, 2010**

A handwritten signature in cursive script, appearing to read "L. Lehard", is written above a horizontal line.

Commissioner for taking affidavits

CITATION: Re: Canwest Global Communications Corp. 2009 ONSC 3537
COURT FILE NO.: CV-09-8396-00CL
DATE: 20100623

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF SECTION 11 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 AND THE
OTHER APPLICANTS

BEFORE: Pepall J.

COUNSEL: *Lyndon Barnes, Jeremy Dacks and Shawn Irving* for the CMI Entities
David Byers and Marie Konyukhova for the Monitor
M.P. Gottlieb and Vince Mercier for Shaw Communications Inc.
Robert Staley, Derek Bell and Jonathan Bell for the Shareholder Group
Mario Forte for the Special Committee of the Board of Directors
Benjamin Zarnett and Robert Chadwick for the Ad Hoc Committee of
Noteholders
Hugh O'Reilly for Canwest Retirees
Peter Osborne for Management Directors
Steven Weisz for CIBC Asset-Based Lending Inc.

REASONS FOR DECISION
GRANTED JUNE 23, 2010

[1] The Initial Order granting CCAA protection to the CMI Entities was granted by me on October 6, 2009. Unlike the sister restructuring of the LP Entities, this CCAA proceeding has experienced certain significant problems and hurdles. As will be discussed, many if not all of these have been overcome. The CMI Entities now seek an order amongst other things: (i) accepting the filing of a Plan based on the Amended Shaw Transaction; (ii) authorizing the CMI Entities to establish two classes of creditors and to call meetings of those creditors to vote on the Plan; and (iii) approving certain documentation relating to the Amended Shaw Transaction.

[2] A shareholder group consisting of members of the Asper family, the Asper Foundation, Blott Asset Management LLC, two U.S. equity funds and four unnamed Canadian individuals

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objected to the relief requested. They call themselves the Ad Hoc Group of Canwest Shareholders (the "Shareholder Group").

[3] They complained about a variety of things including the canvassing of the market, the value received and the absence of a "fiduciary out" provision. They also stated that the process was unfair to shareholders and disregarded the promise of 2.3% equity value for the shareholders.

[4] As mentioned, on October 6, 2009, I granted an Initial Order under the CCAA. In the materials filed in support of the motion, the Applicants stated that they were insolvent and I so found. This is a prerequisite to an Initial Order under the CCAA¹.

[5] I do not propose to review the entire history of these proceedings which has been discussed before in various reasons for decision rendered by me, however, I will mention a few significant facts.

[6] The CCAA filing on October 6, 2009, was described as a prepackaged filing and was based on a Support Agreement entered into with members of the Ad Hoc Committee of 8% Senior Subordinated Noteholders (the "Ad Hoc Committee"). The filing and the original recapitalization transaction ("ORT") described therein contemplated that the current debt of the CMI Entities would be converted into equity of a restructured Canwest Global. As part of that transaction, the Ad Hoc Committee agreed to reduce its allocated recovery by 2.3% of the equity of a restructured Canwest Global and to allow it to be distributed to the existing shareholders.

[7] The ORT proposed that one or more Canadians would invest at least \$65 million for a minimum 20% of the equity of a restructured Canwest Global. It was also a condition that the CW Investments Co. Shareholders Agreement between CMI, 4414616 Canada Inc., Goldman Sachs Capital Partners and certain of its affiliates (the "GS Parties") and CW Investments Co. be amended or restated or otherwise dealt with in a manner acceptable to CMI and the Ad Hoc Committee.

¹ In addition to the provisions of the definition of debtor company found in s.2 (1) of CCAA.

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[8] Others who were not CCAA applicants included CW Investments Co. In August, 2007, Canwest Global and the GS Parties jointly acquired through CW Investments Co. and its subsidiaries a portfolio of 17 specialty television channels from Alliance Atlantis Communications Inc. The relationship of the Canwest Global and GS Parties was governed by the aforementioned Shareholders Agreement. The purchase from Alliance Atlantis Communications Inc. and the terms of the Shareholders Agreement were agreed upon at the peak of the financial markets and economic cycle in 2007.

[9] As described in the June 7, 2010, affidavit of Mr. Strike of the CMI Entities, the GS Parties adopted an adversarial position in the CCAA proceedings. They challenged various transactions and sought a declaration that would prevent the CMI Entities from disclaiming their obligations under the Shareholders Agreement. On December 8, 2009, I stayed the GS Parties' request for relief.

[10] For reasons discussed before, both the Monitor and the CMI Entities took the position that the Ad Hoc Committee had a veto over a CCAA restructuring plan². Similarly, the Shareholders Agreement continued to be a thorny problem without an obvious solution absent a consensual resolution.

[11] On November 2, 2009, RBC Capital Markets commenced an equity solicitation process. This process has already been described by me in my reasons approving the original Shaw Transaction.

[12] Ultimately the Shaw Communications Inc. ("Shaw") bid was considered to be the best overall offer received. It contemplated that the company would be private and not public. The principal elements of the Shaw transaction were:

- the investment of \$95 million in a restructured Canwest Global representing a 20% equity interest and an 80% voting interest;

² In addition, the 8% Senior Subordinated Noteholders provided the liquidity to the CMI Entities under the Use of Cash Collateral and Consent Agreement to permit the CMI Entities to continue to operate.

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- a portion of the net cash proceeds would be distributed to the 8% Senior Subordinated Noteholders pursuant to a Plan in connection with the partial payment of the secured intercompany note and the balance would be used for working capital purposes;
- Shaw would subscribe for an additional amount of equity shares of a restructured Canwest Global to fund certain cash payments that would be made to Affected Creditors;
- existing shareholders would receive a cash payment. The Monitor stated that this represented approximately \$11 million.

[13] It was a condition of each party's obligation to consummate the Shaw transaction that the Shareholders Agreement be amended or restated or otherwise addressed in a manner to be agreed by Shaw, Canwest Global and the Ad Hoc Committee of Noteholders or disclaimed. As such the issues with the GS Parties continued to be unresolved.

[14] On February 19, 2010, the CMI Entities brought a motion seeking approval of the Shaw transaction. The GS Parties opposed the relief sought and requested an adjournment of the motion which I refused. I granted the order and approved the Shaw transaction agreements. In my reasons, I stated that:

- during the course of initial discussions between RBC Capital Markets and potential investors, it was recognized that alternative proposals would be considered;
- the list of potential investors included both strategic and financial investors and qualified high net worth individuals in Canada;
- RBC Capital Markets had fully canvassed the market and there was overwhelming evidence of an extensive market canvas;
- there was a level playing field;
- the CMI Entities had made a sufficient effort to obtain the best offer;
- the interests of all parties were considered; and
- a major objective underpinning the initial CCAA filing had now been accomplished.

[15] The GS Parties then sought leave to appeal my decision from the Court of Appeal.

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[16] Although the equity solicitation had been successful, the dispute with the GS Parties was without resolution. This in spite of the fact that in my reasons for decision both with respect to the contested stay motion and the contested approval motion, I expressed my view that a commercial and negotiated resolution was in the best interests of all concerned.

[17] If the CMI Entities had been required to seek approval to disclaim the Shareholders Agreement, protracted, expensive and uncertain litigation would have resulted regardless of who was successful. If the GS Parties were successful, the CMI Entities would have been unable to meet the condition provided for in both the Shaw transaction and the Support Agreement they had entered into with the Ad Hoc Committee. If the GS Parties were unsuccessful, the GS Parties would have had a substantial and complicated damages claim that may have given them a blocking position in the restructuring. As such, absent a resolution, this going concern restructuring was at an impasse with unattractive potential consequences.

[18] Discussions had reached a stalemate.

[19] In the face of what appeared to be an insoluble problem, the Monitor and the CMI Entities requested a court supervised mediation. Given the importance of the restructuring in Canada, the need to identify a judge with stature and superlative mediation skills, and the fact that at least one leave to appeal motion was before the Court of Appeal, I inquired as to whether Chief Justice Winkler was prepared to conduct a mediation. Chief Justice Winkler conducted the mediation which resulted in an acceptable conceptual framework. In my view, absent this mediation, this restructuring was in serious difficulty. As noted in Mr. Strike's June 7, 2010 affidavit:

"The CMI Entities and the CMI CRA had unsuccessfully expended all commercially reasonable efforts to achieve a consensual renegotiation of the Shareholders Agreement with Goldman Sachs. Moreover, the CMI Entities and their stakeholders required certainty with respect to the path forward, particularly as the time to negotiate new programming agreements with the U.S. television studios was approaching, as was the period for upfront selling to advertisers of the 2010-2011 program schedules of the television channels and stations of CTLP and CW Investments.

The CMI Entities, the CMI CRA and the Monitor also recognized that if the parties continued to proceed down a litigation track in

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respect of any or all of (i) a potential request to disclaim or resiliate the Shareholders Agreement, (ii) the Leave Motion and, if leave was granted, the appeal of the Shaw Approval Order itself, and/or (iii) the 4414616 Transaction, the CMI Entities would be required to incur significant litigation costs, divert many hundreds of hours of senior management time to the litigation effort at one of the most critical times of the restructuring and, based upon even the most optimistic view, would likely not be able to complete a going concern recapitalization transaction for a significant period of time, likely well into 2011, if at all (assuming all lower court decisions were appealed). This would have put the Shaw Transaction in jeopardy as, under the terms of the Amended Support Agreement, the Original Shaw Support Agreement and the Original Shaw Subscription Agreement, creditor approval of the proposed plan of arrangement or compromise was required to be obtained by April 15, 2010, and the plan of arrangement or compromise itself was required to be implemented by no later than August 11, 2010 (unless such dates were extended by Shaw and Canwest Global). It would also have put the DIP facility provided by CIBC Asset-Based Lending Inc. (formerly CIT Business Credit Canada Inc.) in jeopardy, which, if terminated, would have had a detrimental effect on the CMI Entities' ongoing liquidity."

[20] The Court and in my view, stakeholders should be grateful to Chief Justice Winkler for the result he was instrumental in achieving.

[21] Ultimately the GS Parties agreed to sell to Shaw certain shares in CW Investments Co. and to provide an option to purchase the remainder for \$709 million. Shaw would replace the GS Parties as a party to the Shareholders Agreement. Under the amended Shaw transaction, Shaw would become the sole shareholder of a restructured Canwest Global. Shaw would pay US\$440 million to be allocated to the 8% Senior Subordinated Noteholders and \$38 million to Affected Creditors not including the Noteholders³. Under this arrangement, the shareholders would not receive any cash or equity interest, contrary to what the shareholders may have expected to receive when the prepackaged filing was first announced. In addition, all equity

³ Subject to a pro rata increase in that amount for any restructuring period claims directly referable to the Amended Shaw Transaction, in certain circumstances.

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compensation plans would be terminated as would outstanding options, restricted share units and other equity based awards.

[22] In response to this development, amongst other things, Mr. Leonard Asper stated that the fundamental term of the CCAA prepackaged filing which was relied upon by him and others had been breached.

[23] Attempts by the CMI Entities (the Special Committee Chair, Derek Burney) and the CMI CRA to reinstate the shareholders' recovery did not meet with success.

[24] On the return of the Applicants' motion, I encouraged the parties to attempt to resolve their dispute which they did.

[25] I am satisfied that the order requested by the CMI Entities should be approved. In that regard, I make the following observations. The new Shaw transaction amends the definitive documentation in respect of the Shaw transaction I already approved to reflect the successful resolution of the express condition regarding the need to resolve the treatment of the Shareholders Agreement. I agree with the statements found in the factum of counsel for the CMI Entities:

“... the Amended Shaw Transaction represents a number of significant advances in this process relative to the Approved Shaw Transaction. In particular:

- (a) the Amended Shaw Transaction is the only transaction available to the CMI Entities that satisfies both of the principal commercial conditions necessary to ensure that the CMI Entities will be able to emerge from the CCAA proceeding as going-concern entities:
 - (i) Restructured Canwest Global will be owned by a “Canadian” in a manner compliant with the Direction; and
 - (ii) the Shareholders Agreement has been addressed in a manner satisfactory to the CMI Entities, the Ad Hoc Committee and Shaw.

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(b) the Amended Shaw Transaction will provide long-term stability for the CMI Entities' employees, pensioners, suppliers of television content, customers and other stakeholders.

(c) the Amended Shaw Transaction will provide enhanced value for the CMI Entities' Affected Creditors.

One of the most important benefits of the Amended Shaw Transaction is the resolution of the treatment of the Shareholders Agreement and the release of all the claims of Goldman Sachs in relation to the matters that were the subject of ongoing litigation. The potential effect of a failure to resolve these issues cannot be overstated...

Without a consensual resolution of the treatment of Goldman Sachs' rights under the Shareholders Agreement, the CMI Entities were essentially at an impasse in their efforts to emerge from this CCAA proceeding as a going-concern in the foreseeable future."

[26] The CMI Entities did run an auction of the equity interest they were empowered to sell. I approved both the process, the absence of a fiduciary out provision and the result. Shaw was entitled to exercise liquidity rights in relation to the purchase of other equity interests.

[27] Clear contractual commitments were made to the Noteholders by the CMI Entities. As a result of those commitments, no Plan can be approved without the support of the Noteholders; upon default under the Use of Cash Collateral and Consent Agreement, the Ad Hoc Committee can obtain an assignment of the Irish Holdco notes which would frustrate the viability of another plan which does not have Ad Hoc Committee support and would jeopardize the CMI Entities liquidity.

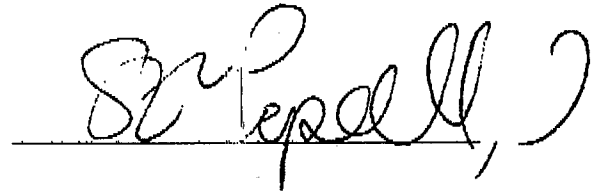
[28] As to the shareholders, they have made certain allegations relating to commitments made. In the interests of certainty, to avoid delay, and given the evidence and some of the proposed provisions of the Plan, I urged the parties to reach a resolution of their differences.

[29] I am fully supportive of the approval of the Shaw Transaction Agreements. They consist of the Amended Subscription Agreement, the Further Amended Support Agreement, the Amended Shaw Support Agreement as supplemented by the Minutes of Settlement entered into by the CMI Entities, the Shareholder Group, Shaw and the Ad Hoc Committee dated June 23, 2010. The Amended Shaw Transaction Agreement is fair and reasonable and I am pleased that

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the parties considered section 6(8) of the CCAA with respect to the structure supporting the Minutes of Settlement and that the \$38 million for the Affected Creditors is not impacted by this resolution.

[30] In conclusion, a negotiated resolution of the parties' differences is in the best interests of the CMI Entities and their stakeholders. No one opposed the requested order and it was supported by the Monitor, the Ad Hoc Committee, Shaw, and the Shareholders Group. I am approving the proposed order accepting the filing of a Plan based on the Amended Shaw Transaction, the proposed meeting provisions and approving the Amended Shaw Transaction Definitive Documents.

A handwritten signature in black ink, appearing to read "J. Pepall", written over a horizontal line. The signature is cursive and includes a large flourish at the end.

Pepall J.

Oral Reasons delivered June 23, 2010.

Transcribed Oral Reasons delivered July 12, 2010, with minor amendments.