

**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

**MOTION RECORD OF THE APPLICANTS
(Motion for Approval of the Omnibus Transition
and Reorganization Agreement and Stay Extension returnable June 8, 2010)**

June 3, 2010

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TO: THE SERVICE LIST

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

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**IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT,
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**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

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REORGANIZATION AGREEMENT**

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**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
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SCHEDULE "A"

APPLICANTS

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS
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APPLICANTS LISTED ON SCHEDULE "A"

APPLICANTS

**NOTICE OF MOTION
(Approval of Omnibus Transition and Reorganization Agreement and Stay Extension)**

Canwest Global Communications Corp. ("Canwest Global") and the other Applicants listed on Schedule "A" hereto (the "Applicants") and the Partnerships listed on Schedule "B" hereto (the "Partnerships" and, together with the Applicants, the "CMI Entities") will make a motion before a judge of the Ontario Superior Court of Justice on June 8, 2010 at 10:00 A.M., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form attached to the Motion Record:
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and Motion Record be dispensed with;
 - (b) approving an agreement (the "Omnibus Transition and Reorganization Agreement") between Canwest Global, Canwest Media Inc. ("CMI"), Canwest Television Limited Partnership, The National Post Company,

Canwest Limited Partnership/Canwest Societe en Commandite (“Canwest LP”), Canwest Publishing Inc./Publications Canwest Inc. (“CPI”) and National Post Inc., substantially in the form attached as an exhibit to the Affidavit of John E. Maguire sworn June 3, 2010 (the “Maguire Affidavit”);

- (c) vesting the Trade-marks (as defined in the Maguire Affidavit) in CPI free and clear of all claims, charges, liens, security interests and encumbrances;
- (d) vesting the Television LP IT Hardware (as defined in the Maguire Affidavit) in Canwest LP free and clear of all claims, charges, liens, security interests and encumbrances;
- (e) granting such other relief as may be necessary and incidental to the approval of the Omnibus Transition and Reorganization Agreement;
- (f) sealing the Confidential Supplement to the Monitor’s Fourteenth Report (the “Confidential Supplement”) and treating it as confidential pending further Order of this Honourable Court;
- (g) extending the stay of proceedings (the “Stay Period”) granted pursuant to the Initial Order dated October 6, 2009 (the “Initial Order”) and subsequently extended, from June 15, 2010 until August 31, 2010;
- (h) approving the Ninth, Tenth, Eleventh, Twelfth, Thirteenth and Fourteenth Reports and the Supplement to the Tenth Report of FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed monitor of the CMI Entities (the “Monitor”) and the activities of the Monitor described therein; and
- (i) approving the fees and disbursements of the Monitor and its counsel, Stikeman Elliott LLP, as detailed in the Fee Affidavits attached to the Fourteenth Report of the Monitor; and

2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. 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 the Initial Order;
2. The Initial Order granted a stay of proceedings until November 5, 2009, or such later date as this Honourable Court may order. The Stay Period has been extended on three subsequent occasions, most recently on March 29, 2010, with the Stay Period now scheduled to expire on June 15, 2010;
3. Prior to 2005, all of the businesses which were wholly-owned by Canwest Global, including all of the businesses now operated by the CMI Entities and all of the businesses now operated by the LP Entities (as defined in the Maguire Affidavit), were operated on an integrated basis by a single corporate entity, CanWest MediaWorks Inc. ("MediaWorks") (now CMI). As an integrated business, all business critical and support services, including executive services, information technology, human resources, accounting and finance (collectively, the "Shared Services") were shared between MediaWorks and its subsidiaries;
4. In 2005, CanWest MediaWorks Limited Partnership (now Canwest LP) was formed to acquire all of MediaWorks' newspaper publishing and digital and online media operations (with the exception of the *National Post* newspaper) and to operate such businesses as part of the creation of a publicly-listed income trust. At that time, a determination was made to continue the Shared Services arrangements that were then in existence, but under various inter-entity agreements (the "Inter-Entity Agreements") which provided for cost/expense reimbursement on commercially reasonable terms;
5. In 2007, Canwest LP effected a going-private transaction of the income trust and, since July 2007, Canwest LP has been a 100% wholly-owned indirect subsidiary of Canwest Global. The LP Entities nonetheless continued to maintain a separate debt structure and credit facilities from the CMI Entities and both the CMI Entities and the LP Entities continued to provide many of the Shared Services to each other pursuant to the Inter-Entity Agreements;
6. The formal process of disentangling the businesses of the CMI Entities and the LP Entities began on October 30, 2009 when this Honourable Court granted an Order approving a

Transition and Reorganization Agreement setting forth the terms of a reorganization and realignment of the Shared Services between the CMI Entities and the LP Entities pursuant to a New Shared Services Agreement and providing for the transfer of the assets and business of the *National Post* newspaper from The National Post Company to a new wholly-owned subsidiary of CPI;

7. The CMI Entities and the LP Entities have determined that it is necessary to take additional steps in furtherance of the Transition and Reorganization Agreement by entering into the Omnibus Transition and Reorganization Agreement which will help facilitate independent, going concern outcomes for the CMI Entities and the LP Entities;

8. The Omnibus Transition and Reorganization Agreement has three main functions: (i) the transfer, assignment or realignment of certain misaligned contracts, trademarks, domain names, information technology and interests in real estate; (ii) the extension and/or amendment of certain provisions in the New Shared Services Agreement; and (iii) the entering into of four new arms-length arrangements between certain of the CMI Entities and the LP Entities;

9. The steps that are addressed in the Omnibus Transition and Reorganization Agreement are in furtherance of the larger corporate objective of creating a full and final separation of the businesses of the CMI Entities and the LP Entities so that each can function as an autonomous business enterprise;

10. The Confidential Supplement contains a copy of a letter (the "Disclosure Letter") from the LP Entities to the CMI Entities containing certain parts of the Omnibus Transition and Reorganization Agreement that are highly commercially sensitive and/or personally sensitive;

11. Disclosure of the Disclosure Letter would be detrimental to the CMI Entities and the LP Entities and their respective businesses and restructuring efforts;

12. The CMI Entities continue to act in good faith and with due diligence in these CCAA proceedings;

13. Extending the Stay Period will allow the CMI Entities to continue to work towards the implementation of a plan of arrangement or compromise based on a consensual going concern recapitalization transaction involving the CMI Entities, the Ad Hoc Committee

and Shaw Communications Inc. (“Shaw”), meet the relevant milestone dates and allow the CMI Entities to continue to deal with remaining creditor claims, and other matters inherent in the proposed restructuring;

14. It is just and convenient and in the interests of the CMI Entities and their respective stakeholders that the requested Order approving the Omnibus Transition and Reorganization Agreement be granted and the Stay Period extended;

15. The approval of the Omnibus Transition and Reorganization Agreement substantially in the form attached to the Maguire Affidavit and the extension of the Stay Period are supported by the Monitor, the Chief Restructuring Advisor to the CMI Entities, the *ad hoc* committee representing certain holders of CMI’s Senior Subordinated Notes due 2012, CIBC Asset-Based Lending Inc. (formerly CIT Business Credit Canada Inc.) and Shaw Communications Inc.;

16. The approval of the Omnibus Transition and Reorganization Agreement substantially in the form attached to the Maguire Affidavit is also supported by FTI, in its capacity as Court-appointed Monitor in the CCAA proceeding of the LP Entities, the Chief Restructuring Advisor to the LP Entities, the Agent to the Senior Lenders of the LP Entities and the *ad hoc* committee of holders of 9.25% senior subordinated notes issued by the LP Entities;

17. The provisions of the CCAA, including section 11.02 thereof, and the inherent and equitable jurisdiction of this Honourable Court;

18. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and sections 100 and 137(2) of the *Ontario Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

19. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Affidavit of John E. Maguire sworn June 3, 2010 and the exhibits thereto;

2. The Fourteenth Report of the Monitor and the appendices thereto, including the Confidential Supplement; and
3. Such further and other materials as counsel may advise and this Honourable Court may permit.

June 3, 2010

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Lawyers for the Applicants

TO: THE SERVICE LIST

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

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
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APPLICANTS LISTED ON SCHEDULE "A"

Applicants

**AFFIDAVIT OF JOHN E. MAGUIRE
(Sworn June 3, 2010)**

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

1. 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 in Schedule "A" hereto (the "**Applicants**" and together with the Partnerships listed on Schedule "B" hereto, the "**CMI Entities**"). 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. Canwest Global is a leading Canadian media company with interests in (i) free-to-air television stations and subscription-based specialty television stations (operated by the CMI Entities) and (ii) newspaper publishing and digital and online media operations (operated by the LP Entities, as defined below). For many years, the businesses of the CMI Entities and the LP Entities were integrated and shared critical business and support functions (collectively, the "**Shared Services**"). Although the CMI Entities and the LP Entities now operate distinct

businesses, many legal and functional vestiges of their former relationship remain and the CMI Entities and the LP Entities continue to share many of the Shared Services.

3. In 2009, it was determined that the CMI Entities and the LP Entities would undergo discrete and parallel restructurings. It is anticipated that the separate restructurings will ultimately result in going concern outcomes for both the CMI Entities and the LP Entities which will see distinct and unrelated third party ownership of their respective businesses. In light of the impending and permanent separation of their respective businesses, it was recognized in or about October 2009 that the Shared Services would need to be disentangled so as to allow the CMI Entities and the LP Entities to operate independently of one another as restructured enterprises. The process of disentangling the Shared Services commenced in an internal corporate reorganization that was agreed to by the CMI Entities and the LP Entities and carried out pursuant to the terms of the Transition and Reorganization Agreement dated as of October 26, 2009, which was approved by Order of this Honourable Court dated October 30, 2009. The Transition and Reorganization Agreement and the New Shared Services Agreement (which was attached as an exhibit thereto) effectuated the intention of the CMI Entities and the LP Entities to reduce the extent of Shared Services provided to each other with a view to ultimately terminating the Shared Services altogether on the dates specified therein. A copy of the October 30, 2009 Order is attached hereto as Exhibit "A".

4. The CMI Entities and the LP Entities have recently determined that it is necessary to take additional steps in furtherance of the Transition and Reorganization Agreement and the New Shared Services Agreement. These steps include (i) the transfer, assignment or realignment of certain misaligned contracts, trademarks, domain names, information technology ("IT") and interests in real estate; (ii) the extension and/or amendment of certain provisions in the New Shared Services Agreement; and (iii) the entering into of new arms-length arrangements between certain of the CMI Entities and the LP Entities in respect of the provision of certain sales, marketing, advertising and IT services.

5. The realignment process, first commenced in October 2009 with this Honourable Court's approval of the Transition and Reorganization Agreement and continuing at present, is in furtherance of the restructuring objectives of both the CMI Entities and the LP Entities and will facilitate the going concern outcomes of their respective businesses.

6. This affidavit is therefore sworn in support of a motion brought by the CMI Entities seeking, *inter alia*, an Order approving an agreement (the “**Omnibus Transition and Reorganization Agreement**”) by and among Canwest Global, CMI, Canwest Television Limited Partnership (“**CTLP**”), The National Post Company/La Publication National Post (“**The National Post Company**”), Canwest Limited Partnership/Canwest Societe en Commandite (“**Canwest LP**”), National Post Inc. (“**NPI**”), and Canwest Publishing Inc./ Publications Canwest Inc. (“**CPI**”) addressing the further separation of the business activities of the CMI Entities and the LP Entities. The parties to the Omnibus Transition and Reorganization Agreement intend to execute the agreement upon receiving Court approval. It is my understanding that a parallel motion will be brought by the LP Entities in the LP Entities’ proceeding under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) seeking parallel relief and that this affidavit will be attached to the Affidavit filed in that CCAA proceeding. The Omnibus Transition and Reorganization Agreement addresses the following issues:

- (a) the assignment of certain contracts from the CMI Entities to CPI;
- (b) the realignment of certain intellectual property (trademarks and domain names);
- (c) the realignment of certain IT Hardware (as defined below);
- (d) the joint ownership of certain proprietary software;
- (e) the extension of certain of the shared services arrangements set out in the New Shared Services Agreement;
- (f) the termination of certain pension and benefit plan participation arrangements as a result of the transfer/realignment of certain misaligned pension and benefit plan participants into pension and benefit plans sponsored by their employer;
- (g) the obligations of CMI in respect of the transfer of certain real estate that is held by CMI as nominee for CPI and the entering into of formal subleases in respect of certain shared premises;
- (h) the entering into of new inter-company agreements; and

- (i) the assumption of case management responsibility for the National Post Insured Litigation (as defined below) by NPI.

7. There is little or no independent, marketable value to the contracts and interests being assigned and the assets being transferred have either already been paid for by the entity they are being transferred to through the Shared Services arrangements, or are of approximately equal value, as described below. In recognition of these facts, and after taking into account the totality of the transfers and assignments in each direction that are contemplated in the Omnibus Transition and Reorganization Agreement, the parties have agreed that no additional monetary consideration will flow in respect of these arrangements.

8. The CMI Entities have consulted with the CMI Monitor (as defined below) with respect to the Omnibus Transition and Reorganization Agreement. It is my understanding that FTI Canada Consulting Inc. (“FTI”), the court-appointed Monitor of the CMI Entities (in such capacity, the “CMI Monitor”) supports the transfers and assignments set out therein and the entering into of the agreement by the CMI Entities party thereto. In addition, the *ad hoc* committee representing certain holders of CMI’s 8% Senior Subordinated Notes due 2012 (the “Ad Hoc Committee”), Shaw Communications Inc. (“Shaw”), CIBC Asset-Based Lending Inc. (formerly CIT Business Credit Canada Inc. (“CIT”), Canwest MediaWorks Ireland Holdings, and the CMI Entities’ Chief Restructuring Advisor (the “CMI CRA”) all support the entering into of the Omnibus Transition and Reorganization Agreement substantially in the form attached hereto. I am advised by Mr. Douglas Lamb, a senior employee of CPI, and believe that the LP Entities have similarly consulted with FTI in its capacity as Court-appointed monitor in the CCAA proceeding of the LP Entities (in such capacity, the “LP Monitor”), the Chief Restructuring Advisor to the LP Entities (the “LP CRA”), the Administrative Agent to the Senior Lenders of the LP Entities and the LP AHC (as defined below) and that all of them support the LP Entities entering into the Omnibus Transition and Reorganization Agreement substantially in the form attached hereto. It is my belief that the approval of the Omnibus Transition and Reorganization Agreement will benefit the stakeholders of the CMI Entities and the LP Entities by facilitating the going concern outcomes of their respective businesses.

9. This affidavit is also sworn in support of the motion of the CMI Entities seeking an extension of the Stay Period (as defined below) from June 15, 2010 to August 31, 2010.

BACKGROUND

CMI Entities

10. On October 6, 2009, the CMI Entities were granted protection from their creditors under the CCAA, pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). FTI was appointed at that time to act as the CMI Monitor.

11. The Initial Order, a copy of which is attached as Exhibit “B” 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. The Stay Period has been extended on three subsequent occasions, most recently on March 29, 2010, with the Stay Period now scheduled to expire on June 15, 2010. A copy of the Order dated March 29, 2010 extending the Stay Period to June 15, 2010 is attached as Exhibit “C” to this Affidavit.

12. On February 19, 2010, the CMI Entities obtained an Order from this Honourable Court approving the entering into of a subscription agreement and related documentation (the “**Shaw Transaction Documents**”) between Shaw and Canwest Global and others in respect of a proposed equity investment in a restructured Canwest Global by Shaw. As set out below, the CMI Entities are currently pursuing a consensual recapitalization transaction with Shaw based upon amended Shaw Transaction Documents.

13. Further details regarding the background to this CCAA proceeding are set out in the affidavits sworn by me on October 5, 2009 (the “**Initial Order Affidavit**”), October 22, 2009, October 27, 2009 (the “**Transition and Reorganization Agreement Affidavit**”), November 27, 2009, January 18, 2010, March 1, 2010 and March 23, 2010 and in the affidavit sworn by Thomas C. Strike on February 12, 2010 (addressing the proposed equity investment by Shaw) and unless relevant to the present motion, are not repeated herein.

LP Entities

14. On January 8, 2010, CPI, Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the “**LP Applicants**”) were granted protection under the CCAA pursuant to an initial order (the “**LP Initial Order**”) of this Honourable Court in Court File No. CV-10-8533-00CL. The LP

Initial Order also extended relief to Canwest LP (together with the LP Applicants, the “**LP Entities**”) and appointed the LP Monitor.

15. On May 17, 2010, the LP Entities obtained an Order, *inter alia*, authorizing the LP Entities to enter into an asset purchase agreement pursuant to which an entity to be capitalized by the *ad hoc* committee of holders of 9.25% senior subordinated notes issued by the LP Entities (the “**LP AHC**”) will acquire substantially all of the financial and operating assets of the LP Entities and the shares of NPI (the “**LP AHC Transaction**”). The LP Entities also obtained an Order on May 17, 2010 conditionally sanctioning a plan of compromise with the LP Entities’ senior lenders, the basis of which is a support transaction pursuant to which an entity capitalized by the senior lenders will acquire substantially all of the financial and operating assets of the LP Entities and the shares of NPI (the “**LP Support Transaction**”). The plan sanction and implementation of the LP Support Transaction will not proceed unless the LP Monitor delivers and files (with the prior authorization of the Court) a certificate certifying that, in the LP Monitor’s reasonable business judgment, the LP AHC Transaction will not close. Finally, on May 17, 2010, the LP Entities obtained an order authorizing the LP Entities to call and establish the procedures for the conduct of a meeting of creditors (the “**LP Creditors’ Meeting**”).

16. The LP Entities intend to convene the LP Creditors’ Meeting on June 10, 2010 for the purposes of a vote on a consolidated plan of compromise (the “**LP AHC Plan**”). The basis for the LP AHC Plan is the LP AHC Transaction.

REALIGNMENT OF SHARED SERVICES AND INTER-ENTITY RELATIONSHIPS

Background to Shared Services and Inter-Entity Relationships

17. As described in greater detail in the Transition and Reorganization Affidavit, prior to 2005, all of the businesses which were wholly-owned by Canwest Global, including all of the businesses now operated by the CMI Entities and all of the businesses now operated by the LP Entities, were operated on an integrated basis by a single corporate entity, CanWest MediaWorks Inc. (“**MediaWorks**”) (now CMI). As an integrated business, all business critical and support services, including executive services, IT, human resources, accounting and finance were shared between MediaWorks and its subsidiaries.

18. In 2005, CanWest MediaWorks Limited Partnership (now Canwest LP) was formed to acquire all of MediaWorks' newspaper publishing and digital and online media operations (with the exception of the *National Post* newspaper) and to operate such businesses as part of the creation of a publicly-listed income trust. At that time, a determination was made to continue the Shared Services arrangements that were then in existence, but under various inter-entity agreements (the "**Inter-Entity Agreements**") which provided for cost/expense reimbursement on commercially reasonable terms. The CMI Entities agreed to provide the LP Entities with, among other things, executive advisory services, corporate and administrative services (including legal, tax, financial and human resources) and insurance related services. The LP Entities agreed to provide the CMI Entities with many of the existing Shared Services, including, among other things, financial and accounting support services, corporate human resources services and IT infrastructure and support services. Pursuant to the terms of the Inter-Entity Agreements, the service provider was generally entitled to reimbursement for all costs and expenses incurred in connection with the provision of the Shared Service in question. Neither the reimbursement of costs and expenses nor the payment of fees was intended to result in any material financial gain or loss to the service provider. The income trust transaction was completed in October 2005.

19. In 2007, Canwest LP effected a going-private transaction of the income trust and, since July 2007, Canwest LP has been a 100% wholly-owned indirect subsidiary of Canwest Global. The LP Entities nonetheless continued to maintain a separate debt structure and credit facilities from the CMI Entities and both groups of entities continued to provide many of the Shared Services to each other pursuant to the Inter-Entity Agreements.

20. Since 2005, the CMI Entities have entered into various contractual arrangements on behalf of both the CMI Entities and the LP Entities, as have the LP Entities. Such contractual arrangements were entered into pursuant to the terms of the Inter-Entity Agreements and with the approval of the LP Entities, in the case of contracts entered into by the CMI Entities, and the CMI Entities, in the case of contracts entered into by the LP Entities. The CMI Entities also acquired and held certain trademarks used by both the businesses of the CMI Entities and the businesses of the LP Entities and CMI held bare legal title as nominee for CPI to properties that were beneficially owned by CPI. The LP Entities, which acted as Canwest Global's primary IT provider, held intellectual property for the benefit of the CMI Entities. Because of the

interconnectedness of the businesses, the CMI Entities and the LP Entities also employed various individuals that provided Shared Services almost exclusively to the other entities.

The Transition and Reorganization Agreement and New Shared Services Agreement

21. The formal process of disentangling the businesses of the CMI Entities and the LP Entities began on October 30, 2009 when this Honourable Court granted an Order approving the Transition and Reorganization Agreement (which attached the New Shared Services Agreement as Schedule "A" and the National Post Transition Agreement as Schedule "B"). The Transition and Reorganization Agreement set forth the terms of a reorganization and realignment of the Shared Services between the CMI Entities and the LP Entities and addressed the transfer of the assets and business of the *National Post* newspaper from The National Post Company to NPI, a new wholly-owned subsidiary of CPI. The following was to occur pursuant to the New Shared Services Agreement:

- (a) existing cost and expense allocations would continue until specified dates in 2010 and 2011;
- (b) certain cost and expense allocations relating to Shared Services would be amended;
- (c) the employment of certain employees employed by one entity but providing services exclusively or almost exclusively to another entity would be transferred to that entity; and
- (d) misaligned pension plan participants would be transferred to the pension plan sponsored by their employer.

A copy of the Transition and Reorganization Agreement (with the attached New Shared Services Agreement and the National Post Transition Agreement) is attached as Exhibit "D" to this Affidavit.

The Omnibus Transition and Reorganization Agreement

22. Subject to the approval of this Honourable Court, the CMI Entities and the LP Entities have determined that it is necessary to take additional steps in furtherance of the Transition and Reorganization Agreement and the New Shared Services Agreement by entering into the

Omnibus Transition and Reorganization Agreement. As noted above, the Omnibus Transition and Reorganization Agreement has three main functions: (i) the transfer, assignment or realignment of certain misaligned contracts, trademarks, domain names, IT and interests in real estate; (ii) the extension and/or amendment of certain provisions in the New Shared Services Agreement; and (iii) the entering into of four new arms-length arrangements between certain of the CMI Entities and the LP Entities. All of the foregoing are in furtherance of the larger corporate objective of creating a full and final separation of the businesses of the CMI Entities and the LP Entities so that each can function as an autonomous business enterprise. In the view of the CMI Entities, the steps that are addressed in the Omnibus Transition and Reorganization Agreement are critical to ultimately facilitating independent, going concern outcomes for the businesses of the CMI Entities and the LP Entities. A copy of the Omnibus Transition and Reorganization Agreement is attached as Exhibit "E" to this Affidavit.

23. Certain of the matters provided for in the Omnibus Transition and Reorganization Agreement, including the form of Sales Agency Agreement and Advertising Agreement, are highly commercially sensitive and/or personally sensitive. Public disclosure of these matters could place the LP Entities and the CMI Entities at a competitive disadvantage, as well as hamper their ongoing restructuring efforts. The details concerning those matters, which are more particularly described below, are set out in a letter from the LP Entities to the CMI Entities that are party to the Omnibus Transition and Reorganization Agreement (the "**Disclosure Letter**"). I understand that the Disclosure Letter will be included in a confidential supplement (the "**Confidential Supplement**") to the CMI Monitor's and the LP Monitor's reports filed in connection with this motion. The CMI Entities will be requesting, as part of the relief sought in this motion (and the LP Entities will be requesting as part of their parallel motion), an order that the Confidential Supplement be sealed and kept out of the public record.

24. The principal terms of the Omnibus Transition and Reorganization Agreement are summarized below.

A. Assignment of Contracts

25. When the income trust was created in 2005 and Canwest Global's newspaper publishing and digital media operations were separated from its television broadcasting operations, many of the existing inter-corporate contractual arrangements were formally documented in order to allow the CMI Entities and the LP Entities to continue to take advantage of certain operational

and functional synergies. Also, as noted above, the CMI Entities have entered into various contractual arrangements on behalf of both the CMI Entities and the LP Entities, as have the LP Entities. Such contractual arrangements were entered into pursuant to the terms of the Inter-Entity Agreements and with the approval of the LP Entities, in the case of contracts entered into by the CMI Entities, and the CMI Entities, in the case of contracts entered into by the LP Entities. The contracts entered into by CMI were assigned to CTLP in or about January 2009. As a result, there are currently a number of contracts in which Canwest Global or CTLP is the contracting party, but which are held for the benefit of both the CMI Entities and the LP Entities.

26. The Omnibus Transition and Reorganization Agreement contemplates the assignment of eight contracts from CTLP to CPI and two contracts from Canwest Global to CPI. The LP Entities have an interest in continuing the contracts in question, whereas the CMI Entities have determined that they do not. Accordingly, CPI has agreed to assume the contracts proposed for assignment and pay, keep, observe and perform all of the terms, covenants, conditions and obligations of CMI, CTLP and/or Canwest Global thereunder for the period from and after the date of assignment. CPI has also agreed to indemnify the appropriate CMI Entity from any claims as a result of any breach by CPI, after the date of assignment, of any covenant or agreement contained in the contract being assigned. A list of the contracts proposed for assignment is attached as Schedule 2.1 to the Omnibus Transition and Reorganization Agreement. They include contracts pertaining to the provision of IT services and IT procurement which were provided by the LP Entities to the CMI Entities pursuant to the Inter-Entity Agreements.

27. Each of the ten contracts proposed for assignment has slightly different assignment provisions. The Omnibus Transition and Reorganization Agreement provides that nothing in the agreement will be construed as an assignment of a contract which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the consent of the other party thereto, without first obtaining such consent. In the cases of the contracts that require consent for assignment, Canwest Global, CMI and CTLP have agreed to make commercially reasonable efforts to obtain such consent or approval from the applicable service provider, provided that nothing shall require Canwest Global, CMI or CTLP to make any payment to any other party in order to obtain such consent or approval. In the event that any such consent or approval is not obtained, Canwest Global, CMI and CTLP have agreed that they will, if requested by CPI, seek

an Order of this Honourable Court in this CCAA proceeding assigning their rights and obligations under the applicable contract to CPI pursuant to section 11.3 of the CCAA. CPI has agreed to be solely responsible for the costs incurred with respect to any such motions and for remedying any monetary defaults in relation to any assigned contracts that are required to be remedied pursuant to section 11.3 of the CCAA.

28. In all cases, the contracts that are proposed for assignment by Canwest Global and CTLP are important to CPI and the other LP Entities. I am advised by Douglas Lamb and verily believe that failure to assign the contracts in certain cases could be disruptive and could have a negative impact on the businesses of the LP Entities.

29. The assignment of the contracts set out in Schedule 2.1 of the Omnibus Transition and Reorganization Agreement by Canwest Global and CTLP will not cause any disruption to the businesses of the CMI Entities. In all cases, the CMI Entities have no need or intention to continue to use the contracts, as the services provided under the contracts are used predominantly by the LP Entities (and, in some cases, are used by NPI). In short, there is no value to Canwest Global and/or CTLP in maintaining the contracts in question and their assignment will result in no detriment to the estate of the CMI Entities.

B. Realignment of Intellectual Property

30. As noted above, the LP Entities have historically provided most of the IT and IT procurement services, including the hosting and maintaining of websites, to the Canadian subsidiaries of Canwest Global, including the CMI Entities. As a result, there are currently a number of domain names, or URLs, that are currently registered in the name of an LP Entity that are used exclusively for the benefit of a CMI Entity. On the other hand, prior to 2005, the CMI Entities (in particular Canwest Global and CMI) were responsible for the registration of all of the trade-marks that were used in the Canwest enterprise, including many of the trade-marks that are currently used in businesses operated by the LP Entities. In 2005, the trade-marks used exclusively by LP Entities were transferred to the LP Entities as part of the income trust spin-off, however, those trade-marks that are used jointly by the CMI Entities and the LP Entities continue to reside with Canwest Global or CMI.

(i) Trade-marks

31. In order to continue the orderly separation of the businesses of the CMI Entities and the LP Entities commenced in October 2009, the Omnibus Transition and Reorganization Agreement provides for the transfer of 18 trade-marks (the “**Trade-marks**”) that are currently registered in the name of Canwest Global or CMI (or a predecessor of CMI) and which have been used jointly by the CMI Entities and the LP Entities but which the CMI Entities no longer have an interest in continuing to use.

32. Specifically, the Omnibus Transition and Reorganization Agreement provides that Canwest Global or CMI, as the case may be, will assign, transfer, convey and surrender unto CPI all of Canwest Global’s or CMI’s rights, title and interest in and to the Trade-marks, together with all rights of action resulting from any adverse use of the Trade-marks or any confusingly similar trade-marks prior to the effective date of the assignment, and the right to claim such relief as is appropriate, together with the goodwill of the business carried on in association with the Trade-marks. A list of the Trade-marks proposed for transfer is attached as Schedule 3.1 to the Omnibus Transition and Reorganization Agreement. Only one of the Trade-marks is currently held by Canwest Global.

33. As with the contracts proposed for assignment, the ownership of the Trade-marks provides no benefit to the CMI Entities and is a vestige of the common ownership and administration of the television broadcasting and newspaper businesses of Canwest Global. In contrast, the Trade-marks are of continuing importance to the LP Entities and will be used going forward to operate their businesses. The CMI Entities have reviewed their books and records and determined that none of the Trade-marks proposed to be transferred to CPI have any ascribed value in the books and records of the CMI Entities. In all cases, the consideration for the Trade-marks has already been paid by the LP Entities through the cost expense/reimbursement provisions of the Shared Services arrangements.

34. I have been advised by Douglas Lamb and verily believe that after the assignments of the Trade-marks, CPI will file such assignments with the Canadian Intellectual Property Office (“**CIPO**”) to record the assignments.

35. I am also advised by Mr. Trung Lam, associate at Osler, Hoskin & Harcourt LLP (“**Osler**”), counsel to the CMI Entities, and believe that Osler has conducted a search of the CIPO database to determine if any security interests have been recorded against any of the

Canadian Trade-marks listed on Schedule 3.1 to the Omnibus Transition and Reorganization Agreement. The search revealed that the only security interest that has been registered against those Trade-marks was a general security agreement in favour of CIBC Mellon Trust Company as collateral agent which secures the asset-based loan facility provided by CIT and the obligations under the secured intercompany note issued by CMI to its subsidiary CanWest MediaWorks Ireland Holdings. CIBC Mellon Trust Company will be served with a copy of the Motion Record in respect of this motion.

(ii) Domain Names

36. The Omnibus Transition and Reorganization Agreement also provides for the assignment of 277 domain names (the “**Domain Names**”) from the LP Entities to the CMI Entities. A list of the Domain Names is attached as Schedule 3.2 to the Omnibus Transition and Reorganization Agreement. In all cases, none of the Domain Names provide value to the various businesses of the LP Entities, whereas the failure to assign such Domain Names would be detrimental to various businesses of the CMI Entities. In all cases, the consideration for the Domain Names has already been paid for by the CMI Entities through the cost/expense reimbursement provisions of the Shared Services arrangements that govern the use of domain names by the CMI Entities.

37. Specifically, the Omnibus Transition and Reorganization Agreement provides that CPI will assign, transfer, convey and surrender to CTLP, its successors and assigns, all of CPI’s right, title and interest in and to the Domain Names, together with all rights of action resulting from any adverse use of the Domain Names or any confusingly similar domain names prior to the effective date of the assignment, and the right to claim such relief as is appropriate, together with the goodwill of the business carried on in association with the Domain Names. CPI has also agreed to take all such reasonable action, at the sole cost and expense of CTLP, to permit CTLP, its successors and assigns, to be noted, recorded or otherwise designated as the registered owner and user of the Domain Names with access to and use of the Domain Names including properly notifying the appropriate registries as specified by CTLP, and provide CTLP with all necessary access codes, usernames, passwords and similar security information.

38. I am advised by Douglas Lamb and believe that the book value of the Domain Names being transferred to CTLP is not material.

C. Realignment of IT Hardware

39. Canwest LP currently owns certain computer hardware that is used by CTLP (which computer hardware, including any licenses (including third party licenses where such licenses permit transfer or assignment) for software installed on such computer hardware that were supplied by the manufacturers of such computer hardware at the time such computer hardware was acquired are collectively referred to herein as the “**LP IT Hardware**”). Similarly, CTLP currently owns certain computer hardware that is used by Canwest LP (which computer hardware, including any licenses (including third party licenses where such licenses permit transfer or assignment) for software installed on such computer hardware that were supplied by the manufacturers of such computer hardware at the time such computer hardware was acquired are collectively referred to herein as the “**Television LP IT Hardware**”). The CMI Entities and the LP Entities have agreed that it would be extremely difficult to remove the equipment. Moreover, the value of the Television LP IT Hardware is approximately equivalent in value to the LP IT Hardware. Accordingly, the Omnibus Transition and Reorganization Agreement provides that Canwest LP will transfer and assign its interest in the LP IT Hardware to CTLP and CTLP will similarly transfer and assign its interest in the Television LP IT Hardware to Canwest LP. Canwest LP and CTLP have agreed to pay all applicable retail sales taxes, if any, in respect of the respective transfers by no later than July 15, 2010.

D. Joint Ownership of Proprietary IT Software

40. Over the past several years, certain employees of CTLP jointly with certain employees of CPI developed and created an IT software application, known within the Canwest enterprise as “WEB AP” (the “**Proprietary IT Software**”). The Proprietary IT Software is currently used by both the CMI Entities and the LP Entities to assist in the on-line review and processing of their respective accounts payable and has been enhanced and modified “in-house” periodically over time by employees of CTLP and Canwest LP.

41. Both CTLP and Canwest LP have ownership interests in the Proprietary IT Software and wish to continue to use it, including the source code and object code form, going forward. Accordingly, under the Omnibus Transition and Reorganization Agreement, CTLP and Canwest LP have granted each other joint ownership of the Proprietary IT Software which includes the right to use, reproduce and modify their respective copies of the Proprietary IT Software without the need for further authorization from the other party.

42. The Omnibus Transition and Reorganization Agreement provides that CTLP and Canwest LP have the right to independently exercise any and all rights of ownership then known or thereafter created or recognized, including the right to use, reproduce, and modify the Proprietary IT Software for any purpose whatsoever, without the need for further authorization to exercise any such rights or any obligation of accounting or payment of royalties. The parties have agreed that each of CTLP and Canwest LP will only exercise their rights for their internal business operations and will not resell or distribute the Proprietary IT Software to any third party. However, CTLP and Canwest LP will be entitled to license and sublicense the Proprietary IT Software to Affiliates (as defined therein).

E. Extension of Certain Provisions in the New Shared Services Agreement

43. When the New Shared Services Agreement was negotiated in October 2009, the CMI Entities and the LP Entities recognized that there was a possibility that the termination of certain of the Shared Services arrangements addressed therein might take longer than anticipated due to, among other things, the complexity of the tasks that were being undertaken. Accordingly, the CMI Entities and the LP Entities included a provision in the New Shared Services Agreement – section 2.7 – which provided that the parties had the right, but did not have the obligation to, extend the term of any of the Shared Services arrangements beyond the term set out therein on such terms and conditions as the parties to the relevant agreement determined appropriate. Section 4.1 of the New Shared Services Agreement provided that any modification, amendment, waiver, termination or replacement of any of the Shared Services arrangements was conditional upon the prior approval of (i) the CMI CRA and the CMI Monitor or further order of the Court; and (ii) the LP Agent (as defined therein).

44. The CMI Entities and the LP Entities have now determined that certain of the terms and conditions set out in the New Shared Services Agreement require extension and/or amendment. The parties have included the proposed extensions/amendments in the Omnibus Transition and Reorganization Agreement as part of the process of separating the two enterprises.

(i) Extension of IT Services

45. The Omnibus Transition and Reorganization Agreement provides for the amendment and extension of certain provisions in the New Shared Services Agreement pertaining to the provision of IT Services (as defined therein). In particular, the Omnibus Transition and

Reorganization Agreement provides for the amendment and restatement of the cost and capital reimbursement amounts that were agreed to in section 2.5(f) of the New Shared Services Agreement as follows: (i) effective November 1, 2009 to August 31, 2010, the amount payable by CMI in respect of the IT Services will be \$377,748.08 per month (for cost reimbursement) and \$166,666.67 per month (for capital charges) (no change from the New Shared Services Agreement); and (ii) effective September 1, 2010 until February 28, 2011, the amount payable by CMI in respect of the IT Services will be \$350,000.00 per month (for cost reimbursement) (an increase from \$266,666.67 per month) and \$166,666.67 per month (for capital charges), less an amount to be agreed between Canwest LP and CMI to reflect the reduction in use of capital by the LP Entities to provide IT Services during each quarter of such period, calculated on a quarterly basis consistent with past practice.

46. The Omnibus Transition and Reorganization Agreement also amends and restates schedules B and C to the New Shared Services Agreement by replacing those schedules in their entirety with Schedules 6.1(b) and 6.1(c) respectively to the Omnibus Transition and Reorganization Agreement. The effect of those amendments is that the IT Services which were to be provided by the LP Entities to the CMI Entities until August 31, 2010 will now be provided until February 28, 2011. This is considered prudent because it is taking longer than anticipated for the CMI Entities and the LP Entities to transition the IT Services to the CMI Entities or for the CMI Entities to obtain the IT Services from third party vendors.

(ii) Amendment of Trade-mark Licensing Agreement

47. As noted in the Transition and Reorganization Agreement Affidavit, when the income trust was created in 2005, Canwest Global entered into a trade-mark licensing agreement with CanWest MediaWorks (Canada) Inc. (now CCI) and CanWest MediaWorks Income Fund (the "**Trade-mark Licence Agreement**", a copy of which is attached hereto as Exhibit "F") that granted the LP Entities' newspaper publishing and digital media and online businesses a royalty-free, non-exclusive, non-transferrable license to use the trade-marks covered by the agreement subject to certain terms and conditions. The primary purpose of the Trade-mark Licence Agreement was to allow the LP Entities to use the "Canwest" name and trade-mark. The Trade-mark Licence Agreement (as amended from time to time) continued to bind the parties after the going-private transaction in 2007.

48. The New Shared Services Agreement provided that, notwithstanding anything to the contrary in the Trade-mark Licence Agreement (as amended), the Trade-Mark Licence Agreement would terminate on the earlier of: (i) the closing date of a sale of the businesses of the LP Entities; (ii) the date that the LP Entities emerged from their CCAA proceeding; (iii) August 31, 2010; and (iv) such other date as the parties agreed.

49. The parties to the Omnibus Transition and Reorganization Agreement have now agreed to amend the New Shared Services Agreement to confirm the list of trade-marks used under licence and to extend the termination of the Trade-mark Licence Agreement to February 28, 2011 or such other date as the parties may agree. The extension of the agreement will allow the LP Entities to continue to use the trade-marks set out therein, including the "Canwest" name while they transition into separate ownership. Other amendments to the Trade-mark Licence Agreement include:

- (a) Schedule A of the Trade-Mark Licence Agreement is amended and restated in its entirety with Schedule 6.3(a) to the Omnibus Transition and Reorganization Agreement; and
- (b) As it is intended that the Trade-Mark Licence Agreement will be assigned to the ultimate purchaser of the LP Entities' business and will continue for a transitional period, the parties agreed that the application of certain of the provisions of the Trade-Mark Licence Agreement should be limited (i.e., provisions giving Canwest Global the discretion to change what trade-marks may be used by the LP Entities and how they may be used). Accordingly, the parties have agreed that Canwest Global will not exercise its rights under Sections 2.1(b), 3.1(b)(i), 3.1(b)(ii) and 3.1(c) and Canwest (Canada) Inc. and Canwest LP will not be obliged to comply with such provisions for the remainder of the agreement's term.

50. In addition, upon the earlier of (i) the request of CPI and (ii) February 28, 2011, Canwest Global has agreed to withdraw and abandon certain trade-mark applications and registrations found at Schedule 6.4 to the Omnibus Transition and Reorganization Agreement and have undertaken not to use such trade-marks anytime thereafter. Except with respect to any trade-mark that incorporates the word CANWEST, the Parties have agreed that no LP Entity shall be in

breach of their obligations to not attempt to dilute the value of the goodwill attaching to the trade-marks licensed under the Trade-Mark Licence Agreement by virtue of using, applying to register and/or registering any trade-mark which is similar to the trade-marks found on Schedule 6.4 (a "New Mark"). The parties have further agreed that the provisions of the Trade-Mark Licence Agreement requiring the LP Entities to cease using trade-marks that are confusingly similar to the licensed marks do not apply to any LP Entity in respect of a New Mark.

(iii) Extension of Business Services

51. Section 2.5 of the New Shared Services Agreement contemplated that the CMI Entities might need assistance in carrying out certain matters relating to their 2010 year-end financial reporting processes. Section 6.5 of the Omnibus Transition and Reorganization Agreement reflects that the parties have now agreed on the basis on which such assistance will be provided. The details are set out in a term sheet which is attached as a schedule to the Disclosure Letter.

F. Extension of Employee Sharing Arrangements

52. In the New Shared Services Agreement, the LP Entities and the CMI Entities agreed that the provision of certain corporate and executive advisory services and other employee sharing arrangements (described in the New Shared Services Agreement as the "Corporate Services" provided to the LP Entities by CMI and the "business and administrative services" provided to the CMI Entities by CPI) would terminate effective February 28, 2010. However, because neither the CMI Entities nor the LP Entities had completed their respective restructurings by that date, it was determined, in accordance with section 2.7(1) of the New Shared Services Agreement, that certain of these corporate and executive advisory services and employee sharing arrangements should continue for a discrete period of time. The terms of the extension, including in respect of certain human resources services, legal services and financial services as well as the costs and expenses of shared employees, the termination or replacement of shared employees, access to records and terminations were documented in an unexecuted letter agreement (the "**Letter Agreement**") dated as of March 1, 2010. The Letter Agreement was submitted as a schedule to the Fourth Report of the LP Monitor.

53. The terms of the extension of the corporate and executive advisory services and employee sharing arrangements, as set out in the Letter Agreement (subject to certain amendments), have been incorporated into the Omnibus Transition and Reorganization

Agreement. Specifically, the Omnibus Transition and Reorganization Agreement provides, among other things, that:

- (a) certain specified employees of Canwest LP involved in providing certain human resources and legal services will continue to provide such services to the CMI Entities until the date on which any transaction involving the sale or transfer of the businesses of the LP Entities in connection with the LP CCAA proceeding is completed (the “**Employee Sharing Term**”);
- (b) in the case of one employee of Canwest LP involved in providing legal services to the CMI Entities, such employee will continue to provide services to the CMI Entities until August 31, 2010 (the “**Extended LP Employee Sharing Term**”), or such other period as may be mutually agreed by CMI and Canwest LP;
- (c) in the case of certain employees of CMI involved in providing certain pension and legal services to the LP Entities, such employees will continue to provide such services to the LP Entities during the Employee Sharing Term or such other period as may be mutually agreed by CMI and Canwest LP;
- (d) in the case of two employees of CMI involved in providing finance services to the LP Entities, such employees will continue to provide such services to the LP Entities for the period commencing March 31, 2010 to August 31, 2010 (the “**Extended CMI Employee Sharing Term**”);
- (e) during the Employee Sharing Term, the Extended LP Employee Sharing Term and/or the Extended CMI Employee Sharing Term, all costs for the above-noted employees (the “**Shared Employees**”), including all compensation, statutory deductions, remittances, pensions and benefits, will be shared equally between the CMI Entities and the LP Entities. The parties’ estimate of such costs is set out in the Disclosure Letter included in the Confidential Supplement;
- (f) during the Employee Sharing Term, the Extended LP Employee Sharing Term and/or the Extended CMI Employee Sharing Term, neither the CMI Entities nor the LP Entities will terminate without cause any Shared Employee without the consent of the other party;

- (g) the CMI Entities and the LP Entities will continue to provide one another with access to property, assets, personnel and records throughout the Employee Sharing Term, the Extended LP Employee Sharing Term and/or the Extended CMI Employee Sharing Term;
- (h) either the CMI Entities or the LP Entities may terminate the specific agreement in respect of services provided by a Shared Employee upon two weeks' prior written notice; and
- (i) on or before the date on which any transaction involving the sale or transfer of the businesses of the LP Entities in connection with the LP CCAA proceeding is completed (the "**LP Closing Date**"), Canwest LP will offer employment to the Transferred CMI Employees (as defined therein) and CMI will cause one of its affiliates (other than the LP Entities or NPI) to offer employment to the Transferred LP Employees (as defined therein).

54. All of the Shared Employees that are the subject of the Omnibus Transition and Reorganization Agreement provide valuable services to the other entities, and the continuation of the corporate and executive advisory services described herein will further the restructuring objectives of the CMI Entities and the LP Entities. The failure to obtain extensions in respect of these services would have a detrimental impact on the businesses of the CMI Entities and the LP Entities.

G. Real Properties

(i) Transfer of B.C. Properties

55. CMI currently holds legal title to the following two properties that are beneficially owned by the LP Entities: (i) 2575 McCullough Road (Units A1, A2 and B1), Nanaimo, British Columbia (the "**Nanaimo Property**"); and (ii) 4918 Napier Street and 3999 Fourth Avenue, Port Alberni, British Columbia (the "**Port Alberni Property**" and together with the Nanaimo Property, the "**B.C. Properties**"). The B.C. Properties are used to operate newspaper publishing concerns that are owned by the LP Entities.

56. Historically, both beneficial and legal title in the B.C. Properties was held by predecessor companies of CMI. In 2005, as part of the larger corporate reorganization completed in

connection with the income trust spin-off described above, the beneficial interest in the B.C. Properties was transferred by Nanaimo Daily News Group Inc. (the “**Nanaimo Nominee**”), in the case of the Nanaimo Property, and Port Alberni Times Group Inc. (the “**Port Alberni Nominee**”), in the case of the Port Alberni Property, to CPI (then known as CanWest MediaWorks Publications Inc.).

57. When beneficial ownership of the B.C. Properties was transferred to CPI, each of the Nanaimo Nominee and the Port Alberni Nominee entered into an agreement with CPI that stipulated terms for the bare legal ownership of the applicable property. Pursuant to a nominee agreement made as of August 31, 2005 between the Nanaimo Nominee and CPI (the “**Nanaimo Nominee Agreement**”), the Nanaimo Nominee agreed that, *inter alia*:

- (a) the Nanaimo Nominee held bare legal title to the Nanaimo Property as bare trustee for and on behalf of CPI and that the Nanaimo Nominee had no other legal or beneficial interest in the Nanaimo Property;
- (b) the Nanaimo Nominee would hold the Nanaimo Property for and on behalf of CPI to deal therewith only as specifically directed by CPI; and
- (c) all benefits, income, rents, profits and receipts of any kind or nature arising from the Nanaimo Property or the use thereof would belong legally and beneficially to CPI so long as CPI retained the interest in the Nanaimo Property.

A copy of the Nanaimo Nominee Agreement is attached as Exhibit “G” to this Affidavit.

58. Pursuant to a nominee agreement dated as of August 31, 2005 between the Port Alberni Nominee and CPI (the “**Port Alberni Nominee Agreement**” and together with the Nanaimo Nominee Agreement, the “**Nominee Agreements**”), the Port Alberni Nominee agreed that, *inter alia*:

- (a) the Port Alberni Nominee held bare legal title to the Port Alberni Property as bare trustee for and on behalf of CPI and that the Port Alberni Nominee had no other legal or beneficial interest in the Port Alberni Property;
- (b) the Port Alberni Nominee would hold the Port Alberni Property for and on behalf of CPI to deal therewith only as specifically directed by CPI; and

- (c) all benefits, income, rents, profits and receipts of any kind or nature arising from the Port Alberni Property or the use thereof would belong legally and beneficially to CPI so long as CPI retained the interest in the Port Alberni Property.

A copy of the Port Alberni Nominee Agreement is attached as Exhibit "H" to this Affidavit.

59. On September 1, 2005, the Nanaimo Nominee and the Port Alberni Nominee amalgamated with other corporations to continue as MediaWorks (now CMI) pursuant to articles of amalgamation (the "**Articles of Amalgamation**"). A copy of the Articles of Amalgamation is attached as Exhibit "I" to this Affidavit.

60. Since September 1, 2005, CPI has continued to occupy and enjoy the benefits of beneficial ownership of the B.C. Properties in accordance with the terms of the Nominee Agreements. Similarly, MediaWorks (now CMI), as successor to the Nanaimo Nominee and the Port Alberni Nominee, has continued to act only as bare trustee and nominee, and not as principal, in respect of the B.C. Properties.

61. In accordance with the terms of the Nominee Agreements, CMI has no independent ability to sell, mortgage, encumber or otherwise transfer its bare legal interests in the B.C. Properties. Accordingly, the B.C. Properties hold no value for CMI, pose no liability to CMI and cannot be properly considered as assets of CMI. The B.C. Properties are not reflected on the books and records, cash flows or financial statements of the CMI Entities.

62. In contrast, CPI enjoys all rights, benefits, obligations and other aspects of beneficial ownership of the B.C. Properties, including entitlement to its use, income, rents and profits. Pursuant to the terms of the Nominee Agreements, CPI is obligated to indemnify and hold CMI harmless from all costs, expenses, losses and damages of whatsoever kind and character that arise out of CMI being the registered owner of the B.C. Properties. The B.C. Properties are currently charged as part of the LP Entities' credit arrangements, and there is registered security on the Nanaimo Property in conjunction with these credit arrangements. The B.C. Properties are assets of CPI.

63. The transfer of legal title to the B.C. Properties from CMI to CPI or as CPI may direct facilitates the restructuring objectives of the CMI Entities and the LP Entities. The transfers will

ultimately be required as part of the disentanglement of the affairs of the CMI Entities and the LP Entities. I am advised by Douglas Lamb and believe that the B.C. Properties are to be included as a purchased asset in the LP AHC Transaction and the LP Entities or the successor will pay for the land transfer taxes for the B.C. Properties.

64. Accordingly, the Omnibus Transition and Reorganization Agreement provides that, in accordance with the Nominee Agreements, CMI will execute and deliver all such documents and instruments relating to the B.C. Properties as are required by CPI, including, without limitation, any deeds transferring legal title that are required by CPI. The agreement also provides that all land transfer or similar taxes payable in connection with any deed or other instrument that CMI is required to execute and deliver in connection with either of the B.C. Properties will be paid by CPI or the other party to such deed or instrument and CMI will have no obligation to pay any such taxes.

(ii) Execution of Subleases

65. The Omnibus Transition and Reorganization Agreement also addresses the entering into of sublease arrangements between CMI and CPI in respect of the following three premises: (i) 1010 Ste. Catherine Street West, Montreal, Quebec (the “**Ste. Catherine Street Location**”); (ii) 50 O’Connor Street, Ottawa, Ontario (the “**O’Connor Street Location**”); and (iii) 100 Queen Street West, Toronto, Ontario (the “**Queen Street Location**”).

66. The Ste. Catherine Street Location is currently leased by CPI, pursuant to a lease agreement entered into in 2003 between WXI/DSG Realty Company, Dominion Square, Limited Partnership, and the Montreal Gazette Group Ltd (now CPI). Canwest Global is a guarantor of the lease. The Ste. Catherine Street Location is primarily used to produce the *Montreal Gazette* newspaper and is also currently used by the Montreal affiliate of the Global Television Network as a broadcast facility, pursuant to the terms of a sublease dated September 1, 2009 between CTLP and CPI. There are also currently a small number of employees of the CMI Entities who occupy office space within the Ste. Catherine Street Location. The CMI Entities and the LP Entities now wish to enter into a formal sublease to recognize the use of this space by these employees.

67. The O'Connor Street Location is currently leased to CPI by Sun Life Assurance Company of Canada ("Sun Life") pursuant to a lease agreement entered into on May 8, 2007 between CanWest MediaWorks Publications Inc. (now CPI) and Sun Life. The Ottawa affiliate of the Global Television Network currently uses part of the O'Connor Street Location as a news broadcast studio. However, there is no formal sublease in place between CTLP and CPI as, until recently, CPI did not need landlord approval to sublease to an affiliate.

68. The Queen Street Location is currently leased to CTLP by the City of Toronto pursuant to a lease agreement entered into January 1, 2009 between the City of Toronto and CMI. There is currently one employee of NPI who maintains an office in the Queen Street Location. At present, there is no formal sublease in place between CTLP and NPI.

69. The Omnibus Transition and Reorganization Agreement provides that, provided required landlord consents have been obtained, subleases will be executed and delivered on or before the LP Closing Date between (i) CTLP and CPI in respect of portions of the 7th floor of the Ste. Catherine Street Location; (ii) CPI and CTLP in respect of portions of the O'Connor Street Location; and (iii) CTLP and NPI in respect of portions of the Queen Street Location. The parties have agreed that the subleases will be on commercially reasonable terms, which are set out in schedules 9.2(A), (B) and (C) of the Omnibus Transition and Reorganization Agreement.

H. Termination of Pension and Benefit Plan Participation Agreements

70. As described in the Transition and Reorganization Affidavit, as a result of the extensive Shared Services arrangements that existed between the CMI Entities and the LP Entities, there were a number of individuals who were employed by the CMI Entities but who participated in a pension plan sponsored by the LP Entities, and *vice versa*. The New Shared Services Agreement recognized that certain steps would need to be taken in order to rectify this historical misalignment, including the termination of the pension plan participation arrangements for these misaligned pension plan participants. The goal of such steps is that, from and after the separation of the businesses, current LP Entity employees will be members of pension plans sponsored by an LP Entity and current CMI Entity employees will be members of pension plans sponsored by a CMI Entity, without any "misalignments".

71. The Omnibus Transition and Reorganization Agreement documents the steps that have been taken (or in some cases will be taken) to complete the transfer process that was

contemplated in the New Shared Services Agreement. Specifically, the Omnibus Transition and Reorganization Agreement acknowledges the termination of the pension plan cross-over participation agreements in respect of the following employees:

- 237 employees of Canwest LP participating in a defined contribution pension plan sponsored by CTLP – namely the Retirement Plan for Management and Non-Bargaining Unit Employees of Global Communications Limited (the “**CTLP DC Plan**”);
- 72 employees of Canwest LP participating in a defined benefit pension plan sponsored by CTLP – namely the Global Communications Limited Employees Pension Plan (the “**CTLP DB Plan**”); and
- 1 employee of CTLP (whose employment with CTLP has since been terminated) participating in a defined benefit pension plan sponsored by CPI – namely the Canwest Publications Inc. Retirement Plan (the “**CPI Plan**”).

In addition, the Omnibus Transition and Reorganization Agreement documents the termination of pension plan participation agreements for 1 employee of CMI (who was not identified in the New Shared Services Agreement) who participated in the CPI Plan and certain employees of CMI (also not identified in the New Shared Services Agreement) who participated in the National Post Retirement Plan (the “**NP Plan**”).

(i) The CTLP DC Plan

72. With respect to the 237 Canwest LP employees who participated in the CTLP DC Plan (the “**LP Employees in the CTLP DC Plan**”), the New Shared Services Agreement provided that such employees would be transferred from the CTLP DC Plan into a new defined contribution component of the CPI Plan. Subject to regulatory approval, all account balances of the LP Employees in the CTLP DC Plan which are currently held in the CTLP DC Plan will be transferred into a new or existing defined contribution plan sponsored by Canwest LP. The Omnibus Transition and Reorganization Agreement acknowledges that the following steps were taken or will be taken to bring an end to the pension plan cross-over participation arrangements in respect of the CTLP DC Plan:

- (a) the CTLP DC Plan was amended to provide for the LP Employees in the CTLP DC Plan to cease actively participating in and accruing benefits under the CTLP DC Plan effective April 30, 2010 and to provide for Canwest LP to cease to be a participating employer under the CTLP DC Plan effective April 30, 2010;
- (b) the CPI Plan will be amended to provide for the LP Employees in the CTLP DC Plan to commence participating in and accruing benefits under a new defined contribution component of the CPI Plan effective May 1, 2010;
- (c) Canwest LP and CTLP entered into an agreement on April 30, 2010 terminating the pension plan participation agreement made as of October 13, 2005 between Canwest LP and CMI in respect of the CTLP DC Plan; and
- (d) CTLP will apply for and use its commercially reasonable efforts to obtain any necessary regulatory approvals to transfer the defined contribution account balances of the LP Employees in the CTLP DC Plan held in the CTLP DC Plan into the new defined contribution component of the CPI Plan and Canwest LP shall provide commercially reasonable assistance to CTLP, as may be reasonably requested by CTLP, in order to obtain such regulatory approval.

(ii) The CTLP DB Plan

73. With respect to the 72 Canwest LP employees who participated in the CTLP DB Plan (the “**LP Employees in the CTLP DB Plan**”), the Omnibus Transition and Reorganization Agreement acknowledges that the following steps were taken to unwind the pension plan cross-over participation arrangements in respect of the CTLP DB Plan:

- (a) the CTLP DB Plan was amended to provide for the LP Employees in the CTLP DB Plan to cease actively participating in and accruing benefits under the CTLP DB Plan effective December 31, 2009 or a date not later than April 30, 2010, as applicable, and to provide for Canwest LP to cease to be a participating employer under the CTLP DB Plan effective April 30, 2010;
- (b) the CPI Plan was amended to allow for the LP Employees in the CTLP DB Plan to commence participating in and accruing benefits under the existing defined

benefit component of the CPI Plan as of the day after the date they cease to participate in the CTLP DB Plan; and

- (c) Canwest LP and CTLP entered into an agreement on April 30, 2010 which terminated the pension plan participation agreement made as of January 1, 2006 between Canwest LP and CMI in respect of the CTLP DB Plan.

The accrued pension benefits (*i.e.*, liabilities and related assets) of the LP Employees in the CTLP DB Plan will remain in the CTLP DB Plan and be dealt with in accordance with the terms of such plan and applicable law.

(iii) The CPI Plan

74. The New Shared Services Agreement referred to a single employee of CTLP who participated in the CPI Plan and it was contemplated therein that this individual's participation in the CPI Plan would need to be terminated. That individual's employment with CTLP has since been terminated. However, it has recently come to the attention of the CMI Entities that there was also an employee of CMI who participated in the CPI Plan. This employee was not addressed in the New Shared Services Agreement. The Omnibus Transition and Reorganization Agreement acknowledges that the following steps were taken to unwind the pension plan cross-over participation arrangements in respect of the CPI Plan:

- (a) the CPI Plan was amended to provide for CMI to cease to be a participating employer under the CPI Plan effective April 30, 2010; and
- (b) CPI and CMI entered into an agreement on April 30, 2010 terminating the Pension Plan Participation Agreement made as of September 1, 2005 between CPI and CMI in respect of the CPI Plan.

The accrued pension benefits (*i.e.*, liabilities and related assets) of the CMI employee who participated in the CPI Plan shall remain in the CPI Plan and be dealt with in accordance with the terms of such plan and applicable law.

(iv) The NP Plan

75. Historically, there were also certain employees of CMI who participated in the NP Plan. Prior to the execution of the New Shared Services Agreement, these employees had all

terminated their employment with CMI (including being transferred to a LP Entity). The following steps have therefore been taken to unwind the pension plan cross-over participation arrangements in respect of the NP Plan:

- (a) the NP Plan was amended to provide for CMI to cease to be a participating employer under the NP Plan effective December 31, 2009; and
- (b) CMI and NPI entered into an agreement on December 31, 2009 terminating the pension plan participation agreement made as of September 1, 2005 between The National Post Company and CMI in respect of the NP Plan.

76. Effective as of the termination dates set out above, the pension plan participation agreements described herein were fully terminated. The parties to the Omnibus Transition and Reorganization Agreement have irrevocably acknowledged and agreed as between them that none of the CMI Entities shall have any obligations or liabilities under any pension plan sponsored by a LP Entity or NPI and none of the LP Entities nor NPI shall have any obligations or liabilities under a pension plan sponsored by the CMI Entities, provided that, for the avoidance of doubt, this shall not affect the obligations of CTLP to apply for and use commercially reasonable efforts to obtain any necessary regulatory approval to transfer the defined contribution account balances of the LP Employees in the CTLP DC Plan held in the CTLP DC Plan into the new defined contribution component of the CPI Plan.

(v) Benefits

77. At present, employees in the Canwest Business Services division, the Canwest IT Group division and the Reach Canada Contact Centre division of Canwest LP participate in certain group benefit plans/policies provided by insurance providers and administered by CTLP as policy holder (the “**CTLP Group Benefit Plans**”). To date, Canwest LP has paid the premiums related to these employees directly to the insurance provider of the CTLP Group Benefit Plans.

78. The Omnibus Transition and Reorganization Agreement also provides that, effective no later than the LP Closing Date, employees in the Canwest Business Services division, the Canwest IT Group division and the Reach Canada Contact Centre division of Canwest LP shall cease to participate in the CTLP Group Benefit Plans and shall commence participation in the group benefit plans/policies maintained and held by an LP Entity (the “**LP Group Benefit**

Plans”). Canwest LP has undertaken to continue to pay all related premiums directly to the insurance provider or to reimburse CTLP for such premiums, in each case, up to the LP Closing Date. To the extent any amendments are required to the Canwest LP Group Benefit Plans to permit employees in the Canwest Business Services division, the Canwest IT group division and the Reach Canada Contact Centre division of Canwest LP to participate in the Canwest LP Group Benefit Plans, the LP Entities will use its commercially reasonable efforts to effect the amendment of the Canwest LP Group Benefit Plans.

I. Entering into of New Inter-Company Agreements

79. As noted above, one of three main functions of the Omnibus Transition and Reorganization Agreement is to document the entering into of certain new arms-length agreements (separate and apart from the Inter-Entity Agreements) between the CMI Entities and the LP Entities in respect of the provision of certain services from one entity to the other. It is anticipated that most of these agreements will take effect in September 2010.

(i) The Sales Agency Agreement

80. The Omnibus Transition and Reorganization Agreement contemplates that Canwest Digital Media, a division of CPI, and CTLP will enter into a new stand-alone agreement commencing September 1, 2010 (the “Sales Agency Agreement”) on or before the LP Closing Date wherein Canwest Digital Media will provide CTLP with services relating to, *inter alia*, the solicitation of advertisements for placement on certain CTLP websites. The initial term of the Sales Agency Agreement will be one year (unless terminated earlier by either party) and shall automatically renew for successive one year periods unless either party gives notice of its intent not to renew at least six months in advance of the termination date. In consideration for the services to be provided, Canwest Digital Media will be entitled to retain a specified fee from the advertising revenues that are generated from Canwest Digital Media’s procurement of binding commitments for, and the actual sale and booking of, advertising space for advertisers on CTLP’s websites.

81. Entering into the Sales Agency Agreement will benefit both the CMI Entities and the LP Entities. CTLP will be able to use the expertise of Canwest Digital Media to procure advertisements for placement on CTLP’s websites. Canwest Digital Media will be compensated at market rates for the services that it provides to CTLP.

82. The proposed form of Sales Agency Agreement is attached as a schedule to the Disclosure Letter, which will be included in the Confidential Supplement. As noted above, the Sales Agency Agreement contains confidential and proprietary information, disclosure of which would be detrimental to the LP Entities and the CMI Entities and their respective businesses and restructuring efforts. A redacted version of the Sales Agency Agreement is attached to this affidavit as Exhibit "J".

(ii) The Master Marketing Services Agreement

83. The Omnibus Transition and Reorganization Agreement also provides that CPI and CTLP will execute and deliver a new stand alone agreement on or before the LP Closing Date pertaining to the provision of marketing services by CTLP to CPI (the "**Master Marketing Services Agreement**"). The services to be provided under the Master Marketing Services Agreement include the generation of research reports, the development of marketing strategies, preparation of strategic plans for advertising campaigns and the negotiating and entering into of contracts with media suppliers on behalf of CPI. The Master Marketing Services Agreement will have an initial term running from June 1, 2010 to August 31, 2011 and provide for base monthly fees of \$2,000 per month. The material terms are set out in a term sheet attached at Schedule 10.2 to the Omnibus Transition and Reorganization Agreement.

(iii) The Master Digital Media Services Extension Agreement

84. The Omnibus Transition and Reorganization Agreement also provides that CPI and CTLP will execute and deliver a new stand alone agreement (the "**Master Digital Media Services Extension Agreement**") on or before February 28, 2011, to have effect from March 1, 2011 until August 31, 2011, pertaining to the licence by CTLP of certain specified proprietary software owned by CPI and the provision by CPI of certain IT support and maintenance services. The principal terms of the Master Digital Media Services Extension Agreement are set out in a term sheet attached at Schedule 10.3 to the Omnibus Transition and Reorganization Agreement.

(iv) The Advertising Agreement

85. Finally, the Omnibus Transition and Reorganization Agreement provides that CPI and CTLP will execute and deliver an agreement (the "**Advertising Agreement**") on or before the LP Closing Date which will govern the rates upon which CTLP will be charged to advertise in

newspapers owned by CPI (or its assigns) and the minimum dollar volume that CTLP will commit to spend in those newspapers. The Advertising Agreement is attached as a schedule to the Disclosure Letter included in the Confidential Supplement. As noted above, the Advertising Agreement contains commercially and financially sensitive information, public disclosure of which would harm the LP Entities, the CMI Entities and their respective businesses and restructuring efforts.

J. Assignment of Case Management Responsibilities of National Post Insured Litigation

86. Pursuant to the National Post Transition Agreement (which was attached as Schedule "B" to the Transition and Reorganization Agreement), the assets and business of the *National Post* newspaper were transferred as a going concern from The National Post Company to a new wholly-owned subsidiary of CPI. The agreement provides that certain contingent liabilities relating to existing litigation claims against or in respect of The National Post Company were not assumed by the transferee.

87. The parties to the Omnibus Transition and Reorganization Agreement have now agreed that NPI will assume the defence and responsibility for the conduct of certain litigation matters (including libel notices or other similar notices of an intention to commence a claim) that are insured by policies of insurance maintained for the benefit of The National Post Company and its employees in which The National Post Company and/or its employees are defendants (the "**Insured Litigation**"). Such case management responsibilities are to include, without limitation, providing instructions to counsel, making employees available for examinations for discovery, providing documents, and providing witnesses at trial. In so doing, NPI has agreed to pay all remaining deductibles (the "**Insured Litigation Deductibles**"), if any, under any applicable insurance policies, in the same manner and to the same extent that The National Post Company would otherwise have been required to pay such deductibles in respect of the Insured Litigation.

88. The Omnibus Transition and Reorganization Agreement makes it clear that NPI does not assume liability of The National Post Company with respect to the Insured Litigation beyond payment of any Insured Litigation Deductibles and distribution of any insurance proceeds received by NPI and NPI is not responsible for any amounts payable by The National Post Company with respect to the Insured Litigation, except to the extent insurance proceeds are available.

Need for Further Extensions or Arrangements

89. The process of disentangling the Shared Services and separating the businesses of the CMI Entities and the LP Entities, which commenced with the approval of the Transition and Reorganization Agreement in October 2009 and continues with the entering into of the Omnibus Transition and Reorganization Agreement, is an extremely complex undertaking. The possibility exists that the CMI Entities and the LP Entities may need to negotiate other commercial arrangements or extensions of the Shared Services agreements before the two businesses are finally and officially separated. It is therefore proposed that the Order approving the entering into of the Omnibus Transition and Reorganization Agreement will include a provision permitting the parties thereto to enter into further extensions of the Shared Services arrangements and new commercial arrangements, with the consent of the CMI Monitor and the LP Monitor and with the approval of the CMI CRA and the LP CRA. The ability to make such amendments will be subject to (i) any consent rights set out in any agreement that a party to the Omnibus Transition and Reorganization Agreement is a party to; and (ii) any other Court orders.

90. The Omnibus Transition and Reorganization Agreement is an important step in creating a full and final separation of the businesses of the CMI Entities and the LP Entities so that they can function as autonomous business enterprises. The process began in October 2009 and continues with the request for the approval of the Omnibus Transition and Reorganization Agreement by this Honourable Court. All of the relevant stakeholders of the CMI Entities and the LP Entities have reviewed the terms of the Omnibus Transition and Reorganization Agreement and all support the parties entering into it substantially in the form attached hereto. Approval of the Omnibus Transition and Reorganization Agreement will benefit the CMI Entities and the LP Entities and all of their respective stakeholders by facilitating the going concern outcomes of their respective businesses.

EXTENSION OF THE STAY PERIOD

91. As noted above, the Initial Order granted, *inter alia*, an initial 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 an Order, *inter alia*, further extending the Stay Period until March 31, 2010. On March 30, 2010, the CMI Entities obtained an Order further

extending the Stay Period until June 15, 2010. In the instant Motion, the CMI Entities are seeking an extension of the Stay Period until August 31, 2010.

92. Since my last affidavit in support of an extension of the Stay Period sworn March 23, 2010 (the "**March 23 Affidavit**"), the CMI Entities have acted in good faith and with due diligence to further a restructuring under the CCAA. As described below, significant progress has been made in this regard since March 23, 2010. A copy of the March 23 Affidavit is attached (without exhibits) as Exhibit "K" to this Affidavit.

(i) Status of Claims Procedure

93. In the March 23 Affidavit, I provided an update on the process for the identification and quantification of certain claims against the CMI Entities (the "**Claims Procedure**"). I reported that the CMI Entities were progressing towards resolution of the claims that had not yet been resolved as between the claimants and the CMI Entities, including any claims against the directors and officers of the CMI Entities (collectively, the "**Outstanding Claims**"). I then noted that three of the Outstanding Claims related to litigation as against one or more of the CMI Entities that existed prior to the granting of the Initial Order (the "**Outstanding Litigation Claims**"), and that these Outstanding Litigation Claims had been referred to a Claims Officer. Each of the Outstanding Litigation Claims has now been settled for voting and distribution purposes and remains subject to the finalization of appropriate settlement documentation. Further, all ordinary trade creditor claims have now been resolved.

94. I further reported in the March 23 Affidavit that the majority of the Outstanding Claims were filed by either Cavalluzo Hayes Shilton McIntyre & Cornish LLP, the Court-appointed representative counsel (the "**Representative Counsel**"), or by Rogers Bobert & Burton and Caley Wray LLP, counsel for the Communications, Energy & Paperworkers' Union ("**CEP**"). I can report that the CMI Entities have resolved all claims filed by Representative Counsel. I can further report that the CMI Entities continue to engage with counsel for the CEP in an attempt to resolve the remaining Outstanding Claims filed on behalf of the CEP. In addition, the settlement documentation with respect to the Terminal Deficiency Claims relating to the CH Plan has been finalized and executed by the parties.

95. It is my understanding that further detailed information with respect to the Claims Procedure will be included in the Monitor's Report filed in conjunction with this motion.

(ii) Amendments to the Shaw Transaction

96. In the March 23 Affidavit, I described the transaction that the CMI Entities had entered into with Shaw (the "**Shaw Transaction**") as documented by the Shaw Transaction Documents. The Shaw Transaction Documents amended the terms of a consensual recapitalization transaction that had been negotiated between the CMI Entities and the Ad Hoc Committee (the "**Amended Recapitalization Transaction**"). The Shaw Transaction Documents were approved by this Honourable Court on February 19, 2010. On March 9, 2010, GS Capital Partners VI Fund L.P., GSCP VI AA One Holding S.ar.l and GS VI AA One Parallel Holding S.ar.l (collectively, the "**GS Parties**") sought leave to appeal from, *inter alia*, the Order of this Honourable Court approving the Shaw Transaction Documents.

97. In March 2010, the CMI Entities and the Monitor made a request of Madam Justice Pepall to arrange for a court-supervised mediation to attempt to resolve the issues between the CMI Entities, the GS Parties, Shaw and the Ad Hoc Committee pertaining to, among other things, the approval of the Shaw Transaction and the treatment of the Amended and Restated Shareholders Agreement relating to CW Investments Co. (the "**Shareholders Agreement**"). The Chief Justice of Ontario, Mr. Justice Warren Winkler, conducted the mediation of the issues between the parties (the "**Mediation**").

98. The Mediation was conducted from March 29 to March 31, 2010. On March 31, 2010, Chief Justice Winkler adjourned the Mediation for two weeks (until April 14, 2010). Chief Justice Winkler asked the parties to inform him of any update in their clients' positions during the adjournment period. This adjournment was subsequently extended to April 16, 2010. During the adjournment, the parties and the Monitor continued to work with Chief Justice Winkler towards achieving resolution of the issues between them.

99. On April 16, 2010, Chief Justice Winkler advised the parties that the GS Parties, Shaw and the Ad Hoc Committee had reached a settlement effecting a resolution of all of the existing and potential issues in respect of, *inter alia*, the treatment of the Shareholders Agreement, the Shaw Transaction and the Amended Recapitalization Transaction (the "**Settlement**").

100. On May 3, 2010, the CMI Entities and Shaw respectively issued news releases regarding the Settlement. Copies of the news releases are collectively attached as Exhibit "L" to this Affidavit.

101. As part of the Settlement, the terms of the Amended Recapitalization Transaction have been further amended, in accordance with their terms, to reflect that Shaw entered into a share and option purchase agreement with the GS Parties pursuant to which Shaw has acquired from the GS Parties 299 Class A Preferred Shares, which represents approximately 29.9% of the total voting shares of CW Investments Co., and 499,000 Class B Common Shares, which represents approximately 49.9% of the total equity shares of CW Investments Co. (together, the "**Purchased Shares**"). Shaw has also obtained an option to purchase, subject to regulatory approval, the remaining 34 Class A Preferred Shares and 148,014 Class B Common Shares of CW Investments Co. that are held by the GS Parties, representing 3.4% of the total voting shares and 14.8% of the total equity shares, respectively, of CW Investments Co. (together, the "**Option Shares**"). The aggregate cash consideration for the Purchased Shares and the Option Shares is \$700 million. As a result, Shaw has replaced the GS Parties as a party to the Shareholders Agreement (together with the amendments to the Shaw Transaction Documents described below, the "**Shaw Recapitalization Transaction**"). As a result of the Settlement, the GS Parties have abandoned their motion for leave to appeal from the Order approving the Shaw Transaction Documents and the parties have executed a mutual release with respect to the issues resolved in accordance with the Settlement.

102. In addition, in accordance with the Shaw Recapitalization Transaction, the CMI Entities, Shaw and the Ad Hoc Committee have agreed to amend the Shaw Transaction Documents to provide for Shaw or a subsidiary of Shaw to subscribe for or agree to purchase all of the shares of a restructured Canwest Global ("**Restructured Canwest Global**") – representing a 100% equity interest and a 100% voting interest in Restructured Canwest Global. These amendments to the Shaw Transaction Documents allocate approximately US\$440 million of the aggregate subscription price to satisfy the claims of the holders of the 8% Senior Subordinated Notes due 2012 against the CMI Entities. An additional \$38 million will be allocated to satisfy all of the claims of all other affected creditors, subject to an increase in that amount for restructuring period claims in certain circumstances. The shares of Canwest Global held by

existing shareholders will be extinguished without compensation, as will all entitlements under Canwest Global's existing equity compensation plans.

103. The Shaw Recapitalization Transaction is proposed to be implemented pursuant to a plan of compromise and arrangement (the "**Plan**") to be filed pursuant to the CCAA which will allow the CMI Entities to continue operating as going concerns thereby preserving employment for as many of their employees as possible, and preserving enterprise value for their stakeholders. The CMI Entities intend to bring a motion to approve the amendments to the Shaw Transaction Documents in conjunction with a motion seeking to call meetings of their affected creditors to vote on the Plan.

104. In the March 23 Affidavit, I noted certain milestone dates contemplated by the terms of the Amended Recapitalization Transaction. Under the terms of the Shaw Recapitalization Transaction, these milestone dates have either been amended or eliminated. In particular, pursuant to the Shaw Recapitalization Transaction, the CMI Entities have agreed to use their commercially reasonable efforts to obtain an order from this Honourable Court sanctioning the Plan on or before August 27, 2010. Further, it is contemplated that the Shaw Recapitalization Transaction will be completed no later than September 30, 2010, subject to extension by Shaw for an additional three months in the event that the closing of the Shaw Recapitalization Transaction has not occurred by that date solely as a result of the requisite regulatory approvals not having been obtained by September 30, 2010.

105. As described more fully in the Initial Order Affidavit, in May 2009 CMI entered into an agreement with CIT wherein CIT would provide a senior secured asset-based loan to CMI, which was converted into a debtor-in-possession financing arrangement for the CMI Entities upon the granting of the Initial Order (the "**DIP Facility**"). The DIP Facility sets out certain milestone dates, which have recently been amended in light of the entering into of the Shaw Recapitalization Transaction. Those milestone dates currently include the following:

- (i) on or before July 31, 2010, CMI shall have obtained the approval of the Plan from all of its requisite stakeholders;
- (ii) on or before September 30, 2010, CMI shall have received all requisite regulatory approvals for the Plan; and

- (iii) on or before September 30, 2010, all amounts owing under the Credit (as defined in the DIP Facility) shall have been repaid in full.

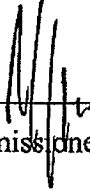
Conclusion Regarding Extension of the Stay Period

106. The CMI Entities have been and continue to proceed with good faith and due diligence to complete a restructuring under the CCAA. In taking steps to realign certain services and misaligned assets of the CMI Entities and the LP Entities through the Omnibus Transition and Reorganization Agreement, the CMI Entities are advancing their restructuring objectives and facilitating a going concern emergence from the restructuring process.

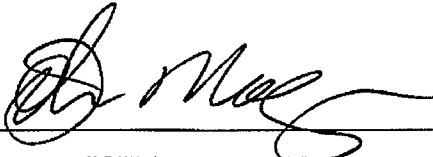
107. While the CMI Entities have made significant progress, an extension of the Stay Period is required to allow the CMI Entities to further advance the restructuring process. In addition to seeking court approval of the Shaw Transaction Documents, under the terms of the Shaw Recapitalization Transaction, other matters that remain to be completed include (i) the resolution of Outstanding Claims filed pursuant to the Claims Procedure, (ii) the finalization of the Plan; (iii) the holding of meetings of affected creditors; (iv) obtaining Court approval of the Plan; (v) obtaining CRTC and other regulatory approvals; and (vi) the preparation of all corporate documentation required to implement the Shaw Recapitalization Transaction.

108. It is my belief that it is appropriate to extend the Stay Period to August 31, 2010. Extending the Stay Period will allow the CMI Entities to continue to work towards the implementation of the Plan based on the Shaw Recapitalization Transaction, and meeting the relevant milestone dates. Furthermore, an extension of the Stay Period will also allow the CMI Entities to continue to deal with those remaining creditor claims, and to deal with other matters inherent in the proposed restructuring – all in consultation with the Monitor and with the objective of obtaining the best result possible in a restructuring for the benefit of all of the CMI Entities' stakeholders. It is my understanding that the extension of the Stay Period to August 31, 2010 is supported by the CMI CRA, Shaw, the Ad Hoc Committee, CIT and the Monitor.

SWORN BEFORE ME at the City of
Winnipeg, in the Province of Manitoba,
on June 3, 2010.



Commissioner for Taking Affidavits



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)
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.

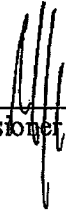
Schedule "B"

Partnerships

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

TAB A

This is Exhibit "A" to the
Affidavit of John E. Maguire
sworn before me this 3rd day of June, 2010.



Commissioner for Taking Affidavits

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

THE HONOURABLE)
JUSTICE PEPALL)
FRIDAY, THE 30th
DAY OF OCTOBER, 2009



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 Transition and Reorganization Agreement)**

THIS MOTION, made by the Applicants listed on Schedule "A" hereto and the Partnerships listed on Schedule "B" hereto (collectively the "**CMI Entities**") for an order, *inter alia*: (i) approving the Transition and Reorganization Agreement by and among Canwest Global Communications Corp. ("**Canwest Global**"), Canwest Limited Partnership/Canwest Societe en Commandite ("**Canwest LP**"), Canwest Media Inc. ("**CMI**"), Canwest Publishing Inc./Publications Canwest Inc. ("**CPI**"), Canwest Television Limited Partnership ("**Television LP**") and the National Post Company/La Publication National Post (the "**National Post Company**"), dated as of October 26, 2009, including Schedule "A" to the Transition and Reorganization Agreement, being an Agreement on Shared Services and Employees entered into between Canwest Global, Canwest LP, CMI, CPI, Television LP and the National Post Company, dated as of October 26, 2009 and Schedule "B" to the Transition and Reorganization Agreement, being the National Post Transition Agreement between the National Post Company

and CPI, dated as of October 26, 2009 (such agreement and the agreements attached as Schedule "A" and Schedule "B" to such agreement being collectively referred to herein as the "Transition and Reorganization Agreement") as appended to the affidavit of John E. Maguire sworn October 27, 2009 (the "Maguire Affidavit"); (ii) vesting in the Transferee (as defined in Schedule "B" to the Transition and Reorganization Agreement) the National Post Company's and Canwest Global's right, title and interest in and to the Transferred Assets (as defined in Schedule "B" to the Transition and Reorganization Agreement); and (iii) for certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the CMI Entities returnable October 30, 2009, the Maguire Affidavit and the Exhibits thereto, the Fourth Report of the Monitor dated October 28, 2009, the Fifth Report of the Monitor dated October 28, 2009, and on hearing the submissions of counsel for the CMI Entities, FTI Consulting Canada Inc. in its capacity as Court-appointed monitor of the CMI Entities, the Special Committee of the Board of Directors of Canwest Global, the *ad hoc* committee of holders of 8% senior subordinated notes issued by CMI, CIT Business Credit Canada Inc., The Bank of Nova Scotia in its capacity as Agent for the senior lenders to Canwest LP and such other counsel as were present, no one else appearing although duly served as appears from the affidavits of service, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and 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.
2. **THIS COURT ORDERS** that all capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Transition and Reorganization Agreement.

APPROVAL OF TRANSITION AND REORGANIZATION AGREEMENT

3. **THIS COURT ORDERS** that the Transition and Reorganization Agreement is hereby approved and the entering into, execution and delivery of the Transition and Reorganization Agreement by Canwest Global, Canwest LP, CMI, CPI, Television LP and the National Post Company, and the performance by Canwest Global, Canwest LP, CMI, CPI, Television LP and

the National Post Company of the Transition and Reorganization Agreement in accordance with the terms and conditions thereof are hereby authorized and approved. Further, the parties to the Transition and Reorganization Agreement 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 Transition and Reorganization Agreement.

VESTING OF ASSETS

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Transferee substantially in the form attached as Schedule "C" hereto (the "**Monitor's Certificate**"), all of the National Post Company's and Canwest Global's right, title and interest in and to the Transferred Assets shall vest, without further instrument of transfer or assignment, absolutely in the Transferee and the Transferee shall be the absolute owner thereof, free and clear of and from any charge, mortgage, lien, pledge, claim, liability, restriction, security interest, trust, deemed trust or other encumbrance whether created or arising by agreement, statute or otherwise at law, attaching to property, interests and rights, whether or not they constitute specific or floating charges as those terms are understood under the laws of the Province of Ontario (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order of the Honourable Justice Pepall dated October 6, 2009 (the "**Initial Order**"); and (ii) all charges, security interests, liens or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), or any other personal or movable property registry system (all of (i) and (ii), collectively referred to as the "**Encumbrances**"); but excluding the Permitted Encumbrances as defined in the Transition and Reorganization Agreement and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Transferred Assets, other than the Permitted Encumbrances, are hereby expunged and discharged as against the Transferred Assets.

5. **THIS COURT ORDERS** that, for the purposes of determining the nature and priority of Claims in respect of the Transferred Assets other than Claims in respect of the Permitted Encumbrances, the Transfer Price/Transition Cost resulting from the transfer of the Transferred Assets shall stand in the place and stead of the Transferred Assets, and that from and after the delivery of the Monitor's Certificate all such Claims shall attach to the Transfer Price/Transition

Cost resulting from the transfer of the Transferred Assets with the same priority as they had with respect to the Transferred Assets immediately prior to the transfer, as if the Transferred Assets had not been transferred and remained in the possession or control of the person having that possession or control immediately prior to the transfer.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Transferee.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the parties to the Transition and Reorganization Agreement are authorized and permitted to disclose and transfer to any of the other parties to the Transition and Reorganization Agreement human resources and payroll information in their records pertaining to their past and current employees. The recipient of such information shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the applicable party to the Transition and Reorganization Agreement.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* ("BIA") in respect of any of the CMI Entities and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the CMI Entities;

(i) the entering into of the Transition and Reorganization Agreement; (ii) the vesting of the Transferred Assets in the Transferee pursuant to this Order; (iii) the payment of the Transfer Price/Transition Cost resulting from the transfer of the Transferred Assets; and (iv) the performance of the Shared Services Agreements, as amended by the Transition and Reorganization Agreement, from and after the date of this Order, including any payments made thereunder up to the date of the bankruptcy of any party to any such agreement, shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the CMI Entities or any

of the parties to the Transition and Reorganization Agreement and shall not be void or voidable by creditors of any of the CMI Entities or any of the parties to the Transition and Reorganization Agreement, nor constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS** that the obligations of the parties under Schedule "A" of the Transition and Reorganization Agreement, and the Shared Services Agreements, as amended by the Transition and Reorganization Agreement, shall continue to be performed by the applicable party, any successor entity of the applicable party, or any transferee of all or substantially all of the assets of any applicable party, and shall not be disclaimed in this proceeding or any other CCAA Proceeding relating to any party to any such agreement or in any receivership or other debt enforcement proceeding relating to any party to any such agreement, for so long as all or substantially all of the business conducted by such party continues to operate and the applicable agreements remain outstanding.

10. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated by the Transition and Reorganization Agreement are exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent or applicable legislation under any other province or territory in Canada.

EXTENSION OF THE STAY PERIOD

11. **THIS COURT ORDERS** that the Stay Period, as defined in the Initial Order, be and is hereby extended until January 22, 2010.

12. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may otherwise be enforceable.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order. All courts, tribunals, regulatory and administrative bodies are hereby

respectfully requested to make such orders and to provide such assistance as may be necessary or desirable to give effect to this Order.

St. Paul, J.

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

OCT 30 2009

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.
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9. Multisound Publishers Ltd.
10. Canwest International Communications Inc.
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12. Western Communications Inc.
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15. Canwest International Management Inc.
16. Canwest International Distribution Limited
17. Canwest MediaWorks Turkish Holdings (Netherlands)
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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

Schedule "C"

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

MONITOR'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated October 6, 2009, FTI Consulting Canada Inc. was appointed as the monitor in these proceedings (the "Monitor").
- B. Pursuant to an Order of the Court dated October [30], 2009, the Court approved the Transition and Reorganization Agreement made as of October 26, 2009 (the "Transition and Reorganization Agreement") between The National Post Company / La Publication National Post (the "Transferor") and Canwest Publishing Inc. / Publications Canwest Inc. ("CPI") and provided for the vesting in 4513401 Canada Inc. of the Transferor's and Canwest Global's right, title and interest in and to the Transferred Assets as defined in the Transition and Reorganization Agreement, which vesting is to be effective with respect to the Transferred Assets upon delivery by the Monitor to the Transferee of a certificate indicating that all matters to be completed prior to the consummation of the transaction have been satisfied or waived.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Transition and Reorganization Agreement.

THE MONITOR CERTIFIES the following:

1. Each of the Transferor and CPI has advised the Monitor that all matters to be completed prior to the consummation of the transaction for such party's own respective benefit set out in Sections 11.2 and 11.3 of the Transition and Reorganization Agreement, as applicable, have been satisfied or waived by the Transferor and CPI, as the case may be.
2. This Certificate was delivered by the Monitor at _____ on October ____, 2009.

**FTI CONSULTING CANADA INC., in its
capacity as Monitor of the Applicants and
not in its personal capacity**

By: _____

Name:

Title:

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

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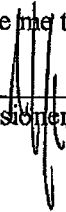
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Lawyers for the Applicants

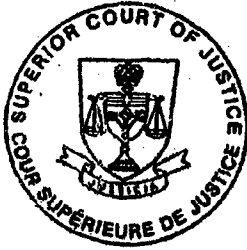
F. 1114233

TAB B

This is Exhibit "B" to the
Affidavit of John E. Maguire
sworn before me this 3rd day of June, 2010.



Commissioner for Taking Affidavits



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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)

TUESDAY, THE 6TH DAY

MADAM JUSTICE PEPALL)

OF OCTOBER, 2009

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

INITIAL ORDER

THIS APPLICATION, made by Canwest Global Communications Corp. ("Canwest Global") and the other applicants listed on Schedule "A" hereto (collectively, the "Applicants"), 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 affidavit of John Maguire sworn October 5, 2009 and the Exhibits thereto (the "Maguire Affidavit") and the Report of the Proposed Monitor, FTI Consulting Canada Inc. ("FTI Consulting") (the "Monitor's Pre-Filing Report"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the partnerships listed on Schedule "B" hereto (the "Partnerships" and collectively with the Applicants, the "CMI Entities"), the Special Committee of the Board of Directors of Canwest Global (the "Special Committee"), FTI Consulting, the *ad hoc* committee (the "Ad Hoc Committee") of holders of 8% senior subordinated notes issued by Canwest Media Inc.

("CMI"), CIT Business Credit Canada Inc. ("CIT") and the management directors of the Applicants (the "Management Directors"), and on reading the consent of FTI Consulting to act as the Monitor.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not Applicants, the Partnerships shall enjoy the benefits of the protections provided to the Applicants by this Order.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that one or more of the Applicants, individually or collectively, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "CMI Plan") between, *inter alia*, one or more of the CMI Entities and one or more classes of their applicable secured and/or unsecured creditors as the Applicants deem appropriate.

POSSESSION OF CMI PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the CMI Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "CMI Property"). Subject to further Order of this Court, the CMI Entities shall each continue to carry on business in a manner consistent with the preservation of their respective businesses (collectively, the "CMI Business") and the CMI Property. The CMI Entities shall each be authorized and empowered to continue to retain and employ the employees, advisors,

consultants, agents, experts, appraisers, valuers, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, subject to the provisions on the payment of Assistants set forth in paragraph 7 hereof.

5. THIS COURT ORDERS that the CMI Entities shall be entitled to continue to utilize the CMI Entities' centralized cash management system currently in place, as described in the Maguire Affidavit, or replace it with another substantially similar centralized cash management system satisfactory to the CMI DIP Lender (as defined below) (the "CMI Cash Management System"). Any present or future bank providing the CMI Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken thereunder, or as to the use or application by the CMI Entities of funds transferred, paid, collected or otherwise dealt with in the CMI Cash Management System, shall be entitled to provide the CMI Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the CMI Entities, pursuant to the terms of the documentation applicable to the CMI Cash Management System, and shall be, in its capacity as provider of the CMI Cash Management System, an unaffected creditor under the CMI Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the CMI Cash Management System.

6. THIS COURT ORDERS that the CMI Entities and the LP Entities (as defined in the Maguire Affidavit) shall continue to provide and pay for the Shared Services, as defined in the Maguire Affidavit, to each other and their other affiliated and related entities, in accordance with current arrangements, payment terms and business practises, except as to payment terms which may be amended to provide for revised timing of reconciliations, with such amendments to be subject to the approval of the CMI CRA (as defined below) and the prior consent of the Monitor or further Order of the Court. Notwithstanding any other provision in this Order, neither the CMI Entities nor the LP Entities shall modify, cease providing or terminate 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

this Court, except with respect to portions of the CMI Business which may be shut down or reorganized in the manner contemplated by the Term Sheet attached to the Support Agreement (as defined below) attached as part of Exhibit "O" to the Maguire Affidavit.

7. THIS COURT ORDERS that, subject to availability under the CMI DIP Facility and the CMI DIP Definitive Documents (both as hereinafter defined) and subject to the applicable cash flow forecast approved by the Consenting Noteholders (as defined below) in accordance with the Use of Collateral and Consent Agreement (as defined below) (the "Approved Cash Flow"), the CMI Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order, to the extent that such expenses are incurred or payable by the CMI Entities:

- (a) all outstanding and future wages, salaries and employee benefits (including, but not limited to, employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans and employee assistance programs and employee or employer contributions in respect of pension and other benefits), current service, special and similar pension and/or retirement benefit payments, vacation pay, commissions, bonuses and other incentive payments, payments under collective bargaining agreements, and employee and director expenses and reimbursements, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings;
- (c) with the prior consent of the Monitor, all outstanding and future amounts owing to or in respect of individuals working as independent contractors or freelancers in connection with the CMI Business;

- (d) the reasonable fees and disbursements of any Assistants retained or employed by the CMI Entities in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings;
- (e) any and all sums due and owing to Amex Bank of Canada ("American Express"), including, without limitation, amounts due and owing by the CMI Entities to American Express in respect of the Corporate Card Program and Central Billed Accounts Program as described in the Maguire Affidavit;
- (f) amounts owing for goods and services actually supplied to the CMI Entities, or to obtain the release of goods contracted for prior to the date of this Order:
 - (i) by distributors, broadcasting and/or production studios, suppliers or other entities, for television programming and other related products, with the prior consent of the Monitor, if, in the opinion of the CMI Entities, the supplier is critical to the business and ongoing operations of any of the CMI Entities;
 - (ii) by newsprint suppliers, newspaper distributors and other logistics suppliers, with the prior consent of the Monitor, if, in the opinion of the National Post Company, the supplier is critical to the business and ongoing operations of the National Post Company; and
 - (iii) by other suppliers, with the prior consent of the Monitor, if, in the opinion of the CMI Entities, the supplier is critical to the CMI Business and ongoing operations of any of the CMI Entities.

8. THIS COURT ORDERS that, subject to availability under the CMI DIP Facility and the CMI DIP Definitive Documents and subject to the Approved Cash Flow, and except as otherwise provided to the contrary herein, the CMI Entities shall be entitled but not required to pay all

reasonable expenses incurred by them in carrying on the CMI Business in the ordinary course from and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the CMI Property or the CMI Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services;
- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the CMI Entities following the date of this Order; and
- (c) payment of fees to the Canadian Radio-television and Telecommunications Commission, stock exchange listing fees and other regulatory or license fees necessary for the preservation of the CMI Property or the CMI Business,

For greater certainty, 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 the Shared Services as contemplated herein.

9. THIS COURT ORDERS that the CMI Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the CMI Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the CMI Entities in connection with the sale of goods and services by the CMI Entities, but only where such Sales Taxes are accrued or

collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the CMI Business by the CMI Entities.

10. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with paragraph 12(c) of this Order, the CMI Entities shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable CMI Entity and the relevant landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid. Upon delivery of a notice of disclaimer or resiliation, the relevant CMI Entity shall pay all Rent owing by the applicable CMI Entity to the applicable landlord in respect of such lease due for the notice period stipulated in Section 32 of the CCAA, to the extent that Rent for such period has not already been paid.

11. THIS COURT ORDERS that, except as specifically permitted herein, the CMI Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the CMI Entities to any of their creditors as of this date; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of the CMI Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the CMI Business.

RESTRUCTURING

12. THIS COURT ORDERS that the CMI Entities shall, subject to such requirements as are imposed by the CCAA, subject to consulting with the CMI CRA, and subject to the terms of the Use of Collateral and Consent Agreement, the Support Agreement (as defined below), the CMI DIP Facility and the CMI DIP Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$1,000,000 in any one transaction or \$5,000,000 in the aggregate, subject to paragraph 12(e), if applicable;
- (b) terminate the employment of such of their employees or lay off or temporarily or indefinitely lay off such of their employees as the relevant CMI Entity deems appropriate on such terms as may be agreed upon between the relevant CMI Entity and such employee, or failing such agreement, to deal with the consequences thereof in the CMI Plan;
- (c) in accordance with paragraphs 13 and 14, with the prior consent of the Monitor or further Order of the Court, vacate, abandon or quit the whole but not part of any leased premises and/or disclaim or resiliate any real property lease and any ancillary agreements relating to any leased premises, in accordance with Section 32 of the CCAA, on such terms as may be agreed upon between the relevant CMI Entity and such landlord, or failing such agreement, to deal with the consequences thereof in the CMI Plan;
- (d) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor or further Order of the Court, such of their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the CMI Entities deem appropriate, in accordance with Section 32 of the CCAA, with such disclaimers or resiliations to be on such terms as may be agreed upon between the relevant CMI Entity and such counter-parties, or failing such agreement, to deal with the

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consequences thereof in the CMI Plan, provided that the CMI Entities shall not be entitled to disclaim or resiliate, in whole or in part, the Use of Collateral and Consent Agreement or the Support Agreement; and

- (e) pursue all avenues of refinancing and offers for material parts of the CMI Business or the CMI Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

all of the foregoing to permit the CMI Entities to proceed with an orderly restructuring of the CMI Business.

13. THIS COURT ORDERS that the CMI Entities shall provide each of the relevant landlords with notice of the relevant CMI Entity's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the CMI Entity's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant CMI Entity, or by further Order of this Court upon application by the relevant CMI Entity on at least two (2) days notice to such landlord and any such secured creditors. If a CMI Entity disclaims or resiliates the lease governing such leased premises in accordance with paragraph 12(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the CMI Entity's claim to the fixtures in dispute.

14. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered by a CMI Entity, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant CMI Entity and the Monitor 24 hours' prior

written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the CMI Entity in respect of such lease or leased premises and such landlord shall be entitled to notify the CMI Entity of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE CMI ENTITIES OR THE CMI PROPERTY

15. THIS COURT ORDERS that until and including November 5, 2009, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the CMI Entities, the Monitor or the CMI CRA or affecting the CMI Business or the CMI Property, except with the written consent of the applicable CMI Entity, the Monitor and the CMI CRA (in respect of Proceedings affecting the CMI Entities, the CMI Property or the CMI Business), the CMI CRA (in respect of Proceedings affecting the CMI CRA), or with leave of this Court, and any and all Proceedings currently under way against or in respect of the CMI Entities or the CMI CRA or affecting the CMI Business or the CMI Property are hereby stayed and suspended pending further Order of this Court. In the case of the CMI CRA, no Proceeding shall be commenced against the CMI CRA or its directors and officers without prior leave of this Court on seven (7) days notice to Stonecrest Capital Inc.

NO EXERCISE OF RIGHTS OR REMEDIES

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the CMI Entities, the Monitor and/or the CMI CRA, or affecting the CMI Business or the CMI Property, are hereby stayed and suspended except with the written consent of the applicable CMI

Entity, the Monitor and the CMI CRA (in respect of rights and remedies affecting the CMI Entities, the CMI Property or the CMI Business), the CMI CRA (in respect of rights or remedies affecting the CMI CRA), or leave of this Court, provided that nothing in this Order shall (i) empower the CMI Entities to carry on any business which the CMI Entities are not lawfully entitled to carry on, (ii) exempt the CMI Entities from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the CMI Entities, except with the written consent of the relevant CMI Entity and upon consultation with the CMI CRA and the consent of the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with a CMI Entity or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all programming supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the CMI Business or a CMI Entity, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the CMI Entities, and that the CMI Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the CMI Entities in accordance with normal payment practices of the CMI Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable