

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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

Applicants

AFFIDAVIT OF PETER P. FARKAS

I, Peter P. Farkas, of the City of Toronto, **MAKE OATH AND SAY:**

1. I am a Chartered Accountant, a Canadian Insolvency and Restructuring Professional, a Chartered Business Valuator, and a Vice-President of RSM Richter Inc. ("Richter"). I have been involved with restructuring matters for over 30 years.
2. Richter's restructuring practice has been involved in a number of Canada's most high profile restructuring mandates, including Confederation Treasury Services Limited (a subsidiary of Confederation Life Insurance Company), the T. Eaton Company Limited, Dylex Limited, the Canadian Red Cross Society, Ravelston Corporation and Linens 'N Things.
3. Our roles in these mandates have included acting as a Monitor under the *Companies' Creditors Arrangement Act* ("CCAA"), a Trustee in Bankruptcy, Interim Receiver, or Receiver and Manager and as an advisor/consultant.
4. Richter has been retained by counsel for GS Capital Partners VI Fund, L.P. ("GSCP") to assist and advise it in assessing alternatives in the restructuring of the Applicants. GSCP is a co-shareholder with one of the Applicants, Canwest Media Inc. ("CMI") in CW Investments Co. ("CWI"). CWI is not itself an applicant in this CCAA proceeding. GSCP (as well as two affiliates), CMI and CWI are parties to an Amended and Restated Shareholders Agreement ("Shareholders Agreement").

5. Specifically, Richter has been asked to assist GSCP in assessing the subscription agreement dated February 11, 2010 between Canwest Global Communications Corp. and Shaw Communications Inc. (“Shaw”) and related agreements (collectively, the “Subscription Agreement”), which documents relate, *inter alia*, to an investment in the Applicants by Shaw (the “Shaw Transaction”).

6. This affidavit is sworn in connection with the Applicants’ motion to have the Court approve the Subscription Agreement.

7. With respect to information specifically concerning GSCP, my knowledge was obtained from discussions with Mr Gerald J. Cardinale, a managing director of Goldman Sachs & Co., and I have assumed such information to be true.

The CCAA Process

8. The CCAA process is intended to be transparent. The CCAA process is also meant to equitably balance the interests of creditors, the applicant company, and other stakeholders. By design and practice, it allows parties to participate in the process with the onus on the applicant to make reasonably full disclosure and to engage all stakeholders.

9. In this case, the Applicants have worked closely with one creditor, being the Senior Subordinated 8% Noteholders (the “Unsecured Noteholders”), through an ad hoc committee that I understand to be comprised of only some of the Unsecured Noteholders (“Ad Hoc Committee”). It appears that the Unsecured Noteholders are significant stakeholders (who would be owed approximately \$360 million on implementation of the proposed plan) and their views should be given a great deal of consideration.

10. However, it is also clear that GSCP is a major stakeholder in this proceeding by virtue of the Shareholders Agreement and particularly because of Shaw’s apparent requirement to amend or disclaim the Shareholders Agreement. GSCP has been excluded from the process, and has not been afforded access to information (beyond that which is publicly available) or access to certain parties to enable it to make an informed decision concerning the Subscription Agreement.

11. Some concerns and questions regarding access to information and parties are noted below.

Concerns and Questions Regarding the Tendering Process

12. The Subscription Agreement was struck after a marketing process undertaken by RBC Capital Markets (“RBC”) at the Applicants’ direction.

13. Although there are RBC engagement letters dated December 10, 2008 and October 5, 2009 in the Court files, I understand that the specific RBC marketing process within the context of the CCAA filing was not submitted to the Court for its approval. If it had been, the Court approval motion would have been a forum where stakeholders could have provided input.

14. While the Applicants have disclosed some information with respect to RBC’s marketing process, there remains much information that would normally be known to a major stakeholder such as GSCP in order for GSCP to be satisfied as to the commercial reasonableness of the process and in turn the resulting Shaw Transaction.

15. Some items that I would want to consider to assess the commercial reasonableness of the marketing process are:

- (a) The nature and scope of RBC’s mandate, including the criteria used to select potential offerors;
- (b) Concerns potential investors had in executing the Non-Disclosure Agreement (“NDA”) (30 of 52 parties who had expressed interest were unwilling to execute the NDA);
- (c) Details as to why parties chose not to make offers (18 of 22 who executed the NDA did not do so);
- (d) Details as to why offers were limited to parties seeking at least a 20% interest (why instead of, say, two parties for 10% each);
- (e) Reasons why potential investors were not permitted to speak to GSCP, which lack of permission may have heightened potential offerors’ concerns about the likelihood of future litigation surrounding the Shareholders Agreement.

16. Information such as this would assist stakeholders in obtaining comfort that the market had been properly canvassed so as to maximize value to all stakeholders.

17. As noted above, details such as these concerning the RBC process have not been made known to GSCP or presumably to other stakeholders other than the Ad Hoc Committee.

18. The Court is being asked to approve the Subscription Agreement relating to the Shaw Transaction. I am concerned that an approval of the Subscription Agreement will limit the ability to explore options that might otherwise be available, by virtue of the inability of the Applicants to consider other offers.

19. An important element of the Subscription Agreement is that the Shareholders Agreement be amended by negotiation or repudiation.

20. I understand that Shaw was and is precluded from having discussions with GSCP.

21. If GSCP is able to be involved in the process, by, for instance, communicating directly with Shaw or other offerors, a negotiated outcome may be arrived at that is more favorable to all stakeholders.

22. It may be, for instance, that the second-highest offeror would seek lesser concessions from GSCP, resulting in a lower claim against the Applicants by GSCP, and a higher recovery by creditors.

23. Time and authority should be allowed for these types of discussions to take place before the Subscription Agreement is approved by the Court.

Other Concerns about the Subscription Agreement and the Ultimate Plan of Arrangement

24. Additional information that I believe should be made available to GSCP and creditors includes:

- (a) The composition and size of the creditor body. Information provided in filings with this Court is insufficient to enable me to perform the requisite analysis. The results of the Applicants' call for claims on a non-consolidated basis is not known to GSCP;

- (d) There is no suggestion in any of the materials filed by the Applicants or by the Monitor of any adverse effects should the Court not approve the Subscription Agreement immediately.

27. The Subscription Agreement was months in development. To expect stakeholders to formulate an informed position on the merits of the Subscription Agreement on such short notice is not realistic or equitable, particularly given the absence of key information.

Conclusion

28. No information has been provided to GSCP and presumably to other stakeholders other than that which is publicly available, to assess whether the Shaw Transaction is the best alternative available.

29. It seems that the equity solicitation process conducted by RBC was designed to identify a certain kind of investor with specific characteristics, being:


- (a) A willingness to be a co-shareholder with the Unsecured Noteholders rather than a purchaser of the entire business;
- (b) A willingness to repudiate the Shareholders Agreement, which may result in litigation with GSCP, rather than a negotiated agreement prior to an offer having been made; and
- (c) A willingness to enter into a NDA that included “standstill” and “no-talk” provisions that would not expire for 12 months.

30. There does not appear to be an urgent need for the Applicants to have the Subscription Agreement (or any transaction) receive Court approval on February 19, 2010; the Applicants have adequate liquidity.

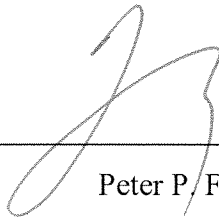
31. The size and scope of the break fee should be examined.

32. If the Court application for the approval was deferred for a short period of time to allow GSCP and other stakeholders to obtain additional information a superior resolution might arise.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
February 18, 2010.



Commissioner for taking Affidavits



Peter P. Farkas

**Renee Fern Schwartz, a Commissioner, etc.,
City of Toronto, for RSM Richter Inc.,
Trustee in Bankruptcy and RSM Richter LLP,
Chartered Accountants.
Expires February 7, 2012.**