

# FINAL TRANSCRIPT

**Thomson StreetEvents**

**SJR - Shaw Communications Conference Call to discuss Canwest Transaction**

Event Date/Time: May. 03. 2010 / 5:00PM GMT

This is Exhibit "0" referred to in the  
 affidavit of LEONARD ASPER  
 sworn before me, this 10<sup>th</sup>  
 day of JUNE 2010

*[Signature]*  
 A COMMISSIONER FOR TAKING AFFIDAVITS  
 JONATHAN BELL



May. 03. 2010 / 5:00PM, SJR - Shaw Communications Conference Call to discuss Canwest Transaction

#### CORPORATE PARTICIPANTS

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*Shaw Communications, Inc. - CEO & Vice Chair*

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*Shaw Communications, Inc. - President*

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#### PRESENTATION

**Operator**

Good afternoon and welcome to Shaw Communications conference call to discuss their acquisition of a restructured Canwest. Today's call will be hosted by Mr. Jim Shaw, Vice Chair and CEO of Shaw Communications, and will be recorded.

At this time all participants are in a listen-only mode. The Company has posted discussion materials on its website discussing the transaction and following the presentation there will be a question-and-answer session. (Operator Instructions)

If the press has any questions please contact Mr. Peter Bissonnette's office after the call.

Before we begin management would like to remind listeners that comments made during today's call will include forward-looking information and there are risks that actual results could differ materially. Please refer to the Company's publicly filed documents for more details on assumptions and risks.

I would now like to turn the call over to Mr. Jim Shaw. Please go ahead, sir.



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*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Well, welcome everybody today to today's call. This is a pretty exciting time for Shaw given that we now move into the content area and I know that Peter and Steve will get into more detail. It's a pleasure also to have JR here and Brad who runs all our operating divisions in the room along with Michael D'Avella. And so I think that is a great, great thing.

The team has worked really, really hard on this transaction which was very, very complicated in that it put a lot of people at strain to get it done. But -- Ken Stein is also on the call.

I think that when we look at it that this combination of BDU, what I will call BDU, which would be broadcast distribution units and content, will create even a stronger Shaw going forward as we work on VOD and all the other products and continue to promote our products across the board against the competitors that are out there today.

So I am going to turn it over to Peter, who worked really hard on this, and to Steve, who also worked really hard, and we will kind of go through the matrix of the transaction to make you understand what we are thinking. This is not a lot different to what Comcast is doing or Time Warner and even to some degree, Cablevision.

I think that this shows that Shaw is the leader in forward-thinking in Canada and I think that this transaction will prove out to be really, really successful for shareholders and everybody else at Shaw.

So with that, Peter, I am going to turn it over to you.

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*Peter Bissonnette - Shaw Communications, Inc. - President*

Thanks, Jim, and again thank all of you who are on our call today. I understand that we have over 235 who are in attendance which certainly goes to the importance that you see in this call.

Today we are going to do things slightly different. Typically we will have a short introduction from Jim and then we go to questions, but because this is a somewhat complex acquisition we did post the presentation on our website. And we are going to spend some time really helping you to understand what this means.

First of all, this is a terrific day for Shaw and its shareholders, for Canwest and its employees, and for the Canadian Broadcasting System in its entirety. This morning Shaw announced that it has come to an agreement to buy 100% of restructured Canwest, which includes the over the air and the specialty programming services.

Achieving this milestone acquisition really does merit many thank yous and acknowledgments, and we ask that you bear with us for a moment while we just point out some of those that have had something to do with this acquisition. The first person that comes to mind for us is Vince Mercier, who comes from the Davies team.

And I have to tell you that we started talking about this deal last November when RBC entered [into this] process. Since then Vince has been spent more time with Steve and Peter Johnson and Trevor English and myself that we have with our own wives. He has been terrific. He is a creative person, he is obviously persistent, and he has taken us through, with his guidance, a very, very (inaudible) transaction.

We also wanted to acknowledge Steven, who is the Chief Financial Officer, and of course, [FCI], who is the court monitor. We think that they have done a very, very good job in difficult circumstances.

The other group in this, of course, were the Ad Hoc committee and that was [Gavin Bayer], [Angelo Gordon], and Ted Lodge and Steve Schapiro from GoldenTree who were the noteholders and who had some say, along with Canwest Board, in involving

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Shaw as a strategic partner in this acquisition. And so we have them to thank for that along with Gerry Cardinale of course from Goldman Sachs.

Some have said that this deal couldn't be done but, frankly, where there is a will there is a way. And Gerry certainly has recognized that in the long run this is really a company that is better in the hands of Shaw than having financial as well as strategic partners.

We would also like to thank the Chief Justice Warren Winkler of the Ontario Supreme Court who was the mediator in the last stages, if you will, of this transaction. And who did a terrific job of, frankly, getting the parties into a room and really coming to the realization for Shaw that it's probably better now to acquire the entire company than to work in partnerships with again with the financial investors where we are actually adding value to the Company and ultimately we will have to pay for that value. And so we really thank him.

JR last night when we were talking to our Board thanked the TD Bank. The TD Bank has been alongside Shaw since our founding by JR. Jeremy Walker and [Bill Finn] both did a terrific job for us in terms of guiding us through the financial, I call it, quagmire. Wouldn't you call it, Steve? And again RBC who conducted the process initially getting us involved in this.

Most importantly we also want to thank the employees of Canwest who have continued to perform day in and day out while the CCAA process has unfolded. We are proud to be acquiring Canwest Global and appreciate all of the efforts and the commitments to making this one of the leading broadcast companies in Canada; that is Canwest Global.

JR had said -- I think he said it today is we could not as a strategic investor let's Global go dark and thus our interested in acquiring Global as well as the specialty services. One of the key messages that we really want to enunciate, and we enunciated it when we first announced this deal in February, was that this is a strategic rationale or this strategic rationale for this acquisition. The number one driving force for us in this strategic acquisition has been the notion of content.

For Shaw content we see as key to our vision for the future. Over the next decade to be successful as a distributor over many platforms we will require strong content capacity in Canada. We believe that the marriage of content with our cable and satellite and soon to be wireless distribution network will position Shaw to be one of the leading entertainment communication companies in Canada.

Canwest, as you know, is now a pure play Canadian broadcaster and significant costs have already been removed from the business due to the recapitalization process. As many of you know, the restructured Canwest is comprised of two main subsidiaries -- the Canadian television or CCLP, which includes the over-air global assets and a few smaller specialty services, and then of course the specialty assets in the Canwest Media Group, (inaudible), which were formally known as the Alliance Atlantis specialties.

The business has been rationalized and Shaw will be focused on going forward growing the assets in a responsible and efficient manner. Canwest will have its own management team and I am going to ask Brad just to talk about one of the other announcements we made today.

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**Brad Shaw - Shaw Communications, Inc. - EVP**

Thanks, Peter. Well, as you know, we are extremely pleased to announce Paul Robertson has joined the Shaw team. With 30 years of broadcasting and marketing experience involved in operating those assets including over the air and specialties really adds to the Shaw team along with holding a variety of other senior executive positions and most recently at Corus where he has done an outstanding job.

Relationship becomes very important and over the long years that we have gotten to know Paul, and I have gotten to know him personally, relationships are key to our business. And [coming with] relationship comes fit.

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Paul knows Shaw, he knows how we operate. He is a down-to-earth guy. He has a willingness to build strong relationships and a complete understanding of the broadcasting industry makes him a great fit on the Shaw team.

When we talk about fit and when we talked about this opportunity that has come across to Shaw there was no doubt Paul was our guy. (technical difficulty)

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

There is nothing better than having that kind of leadership going forward. This morning, as you may already be aware, we posted the acquisition overview of the restructured Canwest (technical difficulty) our presentation, which we are now going to reference for the next little while. We are going to take you through the strategic rationale.

And then I am going to hand over, after we have gone through that, the podium to (technical difficulty) going to talk about some of the valuation metrics with respect to our acquisition.

First of all, if you go to page three under the strategic rationale this has really been – this is consistent with what we have already told you in February when we were announced that – the primary driver for us, of course, is the ownership of content. And the ownership of content really is important to us because we see that customers are really trending towards watching and purchasing content across a variety of media platforms, both broadband and mobile devices. They are becoming very, very creative in the ways that they get content.

We believe that a greater percentage of traditional programming will be viewed on video-on-demand and we have seen that certainly firsthand in our own business where video-on-demand is becoming ever more important way of monetizing programming. So as a result of that we see that ownership and access to the rights for a program will be a valuable asset.

Rights to the US network programming is key in developing the business models for the various platforms that Shaw has now or will have as we deploy more distribution, whether it's broadband, Internet, streaming video, whether it's over-the-top video or whether it becomes a part of our broadband wireless network that we are building.

Certainly Global TV has done a commendable job to start off with a web-based over-the-top model. However, I think they would acknowledge that it still is early in the formative years and that there is much more that they can do working with ourselves to really monetize and to make that a compelling product for, frankly, our customers. Our customers that subscribe to basic cable services, that subscribe to digital services, that subscribe to telephony services, and subscribe to Internet services – we believe the content will be suitable to all of those customers no matter where they are throughout Canada.

We believe that we can manage the right to content and create value for all Canadians. We said that certainly to the CRTC when we were in front of them several months ago that through a partnership that we have now seen today and we are talking about today that we have seen just some tremendous opportunities to manage those content rights.

As you know, in our last conference call we talked about this key strategic growth opportunity for Shaw being wireless. With wireless we believe that with the kind of content that we are going to be able to acquire that it will help us differentiate our wireless project by integrating our existing services on mobile devices including content.

So wireless technology continues to evolve and as you know, we are – we have delayed our launch of wireless. We delayed it because we want to make sure that when we do launch wireless that the technologies that we deploy and embrace are technologies that can take us over the next five and 10 years with respect to their capabilities.

(technical difficulty) will continue to stream more content onto their mobile devices and the ownership of content for Shaw and acquiring those mobile rights, which will happen when we are sitting at the table with the US providers of content. Where



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typically in previous days the only issue at stake was really the content for over-the-air broadcasting we are going to be driving the rights to other media, if you will, or other platforms for Shaw.

Now we are delighted – Global Television of course is the second-largest broadcast network. They have – Global currently has 98% reach which is about 32 million Canadians. It's interesting that those 32 million Canadians actually mirror the reach that we have with our Shaw Direct.

And in Western Canada the global, the over-the-air stations really are synergistic, if you will, with our broadcast distribution areas of service. So there is some tremendous synergies that come both from a branding perspective, global (technical difficulty) use to promote Shaw products. And global, of course, will be acquiring content for us.

In the last year or so, Global has really substantially improved its programming. I think they currently have 6 out of the top 10 program services on network television, and I think we have shown that in Appendix A of this.

So they are particularly strong and they are renowned for their local programming in Western Canada. And it is our hope and our intention that they will continue to do that as well as grow their local programming in Eastern Canada. Of course, Canwest Media Group, they had a leading portfolio of profitable specialty television assets such as home and garden television, food and showcase, both in standard as well as high definition programming. So many, many of our customers currently enjoy their services in high-definition.

In terms of the acquisition details, today we announced that we have entered into an agreement to buy 100% of restructured Canwest. And we are now on page five of our presentation. The consideration for the transaction is approximately CAD2 billion and Steve is going to walk you through after my presentation the valuation and how we applied values you both to the over-the-air broadcasting as well as the specialty services.

The transaction will be financed, as Steve has mentioned, through cash on hand which is in excess of CAD700 million and of course our CAD1 billion operating facility which is currently undrawn. The actual multiple for the acquisition we have said is 9.5 times EBITDA. And we are confident that that multiple will come even more closely over the next year in line with what traditional multiples are right now with like kinds of, comparable kinds of companies.

As you are aware, Canwest is being restructured to be essentially a Canadian pure-play broadcaster. Our acquisition has nothing to do with any of the printing or publishing assets. This is all about over-the-air and specialty. [As there were no strategic investors that really put]

As JR says, there were no strategic investors that really put their hand up when the opportunity was made to everybody, frankly, in Canada to be a part of this transaction. I think that when we think about the alternatives for global, one of them which could have been to go dark, we just believe that as a broadcast distributor such as we are with a history as we have in the broadcasting distribution system that we just couldn't let that happen.

And, frankly, we have been delighted with the way this has unfolded with respect to our partners at the ad hoc as well as the Goldman partners who have seen also the benefits to having this as a Canadian company under Shaw's guidance and tutelage. The combination provides significant strategic opportunities and we are, frankly, very, very excited about those.

So what I am going to do right now is really hand over the podium to Steve who is going to talk about the valuations. Then after that we are going to really go to questions. We hope that having that presentation deck will have answered many of the natural questions, but we know there is some inquisitiveness about how this fits and so we will open after Steve talks about valuation.



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**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

Thanks.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

Peter, doesn't the acquisition work towards helping Star Choice to a large degree in Eastern Canada? Or Shaw Direct, sorry. I am sorry.

**Peter Bissonnette - Shaw Communications, Inc. - President**

That is okay. That is CAD0.50, Jim. Again, absolutely. We said was that the over-the-air reaches about 32 million customers and Shaw Direct of course has exactly the same footprint across Canada. And so the opportunities for branding clearly are evidenced through this transaction.

There may be other opportunities for really presenting Shaw Direct and some of the attributes, the programming attributes and some of the things we might be doing with respect to the platform that Shaw Direct provides customers their services. There is also some repackaging and there is opportunities to expose some of the over-the-air and Canwest programming services in a more wholesome way than they currently are.

Go ahead, Steve.

**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

Thanks, Peter, and thanks everybody for joining us today. Let me maybe just talk before valuation on the question of why now and why have we decided not to go with the option route and proceed with financial partners over a period of time.

Our view is that this gives as an opportunity to crystallize the valued today which we think is an optimal time to do that. This has given us the ability to remove the financial players. Goldman Sachs certainly was a key to be able to solve the entire problem here, and we were pleased that we were able to come to an agreement with them that was satisfactory for both of us.

So we have eliminated litigation risk which could have held Canwest up for some time in the CCAA process had allowed it, its employees to direct their energy with us to building a much stronger organization today right off the bat as that gives us the ability to take 100% control now without interim governance mechanisms with third parties.

We believe when we look at the outlook for the business that had we waited for at least a year or perhaps more under the previous agreements we had that we would have paid more for this asset as we believe that we are still in the bottom of the economic cycle here. We may have just rounded the corner but there is tremendous leverage and upside.

So it is a great benefit for us today to be able to do this deal at this price, take it out and own it, and really move forward with something that is very positive for all of us.

In terms the valuation, we are paying in aggregate approximately CAD2 billion for 100% of Canwest's broadcasting assets. In terms of the split, we are evaluating the Canadian television subsidiary which includes the conventional business and TVtropolis along with several other smaller specialty stations and approximately CAD250 million to CAD300 million. So I think it's important for people to understand that that portion of the business represents less than 15% of the purchase price here.

The majority of the value is for the highly profitable and sought after portfolio of specialty channels and CW Media Group subsidiary which generate margins in excess of 40%.



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The transaction multiple that we refer to in our press release, which is 9.5 times consolidated EBITDA -- and let me say we are using consolidated EBITDA here just for simplicity. Obviously we have run (inaudible) the rest of it internally, but just for ease of reference and comparability to other players on the market out there. So we are saying 9.5 times consolidated EBITDA, which is based on the adjusted last 12 months consolidated EBITDA for the period ending at the end of February 28, 2010, as this implies a consolidated EBITDA number of CAD210 million.

I think it's important to note that the publicly disclosed LTM EBITDA figure is actually over CAD235 million and this is net of corporate costs. Had we used this the multiple would have been 8.5 times, which would be right on top of the comparable companies. However, we are aware that the recorded EBITDA for the CW Media Group over the last 12 months is over 50% and that is higher than historical and projected margins. Some of this was due to expensive programming launches which have been delayed until later in year.

So the approach we have taken here is that we have normalized and reduced the CW Media Group margin to be more conservative in our valuation analysis of this. I will also add that a consolidated normalized EBITDA of within the Canadian Television subsidiary, which includes global and TVtropolis, is somewhere between CAD45 million and CAD50 million with room to grow. That means that when we say we are valuing the Canadian Television at CAD300 million it implies a transaction multiple of only six times EBITDA for that particular portion of the business.

We believe we are paying a reasonable take-out valuation multiple. I will say that currently on average the Canadian specialty channels, comparable Canadian specialty channels, are trading at approximately 8.5 times. On a blended basis then we are paying 9.5 times EBITDA for an implied 9.7 times for the specialty businesses alone. This represents a take-out premium of approximately 15% compared to the current trading multiples of other specialties.

Based on our review and our financial advisors we believe that this is much lower than the premium paid for comparable historical specialty transactions. The average over the last 10 years, for example, has been just over 15 times multiple for specialty channel transactions. So we are buying this at a time when both the multiples are low and the EBITDA has room for rebounds.

I will also note that the original Alliance Atlantis transaction in 2007 was done at a valuation we are told of 17 times trailing EBITDA. So that will give you a sense of how far things have moved.

Peter mentioned this but I will just reiterate it again, that there have been significant costs which have been taken out of the business during the restructuring process and the Canwest team has done a great job of doing that. Their broadcasting business is well-positioned to perform as the economy and advertising market improves and so we are entering at a point of low multiples. Going forward we believe there is significant leverage in the Company's bottom line as the majority of revenue growth should flow through the EBITDA performance improving in the future.

And just to conclude, there are -- as you saw this morning that we received indications from all the three agencies that our current ratings are not affected by this transaction. Further, the transaction has been approved by Goldman Sachs, the Ad Hoc committee, the Board of Canwest, and it remains to be subject to Canwest creditor and court approvals as well as the transaction is also subject to the regulatory approvals from the CRTC and the Competition Bureau. The process of those approvals has been initiated. And if you want to talk to Ken about that when we get into questions you may.

And so this is the best result for Canwest employees we think. The economy and the benefit to the ongoing development of the Canadian Broadcasting System. And so this for us is a milestone day and we are looking forward to -- Brad and I are going to go out to Toronto this week and introduce Paul. From there the real work begins where we really introduce ourselves and get the creative processes going to maximize the content that we have acquired through this acquisition.





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**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

Brad, what you think about the whole acquisition? Just give us your thoughts about combining all your operating groups together.

**Brad Shaw - Shaw Communications, Inc. - EVP**

Absolutely, this is an extraordinary opportunity for us. As we look at it and as we mentioned about Paul earlier, it's about operating the business. As we see the opportunity with Canwest as a tremendous stand-alone broadcasting business that we really have the opportunity to build the new business models of opportunities going forward. That has got us totally excited on this side of what the opportunities are.

We understand there is a tremendous team over at Canwest which we really look forward to building those relationships and getting a better understanding of what is driving over there, what their challenges are. But really allows us to put Canada in a leadership position for the digital transition and we are excited about all those opportunities that Shaw has going forward.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

So I guess we are ready to take questions.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

Yes, sure.

## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Vince Valentini, TD Newcrest.

**Vince Valentini - TD Newcrest - Analyst**

Thanks very much, Steve, thanks for that breakdown. Wondering if you can break it down a different way as well. Any ballpark on the percentage of the EBITDA that comes from advertising revenues versus subscription fees?

**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

No, Vince, we won't be getting into that much detail today.

**Vince Valentini - TD Newcrest - Analyst**

Okay, A different topic, can you give any thoughts of what you would do with value for signal? It seems that has the potential to increase the EBITDA from those conventional TV assets pretty substantially depending on how you play that. Any initial thoughts on what you would do there over the next year, year and a half?



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*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Maybe Ken can answer that. Ken, are you there?

*Ken Stein - Shaw Communications, Inc. - SVP, Corporate & Regulatory Affairs*

Yes, I am here. In terms of the process of moving forward on the regulatory side?

*Vince Valentini - TD Newcrest - Analyst*

Yes, and whether at this point you would be thinking you would seek value for signal versus just relying on the old regulatory benefits?

*Ken Stein - Shaw Communications, Inc. - SVP, Corporate & Regulatory Affairs*

Well, what we are going to do is of course hit the -- that is all before the courts right now. So I think we are going to see exactly how that process unfolds and then whatever that process ends up with and whatever policy there is what we will have to deal with. So we see it being a negotiation in terms of the local signals.

We will see how that process unfolds but I think it's a bit premature to deal with it. It's a bit hypothetical given the fact it's before the courts.

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Ken, don't you think that our view of it is that it won't be successful?

*Ken Stein - Shaw Communications, Inc. - SVP, Corporate & Regulatory Affairs*

Well, it's always hard to judge on the courts of course. But if the courts do find that the CRTC has jurisdiction then of course as the commission has indicated, it's not an imposed rate it's a negotiation between the parties. In terms of looking at those negotiations there is a lot of issues that are on the table, priority carriage, simultaneous substitution, just to name a couple.

And so negotiations -- in those negotiations we think the value of what is done on the distribution side is equal or more than the value on the other side. So it will be a discussion that will take some time to take place. But we look forward to a positive discussion about that because we believe as we said at all the hearings that the distribution system provides broadcasters by extending their reach, by giving high-quality signals, high definition to their customers provides a superior value in terms of distribution.

So we think there will be a balance there and so we don't look for any impact in terms of going forward.

*Vince Valentini - TD Newcrest - Analyst*

Okay, last one. Steve, maybe back to you. Any initial thoughts on what this deal will do to your free cash flow in 2011 when you integrate these assets? Would it be positive or negative? Can you give us some initial color there?



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**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

For 2011, Vince -- and obviously we want to be careful about making forecast projections at this point, but our view is that it would be positive free cash flow in 2011.

**Vince Valentini - TD Newcrest - Analyst**

Great, thank you.

**Operator**

Greg MacDonald, National Bank Financial.

**Greg MacDonald - National Bank Financial - Analyst**

Thanks. Good afternoon, guys. I have two quick questions. The first is on the logic of acquiring content when content is on the web for free. So my first question would be how important is it to the process of monetizing online content that two of the largest video content owners in Canada and these are now also cable cos? I am really looking for a little comfort that you are not buying a dying asset here.

And then the second question is one of control. The original CAD95 million deal for 20% of CMI would have given Shaw voting control, presumably control of the use of the content. I can appreciate the litigation and governance benefits here to owning the whole thing, but really why own the whole thing?

Is there some benefit to owning, perhaps some sales that might come down the line? Is there a restructuring option here about may be forthcoming? Is there anything strategic that we might expect going forward? Thanks.

**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

I guess I will start and then I will let Peter and Steve and JR maybe, too, get in there. But when you look at it, if we are in for just a little bit and we have to negotiate with Goldman Sachs and everybody else we get no control over the content. Now Shaw is the largest cable provider in Canada, largest video provider in Canada, close to probably the largest Internet in Canada. Brad and the boys are working on wireless like heavy.

We see no reason why we shouldn't jump in here and take control. I don't know, Peter or Brad, why don't you jump in?

**Peter Bissonnette - Shaw Communications, Inc. - President**

Steve, why don't you answer that second question? Michael can talk about content and the platforms and the logic.

**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

Well, Greg, the initial deal, the 20% for CAD95 million and control, that was a somewhat imperfect deal but that was the only deal that was on the table at the time. We entered at that time and we were able to negotiate with the bondholders to be able to bring this out of the private company, which we thought was very positive but it was the only game in town until we got into mediation with the Chief Justice.



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And so it would have seen us in a situation where we would have been governing the business with financial players going forward. That would have lasted for at least 12 months or more. The motive there obviously would be that we would pay more in the end and we believe that is the case with the EBITDA ramp and the potential for the multiples increase as well.

So by crystallizing the value today and taking away all those complications and giving us the ability to do what we do well, which is operate businesses and take control of it now, give Canwest employees certainty. As Jim said, once we have 100% control we have got the content we can do what we want with it. There are tremendous benefits to that.

And I don't think you should underplay either the litigation factor here. I mean, CW Media was not in the CCAA process. Goldman had a contract and there were many different views about what the potential outcome could have been in that. One of the potential outcomes could have been that these channels could have gone to auction and we wouldn't have had this opportunity with the loss that we have today.

And that would have been a very unfortunate situation for us. So for all those reasons and buying it at today's value we think that this is absolutely the right thing to do.

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*Peter Bissonnette - Shaw Communications, Inc. - President*

Michael, if you can talk about the logic of acquiring content?

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*Michael D'Avella - Shaw Communications, Inc. - SVP, Planning*

Thanks, Peter. On your first question, Greg, do you think that the models that you see today with respect to GlobalTV.com or CTV.com or any of the broadcasters -- by the way they are dot-com not dot-org, so there is clearly an opportunity here to move these sites and this content into perhaps more of a pay model. But bear in mind that a majority of the content that we are acquiring here is actually premium content or paid content in some fashion.

So if you looked at something like history television, for example, or history television in specialty service for which we pay we wouldn't want to devalue that service by necessarily making that content available free of charge or in such a manner that we can't recover costs here.

A lot of the models today are essentially advertiser based. Some of those will continue but we think that over time you will find that broadband sites and the delivery of broadband content, especially premium content is probably going to move to more of a pay or a subscriber supported model. Ultimately, at the end of the day none of these things are going to be free, somebody is going to have to pay for the content.

We are going to be in a very strong position here to manage how those rates are actually monetized and that is part of the rationale and one of the main reasons for doing this particular deal.

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*Greg MacDonald - National Bank Financial - Analyst*

Can I just ask a quick follow-up? To a certain extent is this not a hedge against the potential loss in value of the existing cable cost packaged content model? Is that at the end of the day not what everyone in the cable world is worried about and is that really what is driving this deal?



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**Peter Bissonnette** - *Shaw Communications, Inc. - President*

Well, in part but now we are in the driver's seat where if we choose to make some of these services more discretionary over time then we can move that value to either a broadband platform or a mobile platform or whatever the customer ultimately wants to pay for in terms of getting access to the content.

We have always been of the view that things like video-on-demand should be supported either by a very sound advertising-driven business model or a transactional model. As you look at a lot of the deals that we have done with respect to VOD, they tend to be more transaction-based and they will in the future as a result of this particular transaction certainly be ad supported as well.

**Greg MacDonald** - *National Bank Financial - Analyst*

Thanks for the insight, guys.

**Operator**

Tim Casey, BMO Capital Markets.

**Tim Casey** - *BMO Capital Markets - Analyst*

Thanks. Can you talk a little bit about any channels that may be sold through this deal? Astral and Corus would have perhaps some shareholder rights that may get triggered on a change of control. Would you expect there to be any assets that you would have to sell on that?

And conversely a number of those channels are not wholly owned. Do you have any expectation or hope that you can acquire some of the minority stakes from some of the international partners on those channels?

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

Well, when we acquired these assets we acquired them, frankly, to keep them and we have no intention to sell any of the assets that we just acquired as part of this transaction.

**Tim Casey** - *BMO Capital Markets - Analyst*

Is there any chance, Peter, though that right of first refusals could get triggered with this transaction, with the change in ownership?

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

No, no, we don't see that Tim.

**Jim Shaw** - *Shaw Communications, Inc. - CEO & Vice Chair*

No, no.



May. 03. 2010 / 5:00PM, SJR - Shaw Communications Conference Call to discuss Canwest Transaction

*Tim Casey - BMO Capital Markets - Analyst*

Secondly, just on the ability to differentiate your broadband service and ultimately your wireless service. How long do you think that is going to take effect because there is no evidence from any provider in North America today that not having that ability is hurting them? Just conceptually when do you think it's really going to be relevant in consumers' minds?

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Don't you think, Peter, that Comcast is going to change the landscape a bit here?

*Peter Bissonnette - Shaw Communications, Inc. - President*

Absolutely.

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Absolutely. Brad, do you think that?

*Brad Shaw - Shaw Communications, Inc. - EVP*

Yes, things are -- the wind is blowing, there is change in the air.

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Change in the air. So we are just staying -- we are just going with change in the air.

*Peter Bissonnette - Shaw Communications, Inc. - President*

I think if you look at what happened in the US where there was some disputes over whether or not the distributor was going to carry a service or whether the content provider was going to actually allow it to be carried that really demonstrated the power of content. Some of us suggested that -- so there is a shift, if you will, in our customer views about getting content.

We can't just -- things can't just go black. When things go black the distributor, in this case Shaw, is not looked upon favorably by its customers. The way to prevent things from going black is by having cohesive, positive relationships, by being able to add value to our customers through adding content.

A lot of this also is a value proposition. No different than when we bundle our products together and we bundle Internet and telephone and our basic cable services and we give discounts or incentives to customers to take more products. This also follows that whole strategy which is bundling value and content.

*Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair*

Peter, how long -- or Brad, how long have we said that we will not turn off a signal to a customer, right? So we have to keep the customer and we will not turn off a signal, right? So it's the same kind of concept, right?



May. 03. 2010 / 5:00PM, SJR - Shaw Communications Conference Call to discuss Canwest Transaction

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

Yes, it's like blackouts. We are not big on blackouts.

**Jim Shaw** - *Shaw Communications, Inc. - CEO & Vice Chair*

No.

**Tim Casey** - *BMO Capital Markets - Analyst*

What are some specific ways you think that Comcast will change the operating model out there?

**Michael D'Avella** - *Shaw Communications, Inc. - SVP, Planning*

Tim, we are not going to be able to speak specifically to what Comcast is going to do. We can just give you a general sense of the way we think we see this thing evolving.

Bear in mind that broadband penetration in Canada is now probably in excess of 70% and these are customers with 5, 10, 15, 20 Mb of service that obviously have the ability to view anything they want. If it's available legitimately then they are going to get it or they can get it in one fashion or another and they are getting it illegitimately through a variety of other means.

Most of the content, all the content owners want legitimate business models in the broadband world. So whether it's advertiser supported or whether it's subscription supported that is where they want to go. That is essentially -- I mean Hulu is obviously a legitimate site and it's advertiser supported. Will that change over time? Who knows. There is a variety of interest in that particular venture.

When we look at it and we -- we know that our customers are consuming a lot of video on Internet because we are adding capacity at a rate of 50% a year. We also know that we are building a 3G-plus, possibly a 4G broadband wireless network and we know that there is a variety of devices out there that are going to allow you to stream live content to whatever you are carrying. It could be a laptop, could be an iPad. Peter just got an iPad he is very excited.

**Jim Shaw** - *Shaw Communications, Inc. - CEO & Vice Chair*

Yes, WiFi.

**Michael D'Avella** - *Shaw Communications, Inc. - SVP, Planning*

iPhone. It could be anything. We just can't be in a position where we don't have the ability to monetize that content and be sure that it's delivered in such a way that we either bundle it with our existing services or that customers are paying for access to a particular type of content because the core video business for us remains absolutely essential. This is a means of growing that business, extending its reach, and ensuring that we are actually monetizing all these platforms.

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

Some have suggested that in the past convergence was never successful. This is not about convergence, this is about multiple platforms. 10 years ago you couldn't do what we do -- what our customers do right now. When you have a 16-year-old boy with his smartphone that is downloading YouTube, etc., you couldn't do that, so this is about taking advantage of the technologies that are core to our business.



May. 03. 2010 / 5:00PM, SJR - Shaw Communications Conference Call to discuss Canwest Transaction

Tim Casey - *BMO Capital Markets - Analyst*

Thank you.

Operator

Jonathan Allen, RBC Capital Markets.

Jonathan Allen - *RBC Capital Markets - Analyst*

Thanks. Congratulations on the announcement. When I look at the media business, the Shaw family at least already has very close ties with Corus and bringing Paul Robertson over from that organization it makes me wonder if there is still more room for those two companies to work closer together. Certainly within the specialty business there will be a lot of extra synergies combining or at least working those two businesses together.

So as a specific question I am wondering in the transaction that you have announced today is there any restriction to combining the assets with Corus at some point?

Jim Shaw - *Shaw Communications, Inc. - CEO & Vice Chair*

No would be the answer.

Jonathan Allen - *RBC Capital Markets - Analyst*

Any thoughts on whether it would be attractive to get those companies working closer?

Jim Shaw - *Shaw Communications, Inc. - CEO & Vice Chair*

You know what, I think that, and JR can talk to this too, I think the companies will be friendly as they are with other companies in the broadcast industry. After all, all those guys (inaudible) TV as best we can, but right now this is just a Shaw transaction, right? Peter, do you agree?

Peter Bissonnette - *Shaw Communications, Inc. - President*

Yes, absolutely. First of all, Shaw has a terrifically positive relationship with Corus and we have a terrifically positive relationship with Canwest, of course now, by virtue of the subsidiary relationship. We expect to maximize the benefits of those relationships to the advantage of Shaw's customers.

Jonathan Allen - *RBC Capital Markets - Analyst*

If I could ask—

Jim Shaw - *Shaw Communications, Inc. - CEO & Vice Chair*

Our shareholders too.





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**Peter Bissonnette - Shaw Communications, Inc. - President**

Yes, absolutely.

**Jonathan Allen - RBC Capital Markets - Analyst**

If I can ask another question as well, I was looking at the initial reaction from shareholders today. There seems to be one or two concerns that investors had. One was the question about the Company's, Shaw's, commitment to dividend growth. Steve, you already address some of the free cash flow but, Jim, just wanted to hear your commitment to whether Shaw as an organization could continue growing the dividend going forward.

And second, on the financing the other concern that I have heard out there was whether or not Shaw might consider doing an equity offering at some point to try to shore up some of the balance sheet.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

I heard the other day that Royal Bank wanted to do some interim financing. (multiple speakers) Sorry, sorry, sorry.

**Jonathan Allen - RBC Capital Markets - Analyst**

Would love to help.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

I will let Steve answer that.

**Steve Wilson - Shaw Communications, Inc. - SVP & CFO**

So Jonathan on the dividend, I mean currently we are at CAD0.88 or an annual rate of CAD380 million. Our ongoing operations are generating free cash flow which is significantly in excess of that. Even with the wireless investment for this year our free cash flow would be in excess of the dividend run rate.

I think it's important for people to remember that if we were to acquire a wireless infrastructure company, let's say, for \$500 million through a purchase from a third party as opposed to building it ourselves, it would not be considered a free cash flow impact just as the CAD2 billion that we are talking about today is not a free cash flow impact that has an invite to the dividend. So the fact that it's homegrown creates a little bit of a different perception.

But I will tell you this that even with the expected wireless investment, and I am talking now about some very, very preliminary views for next year which we are just formulating now, but they indicate that our net free cash flow should be in excess of the dividend run rate even with the wireless investment at this point. That may change as we go depending on how we want to ramp but this is, I think, an issue that has overblown because you have to remember that it's the cash from operations that is supporting the dividends. The wireless is a separate investment.

We do plan to be cautious in 2011 with regard to dividend increases but we are certainly not saying that we would rule a dividend increase out depending on market conditions and how we want to time and scale certain of our capital investments. Beyond that, of course, there is tremendous room for dividend growth.



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And the last point I will say here to everybody is that the yield currently is 4.7% if you get in today. We have had a discussion with our Board yesterday and I can assure you that there are no plans to cut the current dividend.

*Peter Bissonnette - Shaw Communications, Inc. - President*

Jonathan, just back on your question about working a little closer with Corus, you can look at the history of how Shaw has competed with Shaw Direct and Shaw Cable. We both competed aggressively with the same amount of shareholders. When you look at Corus there is a different board, different management, different strategy, and for us we are committed to building Canwest into a tremendous or more tremendous broadcaster. And so we are committed to that and we are committed to competing.

*Michael D'Avella - Shaw Communications, Inc. - SVP, Planning*

I will just add one more thing, Jonathan, because I know you are on the credit side as well. We have got very substantial liquidity beyond the cash that we will invest immediately here.

And I think one of the key things for our bond investors and investors generally is that this acquisition, and including our wireless spend which we presented to the rating agencies about the dividend growth in outlying (inaudible) has been reviewed by them and the ratings have been clearly confirmed. So all of those numbers and investments were in (technical difficulty) rating agencies.

*Jonathan Allen - RBC Capital Markets - Analyst*

Thanks very much, guys. Good luck.

**Operator**

(Operator Instructions)

*Steve Wilson - Shaw Communications, Inc. - SVP & CFO*

Operator, I think we will take one more call and then we will call it a day because we have of course to talk to the media as well.

**Operator**

Jeff Fan, Scotia Capital.

*Jeff Fan - Scotia Capital Markets - Analyst*

Thanks very much for taking the question. I just have two quick ones. Going back to the previous question about 100% ownership, I do appreciate the fact that you have got a structure, a complicated structure here to deal with and also a financial partner in the form of Goldman Sachs. But in general do you guys believe that the ownership of 100% content is really required for your distribution business to get the full benefit? So not specific to this deal but more in general, do you think 100% control in equity interest is required?



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Number two is more on the structure side of this deal. Do you guys have any intentions to perhaps restructure the legal structure between the conventional and the specialty, and also to allow Shaw Communications to get full access to the cash flow that is coming out of Canwest? And if there are any restructurings, are there any tax synergies that perhaps come under that? Thanks.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

Peter, wouldn't you say that first question is yes?

**Peter Bissonnette - Shaw Communications, Inc. - President**

Yes, 100%. We have never been really one to have sort of minority control and having 100% control really is we see an advantage. I think we set out for the driving force of this strategic rationale for this having the opportunity to have 100% to us is absolutely a blessing. When we are meeting with the Ad Hoc committee they were really torn about forgoing the value that they see is going to be created over the next year or so, but recognizing that there is a real benefit to the broadcasting system and to Shaw and to shareholders, as you appropriately said Jim, by having 100% ownership.

We have the total flexibility --

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

Sorry. No, no, keep going, Peter. Sorry.

**Peter Bissonnette - Shaw Communications, Inc. - President**

We have a total flexibility in how we apply content over the various platforms and that is a huge, huge advantage for us when we look to the demands that we are seeing from our customers for every type of content.

**Michael D'Avella - Shaw Communications, Inc. - SVP, Planning**

And not only, Jeff, is it a content question and he would speak to that, but this is just a good investment in a business that has been -- has had unfortunate events happen in terms of leverage and some other things. But the core business here, the core team what they have done in terms of cost reductions are all tremendous and the outlook for this business is extremely positive.

So even just taking that alone on its merits I would say that this is a good investment.

**Jim Shaw - Shaw Communications, Inc. - CEO & Vice Chair**

And just one other thing, Jeff, I recall reading with interest when the value for signal decision came out and how you actually wisely saw that we might be disadvantaged by not having content as opposed to some of the other strategics that have content that would have an opportunity, if you will, to immediately raise the effects of the value for signal. And so that is one aspect of this deal that may be a hidden benefit but it certainly will be a benefit. We think it will be even more apparent as the next three, four, five years unfold for us. Michael?

**Michael D'Avella - Shaw Communications, Inc. - SVP, Planning**

Just to add, Jeff, if you own 100% of the enterprise or whatever the specific content play is, you are going to be in a much stronger position to determine how the economics are shared. It's essential when you are going to the table to actually buy



## FINAL TRANSCRIPT

May. 03. 2010 / 5:00PM, SJR - Shaw Communications Conference Call to discuss Canwest Transaction

these rights that you have got a clear view of what you want to do with them. And owning the entire enterprise gives us really that ability to actually do that.

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

The second part of your question, Jeff, with regard to restructuring, yes, we will be looking at restructuring. First of all, we have to get a plan (inaudible) and that will take through the month of May into June for a July vote with the creditors. We have got everybody signed up but we will be looking at first of all how we restructure the entity coming out of bankruptcy itself.

And then there are opportunities for us to refinance some of the expensive debt today that exists with CW Media and we will be looking at that once we get the keys finally. In terms of tax I would say that there is really no significant tax advantages going forward. Most of the tax benefits that are there today will be used up in the course of the restructuring transactions.

**Jim Shaw** - *Shaw Communications, Inc. - CEO & Vice Chair*

Is it fair to say, Steve, that we are not great partners but we are good operators?

**Steve Wilson** - *Shaw Communications, Inc. - SVP & CFO*

I think that is very fair, Jim.

**Jeff Fan** - *Scota Capital Markets - Analyst*

Fair enough. Thanks very much, guys.

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

We are going to close the call off now but we really appreciate all of the calls that you have provided to us as well as 235 listening to us for the last hour so we hope this is helpful. Thank you.

**Peter Bissonnette** - *Shaw Communications, Inc. - President*

Thank you very much.

**Jim Shaw** - *Shaw Communications, Inc. - CEO & Vice Chair*

Thank you.

**Operator**

Ladies and gentlemen, this concludes the conference call for this afternoon. We thank you for participating. You may now disconnect your lines and have a great day.



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Raj Sahni  
Dir: 416 777 4804  
Fax: 416 863 1716  
Our File No.: 66041.1

May 14, 2010

VIA FACSIMILE

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9

Attention: David R. Byers

Dear Mr. Byers:

Re: **Canwest Global Communications Corp. ("Canwest ") et al. - CCAA Proceedings**

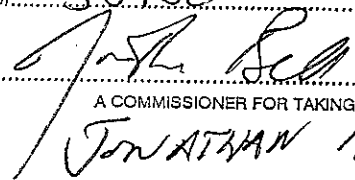
We are counsel to an informal group of the shareholders of Canwest (the "Shareholder Group") in this matter. We write further to the meeting that took place between certain members of the Shareholder Group, the Monitor and their counsel on May 11, 2010, to request additional information with respect to the matters that were discussed at that meeting in order to help the Shareholder Group better understand the recapitalization proposal and agreements with Shaw Communications Inc. ("Shaw") announced by Canwest on May 3, 2010 (the "Shaw Transaction"), as well as other matters in relation to Canwest's CCAA proceedings.

The Shareholder Group has reviewed the information posted on the Monitor's website and posted on SEDAR but still has many unanswered questions which are relevant to their interests relating to the Shaw Transaction and the CCAA Proceedings. Specifically, we request that the Monitor please provide us with the following information:

1. An update with respect to the claims asserted against Canwest and its subsidiaries including, in particular, an updated summary as contained in Appendix "C" of the 12<sup>th</sup> Report of the Monitor, setting out claims which have been accepted or settled/resolved against Canwest and its subsidiaries, together with updated estimated resolution values for unresolved claims against each entity.
2. Information as to the amounts that have been paid to noteholders, including from the Ten Proceeds (as defined in the affidavit of John Maguire sworn October 5, 2009) and other sources (pre and post CCAA filing), and the remaining amount required to repay the 8% senior subordinated notes (the "8% Notes") in full, detailing the principal, accrued interest

"P"

This is Exhibit.....referred to in the  
 affidavit of.....LEONARD ASPER  
 sworn before me, this.....10<sup>th</sup>  
 day of.....JUNE.....20.10

  
 A COMMISSIONER FOR TAKING AFFIDAVITS  
 JONATHAN BELL

May 14, 2010  
Page Two

(and the date to which interest is accrued) and other amounts payable in respect of the 8% Notes.

3. Any analyses which have been prepared by or provided to the Monitor with respect to the realizable value of the assets of CMI and the guarantors of the 8% Notes, and the basis upon which the 8% Notes are entitled to receive \$440 million from the Shaw Transaction, as set out in Canwest's May 3, 2010 press release.
4. The total expected exit costs and other amounts that would need to be paid in addition to the claims of the 8% Notes and other unsecured claims in order for all claims of creditors to be repaid in full.
5. Updated financial information, including cash and A/R balance, cash flows and projected excess cash and EBITA projections with respect to Canwest's business, by business segment.
6. Information relating to the process undertaken with respect to Canwest and the Monitor reviewing and approving the Shaw transaction, including:
  - (a) any analysis of the fair market value of Canwest and whether an alternative process such as an auction for the entire business or business segments could result in a higher value than the Shaw Transaction;
  - (b) whether other potential bidders (including any potential strategic acquirers, private equity firms and other parties that had previously expressed an interest in Canwest or had previously been contacted in the recapitalization process) were contacted once it became apparent that Shaw wished to acquire the entire company as opposed to a 20% equity stake;
  - (c) any fairness opinions or valuations that were provided to Canwest and/or the Monitor in relation to the Shaw Transaction or alternative transactions;
  - (d) the process undertaken by Canwest and its board of directors in considering and consenting to the sale of Goldman Sachs' interest in CW Investments Co. and the changes to the recapitalization transaction, support agreement and related documents that were approved by the Court on February 19, 2010, including amendments to remove the 2.3% equity stake that had previously been allocated to holders of existing Canwest equity; and
  - (e) assessment of risks and preconditions to closing of the Shaw Transaction, including any required regulatory and other approvals.
7. Information relating to other parties that expressed an interest in Canwest, including how many were given access to the data room and conducted due diligence, how many made alternative offers and how their offers compared to the Shaw Transaction.

May 14, 2010  
Page Three

8. The process whereby Court approval of the Shaw Transaction will be sought by Canwest, and any anticipated dates for any such steps.

The above is not intended to be a complete list of the information required by the Shareholder Group and additional information or documents may be requested, however we wanted to provide this preliminary list to the Monitor in order to obtain the immediately required information as soon as possible. As we discussed in our May 11 meeting, time is of the essence in this matter as the Shareholder Group is trying to understand the rationale and process behind the amendments to the recapitalization transaction that had been approved by Court on February 19, the value of Canwest and its various business segments and other related matters and there is not sufficient information which has been made publicly available for the Shareholder Group to fully understand those matters. In addition, we require this information as soon as possible so that the Shareholder Group is not prejudiced with respect to any motion for Court approval of the Shaw Transaction. Accordingly, we would ask that all requested information be provided to us by no later than May 19, 2010. We have copied counsel to Canwest with this letter so that Canwest is aware of the Shareholder Group's requests and in the hope that Canwest will co-operate in providing any necessary information to the Monitor to enable it to respond to the above information requests in a timely manner.

Thank you in advance for your assistance in this matter.

Yours truly,

**BENNETT JONES LLP**



Raj Sahni

/mv

Cc: Osler, Hoskin & Harcourt LLP: Lyndon Barnes and Jeremy Dacks (via facsimile)  
Bennett Jones LLP: Robert Staley, Derek Bell and Gavin Finlayson (via email)



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May 20, 2010  
File No.: 1096791003

Mr. Raj Sahni  
Bennett Jones LLP  
3400 One First Canadian Place  
P.O. Box 130  
Toronto, ON  
M5X 1A4

This is Exhibit Q referred to in  
the affidavit of LEONARD ASPER  
sworn before me, this 10<sup>th</sup>  
day of JUNE 2010

*Jonathan Bell*  
COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. Sahni:

Re: **Canwest Global Communications Corp. ("Canwest") et al -  
CCAA Proceedings**

Thank you for your letter dated May 14, 2010. It was a pleasure meeting with you and your clients on May 11, 2010.

As advised at the meeting, information requests of the Monitor are governed by paragraph 29 of the Initial Order. It is "creditors" who are entitled to seek information. Without conceding that shareholders are "creditors", as a courtesy, the Monitor will deal with your May 14 letter in accordance with paragraph 29.

I respond, using the same numbering and defined terms as your letter, as follows.

1. The Monitor does not feel it is appropriate to provide your group alone with an update with respect to claims. It will however provide an update with respect to claims in its next Report.
2. The amounts paid to noteholders pre-CCAA filing, to the knowledge of the Monitor, are as described in the affidavit of John Maguire sworn October 5, 2009. To the knowledge of the Monitor no principal or interest has been paid on the notes post filing.
3. The Monitor will file a report with the Court at least seven days in advance of any meeting of creditors as required pursuant to Section 23(1) of the CCAA which will, among other things, comment on the reasonableness and fairness of the CCAA Plan being proposed as against alternatives. With respect to

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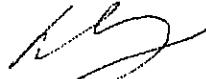
"...the basis upon which the 8% Notes are entitled to receive \$440 million...", as noted in the Monitor's Thirteenth Report, various parties participated in a mediation process as directed by Justice Pepall and conducted by the Chief Justice of Ontario. This amount was an amount negotiated within that mediation process.

4. While ongoing analysis is being done at this time, the total expected exit costs have not been determined.
5. We have been advised by counsel for the CCAA debtors that they consider this information confidential and to the extent the information is reported publicly it will be reported in accordance with usual reporting cycles, as such the Monitor, pursuant to paragraph 29 of the Initial Order, cannot provide the same, to the extent it is available.
6. Information on the process leading up to the Court approval of the initial Shaw Agreement is provided in the affidavits of Thomas C. Strike, sworn February 12, 2010 and Richard M. Grudzinski sworn February 18, 2010, as well as the Monitor's Tenth Report and the Supplement to the Tenth Report. Information with respect to the mediation leading to the Shaw Transaction is contained in the Monitor's Thirteenth Report. Counsel for the CCAA debtors advise generally that in their view any information beyond what has been publicly disclosed to date with respect to this process is confidential. However, with respect to the specific items you have listed, the Monitor can advise as follows:
  - (a) The initial Shaw Agreement was the result of an extensive canvassing of the market and approved by the Court. The Shaw Transaction was arrived at independently of that process and was the result of the mediation conducted by the Chief Justice of Ontario, as directed by Justice Pepall in an effort to deal with issues relating to the CWI Shareholders Agreement, specifically contemplated by the initial Shaw Agreement and the Support Agreement with the noteholders;
  - (b) The Shaw Transaction was a result of a negotiated resolution of issues relating to the CWI Shareholders Agreement, specifically contemplated by the initial Shaw Agreement and the Support Agreement with the noteholders, arising from a mediation conducted by the Chief Justice of Ontario ;
  - (c) The Special Committee of the Board of the CCAA debtors received advice from the Company's financial advisor as well as an independent financial advisor retained to advise the Special Committee;
  - (d) Counsel for the CCAA debtors have advised that they consider this information confidential; and

- (e) Counsel for the CCAA debtors have advised that they consider this information confidential. You could review the conditions to closing in the Shaw Transaction documents, including regulatory approvals, which are publically available.
  
- 7. Relevant information is contained in the affidavits of Thomas C. Strike, sworn February 12, 2010 and Richard M. Grudzinski sworn February 18, 2010, as well as the Monitor's Tenth Report and the Supplement to the Tenth Report. The CCAA debtors consider the identity of other participants in the process as confidential.
  
- 8. It is anticipated at this time that a motion will be brought on our about June 22<sup>nd</sup> to seek an Order calling a creditors meeting and approving circulation of a CCAA plan of arrangement and compromise based on the initial Shaw Agreement as amended by the Shaw Transaction.

If the Monitor can be of any further assistance in this matter, please do not hesitate to contact me.

Yours truly,



David R. Byers

/ds

cc: The Monitor/*Greg Watson and Jeff Rosenberg*  
*Osler, Hoskin & Harcourt LLP/Lyndon Barnes, Edward Sellers and J. Dacks*



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Tel: 416.863.1200 Fax: 416.863.1716  
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Robert W. Staley  
Direct Line: 416.777.4857  
e-mail: staley@bennettjones.com  
Our File No.: 66041.1

May 25, 2010

VIA EMAIL

Osler, Hoskin & Harcourt LLP  
100 King Street West  
1 First Canadian Place  
Suite 6100, P.O. Box 50  
Toronto, Ontario M5X 1B8

Attention: Lyndon Barnes / Jeremy Dacks

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9

Attention: David R. Byers

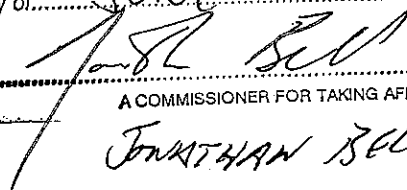
Dear Sirs:

**Re: Canwest Global Communications Corp. ("Canwest ") et al. - CCAA Proceedings**

As you know, we are counsel to an ad hoc group of the shareholders of Canwest (the "**Canwest Shareholder Group**") in this matter. We have served our clients' Notice of Appearance today.

The Canwest Shareholder Group has endeavoured to obtain information regarding the recapitalization proposal and agreements with Shaw Communications Inc. ("**Shaw**") announced by Canwest on May 3, 2010 (the "**Second Shaw Transaction**"), as well as other matters in relation to Canwest's CCAA proceedings.

Among other things, we have met with the Monitor and put specific information requests to the Monitor in the form of a letter from my colleague Mr. Sahni, dated May 14, 2010. The response provided by the Monitor appears to be entirely based on the affidavits of Canwest already filed, and not any independent or updated review. Other responses were refused at the request of Canwest, and still others are promised sometime in the future. The Canwest Shareholder Group has not found the limited information provided to date with respect to the Second Shaw Transaction to be satisfactory.

This is Exhibit "R" referred to in the  
affidavit of LEONARD ASPER  
sworn before 100  
day of JUNE 20, 2010  
  
A COMMISSIONER FOR TAKING AFFIDAVITS  
JONATHAN BELL

May 25, 2010  
Page Two

It appears to the Canwest Shareholder Group that the Second Shaw Transaction is a result of a flawed process, in that Canwest has never held an auction for 100% of the shares of Canwest, which was what Shaw is now seeking to ultimately purchase. This is to be contrasted with the process carried out in the Canwest Publishing Inc. CCAA proceedings, where an auction was held and, as Madam Justice Pepall stated in her January 18 reasons:

[T]he Monitor will supervise a vigorous and lengthy solicitation process to thoroughly canvass the market for alternative transactions. The solicitation should provide a good indication of market value.

There simply has not been a vigorous and lengthy solicitation process, nor a thorough canvass of the market with respect to 100% of the equity of Canwest, and it is therefore neither possible nor fair to conclude that there is no remaining value for existing Canwest equity holders. This is particularly the case given the marked improvement in the equity and financing markets in the past six months.

Moreover, the Canwest Shareholder Group views the Second Shaw Transaction as a fundamental breach of the promises previously made to the existing equity holders of Canwest and approved by the Canwest board and the Court in prior term sheets. As was described in earlier affidavits filed by Canwest, and as was reflected in the Order of Madam Justice Pepall dated March 1, 2010 and the first Shaw transaction approved by Justice Pepall, the fundamental term of the recapitalization which was the consideration provided by existing Canwest equity holders for certain transactions (including entering into CCAA itself) prior to and throughout these CCAA proceedings was that existing equity holders would receive no less than 2.3% of the equity of a restructured Canwest, or the cash equivalent thereof.

While the mediation conducted by Chief Justice Winkler was clearly successful as it related to Goldman Sachs, it was never disclosed to existing equity holders that the consideration previously provided to shareholders (the 2.3% equity value) and which was approved by court order could somehow be dealt away in that mediation (or in connection with the mediation – it is not clear whether this was actually dealt with at the mediation). The deal that emerged is simply inconsistent with what was previously marketed and with what was previously disclosed and reasonably relied upon by shareholders. This is particularly important, given that 28.1 million shares traded between February 19, 2010 (the date when Justice Pepall approved the First Shaw Transaction) and May 3 (the date that the Second Shaw Transaction was announced).

As a result, the Canwest Shareholder Group intends to oppose any motion to approve the Second Shaw Transaction.

We note that Justice Pepall's reasons expressed displeasure at the timing of the motion to approve the first Shaw Transaction, both in terms of the return date and the notice provided. In order to ensure that that does not occur again, and to ensure that there is an orderly exchange of affidavits and scheduling of cross-examinations, we are proposing to have a 9:30 attendance with Her Honour this week to address the issue of scheduling.

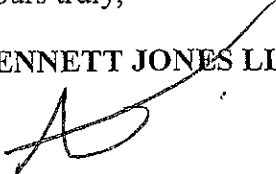
Can you please advise us of your availability.



May 25, 2010  
Page Three

Yours truly,

**BENNETT JONES LLP**



Robert W. Staley

/mv

cc: Bennett Jones LLP: Derek J. Bell, Raj Sahni (via email)



**Canwest Media Inc. 8% Senior Subordinated Notes due 2012 : Trace Trade History**

(All Trades January 2, 2009 to May 30, 2010)

Date	Vol(M)	Trades(#)	Price				Yield			
			First	High	Low	Last	First	Low	High	Last
04/29	1,000	2	97.875	97.875	97.875	97.875				7.454
04/06	2,000	2	96	96	95.5	95.5				8.544
03/15	826	1	93	93	93	93				9.492
02/08	274	1	85	85	85	85				14.828
02/05	293		85	85	85	85				
11/25	852	2	82.485	82.515	82.485	82.515				16.883
11/17	2,000	2	81.75	82	81.75	82				16.94
11/13	1,000	1	82.25	82.25	82.25	82.25				16.769
11/10	1,000	1	82	82	82	82				16.862
11/06	4,000	4	81.25	82	81.25	82				16.785
11/04	2,000	4	80.75	81.125	80.75	80.75				17.385
10/29	6,000	6	80.25	80.75	80.25	80.75				17.266
10/27	5,000	5	79.5	80.25	79.5	80.25				17.472
10/23	3,110	4	78.25	78.75	78.25	78.75				18.234
10/16	2,000	2	78	78.5	78	78.5				18.225
10/15	7,000	7	76	77	76	76.5				19.298
10/14	2,000	2	71.625	72	71.625	72	21.645	21.422	21.645	21.872
10/13	6,000	6	71.625	72	71.625	72	21.611	21.389	21.611	21.798
09/25	2,000	2	78.5	78.75	78.5	78.75				17.674
09/24	2,000	2	78	78.25	78	78.25				17.917
09/22	890	2	67	67	66.75	67				24.338
07/31	1,228	2	50.25	50.25	50	50.25				38.566
07/02	1,000	1	31.5	31.5	31.5	31.5				60.879
06/30	1,000	1	30	30	30	30				63.441
06/26	3,000	3	30	30.5	30	30				63.012
06/25	2,242	3	30	30.5	30	30				62.927
06/24	3,000	3	30	30.5	30	30.5				61.925
05/06	5	1	26	26	26	26				66.604
05/05	4,000	4	25	27	25	27				64.32
05/04	250	1	25	25	25	25				68.393
04/28	185	1	26.5	26.5	26.5	26.5	62.746	62.746	62.746	64.735
04/22	3,000	3	26	26	25.5	25.75	63.557	63.557	64.54	65.926
04/16	5,059	7	26	26.5	26	26.5	63.338	62.383	63.338	63.922
04/13	805	2	26	26.5	26	26.5	63.158	62.206	63.158	63.524
04/07	2,000	2	26.5	27	26.5	27	62.102	61.176	62.102	62.332
04/02	4,000	5	26.5	27.125	26.5	27.063	61.895	60.745	61.895	61.758
04/01	5	1	24	24	24	24	66.86	66.86	66.86	67.873
03/31	2,000	2	24.25	24.25	24	24	66.221	66.221	66.751	67.617
03/27	4,000	4	19	20	17.5	20	79.236	76.375	83.958	77.368
03/26	5,000	5	14.955	15.625	14.955	15.625	93.49	90.76	93.49	92.187
03/24	1,000	1	16	16	16	16	89.136	89.136	89.136	90.164
03/23	1,000	1	15.5	15.5	15.5	15.5	91.042	91.042	91.042	92.029
03/19	1,000	1	15.5	15.5	15.5	15.5	90.958	90.958	90.958	91.763
03/17	1,500	4	14.75	14.75	14.25	14.25	93.895	93.895	96.098	96.603
03/16	800	1	14.063	14.063	14.063	14.063	96.913	96.913	96.913	96.913
03/13	2,000	2	14.25	14.25	14	14	96.016	96.016	97.162	97.162
03/09	3,000	3	15.75	16	15.75	15.75	89.395	88.437	89.395	89.395

This is Exhibit "S" referred to in the affidavit of LEONARD ASPER. Sworn before me, this 10th day of JUNE 2010. AGENIS SOWER FOR TRADE AFFIDAVITS

02/13	4,000	4	15	15	14.75	15	90.809	90.809	91.839	90.809
02/10	2,000	2	17	17	16.5	17	83.044	83.044	84.765	83.044
02/04	3,000	3	19.5	19.5	19	19	75.226	75.226	76.629	76.629
01/29	6,300	7	23.5	24	23.5	24	65.332	64.293	65.332	64.293
01/27	4,509	7	27.5	28	27.5	28	57.664	56.827	57.664	56.827
01/15	25	1	45.5	45.5	45.5	45.5	35.806	35.806	35.806	35.901
01/14	25	1	46	46	46	46	35.36	35.36	35.36	35.453
01/09	2,000	2	46.75	47	46.75	47	34.712	34.505	34.712	34.505
01/07	205	1	47	47	47	47	34.47	34.47	34.47	34.47



**PAGES 115 – 173**  
**INTENTIONALLY REDACTED**

**PAGES 174 – 189**  
**INTENTIONALLY REDACTED**

Court File No. 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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP.  
AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"**

Applicants

**AFFIDAVIT OF JAMES E. KOFMAN  
(Sworn June 10, 2010)**

I, James E. Kofman, of the City of Toronto in the province of Ontario, MAKE OATH AND  
SAY AS FOLLOWS:

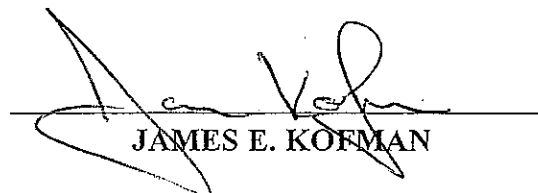
1. I am the president of JEK Capital Advice, a firm that provides financial advisory services. I have been asked by the Ad Hoc Group of Canwest Shareholders to provide an expert opinion in this proceeding.
2. Attached hereto and marked as Exhibit "A" is a copy of my *curriculum vitae*.
3. Attached hereto and marked as Exhibit "B" is a copy of a report I have prepared in respect of the within application.

SWORN BEFORE ME at the )  
City of Toronto, in the Province of Ontario )  
this 10<sup>th</sup> day of June, 2010 )



A Commissioner for taking Oaths

**STEPHEN N. LIBIN**

  
JAMES E. KOFMAN

THIS IS EXHIBIT "A" REFERRED TO  
IN THE AFFIDAVIT OF JAMES E.  
KOFMAN SWORN THE 10<sup>TH</sup> DAY OF  
JUNE, 2010.

*Stephen N. Libin*

\_\_\_\_\_  
A Commissioner of oaths, etc

**STEPHEN N. LIBIN**

James E. Kofman 62 Rowanwood Ave., Toronto M4W 1Y9 jkofman@pwr.ca

Tel: 416-323-3436

Mob: 416-455-9798

#### SELECTED ACCOMPLISHMENTS

- Built leading Canadian M&A business, number one ranked of all global firms 2006-2008
- Advised on most of the large Canadian resources transactions in 2006-2008 during the industry consolidation including Alcan, Inco and Dofasco
- Grew a successful investment banking operation with industry leading ROE
- Led the largest equity and debt financings in Canadian history in 2008 (CIBC and RBC)
- Recognized as a leading speaker on markets and mergers and acquisitions

#### PROFESSIONAL EXPERIENCE

- 2009-2010 JEK Capital Advice, Toronto Canada  
President, Providing independent financial advisory services with a focus on cross-border Mergers & Acquisitions
- 1996-2009 UBS SECURITIES CANADA INC., Toronto, Canada  
Joined as Managing Director and Head of Mergers and Acquisitions to start a Mergers and Acquisitions group. In 2002 assumed responsibility for Investment Banking Department. In 2006 appointed Vice Chairman and in 2008 appointed to the Americas Executive Committee
- 1982-1996 OSLER, HOSKIN & HARCOURT, Barristers & Solicitors, Toronto, Canada  
Partner focused on international corporate finance, mergers and acquisitions. From 1988 to 1993 was resident partner in London, England office focused on privatizations and cross-border transactions

#### EDUCATION

- 1979-1982 FACULTY OF LAW, QUEEN'S University, Kingston, Canada
- 1978 FACULTY FOR FOREIGN STUDENTS, Université de Grenoble, France
- 1974-1978 SCHOOL OF BUSINESS, Queen's University, Kingston, Canada
- 1968-1974 UNIVERSITY OF TORONTO SCHOOLS, Toronto, Canada

#### PROFESSIONAL QUALIFICATIONS

Member of the Law Society of Upper Canada and the Law Society of England and Wales

**James E. Kofman**

---

**TRANSACTION EXPERIENCE (highlights)**

- Reuters on \$17.2 bn merger with Thomson Corporation
- Loral on \$3 bn leveraged acquisition of Telesat
- TSX on \$1.3 bn acquisition of the Montreal Exchange
- Alcan on \$44 bn sale to Rio Tinto
- Peru Copper on \$840 mm sale to Chinalco
- Norilsk Nickel on \$6.8 bn acquisition of LionOre Mining
- Kinross on \$3.3 bn acquisition of Bema Gold
- MDS on \$1.3 sale of its diagnostic services business
- Centurion Energy on \$1.1 sale to Dana Gas
- Encana on \$1.5 bn sale of gas storage business to Carlyle/Riverstone
- Vale on \$21 bn acquisition of Inco
- Vale on \$940 mm acquisition of Canico Resources
- Fairmont on \$3.9 bn sale to Kingdom Hotels and Colony Capital
- Arcelor on \$6.6 bn acquisition of Dofasco
- SBC on the \$6.6 bn sale of its interests in BCE
- Bombardier on \$1.2 bn sale of its recreational products division
- Homestake on \$3.5 bn merger with Barrick Gold
- Devon Energy on \$7.1 bn acquisition of Anderson Exploration
- Magna on spin-out of non-automotive businesses
- AMEC on \$590 mm acquisition of Agra
- KKR on \$2.55 bn acquisition of Shoppers Drug Mart
- Western Star on \$810 mm sale to Freightliner
- UK privatization of Regional Electricity, Power and Water Companies
- UK privatization of British Steel

**FINANCING EXPERIENCE (highlights)**

- CIBC on its \$2.9 bn equity offering
- RIM on its \$945 mm equity offering
- Kinross on its \$460 mm convertible offering and \$415 mm equity offering
- RBC on its €3 bn fixed rate bond offering
- Vale \$18 bn acquisition facility
- Barrick on its \$1 bn structured copper bond offering
- Xantrex on its initial public offering

**BOARD EXPERIENCE**

- Argonaut Gold Inc.
- UBS Securities Canada
- Nelvana Limited
- Lawson Mardon Packaging
- Canadian Agra Corp

**INTERESTS AND ACTIVITIES**

- Frequent speaker and panelist on topics of markets, economy, financing and M&A
- Former lecturer at Queen's School of Business
- Active in a wide variety of sports
- Involved in local arts and charities

THIS IS EXHIBIT "B" REFERRED TO  
IN THE AFFIDAVIT OF JAMES E.  
KOFMAN SWORN THE 10<sup>TH</sup> DAY OF  
JUNE, 2010.

*Stephen N. Libin*

\_\_\_\_\_  
A Commissioner of oaths, etc

**STEPHEN N. LIBIN**

## REPORT OF JAMES E. KOFMAN

(June 10, 2010)

1. Since November 2009, I have been providing independent mergers and acquisitions advisory services. For the 13 years prior to November I was with UBS Securities Canada Inc. ("UBS") as Head of Mergers & Acquisitions and since 2006, a Vice Chairman of the firm. I chaired the Business Review Committee, the Opinion Committee and the Fairness Committee for UBS. Prior to UBS I was a partner with the law firm of Osler, Hoskin & Harcourt in Toronto and in London, England specializing in mergers & acquisitions. I have run many auctions both domestically and internationally involving companies of a similar size to Canwest and those much larger, including the largest ever transaction in Canada, the sale of Alcan to Rio Tinto for \$40 billion. I have also had extensive experience in sale processes involving the *Companies' Creditors Arrangement Act*.
2. I have been engaged by Leonard Asper on behalf of various shareholders of Canwest Global Communications Corp. ("Canwest") to provide an opinion as to:
  - a. The effectiveness of the documentation used to solicit investors in the Canwest equity solicitation process; and
  - b. The impact and appropriateness of the absence of a fiduciary out in the agreement entered into between Canwest and Shaw Communications Inc. ("Shaw").
3. I have been provided with a copy of a "Teaser" document dated November 2009 prepared by RBC Capital Markets relating to the proposed sale of a stake in Canwest (the "Teaser"), a Canwest Presentation Book dated November 2009 (the "Investor Presentation"), a Restructured Canwest Global Term Sheet (the "New Investor Term



Sheet") and a Recapitalization Transaction Term Sheet between Canwest and Canwest Media Inc. (the "Recapitalization Term Sheet", all of the foregoing collectively, the "Marketing Materials"). I have also been provided with an affidavit of Thomas C. Strike sworn June 7, 2010 (the "Affidavit"). I have not been provided with further marketing materials from the equity solicitation process, but I have been asked to assume any disclosure was consistent with that in the materials I have been given.

4. On page three of the Teaser under the heading "Investment Opportunity" RBC states, "The Company is seeking at least \$65 million in new equity from a Canadian party or parties for minimum of 20% equity in a restructured Canwest." The Teaser is very specific about the use of these proceeds. Nowhere in the Teaser does it indicate control or 100% of Canwest would be available to a buyer. [REDACTED]

5. I am advised that the New Investor Term Sheet and the Recapitalization Term Sheet (collectively, the "Term Sheets") were provided to prospective investors. The Recapitalization Term Sheet contemplates in Section A3 that "One or more Canadians (as defined in the Direction) (the "New Investors") will subscribe for (the "New Investment") Class A Subordinated Voting Shares...representing an equity interest in Restructured Canwest Global that is acceptable to CMI and the Ad Hoc Committee." In section A10 the Recapitalization Term Sheet refers to a minimum of \$65 million investment by the New Investors and that it will be used for "Partial Repayment of the Secured Intercompany Note". In Section B of the Recapitalization Term Sheet, one of

the conditions to the restructuring is "the New Investment in an amount of at least \$65 million shall have been completed..."

6. The Term Sheets contain a chart which shows the Canwest Recapitalization Corporate Structure. The chart contemplates that the Public, the Noteholders and Creditors and a "Canadian Investor" will be the owners of the restructured Canwest. In my experience in running auctions, a prospective investor reviewing this chart would be led to believe they are investing beside the other parties (the Public and the Creditors and Noteholders) and they would not expect that 100% of the company could be available. In an auction where 100% was available I would expect the chart to have been clearly marked to show that the interests of the Public and the Creditors and Noteholders would exist unless the investor purchased 100% of the company.
7. All of the marketing materials explicitly referred to the solicitation of a Canadian Investor and that this was necessary for regulatory compliance. This would have acted as a real deterrent to any non-Canadian looking at investing in or purchasing the company. In fact, in Canada it is well established that even in regulated industries with foreign ownership restrictions, there is sufficient scope for meaningful investment by foreigners. Any informed party reading the marketing materials would assume that the need for Canadian investors was because the Noteholders, who I am informed, were mainly foreigners, intended to hold their positions and therefore needed a Canadian partner. By focusing on Canadians the process was by definition a restricted solicitation process. It was signaling the process was not open to the much larger pool of capital that exists outside of Canada. Further, there are many prospective purchasers who would not be attracted by an investment opportunity where they would have to partner with U.S. based debt funds who were in the "loan to own" business. This would have been a further limitation on the solicitation process.

8. While the Marketing Materials did refer to a "minimum" investment, implying a bigger investment could be made, this is very different than saying control or 100% would be available. An informed party would not interpret the term "minimum" as implying control or 100% could be available. By definition marketing materials are designed to highlight the key investment attributes. If control or 100% was being marketed, the Marketing Materials would have highlighted this or they would be incomplete.
9. In my opinion the failure of the Marketing Materials to expressly state that control and indeed 100% of Canwest would be available to interested parties was a material omission that could have had a significant negative impact on the outcome of the equity solicitation process. In my experience many parties are not interested in acquiring less than 100% of companies or at least control positions. To be effective if a full auction process was sought, the Marketing Materials should have made it very clear that control was available and indeed this should have been a key selling point. When coupled with the language in the Term Sheet focused on a \$65 million minimum investment to repay debt it is very unlikely a prospective buyer would have concluded that 100% of the company was available.
10. I would expect that a number of prospective buyers who would only have been interested in control or 100% of Canwest would not have participated in the solicitation process. Experienced transaction advisors know that auctions that involve the sale of a majority stake in a company are likely to appeal to a different audience than the sale of a minority stake and are likely to yield a higher price by way of a control premium. In the absence of clear communication to all prospective buyers that control or 100% of Canwest was available for sale, it would be difficult to conclude a full and fair auction had been conducted. If a full auction process had been intended it should not have

been called an equity solicitation process. Buyers, investors and advisors know the difference in the terminology.

11. On page 9 of the Affidavit Mr. Strike states, " During the first phase of the equity investment solicitation process, potential investors were advised by RBC Capital Markets that alternative proposals would be considered." While a comment that "alternative proposals would be considered" is helpful in attracting broader interest from investors, it is long way from communicating that an outright sale would be considered. A sale of the whole company is fundamentally different than what was being solicited and potential buyers would be unlikely to interpret an "alternative transaction" as including an outright sale. In my experience a sale of a company is a fundamentally different process than the solicitation of an equity interest, it is not simply an "alternative".
12. I am advised that Canwest has entered into a deal with Shaw to sell 100% of the company and that in the sale agreement there is no fiduciary out which would allow the Directors of Canwest to terminate the transaction with Shaw if a superior bid is made. The absence of a fiduciary out would act as an absolute block to any party that was interested in acquiring 100% of Canwest on terms superior to those in the Shaw transaction. It is extremely rare in public company transactions in Canada for there not to be a fiduciary out. In the rare circumstances where directors have elected to forego a fiduciary out it is where they are satisfied beyond a doubt that there has been a full and informed auction process and that it is not reasonable to expect that another party would be prepared to make a superior bid.
13. In my opinion it was highly unusual in the Shaw Canwest transaction for the parties to have entered into an agreement without a fiduciary out. Given the auction process was

focused on the sale of a minority stake and there was insufficient communication that control was available, it would be difficult to conclude that a full and informed auction had been conducted. Fiduciary outs are not to be taken lightly and directors recognize the important role of a fiduciary out in protecting stakeholder interests. Fiduciary outs are based on the premise that it is shareholders (or in certain circumstances other stakeholders), not directors who should ultimately have the right to decide on the sale of a company. In my experience prospective buyers would not expect that an auction focused on a 20% stake could have ended up as a sale of all of the company and that there would be no fiduciary out. Given the nature of the disclosure in the Marketing Materials, in my opinion the absence of a fiduciary out was detrimental to stakeholders.

DELIVERED June 10, 2010

A handwritten signature in black ink, appearing to read "James E. Kofman". The signature is fluid and cursive, with a large loop at the end.

James E. Kofman

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

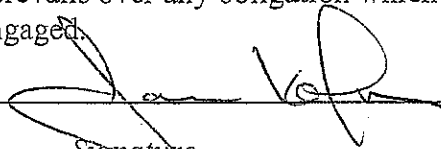
AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP. AND  
THE OTHER APPLICANTS LISTED ON SCHEDULE "A"

Applicants

ACKNOWLEDGMENT OF EXPERT'S DUTY

- 1. My name is James E. Kofman. I live in Toronto, in the Province of Ontario.
- 2. I have been engaged by or on behalf of Leonard Asper as the representative of certain shareholders of Canwest Global Communications Corp. to provide evidence in relation to the above-noted court proceeding.
- 3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
  - (a) to provide opinion evidence that is fair, objective and non-partisan;
  - (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
  - (c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
- 4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date June 10, 2010

  
Signature

NOTE: This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the Rules of Civil Procedure.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceeding commenced at Toronto

**AFFIDAVIT OF JAMES E. KOFMAN**  
(Sworn June 10, 2010)

**BENNETT JONES LLP**  
Barristers and Solicitors  
One First Canadian Place  
Suite 3400, P.O. Box 130  
Toronto, Ontario M5X 1A4

**Robert W. Staley (LSUC #27115J)**  
Tel. (416) 777-4857

**Derek J. Bell (LSUC No. 43420J)**  
(416) 777-4638  
(416) 863-1716 (fax)

Lawyers for the Ad Hoc Group of Canwest Global  
Shareholders.

**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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP.  
AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"**

**Applicants**

**AFFIDAVIT OF GLENN M. BOWMAN  
(Sworn June 10, 2010)**

I, Glenn M. Bowman, of the City of Toronto in the province of Ontario, MAKE OATH AND  
SAY AS FOLLOWS:

1. I am the managing partner of Capital Canada Limited, a Canadian investment banking firm. Capital Canada Limited has been asked by the Ad Hoc Group of Canwest Shareholders to provide an expert opinion in this proceeding.
2. Attached hereto and marked as Exhibit "A" is a copy of my *curriculum vitae*.
3. Attached hereto and marked as Exhibit "B" is a copy of a report I have prepared in respect of the within application.

SWORN BEFORE ME at the )  
City of Toronto, in the Province of Ontario )  
this 10<sup>th</sup> day of June 2010 )  
)  
)

\_\_\_\_\_  
**GLENN M. BOWMAN**

\_\_\_\_\_  
A Commissioner for taking Oaths



THIS IS EXHIBIT "A" REFERRED TO  
IN THE AFFIDAVIT OF GLENN M.  
BOWMAN SWORN THE 10<sup>TH</sup> DAY OF  
JUNE, 2008.

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A Commissioner of oaths, etc

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**CAPITAL CANADA LIMITED**

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**CURRICULUM VITAE****GLENN M. BOWMAN**

Glenn M. Bowman is Managing Partner with Capital Canada Limited. His responsibilities include investment banking, financial advisory work, and financial restructuring services. Mr. Bowman specializes in advising clients on acquisitions and divestitures – covering a broad array of industries from owner-managed businesses to multinational companies – private debt and equity financings, financial restructurings, business and securities valuations, and fairness opinions.

Mr. Bowman was formerly the President and Director of the investment bank, Houlihan Lokey Howard & Zukin Canada, the Toronto office of Houlihan Lokey. At Houlihan Lokey, Mr. Bowman was responsible for managing the Canadian operations including new business and staff development.

**PROFESSIONAL EXPERIENCE**

Mr. Bowman has been involved in over 1,500 assignments and has obtained experience in a wide range of corporate finance, financial advisory and litigation support issues including the following:

- Mergers acquisitions and divestitures;
- Private placements of debt and equity;
- Fairness opinions for companies going public or private;
- Valuation of businesses for sale, income tax planning, financial restructuring, shareholder liquidity alternatives, shareholder agreement and family law purposes;
- Assessment of fair values for minority interest appraisal remedies;
- Preparation and/or assessment of financial forecasts related to all aspects of operations;
- Litigation support services;
- Fraud and other criminal investigations;
- Appeared as expert witness before the Ontario Court of Justice (General) Division; the Supreme Court of Ontario; District Court of Ontario; the Ontario Energy Board; Tax Court of Canada; and the Federal Court of Australia, Victoria District Registry, General Division;
- Appeared as expert witness in arbitration proceedings; and
- Arbitrator/mediator for economic and valuation related matters.

**EDUCATIONAL & PROFESSIONAL AFFILIATIONS**

- Bachelor of Arts, 1979, *University of Toronto*
- Chartered Accountant, 1982, *Member of the Institute of Chartered Accountants of Ontario*
- Chartered Business Valuator, 1987, *Member of the Canadian Institute of Chartered Business Valuators*
- Member, 1989, of the *American Society of Appraisers*
- Member, 1992, of the *Arbitration and Mediation Institute of Ontario Inc.*
- Fellow Chartered Accountant, 2006, *Fellows of the Institute of Chartered Accountants of Ontario*
- Corporate Finance Qualification, 2006, *The Canadian Institute of Chartered Accountants*

**OTHER PROFESSIONAL INVOLVEMENTS**

**Speaker:** acquisition and divestiture, corporate finance, valuation and litigation support matters to many groups such as:

- Arbitration and Mediation Institute of Ontario – Arbitration II;
- Banks;
- Canadian Bar Association, Ontario – Continuing Legal Education Program;
- Canadian Institute of Chartered Business Valuators;
- Executive Forum of Wilfrid Laurier University and the University of Western Ontario;
- Federated Press;
- Federation of Law Societies;
- Infonex;
- Insight Information Inc.;
- Insurance Companies;
- Louis Paul Nolet & Associates; and
- Ontario Expropriation Association.

**Interviewed by:** The Wall Street Journal; Report on Business, Globe & Mail; Financial Post; CBC Newsworld, Business News and Business World; and CBC Daybreak discussing mergers and acquisitions in Canada and the United States.

**Author:** Various articles on acquisition and divestiture, business valuation and litigation support matters.

*Lecturer:* M.B.A. programs at University of Toronto and York University; The Law Society of Upper Canada (Bar Admission) Accounting Course; The Chartered Accountants Students Association of Ontario (CASAO); and the Ontario School of Accountancy (1978 – 1990).

#### COMMUNITY INVOLVEMENT AND OTHER AFFILIATIONS

- Member, Accounting Standards Board – *Canadian Institute of Chartered Accountants* (2002 to 2006)
- Member, Financial Accounting Standards Board – *Valuation Resource Group* (2004 to 2006)
- Member, Board of Directors – *The Canadian Stage Corporation* (2004 to 2008)
- Member, Integrative Management Challenge Board – *Joseph L. Rotman School of Management*, University of Toronto (2004 to present)
- Member of Executive, Board of Directors – *Arbitration and Mediation Institute of Ontario Inc.* (1995 – 2002); Treasurer (1998 – 2002)
- Member, Board of Directors – *Ontario Expropriation Association* (1993 – 1999); Treasurer (1995 – 1997)
- Member, Toronto Workshop Committee of *The Canadian Institute of Chartered Business Valuators* (1989)
- Member, Executive/Board of Directors of various charitable organizations

THIS IS EXHIBIT "B" REFERRED TO  
IN THE AFFIDAVIT OF GLENN M.  
BOWMAN SWORN THE 10<sup>TH</sup> DAY OF  
JUNE, 2008.

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A Commissioner of oaths, etc

CAPITAL CANADA LIMITED

June 10, 2010

Mr. Leonard Asper  
Leonard Asper Holdings Inc.  
1504-201 Portage Avenue  
Winnipeg, Manitoba R3B 3K6

**Re: Valuation of the Media Assets of Canwest Global Communications Corp.**

**ASSIGNMENT**

1. Capital Canada Limited ("**Capital Canada**") has been asked by Mr. Leonard Asper and certain other shareholders (collectively the "**Shareholders**") of Canwest Global Communications Corp. ("**Canwest Global**") to provide a letter report (the "**Report**") with its calculation of the fair market value of the media assets of Canwest Global, excluding any assets held by Canwest Limited Partnership, (the "**Media Assets**") based on information provided by the Shareholders and Capital Canada's observations of the capital markets.
2. Capital Canada understands that the Report will be used by the Shareholders in connection with proceedings under the *Companies' Creditors Arrangement Act* whereby Shaw Communications Inc. ("**Shaw**") is seeking to acquire CW Investments Co. ("**CW Media**") and other conventional over-the-air and specialty television businesses from Canwest Global, Goldman Sachs Co., and other debt holders (the "**Proposed Shaw Transaction**").

**ENGAGEMENT OF CAPITAL CANADA**

3. Capital Canada was retained by the Shareholders to provide the Report. Capital Canada will receive a fee for its services for providing the Report and will be reimbursed for its reasonable out-of-pocket expenses. Fees payable to Capital Canada are not contingent in whole or in part on the conclusions reached in the Report.

**CREDENTIALS OF CAPITAL CANADA**

4. Established in 1975, Capital Canada is a Canadian investment banking firm that provides investment banking services in the areas of business and securities valuations, financial opinions, corporate finance, and acquisitions, divestitures and mergers of middle-market companies. Capital Canada has experience in transactions involving valuations and fairness opinions of private and publicly traded companies. Capital Canada has an extensive practice in the media and entertainment industry.

5. The Report represents the views of Capital Canada and its form and content have been approved by senior investment banking professionals of Capital Canada, each of whom is experienced in merger, acquisition, divestiture, equity and debt capital markets, and valuation and fairness opinion matters.

#### INDEPENDENCE OF CAPITAL CANADA

6. Capital Canada is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Canwest Global, or any of its associates or affiliates (collectively the "Interested Parties"). Except for providing the Report, neither Capital Canada nor any of its associates or affiliates is an advisor of the Interested Parties in respect of the Proposed Shaw Transaction.
7. Capital Canada does not have any agreements, commitments or understandings in respect of any future business involving any of the Interested Parties. However, Capital Canada may, from time to time in the future, seek or be provided with assignments from one or more of the Interested Parties.

#### CURRENCY

8. All amounts included in the Report are expressed in Canadian dollars unless otherwise specified.

#### RESTRICTIONS AND QUALIFICATIONS

9. The Report has been prepared for the above-noted matter and is not to be used for any purpose other than stated and is neither intended for general circulation, nor published or made available to other parties in whole or in part without Capital Canada's prior written consent. Capital Canada does not assume any responsibility for losses resulting from the unauthorized or improper use of the Report.
10. Capital Canada has not completed sufficient work to express a formal opinion on the fair market value of Canwest Global. Based on the information available, Capital Canada has completed its review to enable it to provide the Shareholders with a calculation of the fair market value of the Media Assets.
11. Information provided by the Shareholders and their representatives and publically-disclosed financial statements of Canwest Global have been accepted, without further verification, as correctly reflecting the business conditions and operating results of Canwest Global for the respective periods, except as noted herein.
12. The Shareholders have represented to Capital Canada in a certificate dated June 10, 2010 that, to the best of their knowledge, the information, financial or otherwise, provided to Capital Canada, was true, complete and accurate in all material respects. The Shareholders have been requested to bring to Capital Canada's attention any matters that would be significant to the Report, in addition to those matters discussed herein.
13. Capital Canada has used the estimated earnings before interest, taxes depreciation and amortization ("EBITDA") information provided by the Shareholders in performing its calculation of the estimated fair market value of the Media Assets. Capital Canada has relied upon and assumed without independent verification, that the financial estimates provided to it were reasonably prepared and reflected the best estimates of the future financial results relating to the Media Assets available to the Shareholders as of the date hereof. Capital Canada has not independently verified

- the accuracy and completeness of the information supplied to it with respect to Canwest Global or the Media Assets and does not assume any responsibility with respect to it.
14. Capital Canada has not made any physical inspection or independent appraisal of any of the Media Assets or any of the assets of Canwest Global.
  15. Capital Canada has not been requested to, and did not, solicit third party indications of interest to acquire any or all of the Media Assets or any or all of Canwest Global.
  16. The Report is provided as of the date hereof on the basis of securities markets, economic, general business and financial conditions prevailing on or about the date hereof. The Report is based on the information regarding Canwest Global and the Media Assets as it was provided to Capital Canada by the Shareholders. Public information and industry and statistical information are from sources Capital Canada considers to be reliable. Capital Canada makes no representations as to the accuracy or completeness of such information. Capital Canada disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its calculation, which may come to Capital Canada's attention after the date hereof.
  17. No opinion, counsel or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been, or will be, obtained from the appropriate professional sources.
  18. Capital Canada reserves the right to make revisions and/or further support its calculation, if Capital Canada considers it to be necessary for any reason, such as when facts existing at the date hereof become known to Capital Canada after the issue of the Report.
  19. The Report is not, and should not be considered to be, a recommendation to Shareholders, or to others, to take any course of action. The Report has been prepared solely for the purposes stated, it may not have considered issues relevant to third parties and Capital Canada shall have no responsibility whatsoever to any third party. Any use a third party makes of the Report is entirely at its own risk.

#### **FAIR MARKET VALUE**

20. For the purposes of this assignment, Capital Canada has been guided by the concept of "fair market value". This concept is generally defined as being the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between informed and prudent parties acting at arm's length and under no compulsion to transact.

#### **SCOPE OF REVIEW**

21. In the completion of the Report, Capital Canada has reviewed the following financial information:
  - i. unaudited interim consolidated financial statements of Canwest Global for three and six month periods ending February 28, 2010 and 2009;
  - ii. audited annual consolidated financial statements of Canwest Global for the fiscal years ended August 31, 2009 and 2008; and



- iii. the Shareholders' estimate of EBITDA generated by the Media Assets for the twelve month period ending August 31, 2010 comprised of (a) the actual reported results for the six month period ended February 28, 2010, and (b) the estimated EBITDA for the six month period ending August 31, 2010.

Capital Canada's calculation of the estimated fair market value of the Media Assets is based on the assumptions that no material changes have taken place in Canwest Global or the Media Assets' operating or asset positions that have not been brought to Capital Canada's attention since the date of the financial information utilized by Capital Canada.

22. For the purposes of the Report and based on Capital Canada's discussions with the Shareholders, Capital Canada has relied upon the assumption that the estimates provided by the Shareholders reasonably reflect the EBITDA of the Media Assets.
23. In addition to the items outlined in Paragraph 21 and in connection with its analysis, Capital Canada has reviewed and relied upon, among other things, the following:
  - i. public information relating to the business, operations, financial performance, and stock trading history of Canwest Global and other selected public companies considered relevant;
  - ii. public information with respect to certain other transactions of a comparable nature considered relevant; and
  - iii. such other studies, analysis and inquiries as Capital Canada has deemed appropriate.

#### VALUATION METHODOLOGY

24. The fundamental premise on which all investment decisions are based is that value to a potential investor is equal to the present worth of future benefits. This basic concept can be applied to the valuation of an entire company, as well as the particular securities which comprise the capital structure of that company or the individual assets of the company. In each instance, it is a matter of identifying the future returns to the investor that the company, security or asset can be reasonably expected to generate, and determining its present value in the context of the uncertainty associated with realizing these returns.
25. There are two bases on which to determine the value of a company: going-concern and liquidation. In the case of a company that is expected to continue operating well into the future, the prospective investor will evaluate the risks and expected returns of the investment on a going-concern basis. The investor's primary concern is not with the individual values of enterprise assets, but with their ability to generate the returns expected in the future. Only secondarily is the investor interested in individual asset values, and this is from the standpoint of security or collateral for their investment, if for any reason the company should choose to liquidate. In such a case, liquidation values for the assets as well as all costs associated with liquidation would prevail.
26. When determining the value of a business enterprise, there are three general approaches available to the valuation professional: the market approach, the income approach, and the asset approach. These are also commonly referred to as the market capitalization, discounted cash flow, and adjusted book value approaches; respectively. The choice of which approach to use in a particular

situation will depend upon the specific facts and circumstances associated with the company, as well as the purpose for which the valuation analysis is being conducted.

#### VALUATION OF THE MEDIA ASSETS

27. In the calculation of the fair market value of the Media Assets, Capital Canada has taken into consideration the income and cash-generating capability of the Media Assets. Typically, an investor contemplating an investment in an entity, similar to the Media Assets, with income and cash-generating capability will evaluate the risks and returns of the investment on a going-concern basis.
28. Prospective investors would include both (i) financial investors who would value the Media Assets using recognized valuation methodologies which incorporate the principles of risk and return, and (ii) strategic investors who may value the Media Assets higher than a financial investor due to perceived economic or operational benefits that may be realized through consolidation of the businesses.
29. Earnings or cash flow based valuations are often used where it is assumed that the assets employed are providing, or are reasonably expected to provide, an appropriate rate of return on investment. Asset based approaches are typically favoured in most other situations.
30. It is Capital Canada's view that on or about the date hereof, the earnings and cash flows of the Media Assets could reasonably have been expected to provide an appropriate rate of return on investment. Therefore, an asset-based approach is not appropriate in these circumstances.
31. Based on the information reviewed and relied upon, Capital Canada has utilized the market capitalization approach based on EBITDA in order to calculate the fair market value of the Media Assets. In adopting this approach, Capital Canada considered the following:
  - i. maintainable EBITDA assumed for conventional over-the-air television and speciality television of approximately \$30 million and approximately \$195 million, respectively (see Appendix A);
  - ii. comparable company trading analysis (see Appendix B); and
  - iii. comparable precedent transaction analysis (see Appendix C).
32. In order to determine an appropriate EBITDA multiple to apply to the maintainable EBITDA, Capital Canada considered among others, the following factors:
  - i. the length of time Canwest Global has been in existence;
  - ii. the Media Asset's revenue and profitability trends for the period under review, both historically and projected;
  - iii. future growth opportunities;
  - iv. the competitive landscape of the industry on or about the date hereof;
  - v. relative contribution of revenue and EBITDA for conventional over-the-air television and specialty television;

- vi. comparable company trading analysis;
  - vii. comparable precedent transaction analysis, including a premium analysis;
  - viii. availability of debt financing and the current climate of the debt capital markets for assets such as the Media Assets; and
  - ix. market statistics on interest rates, dividend yields, price earnings multiples and other trading statistics for financial and strategic investors.
33. In Capital Canada's view, and based on the reasons outlined in Paragraph 32, a prospective purchaser of all of the Media Assets would select a multiple that is higher than the median and mean of the trading multiples for the comparable companies primarily due to the following factors:
- i. *The persistence of a control premium in transactions for similar media assets over time.* The transaction multiples (Enterprise Value/Revenue and Enterprise Value/EBITDA) have a tendency to be higher when a purchaser acquires control of an asset than in transactions where a purchaser acquires a minority interest.
  - ii. *Transaction valuation multiples for large portfolios of media assets.* Transactions involving large portfolios of media assets, which have the benefits of synergies and diversification, have a tendency to be completed at a higher multiple than transactions involving individual media assets.
34. Our selected EBITDA multiples under the market capitalization approach are in the range of 10.5x to 11.5x.
35. Notwithstanding the fact that the selected EBITDA multiples are higher than the median and mean of the trading multiples for comparable companies (see Appendix B), the selected EBITDA multiples are lower than the median and mean of the precedent comparable transactions set out in Appendix C.

#### SUMMARY AND CONCLUSION

36. As set out Appendix A, based on the information and data relied upon, and subject to the restrictions and qualifications and assumptions, limitations and major considerations noted herein, Capital Canada has calculated the fair market value of the Media Assets of Canwest Global on or about the date hereof to be in the approximate range of \$2.36 billion to \$2.58 billion.

Sincerely,

*Capital Canada Limited*

CAPITAL CANADA LIMITED

**APPENDIX A – Valuation Summary***in millions***EBITDA Calculation**

Conventional, over-the-air television	\$ 30.0
Specialty television	195.0
<b>EBITDA (conventional and specialty)</b>	<b>\$ 225.0</b>

**Fair Market Value Calculation**

	<u>Low Value</u>	<u>High Value</u>
Selected EV/EBITDA Multiple	10.5x	11.5x
LTM and NTM EBITDA	\$ 225.0	\$ 225.0
<b>Calculated fair market value of the Media Assets</b>	<b>\$ 2,362.5</b>	<b>\$ 2,587.5</b>

*Source: Capital IQ, Shareholders, Capital Canada*

## APPENDIX B – Comparable Company Analysis

in millions, except per share data

Company Name	Stock Price	Shares	Market	Enterprise	Revenue		EBITDA		EV/Revenue		EVEBITDA	
	9-Jun-10	Out.	Cap.	Value	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
<b>Canadian Television Broadcasting</b>												
Astral Media Inc.	\$ 35.55	56.6	\$ 2,012.9	\$ 2,648.9	\$ 920.9	\$ 976.3	\$ 325.1	\$ 310.0	2.9x	2.7x	8.1x	8.5x
Corus Entertainment Inc.	19.25	80.8	1,555.0	2,234.3	805.6	838.5	257.5	271.6	2.8x	2.7x	8.7x	8.2x
TVA GROUP Inc.	12.15	23.8	288.8	386.6	438.8	453.6	77.5	73.4	0.9x	0.9x	5.0x	5.3x
Score Media Inc.	0.86	81.2	69.9	81.0	41.1	NA	6.4	NA	2.0x	NA	12.7x	NA
Asian Television Network International Ltd.	0.73	24.4	17.8	16.4	16.1	NA	2.1	NA	1.0x	NA	7.8x	NA
Median									2.0x	2.7x	8.1x	8.2x
Mean									1.9x	2.1x	8.5x	7.3x
<b>Canadian Diversified Media</b>												
Thomson Reuters Corporation	\$ 37.09	831.1	\$30,826.4	\$37,805.1	\$13,234.9	\$13,337.7	\$3,085.4	\$ 3,538.9	2.9x	2.8x	12.3x	10.7x
Rogers Communications Inc.	36.35	583.5	21,244.0	30,543.0	11,871.0	12,382.4	4,422.0	4,685.8	2.6x	2.5x	6.9x	6.5x
Yellow Pages Income Fund	6.06	513.0	3,109.0	6,272.2	1,639.7	1,696.4	885.7	883.7	3.8x	3.7x	7.1x	7.1x
Transcontinental Inc.	13.20	80.8	1,055.8	1,860.2	2,228.5	2,143.7	399.1	389.8	0.8x	0.9x	4.7x	4.8x
Torstar Corporation	9.34	79.1	738.7	1,231.9	1,446.5	1,453.2	203.2	215.9	0.9x	0.8x	6.1x	5.7x
Median									2.6x	2.5x	6.9x	6.5x
Mean									2.2x	2.1x	7.4x	7.0x
<b>United States Diversified Media</b>												
Walt Disney Co.	\$ 34.17	1,958.6	\$66,927.8	\$79,018.7	\$37,194.0	\$40,386.2	\$7,882.3	\$ 9,837.2	2.1x	2.0x	10.0x	8.0x
Time Warner Inc.	31.38	1,139.7	35,765.8	47,679.3	26,570.6	27,608.6	6,548.3	6,501.2	1.8x	1.7x	7.3x	7.3x
Viacom, Inc.	34.40	607.3	20,892.4	27,532.8	13,737.6	14,617.7	3,476.1	3,754.6	2.0x	1.9x	7.9x	7.3x
CBS Corporation	14.16	680.0	9,628.6	15,954.8	13,621.2	14,420.3	1,961.1	2,453.0	1.2x	1.1x	8.1x	6.5x
Scripps Networks Interactive, Inc.	45.26	166.2	7,521.3	8,341.8	1,684.0	2,109.0	648.8	920.4	5.0x	4.0x	12.9x	9.1x
Median									2.0x	1.9x	8.1x	7.3x
Mean									2.4x	2.1x	9.2x	7.7x
<b>United States Speciality Television</b>												
Discovery Communications, Inc.	\$ 37.18	427.0	\$14,971.5	\$17,993.5	\$ 3,643.0	\$ 3,934.6	\$1,348.3	\$ 1,702.2	4.9x	4.6x	13.3x	10.6x
Scripps Networks Interactive, Inc.	45.26	166.2	7,521.3	8,341.8	1,684.0	2,109.0	648.8	920.4	5.0x	4.0x	12.9x	9.1x
Crown Media Holdings Inc.	1.84	104.8	192.4	1,364.7	281.9	NA	225.3	NA	4.8x	NA	6.1x	NA
Entertainment Communications Corp.	2.56	84.5	216.5	575.8	193.9	209.6	58.2	62.0	3.0x	2.7x	9.9x	9.3x
Outdoor Channel Holdings, Inc.	5.34	25.3	135.3	78.1	89.2	84.1	7.0	11.0	0.9x	0.9x	11.2x	7.1x
Median									4.8x	3.4x	11.2x	9.2x
Mean									3.7x	3.1x	10.7x	9.0x
<b>United States Conventional Television</b>												
Belo Corp.	\$ 6.46	102.9	\$ 662.5	\$ 1,688.0	\$ 621.8	\$ 690.9	\$ 201.0	\$ 243.0	2.7x	2.4x	8.4x	6.9x
Sinclair Broadcast Group Inc.	5.64	80.3	453.2	1,796.6	683.2	763.9	226.9	265.0	2.6x	2.4x	7.9x	6.8x
Gray Television Inc.	2.81	57.1	159.3	1,062.0	284.4	338.7	78.3	NA	3.7x	3.1x	13.6x	NA
LIN TV Corp.	5.75	52.6	302.2	988.4	363.1	435.3	103.5	140.3	2.7x	2.3x	9.5x	7.0x
Media General, Inc.	10.56	23.1	243.5	953.7	676.2	NA	133.1	NA	1.4x	NA	7.2x	NA
Nextstar Broadcasting Group Inc.	5.58	28.4	158.7	832.4	269.8	316.1	73.9	110.4	3.1x	2.6x	11.3x	7.5x
Fisher Communications Inc.	16.83	8.8	147.8	228.6	143.0	NA	11.4	NA	1.6x	NA	20.1x	NA
Median									2.7x	2.4x	9.5x	7.0x
Mean									2.6x	2.6x	11.1x	7.1x
Median (All)									2.6x	2.5x	8.4x	7.3x
Mean (All)									2.6x	2.4x	9.5x	7.6x

Source: Capital IQ, Shareholders, Capital Canada

## APPENDIX C – Comparable Precedent Transaction Analysis

in millions, except per share data

Announcement Date	Target/Issuer Buyers/Investors	Transaction		Implied EV	
		Value	Implied EV	Revenue	EBITDA
1. 6/15/2009	S-VOX Inc. ZoomerMedia Ltd.	\$ 24.0	\$ 24.0	0.9x	7.1x
2. 7/14/2009	CTVglobemedia Inc., Drive-In Classics Corus Entertainment Inc.	24.0	24.0	5.0x	7.1x
3. 7/14/2009	CTVglobemedia Inc., SexTV Corus Entertainment Inc.	16.0	16.0	4.7x	7.9x
4. 3/7/2008	Canadian Learning Television (nka:Viva Channel Inc.) Corus Entertainment Inc.	75.0	75.0	4.4x	10.2x
5. 11/16/2007	Outdoor Life Network (nka:VERSUS) Rogers Broadcasting Ltd.	39.0	58.5	3.7x	12.4x
6. 6/11/2007	CTVglobemedia Inc., Five Citytv Conventional Television Stations Rogers Broadcasting Ltd.	400.0	400.0	2.5x	NM
7. 11/6/2007	Rogers Broadcasting Ltd., CHNU-TV and CHT-TV Stations S-VOX Inc.	6.0	6.0	NA	NA
8. 7/6/2007	Rogers OMNI British Columbia Rogers Broadcasting Ltd.	60.0	60.0	NA	NA
9. 4/12/2007	MusiquePlus Inc. Astral Media Inc.	34.0	68.0	3.5x	16.2x
10. 2/24/2007	Standard Broadcasting Corporation, Ltd. Astral Media Inc.	1,083.6	1,083.6	2.0x	13.5x
11. 1/10/2007	Alliance Atlantis Communications Inc. Goldman Sachs Group, Merchant Banking Division; CanWest Global Communications Corp.	2,689.6	2,575.2	2.2x	12.0x
12. 7/13/2006	TELETOON Canada Inc. Corus Entertainment Inc.; Astral Media Inc.	96.0	480.0	6.3x	12.3x
13. 7/12/2006	Chum Limited Bell Globemedia, Inc. (nka:CTVglobemedia Inc.)	1,662.8	1,642.6	2.5x	13.0x
14. 12/2/2005	Bell Globemedia, Inc. (nka:CTVglobemedia Inc.) The Woodbridge Company Limited; Teachers' Private Capital; Torstar Corporation	686.0	2,710.0	1.7x	9.9x
15. 8/20/2004	CHUM Limited, Toronto 1 TV Station Sun Media Corporation; TVA GROUP Inc.	46.7	46.7	NA	NA
16. 12/29/2004	Rogers Sportsnet, Inc. Rogers Communications Inc.	45.0	225.1	1.9x	18.1x
17. 8/20/2004	Cable Pulse 24 Chum Limited	8.0	26.8	2.4x	NM
18. 4/12/2004	Craig Media Inc. Chum Limited	265.0	265.0	4.4x	22.5x
19. 2/7/2003	Bell Globemedia, Inc. (nka:CTVglobemedia Inc.) The Woodbridge Company Limited	424.5	2,570.0	2.0x	14.3x
20. 3/2/2001	History Television Alliance Atlantis Communications Inc.	20.0	167.0	8.3x	17.8x
21. 12/11/2001	The Comedy Network Inc. CTV Inc.	36.0	120.4	5.0x	19.1x
22. 10/11/2001	The Comedy Network Inc. Corus Entertainment Inc.	NA	120.0	5.0x	19.1x
23. 7/6/2001	Rogers Sportsnet, Inc. Rogers Communications Inc.	120.5	332.0	4.5x	NM
24. 4/17/2001	Report on Business Television (nka:Business News Network Ltd.) G and M Business News Ltd.	46.7	93.5	9.0x	NM
25. 4/13/2001	CanWest Global Communications Group, CKVU-TV Station Chum Limited	125.0	125.0	NA	NA
26. 3/30/2001	Telelatino Network Inc. Corus Entertainment Inc.	11.1	36.0	3.4x	9.0x
27. 3/8/2001	Moffat Communications, Women's Television Network Corus Entertainment Inc.	204.6	204.6	6.1x	24.4x
28. 3/8/2001	Corus Entertainment Inc, Family Channel Astral Media Inc.	126.9	253.8	5.0x	18.2x
29. 3/2/2001	Viewer's Choice Shaw Communications, Inc.	35.0	35.0	4.6x	14.7x
30. 12/7/2000	Moffat Communications Limited Shaw Communications, Inc.	NA	1,848.0	7.2x	18.6x
<b>Median</b>				4.4x	14.3x
<b>Mean</b>				4.3x	14.8x

Source: Capital IQ, Shareholders, Capital Canada, CRTC

Court File No. 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 PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP. AND  
THE OTHER APPLICANTS LISTED ON SCHEDULE "A"**

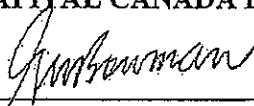
**Applicants**

**ACKNOWLEDGMENT OF EXPERT'S DUTY**

1. Capital Canada Limited is located at 150 King Street West, Suite 2308, Toronto, in the Province of Ontario.
2. Capital Canada Limited has been engaged by or on behalf of Leonard Asper and certain other shareholders of Canwest Global Communications Corp. to provide evidence in relation to the above-noted court proceeding.
3. Capital Canada Limited acknowledges that it is its duty to provide evidence in relation to this proceeding as follows:
  - (a) to provide opinion evidence that is fair, objective and non-partisan;
  - (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
  - (c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. Capital Canada Limited acknowledges that the duty referred to above prevails over any obligation which Capital Canada Limited may owe to any party by whom or on whose behalf it is engaged.

**CAPITAL CANADA LIMITED**

Date June 10, 2010

  
Per: Glenn M. Bowman

*I have authority to bind Capital Canada Limited*

**NOTE:** This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.

  
**CAPITAL CANADA LIMITED**  
**CURRICULUM VITAE****GLENN M. BOWMAN**

Glenn M. Bowman is Managing Partner with Capital Canada Limited. His responsibilities include investment banking, financial advisory work, and financial restructuring services. Mr. Bowman specializes in advising clients on acquisitions and divestitures – covering a broad array of industries from owner-managed businesses to multinational companies – private debt and equity financings, financial restructurings, business and securities valuations, and fairness opinions.

Mr. Bowman was formerly the President and Director of the investment bank, Houlihan Lokey Howard & Zukin Canada, the Toronto office of Houlihan Lokey. At Houlihan Lokey, Mr. Bowman was responsible for managing the Canadian operations including new business and staff development.

**PROFESSIONAL EXPERIENCE**

Mr. Bowman has been involved in over 1,500 assignments and has obtained experience in a wide range of corporate finance, financial advisory and litigation support issues including the following:

- Mergers acquisitions and divestitures;
- Private placements of debt and equity;
- Fairness opinions for companies going public or private;
- Valuation of businesses for sale, income tax planning, financial restructuring, shareholder liquidity alternatives, shareholder agreement and family law purposes;
- Assessment of fair values for minority interest appraisal remedies;
- Preparation and/or assessment of financial forecasts related to all aspects of operations;
- Litigation support services;
- Fraud and other criminal investigations;
- Appeared as expert witness before the Ontario Court of Justice (General) Division; the Supreme Court of Ontario; District Court of Ontario; the Ontario Energy Board; Tax Court of Canada; and the Federal Court of Australia, Victoria District Registry, General Division;
- Appeared as expert witness in arbitration proceedings; and
- Arbitrator/mediator for economic and valuation related matters.



## EDUCATIONAL & PROFESSIONAL AFFILIATIONS

- Bachelor of Arts, 1979, *University of Toronto*
- Chartered Accountant, 1982, *Member of the Institute of Chartered Accountants of Ontario*
- Chartered Business Valuator, 1987, *Member of the Canadian Institute of Chartered Business Valuators*
- Member, 1989, of the *American Society of Appraisers*
- Member, 1992, of the *Arbitration and Mediation Institute of Ontario Inc.*
- Fellow Chartered Accountant, 2006, *Fellows of the Institute of Chartered Accountants of Ontario*
- Corporate Finance Qualification, 2006, *The Canadian Institute of Chartered Accountants*

## OTHER PROFESSIONAL INVOLVEMENTS

**Speaker:** acquisition and divestiture, corporate finance, valuation and litigation support matters to many groups such as:

- Arbitration and Mediation Institute of Ontario – Arbitration II;
- Banks;
- Canadian Bar Association, Ontario – Continuing Legal Education Program;
- Canadian Institute of Chartered Business Valuators;
- Executive Forum of Wilfrid Laurier University and the University of Western Ontario;
- Federated Press;
- Federation of Law Societies;
- Infonex;
- Insight Information Inc.;
- Insurance Companies;
- Louis Paul Nolet & Associates; and
- Ontario Expropriation Association.

**Interviewed by:** The Wall Street Journal; Report on Business, Globe & Mail; Financial Post; CBC Newsworld, Business News and Business World; and CBC Daybreak discussing mergers and acquisitions in Canada and the United States.

**Author:** Various articles on acquisition and divestiture, business valuation and litigation support matters.

**Lecturer:** M.B.A. programs at University of Toronto and York University; The Law Society of Upper Canada (Bar Admission) Accounting Course; The Chartered Accountants Students Association of Ontario (CASAO); and the Ontario School of Accountancy (1978 – 1990).

### COMMUNITY INVOLVEMENT AND OTHER AFFILIATIONS

- Member, Accounting Standards Board – *Canadian Institute of Chartered Accountants* (2002 to 2006)
- Member, Financial Accounting Standards Board – *Valuation Resource Group* (2004 to 2006)
- Member, Board of Directors – *The Canadian Stage Corporation* (2004 to 2008)
- Member, Integrative Management Challenge Board – *Joseph L. Rotman School of Management*, University of Toronto (2004 to present)
- Member of Executive, Board of Directors – *Arbitration and Mediation Institute of Ontario Inc.* (1995 – 2002); Treasurer (1998 – 2002)
- Member, Board of Directors – *Ontario Expropriation Association* (1993 – 1999); Treasurer (1995 – 1997)
- Member, Toronto Workshop Committee of *The Canadian Institute of Chartered Business Valuators* (1989)
- Member, Executive/Board of Directors of various charitable organizations

**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**

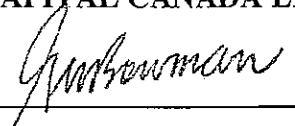
**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR  
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**CAPITAL CANADA LIMITED**



Date June 10, 2010

Per: Glenn M. Bowman  
*I have authority to bind Capital Canada Limited*

**NOTE:** This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.



CAPITAL CANADA LIMITED

June 10, 2010

Mr. Leonard Asper  
Leonard Asper Holdings Inc.  
1504-201 Portage Avenue  
Winnipeg, Manitoba R3B 3K6

**Re: Valuation of the Media Assets of Canwest Global Communications Corp.**

**ASSIGNMENT**

1. Capital Canada Limited (“**Capital Canada**”) has been asked by Mr. Leonard Asper and certain other shareholders (collectively the “**Shareholders**”) of Canwest Global Communications Corp. (“**Canwest Global**”) to provide a letter report (the “**Report**”) with its calculation of the fair market value of the media assets of Canwest Global, excluding any assets held by Canwest Limited Partnership, (the “**Media Assets**”) based on information provided by the Shareholders and Capital Canada’s observations of the capital markets.
2. Capital Canada understands that the Report will be used by the Shareholders in connection with proceedings under the *Companies’ Creditors Arrangement Act* whereby Shaw Communications Inc. (“**Shaw**”) is seeking to acquire CW Investments Co. (“**CW Media**”) and other conventional over-the-air and specialty television businesses from Canwest Global, Goldman Sachs Co., and other debt holders (the “**Proposed Shaw Transaction**”).

**ENGAGEMENT OF CAPITAL CANADA**

3. Capital Canada was retained by the Shareholders to provide the Report. Capital Canada will receive a fee for its services for providing the Report and will be reimbursed for its reasonable out-of-pocket expenses. Fees payable to Capital Canada are not contingent in whole or in part on the conclusions reached in the Report.

**CREDENTIALS OF CAPITAL CANADA**

4. Established in 1975, Capital Canada is a Canadian investment banking firm that provides investment banking services in the areas of business and securities valuations, financial opinions, corporate finance, and acquisitions, divestitures and mergers of middle-market companies. Capital Canada has experience in transactions involving valuations and fairness opinions of private and publicly traded companies. Capital Canada has an extensive practice in the media and entertainment industry.

5. The Report represents the views of Capital Canada and its form and content have been approved by senior investment banking professionals of Capital Canada, each of whom is experienced in merger, acquisition, divestiture, equity and debt capital markets, and valuation and fairness opinion matters.

#### INDEPENDENCE OF CAPITAL CANADA

6. Capital Canada is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Canwest Global, or any of its associates or affiliates (collectively the “**Interested Parties**”). Except for providing the Report, neither Capital Canada nor any of its associates or affiliates is an advisor of the Interested Parties in respect of the Proposed Shaw Transaction.
7. Capital Canada does not have any agreements, commitments or understandings in respect of any future business involving any of the Interested Parties. However, Capital Canada may, from time to time in the future, seek or be provided with assignments from one or more of the Interested Parties.

#### CURRENCY

8. All amounts included in the Report are expressed in Canadian dollars unless otherwise specified.

#### RESTRICTIONS AND QUALIFICATIONS

9. The Report has been prepared for the above-noted matter and is not to be used for any purpose other than stated and is neither intended for general circulation, nor published or made available to other parties in whole or in part without Capital Canada’s prior written consent. Capital Canada does not assume any responsibility for losses resulting from the unauthorized or improper use of the Report.
10. Capital Canada has not completed sufficient work to express a formal opinion on the fair market value of Canwest Global. Based on the information available, Capital Canada has completed its review to enable it to provide the Shareholders with a calculation of the fair market value of the Media Assets.
11. Information provided by the Shareholders and their representatives and publically-disclosed financial statements of Canwest Global have been accepted, without further verification, as correctly reflecting the business conditions and operating results of Canwest Global for the respective periods, except as noted herein.
12. The Shareholders have represented to Capital Canada in a certificate dated June 10, 2010 that, to the best of their knowledge, the information, financial or otherwise, provided to Capital Canada, was true, complete and accurate in all material respects. The Shareholders have been requested to bring to Capital Canada’s attention any matters that would be significant to the Report, in addition to those matters discussed herein.
13. Capital Canada has used the estimated earnings before interest, taxes depreciation and amortization (“**EBITDA**”) information provided by the Shareholders in performing its calculation of the estimated fair market value of the Media Assets. Capital Canada has relied upon and assumed without independent verification, that the financial estimates provided to it were reasonably prepared and reflected the best estimates of the future financial results relating to the Media Assets available to the Shareholders as of the date hereof. Capital Canada has not independently verified

the accuracy and completeness of the information supplied to it with respect to Canwest Global or the Media Assets and does not assume any responsibility with respect to it.

14. Capital Canada has not made any physical inspection or independent appraisal of any of the Media Assets or any of the assets of Canwest Global.
15. Capital Canada has not been requested to, and did not, solicit third party indications of interest to acquire any or all of the Media Assets or any or all of Canwest Global.
16. The Report is provided as of the date hereof on the basis of securities markets, economic, general business and financial conditions prevailing on or about the date hereof. The Report is based on the information regarding Canwest Global and the Media Assets as it was provided to Capital Canada by the Shareholders. Public information and industry and statistical information are from sources Capital Canada considers to be reliable. Capital Canada makes no representations as to the accuracy or completeness of such information. Capital Canada disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its calculation, which may come to Capital Canada's attention after the date hereof.
17. No opinion, counsel or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been, or will be, obtained from the appropriate professional sources.
18. Capital Canada reserves the right to make revisions and/or further support its calculation, if Capital Canada considers it to be necessary for any reason, such as when facts existing at the date hereof become known to Capital Canada after the issue of the Report.
19. The Report is not, and should not be considered to be, a recommendation to Shareholders, or to others, to take any course of action. The Report has been prepared solely for the purposes stated, it may not have considered issues relevant to third parties and Capital Canada shall have no responsibility whatsoever to any third party. Any use a third party makes of the Report is entirely at its own risk.

#### **FAIR MARKET VALUE**

20. For the purposes of this assignment, Capital Canada has been guided by the concept of "fair market value". This concept is generally defined as being the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between informed and prudent parties acting at arm's length and under no compulsion to transact.

#### **SCOPE OF REVIEW**

21. In the completion of the Report, Capital Canada has reviewed the following financial information:
  - i. unaudited interim consolidated financial statements of Canwest Global for three and six month periods ending February 28, 2010 and 2009;
  - ii. audited annual consolidated financial statements of Canwest Global for the fiscal years ended August 31, 2009 and 2008; and

- iii. the Shareholders' estimate of EBITDA generated by the Media Assets for the twelve month period ending August 31, 2010 comprised of (a) the actual reported results for the six month period ended February 28, 2010, and (b) the estimated EBTIDA for the six month period ending August 31, 2010.

Capital Canada's calculation of the estimated fair market value of the Media Assets is based on the assumptions that no material changes have taken place in Canwest Global or the Media Assets' operating or asset positions that have not been brought to Capital Canada's attention since the date of the financial information utilized by Capital Canada.

22. For the purposes of the Report and based on Capital Canada's discussions with the Shareholders, Capital Canada has relied upon the assumption that the estimates provided by the Shareholders reasonably reflect the EBITDA of the Media Assets.
23. In addition to the items outlined in Paragraph 21 and in connection with its analysis, Capital Canada has reviewed and relied upon, among other things, the following:
  - i. public information relating to the business, operations, financial performance, and stock trading history of Canwest Global and other selected public companies considered relevant;
  - ii. public information with respect to certain other transactions of a comparable nature considered relevant; and
  - iii. such other studies, analysis and inquiries as Capital Canada has deemed appropriate.

#### VALUATION METHODOLOGY

24. The fundamental premise on which all investment decisions are based is that value to a potential investor is equal to the present worth of future benefits. This basic concept can be applied to the valuation of an entire company, as well as the particular securities which comprise the capital structure of that company or the individual assets of the company. In each instance, it is a matter of identifying the future returns to the investor that the company, security or asset can be reasonably expected to generate, and determining its present value in the context of the uncertainty associated with realizing these returns.
25. There are two bases on which to determine the value of a company: going-concern and liquidation. In the case of a company that is expected to continue operating well into the future, the prospective investor will evaluate the risks and expected returns of the investment on a going-concern basis. The investor's primary concern is not with the individual values of enterprise assets, but with their ability to generate the returns expected in the future. Only secondarily is the investor interested in individual asset values, and this is from the standpoint of security or collateral for their investment, if for any reason the company should choose to liquidate. In such a case, liquidation values for the assets as well as all costs associated with liquidation would prevail.
26. When determining the value of a business enterprise, there are three general approaches available to the valuation professional: the market approach, the income approach, and the asset approach. These are also commonly referred to as the market capitalization, discounted cash flow, and adjusted book value approaches, respectively. The choice of which approach to use in a particular

situation will depend upon the specific facts and circumstances associated with the company, as well as the purpose for which the valuation analysis is being conducted.

## VALUATION OF THE MEDIA ASSETS

27. In the calculation of the fair market value of the Media Assets, Capital Canada has taken into consideration the income and cash-generating capability of the Media Assets. Typically, an investor contemplating an investment in an entity, similar to the Media Assets, with income and cash-generating capability will evaluate the risks and returns of the investment on a going-concern basis.
28. Prospective investors would include both (i) financial investors who would value the Media Assets using recognized valuation methodologies which incorporate the principles of risk and return, and (ii) strategic investors who may value the Media Assets higher than a financial investor due to perceived economic or operational benefits that may be realized through consolidation of the businesses.
29. Earnings or cash flow based valuations are often used where it is assumed that the assets employed are providing, or are reasonably expected to provide, an appropriate rate of return on investment. Asset based approaches are typically favoured in most other situations.
30. It is Capital Canada's view that on or about the date hereof, the earnings and cash flows of the Media Assets could reasonably have been expected to provide an appropriate rate of return on investment. Therefore, an asset-based approach is not appropriate in these circumstances.
31. Based on the information reviewed and relied upon, Capital Canada has utilized the market capitalization approach based on EBITDA in order to calculate the fair market value of the Media Assets. In adopting this approach, Capital Canada considered the following:
  - i. maintainable EBITDA assumed for conventional over-the-air television and speciality television of approximately \$30 million and approximately \$195 million, respectively (see Appendix A);
  - ii. comparable company trading analysis (see Appendix B); and
  - iii. comparable precedent transaction analysis (see Appendix C).
32. In order to determine an appropriate EBITDA multiple to apply to the maintainable EBITDA, Capital Canada considered among others, the following factors:
  - i. the length of time Canwest Global has been in existence;
  - ii. the Media Asset's revenue and profitability trends for the period under review, both historically and projected;
  - iii. future growth opportunities;
  - iv. the competitive landscape of the industry on or about the date hereof;
  - v. relative contribution of revenue and EBITDA for conventional over-the-air television and specialty television;



- vi. comparable company trading analysis;
  - vii. comparable precedent transaction analysis, including a premium analysis;
  - viii. availability of debt financing and the current climate of the debt capital markets for assets such as the Media Assets; and
  - ix. market statistics on interest rates, dividend yields, price earnings multiples and other trading statistics for financial and strategic investors.
33. In Capital Canada's view, and based on the reasons outlined in Paragraph 32, a prospective purchaser of all of the Media Assets would select a multiple that is higher than the median and mean of the trading multiples for the comparable companies primarily due to the following factors:
- i. *The persistence of a control premium in transactions for similar media assets over time.* The transaction multiples (Enterprise Value/Revenue and Enterprise Value/EBITDA) have a tendency to be higher when a purchaser acquires control of an asset than in transactions where a purchaser acquires a minority interest.
  - ii. *Transaction valuation multiples for large portfolios of media assets.* Transactions involving large portfolios of media assets, which have the benefits of synergies and diversification, have a tendency to be completed at a higher multiple than transactions involving individual media assets.
34. Our selected EBITDA multiples under the market capitalization approach are in the range of 10.5x to 11.5x.
35. Notwithstanding the fact that the selected EBITDA multiples are higher than the median and mean of the trading multiples for comparable companies (see Appendix B), the selected EBITDA multiples are lower than the median and mean of the precedent comparable transactions set out in Appendix C.

#### SUMMARY AND CONCLUSION

36. As set out Appendix A, based on the information and data relied upon, and subject to the restrictions and qualifications and assumptions, limitations and major considerations noted herein, Capital Canada has calculated the fair market value of the Media Assets of Canwest Global on or about the date hereof to be in the approximate range of \$2.36 billion to \$2.58 billion.

Sincerely,

*Capital Canada Limited*

CAPITAL CANADA LIMITED

**APPENDIX A – Valuation Summary***in millions***EBITDA Calculation**

Conventional, over-the-air television	\$	30.0
Specialty television		195.0
<b>EBITDA (conventional and specialty)</b>	<b>\$</b>	<b>225.0</b>

**Fair Market Value Calculation**

	<u>Low Value</u>	<u>High Value</u>
<b>Selected EV/EBITDA Multiple</b>	<b>10.5x</b>	<b>11.5x</b>
LTM and NTM EBITDA	\$ 225.0	\$ 225.0
<b>Calculated fair market value of the Media Assets</b>	<b>\$ 2,362.5</b>	<b>\$ 2,587.5</b>

*Source: Capital IQ, Shareholders, Capital Canada*

## APPENDIX B – Comparable Company Analysis

in millions, except per share data

Company Name	Stock Price	Shares	Market	Enterprise	Revenue		EBITDA		EV/Revenue		EV/EBITDA	
	9-Jun-10	Out.	Cap.	Value	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
<b>Canadian Television Broadcasting</b>												
Astral Media Inc.	\$ 35.55	56.6	\$ 2,012.9	\$ 2,648.9	\$ 920.9	\$ 976.3	\$ 325.1	\$ 310.0	2.9x	2.7x	8.1x	8.5x
Corus Entertainment Inc.	19.25	80.8	1,555.0	2,234.3	805.6	838.5	257.5	271.6	2.8x	2.7x	8.7x	8.2x
TVA GROUP Inc.	12.15	23.8	288.8	386.6	438.8	453.6	77.5	73.4	0.9x	0.9x	5.0x	5.3x
Score Media Inc.	0.86	81.2	69.9	81.0	41.1	NA	6.4	NA	2.0x	NA	12.7x	NA
Asian Television Network International Ltd.	0.73	24.4	17.8	16.4	16.1	NA	2.1	NA	1.0x	NA	7.8x	NA
Median									2.0x	2.7x	8.1x	8.2x
Mean									1.9x	2.1x	8.5x	7.3x
<b>Canadian Diversified Media</b>												
Thomson Reuters Corporation	\$ 37.09	831.1	\$30,826.4	\$37,805.1	\$13,234.9	\$13,337.7	\$3,085.4	\$ 3,538.9	2.9x	2.8x	12.3x	10.7x
Rogers Communications Inc.	36.35	583.5	21,244.0	30,543.0	11,871.0	12,382.4	4,422.0	4,685.8	2.6x	2.5x	6.9x	6.5x
Yellow Pages Income Fund	6.06	513.0	3,109.0	6,272.2	1,639.7	1,696.4	885.7	883.7	3.8x	3.7x	7.1x	7.1x
Transcontinental Inc.	13.20	80.8	1,055.8	1,860.2	2,228.5	2,143.7	399.1	389.8	0.8x	0.9x	4.7x	4.8x
Torstar Corporation	9.34	79.1	738.7	1,231.9	1,446.5	1,453.2	203.2	215.9	0.9x	0.8x	6.1x	5.7x
Median									2.6x	2.5x	6.9x	6.5x
Mean									2.2x	2.1x	7.4x	7.0x
<b>United States Diversified Media</b>												
Walt Disney Co.	\$ 34.17	1,958.6	\$66,927.8	\$79,018.7	\$37,194.0	\$40,386.2	\$7,882.3	\$ 9,837.2	2.1x	2.0x	10.0x	8.0x
Time Warner Inc.	31.38	1,139.7	35,765.8	47,679.3	26,570.6	27,608.6	6,548.3	6,501.2	1.8x	1.7x	7.3x	7.3x
Viacom, Inc.	34.40	607.3	20,892.4	27,532.8	13,737.6	14,617.7	3,476.1	3,754.6	2.0x	1.9x	7.9x	7.3x
CBS Corporation	14.16	680.0	9,628.6	15,954.8	13,621.2	14,420.3	1,961.1	2,453.0	1.2x	1.1x	8.1x	6.5x
Scripps Networks Interactive, Inc.	45.26	166.2	7,521.3	8,341.8	1,684.0	2,109.0	648.8	920.4	5.0x	4.0x	12.9x	9.1x
Median									2.0x	1.9x	8.1x	7.3x
Mean									2.4x	2.1x	9.2x	7.7x
<b>United States Specialty Television</b>												
Discovery Communications, Inc.	\$ 37.18	427.0	\$14,971.5	\$17,993.5	\$ 3,643.0	\$ 3,934.6	\$1,348.3	\$ 1,702.2	4.9x	4.6x	13.3x	10.6x
Scripps Networks Interactive, Inc.	45.26	166.2	7,521.3	8,341.8	1,684.0	2,109.0	648.8	920.4	5.0x	4.0x	12.9x	9.1x
Crown Media Holdings Inc.	1.84	104.8	192.4	1,364.7	281.9	NA	225.3	NA	4.8x	NA	6.1x	NA
Entravision Communications Corp.	2.56	84.5	216.5	575.8	193.9	209.6	58.2	62.0	3.0x	2.7x	9.9x	9.3x
Outdoor Channel Holdings, Inc.	5.34	25.3	135.3	78.1	89.2	84.1	7.0	11.0	0.9x	0.9x	11.2x	7.1x
Median									4.8x	3.4x	11.2x	9.2x
Mean									3.7x	3.1x	10.7x	9.0x
<b>United States Conventional Television</b>												
Belo Corp.	\$ 6.46	102.9	\$ 662.5	\$ 1,688.0	\$ 621.8	\$ 690.9	\$ 201.0	\$ 243.0	2.7x	2.4x	8.4x	6.9x
Sinclair Broadcast Group Inc.	5.64	80.3	453.2	1,796.6	683.2	763.9	226.9	265.0	2.6x	2.4x	7.9x	6.8x
Gray Television Inc.	2.81	57.1	159.3	1,062.0	284.4	338.7	78.3	NA	3.7x	3.1x	13.6x	NA
LIN TV Corp.	5.75	52.6	302.2	988.4	363.1	435.3	103.5	140.3	2.7x	2.3x	9.5x	7.0x
Media General, Inc.	10.56	23.1	243.5	953.7	676.2	NA	133.1	NA	1.4x	NA	7.2x	NA
Nexstar Broadcasting Group Inc.	5.58	28.4	158.7	832.4	269.8	316.1	73.9	110.4	3.1x	2.6x	11.3x	7.5x
Fisher Communications Inc.	16.83	8.8	147.8	228.6	143.0	NA	11.4	NA	1.6x	NA	20.1x	NA
Median									2.7x	2.4x	9.5x	7.0x
Mean									2.6x	2.6x	11.1x	7.1x
Median (All)									2.6x	2.5x	8.4x	7.3x
Mean (All)									2.6x	2.4x	9.5x	7.6x

Source: Capital IQ, Shareholders, Capital Canada

**APPENDIX C – Comparable Precedent Transaction Analysis***in millions, except per share data*

Announcement Date	Target/Issuer Buyers/Investors	Transaction Value	Implied EV	Implied EV/	
				Revenue	EBITDA
1. 6/15/2009	S-VOX Inc. ZoomerMedia Ltd.	\$ 24.0	\$ 24.0	0.9x	7.1x
2. 7/14/2009	CTVglobemedia Inc., Drive-In Classics Corus Entertainment Inc.	24.0	24.0	5.0x	7.1x
3. 7/14/2009	CTVglobemedia Inc., SexTV Corus Entertainment Inc.	16.0	16.0	4.7x	7.9x
4. 3/7/2008	Canadian Learning Television (nka:Viva Channel Inc.) Corus Entertainment Inc.	75.0	75.0	4.4x	10.2x
5. 11/16/2007	Outdoor Life Network (nka:VERSUS) Rogers Broadcasting, Ltd.	39.0	58.5	3.7x	12.4x
6. 6/11/2007	CTVglobemedia Inc., Five Citytv Conventional Television Stations Rogers Broadcasting, Ltd.	400.0	400.0	2.5x	NM
7. 11/6/2007	Rogers Broadcasting Ltd., CHNU-TV and CIIT-TV Stations S-VOX Inc.	6.0	6.0	NA	NA
8. 7/6/2007	Rogers OMNI British Columbia Rogers Broadcasting, Ltd.	60.0	60.0	NA	NA
9. 4/12/2007	MusiquePlus Inc. Astral Media Inc.	34.0	68.0	3.6x	16.2x
10. 2/24/2007	Standard Broadcasting Corporation, Ltd. Astral Media Inc.	1,083.6	1,083.6	2.0x	13.5x
11. 1/10/2007	Alliance Atlantis Communications Inc. Goldman Sachs Group, Merchant Banking Division; CanWest Global Communications Corp.	2,689.6	2,575.2	2.2x	12.0x
12. 7/13/2006	TELETOON Canada Inc. Corus Entertainment Inc.; Astral Media Inc.	96.0	480.0	6.3x	12.3x
13. 7/12/2006	Chum Limited Bell Globemedia, Inc. (nka:CTVglobemedia Inc.)	1,662.8	1,642.6	2.5x	13.0x
14. 12/2/2005	Bell Globemedia, Inc. (nka:CTVglobemedia Inc.) The Woodbridge Company Limited; Teachers' Private Capital; Torstar Corporation	686.0	2,710.0	1.7x	9.9x
15. 8/20/2004	CHUM Limited, Toronto 1 TV Station Sun Media Corporation; TVA GROUP Inc.	46.7	46.7	NA	NA
16. 12/29/2004	Rogers Sportsnet, Inc. Rogers Communications Inc.	45.0	225.1	1.9x	18.1x
17. 8/20/2004	Cable Pulse 24 Chum Limited	8.0	26.8	2.4x	NM
18. 4/12/2004	Craig Media Inc. Chum Limited	265.0	265.0	4.4x	22.5x
19. 2/7/2003	Bell Globemedia, Inc. (nka:CTVglobemedia Inc.) The Woodbridge Company Limited	424.5	2,570.0	2.0x	14.3x
20. 3/2/2001	History Television Alliance Atlantis Communications Inc.	20.0	167.0	8.3x	17.8x
21. 12/11/2001	The Comedy Network Inc. CTV Inc.	36.0	120.4	5.0x	19.1x
22. 10/11/2001	The Comedy Network Inc. Corus Entertainment Inc.	NA	120.0	5.0x	19.1x
23. 7/6/2001	Rogers Sportsnet, Inc. Rogers Communications Inc.	120.5	332.0	4.5x	NM
24. 4/17/2001	Report on Business Television (nka:Business News Network Ltd.) G and M Business News Ltd.	46.7	93.5	9.0x	NM
25. 4/13/2001	CanWest Global Communications Group, CKVU-TV Station Chum Limited	125.0	125.0	NA	NA
26. 3/30/2001	Teletatino Network Inc. Corus Entertainment Inc.	11.1	36.0	3.4x	9.0x
27. 3/8/2001	Moffat Communications, Women's Television Network Corus Entertainment Inc.	204.6	204.6	6.1x	24.4x
28. 3/8/2001	Corus Entertainment Inc., Family Channel Astral Media Inc.	126.9	253.8	5.0x	18.2x
29. 3/2/2001	Viewer's Choice Shaw Communications, Inc.	35.0	35.0	4.6x	14.7x
30. 12/7/2000	Moffat Communications Limited Shaw Communications, Inc.	NA	1,848.0	7.2x	18.6x
<b>Median</b>				<b>4.4x</b>	<b>14.3x</b>
<b>Mean</b>				<b>4.3x</b>	<b>14.8x</b>

Source: Capital IQ, Shareholders, Capital Canada, CRTC

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceeding commenced at Toronto

**AFFIDAVIT OF GLENN M. BOWMAN**  
(Sworn June 10, 2010)

**BENNETT JONES LLP**  
Barristers and Solicitors  
One First Canadian Place  
Suite 3400, P.O. Box 130  
Toronto, Ontario M5X 1A4

**Robert W. Staley (LSUC #27115J)**  
Tel. (416) 777-4857

**Derek J. Bell (LSUC No. 43420J)**  
(416) 777-4638  
(416) 863-1716 (fax)

Lawyers for the Ad Hoc Group of Canwest Global  
Shareholders.

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

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" (collectively the "APPLICANTS" or "Canwest")

AFFIDAVIT OF GERALD J. CARDINALE,  
SWORN FEBRUARY 18, 2010

I, Gerald J. Cardinale, of the City of New York, in the State of New York, in the United States of America, MAKE OATH AND SAY:

1. I am a Managing Director of Goldman, Sachs & Co. ("Goldman Sachs"). GSCP Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.ar.l and GSCP VI AA One Parallel Holding S.ar.l. (collectively "GSCP") opposes the granting, at this time, of the order sought in the motion of the Applicants that was served on the evening of February 12, 2010. GSCP also seeks an adjournment of the motion for two weeks in compliance with express terms on which GSCP agreed to enter into negotiations with the Ad Hoc Committee of noteholders.
2. I have sworn three previous affidavits in these proceedings in support of the motions by GSCP seeking relief relating to the transactions that the Applicants entered into and completed the day before they filed for relief under the CCAA in these proceedings. For the reasons issued by this Court on December 8, 2009, the motions previously filed by GSCP have been stayed but remain outstanding.

- 2 -

*Overview*

3. GSCP is a critical party to any restructuring because GSCP is co-shareholder in CW Investments ("CWI"), the owner of the Specialty TV business, and has the largest financial interest in CWI of any shareholder. GSCP is also a party to the CWI Shareholders Agreement (the "CWI Agreement") that sets out the relative interests, rights and obligations of GSCP, CWI and Canwest Global's subsidiaries in the Specialty TV business.

4. Despite the critical importance of GSCP in the restructuring process and the stated desire of the Applicants and the Ad Hoc Committee of Canwest's noteholders to negotiate amendments to the CWI Agreement, GSCP has been systematically excluded from the restructuring process.

5. In particular, and as confirmed by my letter of February 17, 2010 a true copy of which is Exhibit "A" hereto, GSCP has been isolated and entirely kept in the dark about the RBC equity solicitation process. With one exception, all participants in that process have been prohibited by Canwest, the Ad Hoc Committee and by RBC from having any communication with GSCP. The one exception was a party that was finally permitted to call GSCP on the day before the Shaw Communications Inc. ("Shaw") proposal was accepted by Canwest. That party was not Shaw.

6. Although the Shaw agreements are not yet public, it appears from the affidavit of Thomas Strike sworn on February 12, 2010 (the "Strike Affidavit") that they are premised upon the successful negotiation of amendments to the CWI Agreement that are acceptable to Shaw. Obviously, had the parties included GSCP in the process, they could have known with certainty whether acceptable amendments were available. Instead, by continuing to exclude GSCP entirely, the entire restructuring is subject to uncertainty and potentially needless costs (including a potential termination fee payable to Shaw if acceptable amendments cannot be negotiated).

7. The strategy of excluding GSCP is not only illogical, since it is clear that GSCP must ultimately be dealt with, but also has more practical consequences. First, such a strategy raises significant concerns as to whether the RBC process has been tainted by the restrictive terms that governed participation in the process. It is now apparent from the Strike Affidavit that bidders

- 3 -

were required to submit their proposals only on the basis that the CWI Agreement would be amended and that no participant in the process could speak to GSCP about proposed amendments (or anything else for that matter). These requirements in fact excluded a number of potential bidders who are as qualified as Shaw to acquire the Applicants' interest in Specialty TV. No one can know whether another bidder who was excluded from the equity solicitation process would have made a better restructuring proposal.

8. Second, the strategy of excluding GSCP and the secrecy surrounding the entire process renders this application premature. In early January, GSCP agreed with the Ad Hoc Committee on the ground rules for a without prejudice negotiation with them. Those ground rules as proposed by GSCP included a standstill against any applications being made in these proceedings until the negotiations had been terminated on 7 days' notice. The Ad Hoc Committee, through its counsel, claims that when the ground rules were agreed, the Ad Hoc Committee did not understand that a standstill was included because of what appears to have been a computer problem. Nevertheless, GSCP proceeded on the basis that a standstill was in place and participated in the discussions on the basis that they would receive a notice of termination 7 days in advance of any motion being brought or supported by the Ad Hoc Committee.

9. In addition, it remains to be seen whether GSCP will be able to negotiate an agreement with Shaw or any other party to amend its existing CWI Agreement. No one has told GSCP what amendments Shaw requires and, in fact, Shaw has been prevented from meeting with GSCP to negotiate any amendments. Further, GSCP has not been permitted to review any of the agreements with Shaw or discuss Shaw's plans for the Specialty TV business it proposes to co-own with GSCP.

10. I reached out to Shaw to discuss its proposal for restructuring Canwest, but unfortunately, Shaw has advised that it is not permitted to meet with GSCP until after approval of its agreement with Canwest.



- 4 -

11. In short, until much more is known about the process, Shaw meets with GSCP to discuss amendments and the standstill period on which the GSCP relied is permitted to run, this motion is premature and must be adjourned.

*GSCP's attempts to be constructive*

12. In her reasons for staying the motions brought by GSCP in these proceedings, Justice Pepall made it clear that business discussions that included GSCP would be preferable to litigation of the issues raised in the outstanding motions filed by GSCP. GSCP has genuinely attempted to have the business discussions recommended by Her Honour but has been consistently rebuffed and excluded by the Ad Hoc Committee. From the outset -- which included the filing of these proceedings with no prior notice to GSCP -- the strategy of Canwest and the Ad Hoc Committee has been to foreclose any involvement by GSCP, even though any restructuring as proposed ultimately will require GSCP's agreement in the form of amendments to the CWI Agreement or disclaimer.

13. As I have stated in my previous affidavits, GSCP desires nothing more than a fair opportunity to resolve any issues between it and the Applicants, their subsidiaries and their creditors, by negotiation. Unfortunately, despite Her Honour's encouragement to the Applicants and the Ad Hoc Committee of noteholders to engage in bona fide negotiations with GSCP, the Ad Hoc Committee has continued to systematically exclude GSCP from the equity process and to prevent any useful discussion (1) between GSCP and the Applicants and (2) between GSCP and any potential equity investor including Shaw.

14. The single-minded determination to exclude GSCP and to force potential investors to target the CWI Agreement has fundamentally corrupted the equity solicitation process. The result is an agreement that is conditioned on either an amendment of the CW Shareholders Agreement (when Shaw has been prohibited from discussing any such amendment with GSCP) or an attempt to disclaim the CWI Agreement (which will be vigorously opposed by GSCP and which will subject this restructuring process to lengthy litigation challenges).

- 5 -

15. The court should not approve the Shaw agreement while it is conditioned on either hard-fought and uncertain litigation or amendments that the Ad Hoc Committee and the Applicants have prevented Shaw from even proposing to GSCP.

16. For months, both before Her Honour's decision and after it, GSCP has sought to engage the Ad Hoc Committee in negotiations of amendments that they sought in the CW Shareholders Agreement. GSCP's requirement of meeting was for the Ad Hoc Committee, which was seeking amendments, to tell us what amendments they sought. They would not even provide that basic information.

17. Finally, in early January, with the help of the Monitor, the parties agreed on the terms of meetings between the Ad Hoc Committee and GSCP. The discussions in the meetings are privileged. Attached as Exhibit "B" is a copy of the e-mail as sent from our counsel to counsel for the Ad Hoc Committee that sets out the terms for our meetings. Exhibit "C" hereto is a copy of the e-mail as received accepting those terms.

18. As noted above, the proposed terms included a standstill provision. The relevant text is set out below:

3. For the period of time from the date hereof until the date the discussions are terminated as permitted below (the Discussion Period), neither the AD Hoc Committee (sic) nor Goldman Sachs shall initiate, or encourage any other person (including CanWest) to initiate, or accept, approve, or provide any consent to the initiation of, any proceeding (including the filing of any motion or affidavit or the taking of any step in furtherance of the disclaimer of any contract to which Goldman Sachs or an affiliate is a party) in any court with respect to the insolvency proceeding of CanWest. Either party may terminate the Discussion Period by written notice to the other in which case this agreement shall terminate 7 days after receipt of such notice...

19. Under the CCAA Support Agreement, the Applicants cannot file any motion in these proceedings except with the approval of the Consenting Noteholders. As the Applicants can do virtually nothing without approval of the Noteholders, the result of the standstill agreement, as understood by GSCP, was that the Applicants could not bring any motions, including this motion to approve the Shaw agreement, without terminating the standstill on 7 days notice.

- 6 -

*Significance of the exclusion of GSCP*

20. The systematic exclusion of GSCP and the targeting of the CWI Agreement that has characterized this entire restructuring are seriously jeopardizing a negotiated solution to the Applicants' insolvency. As outlined in my previous affidavits, the Applicants have been severely restricted, by agreements with the Ad Hoc Committee since May, 2009, in their ability to talk to GSCP – an extraordinary situation given GSCP's investments in CW Investments and the Applicants' status as a public company.
21. Prior to the Applicants' filing for CCAA protection on October 6, 2009, the Applicants had no discussions with GSCP even though the agreements and transactions entered into immediately prior to the commencement of this application were clearly intended to prejudice the rights of GSCP for the benefit of the noteholders represented by the Ad Hoc Committee. Further, the Applicants gave no notice at all of the CCAA proceedings that were commenced on the next day even though the Initial Order had the intended affect of staying contractual rights under the CWI Agreement.
22. After being advised of the CCAA proceedings after the fact, GSCP sought out opportunities to meet with the Ad Hoc Committee, as it was clear both from our discussions with the CRA and from the court materials filed that the Ad Hoc Committee was the only group with any power in this restructuring. The Applicants appeared to have entirely subordinated their decision making processes to the Ad Hoc Committee.
23. As previously stated, GSCP was unable to engage in substantive negotiations with the Ad Hoc Committee because the Ad Hoc Committee was not prepared to advise GSCP what amendments they wanted GSCP to agree to make to the CWI Agreement.
24. In this context, the discussions in December that led to an agreement on the terms for negotiations to be conducted between GSCP and the Ad Hoc Committee marked a potential breakthrough in the restructuring process.

-7-

25. The standstill provision was critical to GSCP. GSCP was aware that the equity solicitation process being conducted by RBC was continuing. GSCP was also aware that a number of obvious potential investors would not participate in the RBC process because the non-disclosure agreement (NDA) required by RBC prohibited potential investors involved in the RBC process from speaking with GSCP. I personally know this for two reasons. First, because I was contacted by a number of potential investors, including a number of well known and well capitalized pension funds, private equity funds and strategic media companies, who told me that they would not sign the NDA which prohibited them from speaking to GSCP because they considered the prohibition counterproductive and inappropriate and for other reasons. Second, through counsel, we obtained a copy of the pro-forma NDA that each potential investor in the RBC process was required to sign.

26. The exclusion of so many credible investors from the RBC process was alarming and a direct result of the requirement that all potential equity participants commit to becoming adversarial to GSCP as the price of admission to the RBC Process. It was clear to me that the Ad Hoc Committee was not trying to find an investor to refinance the business that Carwest owns. Instead, all that was sought was a Canadian investor who would provide funds to be paid to the noteholders and who would support the objective of confiscating value from GSCP.

27. In order to ensure that all potential investors had an opportunity to consider the investment opportunity, we advised the excluded potential investors that we would be prepared to discuss with them an alternative restructuring proposal that would have our support.

28. GSCP understood that the standstill agreement with the Ad Hoc Committee and the requirement that notice be given to terminate the standstill before either party sought or supported a court application, gave GSCP the opportunity to bring forward an alternative restructuring plan prior to the hearing of any motion by or supported by the Ad Hoc Committee. The fact that GSCP has been excluded from the process has substantially impaired the ability of GSCP to place an alternative to the Shaw transaction before the Court. As such, I do not think it

- 8 -

acceptable for this motion for approval to have been served while negotiations were ongoing without any prior discussion or disclosure.

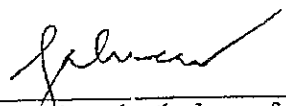
29. GSCP has continued discussions with parties excluded from the RBC process and we hope to be in a position shortly to advise the court and the parties of an alternative proposal.

*Conclusion*

30. This motion should be adjourned for proper disclosure to GSCP to be made and for parties to consider alternative proposals in advance of the hearing of any motion to approve Shaw's agreement with the Applicants.

SWORN BEFORE ME at the City of  
New York, in the state of New York,  
in the United States of America, this  
18th day of February, 2010.

  
GERALD J. CARDINALE

  
A Notary Public under the laws of the  
State of New York

LESLIE A. LUCAS  
Notary Public, State of New York  
No. 01106192030  
Qualified in New York County  
Commission Expires August 25, 2012

Goldman, Sachs & Co. | 85 Broad Street | New York, New York 10004  
Tel: 212-902-6182 | Fax: 212-357-5505 | e-mail: gerry.cardinale@gs.com

Gerry Cardinale  
Managing Director  
Principal Investment Area

This is Exhibit "A" referred to in the  
affidavit of Gerald J. Cardinale  
sworn before me, this 18th  
day of February, 2010

Goldman  
Sachs

Stonecrest Capital Inc.  
Suite 3130, Royal Trust Tower  
77 King Street West  
Toronto Ontario M5K 1B7

ACCOMMISSIONER FOR TAKING AFFIDAVITS

LESLIE A. LUCAS  
Notary Public, State of New York  
No. 01LU6192030  
Qualified in New York County  
Commission Expires August 28, 2012

Attention: Hap Stephen, Chief Restructuring Advisor

Dear Hap:

Re: Canwest Restructuring - your letter of February 16, 2010

I have your letter of February 16, 2010. I disagree with your letter in a number of respects and I am troubled that you have sent such a letter on the eve of Canwest's motion to approve a transaction that GSCP knows nothing about.

We disagree with your statement that Canwest has been pursuing a recapitalization transaction for the benefit of "all of" its stakeholders. Rather and for good reason, we believe that Canwest has been conducting a recapitalization process for the exclusive benefit of the 8% Noteholders under the control of the Noteholders' Ad Hoc Committee. The objective evidence, including the CCAA Support Agreement and the proposed transaction with Shaw, demonstrates that our perception is correct.

We also disagree with the statement in your letter that Canwest has endeavoured to engage us in discussions of the proposed recapitalization plan. Canwest's endeavours have been limited to encouraging GSCP to engage in discussions with the Ad Hoc Committee, which we have done.

GSCP has been given no forum for participation in the equity solicitation process and Canwest has put the restructuring in jeopardy precisely by its consistent exclusion of GSCP from the process. Rather than engage us, Canwest has chosen to avoid any bilateral discussions with us and to use confidentiality agreements to prevent any potential equity investor from speaking to GSCP about their plans as co-shareholder with GSCP in the Specialty TV Business. Given GSCP's critical role in the future of this business, this systematic exclusion of GSCP is counterproductive.

While your characterization of GSCP's interest in becoming involved in discussions as a "current desire" could not be further from reality, we continue to prefer a negotiated restructuring over extended litigation, as we have expressed all along, and have advised the Monitor that we are supportive of the Monitor's initiative to encourage resolution.

-2-

Sincerely,



Gerald J. Cardinale

c: D. Burney

**McElcheran, Kevin**

**From:** Glivan, Garth M.  
**Sent:** Friday, December 18, 2009 1:54 PM  
**To:** Chadwick, Robert  
**Cc:** McElcheran, Kevin; Farley, James; Mercer, Malcolm M. L.  
**Subject:** RE: Canwest - Without Prejudice Discussions

This is Exhibit 11B referred to in this  
 affidavit of Gerald J. Cardinale  
 sworn before me, this 18th  
 day of February, 2010

ACCOMPLISHED FOR TAKING AFFIDAVITS  
 LESLIE A. LUCAS  
 Notary Public, State of New York  
 No. 591108192030  
 Qualified in New York County  
 Commission Expires August 24, 2014

Rob: sorry to take so much time in getting back to you on this. GS is prepared to commit to the arrangements in your email with some changes which I have marked below in red. The idea is that while we are in discussions, there would be a form of hiatus period with respect to the proceedings. Please review our suggested changes and let me know your thoughts.

Further to our discussion, we wish to confirm that the Ad Hoc Committee and Goldman Sachs will proceed with their discussions concerning CanWest Media Inc. (CanWest) on the following terms:

1. Anything said or any information shared in the discussions between representatives of the Ad Hoc Committee and Goldman Sachs shall be considered without prejudice and shall not be raised or relied on in any court proceeding or other proceeding.
2. No agreement shall be considered as having been reached in the discussions unless confirmed in writing by the Ad Hoc Committee and Goldman Sachs and signed by them.
3. For the period of time from the date hereof until the date discussions are terminated as permitted below (the Discussion Period), neither the Ad Hoc Committee nor Goldman Sachs shall initiate, or encourage any other person (including CanWest) to initiate, or accept, approve, or provide any consent to the initiation of, any proceeding (including the filing of any motion or affidavit or the taking of any step in furtherance of the disclaimer of any contract to which Goldman Sachs or an affiliate is a party) in any court with respect to the insolvency proceeding of CanWest. Either party may terminate the Discussion Period by written notice to the other in which case this agreement shall terminate 7 days after receipt of such notice. In the event of termination the dates referred to in the Support Agreement dated September 24, 2009 and the Use of Cash Collateral and Consent Agreement between CanWest and certain members of the Ad Hoc Committee shall be extended by the number of days comprising the Discussion Period, and the parties shall cooperate in obtaining the agreement of CanWest and the court to such extension.
4. The nature and scope of the discussions and the fact that the discussions are taking place or have taken place shall be kept confidential (except as otherwise contemplated herein) and all materials and information with respect to such discussions shall remain confidential between the Ad Hoc Committee, Goldman Sachs and their respective advisors, unless disclosure is required by law or unless otherwise agreed in writing by the Ad Hoc Committee and Goldman Sachs, provided however that the Ad Hoc Committee and Goldman Sachs and their respective advisors shall be entitled to advise the Monitor of such discussions and the terms of this agreement.

Please confirm on behalf of your client that Goldman Sachs shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee. Subject to such confirmation by McCarthy Tetrault, we confirm on behalf of the Ad Hoc Committee that the Ad Hoc Committee shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee."

02/18/2010



**Garth M. Girvan**

**Garth M. Girvan**

Partner

Business Law

T:/Tél : 416-601-7574

F:/Télec : 416-868-0673

E:/Courriel : ggirvan@mccarthy.ca

McCarthy Tétrault LLP / S.E.N.C.R.L., s.r.l.

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Canada M5K 1E6

[www.mccarthy.ca](http://www.mccarthy.ca)

Please THINK GREEN before printing.  
PENSEZ À L'ENVIRONNEMENT avant d'imprimer ce message.

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**From:** Chadwick, Robert [mailto:rchadwick@goodmans.ca]

**Sent:** Tuesday, December 15, 2009 3:08 PM

**To:** Girvan, Garth M.

**Subject:** Canwest - Without Prejudice Discussions

Further to our discussion, we wish to confirm that the Ad Hoc Committee and Goldman Sachs will proceed with their discussions on the following terms:

1. Anything said or any information shared in the discussions between representatives of the Ad Hoc Committee and Goldman Sachs shall be considered without prejudice and shall not be raised or relied on in any court proceeding or other proceeding.
2. No agreement shall be considered as having been reached in the discussions unless confirmed in writing by the Ad Hoc Committee and Goldman Sachs and signed by them.
3. The nature and scope of the discussions and the fact that the discussions are taking place or have taken place shall be kept confidential and all materials and information with respect to such discussions shall remain confidential between the Ad Hoc Committee, Goldman Sachs and their respective advisors, unless otherwise agreed in writing by the Ad Hoc Committee and Goldman Sachs.

Please confirm on behalf of your client that Goldman Sachs shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee. Subject to such confirmation by McCarthy Tétrault, we confirm on behalf of the Ad Hoc Committee that the Ad Hoc Committee shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee.

\*\*\*\*\*  
We're Moving!

Goodmans' Toronto office will be located at Bay Adelaide Centre as of December 22nd, 2009.

Our new address will be:

Goodmans LLP

02/18/2010

From: Girvan, Garth M.  
Sent: Thursday, December 24, 2009 9:56 AM  
To: Chadwick, Robert  
Subject: RE: Canwest - Without Prejudice Discussions

Rob, after consideration, my client is of the view that what was sent to you in our last email was reasonable and appropriate. They are prepared to agree to an arrangement as set out in that email and most importantly the standstill provision. They are not prepared to proceed on the basis you have set out below. If there are to be discussions, our client's position is that they can only productively proceed if the parties stand back from initiating further court proceedings against each other during the course of such discussions.

From: Chadwick, Robert [rchadwick@goodmans.ca]  
Sent: Wednesday, December 23, 2009 4:10 PM  
To: Girvan, Garth M.  
Subject: RE: Canwest - Without Prejudice Discussions

Gary, further to our discussion of this today, let me know if the below works ( I have made changes in CAP LETTERS to make it easier to follow). If you confirm it is acceptable, we can confirm the terms on a clean version. Regards, Rob Chadwick

Further to our discussion, we wish to confirm that the Ad Hoc Committee and Goldman Sachs will proceed with their discussions concerning CanWest Media Inc. (CanWest) on the following terms:

1. Anything said or any information shared in the discussions between representatives of the Ad Hoc Committee and Goldman Sachs shall be considered without prejudice and shall not be raised or relied on in any court proceeding or other proceeding.
2. No agreement shall be considered as having been reached in the discussions unless confirmed in writing by the Ad Hoc Committee and Goldman Sachs and signed by them.
3. The nature and scope of the discussions and the fact that the discussions are taking place or have taken place shall be kept confidential (except as otherwise contemplated herein) and all materials and information with respect to such discussions shall remain confidential between the Ad Hoc Committee, Goldman Sachs and their respective advisors, unless disclosure is required BY ORDER OF A COURT OR ADMINISTRATIVE TRIBUNAL OF COMPETENT JURISDICTION or unless otherwise agreed in writing by the Ad Hoc Committee and Goldman Sachs, provided however that the Ad Hoc Committee and Goldman Sachs and their respective advisors shall be entitled to advise the Monitor AND THE COMPANY OF the terms of this agreement AND THE FACT THAT CONFIDENTIAL DISCUSSIONS ARE TAKING PLACE.

Please confirm on behalf of your client that Goldman Sachs shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee. Subject to such confirmation by McCarthy Tétrault, we confirm on behalf of the Ad Hoc Committee that the Ad Hoc Committee shall be bound to the foregoing terms as part of any discussions between representatives of Goldman Sachs and the Ad Hoc Committee.

\*\*\*\*\*

Goodmans' Toronto office has moved to Bay Adelaide Centre.

Our new address:

Goodmans LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Our email addresses, telephone and fax numbers remain the same.

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, please advise us immediately and delete this email without reading, copying or forwarding it to anyone.

This is Exhibit 4011 referred to in the affidavit of Gerald T. Cordingle

sworn before me, this 18th day of February 2010

From: Chadwick, Robert [mailto:rchadwick@goodmans.ca]  
Sent: Monday, January 04, 2010 6:29 PM  
To: Girvan, Garth M.  
Subject: RE: Canwest - Without Prejudice Discussions

*[Signature]*  
ACOMMISSIONER OF STATE JUSTICES  
Public, State of New York  
No. 01LUS192030  
Qualified in New York County  
Commission Expires August 25, 2012

Gary, as discussed with you in more detail this afternoon, we are prepared to agree to the terms outlined in your email of December. Please confirm (or have your client confirm directly with our clients) the time, attendees and logistics for the proposed principals conference call on Wednesday and the in-person principals meeting on Friday, once you have had a chance to confirm matters with your client. Regards, Rob Chadwick

-----Original Message-----

From: Girvan, Garth M. [mailto:GGIRVAN@MCCARTHY.CA]  
Sent: Thursday, December 24, 2009 9:56 AM  
To: Chadwick, Robert  
Subject: RE: Canwest - Without Prejudice Discussions

Rob, after consideration, my client is of the view that what was sent to you in our last email was reasonable and appropriate. They are prepared to agree to an arrangement as set out in that email and most importantly the standstill provision. They are not prepared to proceed on the basis you have set out below. If there are to be discussions, our client's position is that they can only productively proceed if the parties stand back from initiating further court proceedings against each other during the course of such discussions.

From: Chadwick, Robert [rchadwick@goodmans.ca]  
Sent: Wednesday, December 23, 2009 4:10 PM  
To: Girvan, Garth M.  
Subject: RE: Canwest - Without Prejudice Discussions

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\*\*\*\*\*

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Our new address:

Goodmans LLP  
 Bay Adelaide Centre  
 333 Bay Street, Suite 3400  
 Toronto, ON M5H 2S7

Our email addresses, telephone and fax numbers remain the same.

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, please advise us immediately and delete this email without reading, copying or forwarding it to anyone.

=====  
 This e-mail may contain information that is privileged, confidential and/or exempt from disclosure.  
 No waiver whatsoever is intended by sending this e-mail which is intended only for the named recipient(s).  
 Unauthorized use, dissemination or copying is prohibited. If you receive this email in error, please notify the sender and destroy all copies of this e-mail. Our privacy policy is available at [www.mccarthy.ca](http://www.mccarthy.ca).

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

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

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

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

Proceeding Commenced at Toronto

**AFFIDAVIT OF GERALD J. CARDINALE**

McCarthy Tétrault LLP  
Suite 4700, Box 48  
Toronto Dominion Bank Tower  
Toronto-Dominion Centre  
Toronto, ON M5K 1E6

Kevin McElcheran LSUC# 22119H  
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Malcolm Mercer LSUC# 23812W  
Tel: (416) 601-7659  
Fax: (416) 868-0673

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

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

Applicants

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

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

1. I am the President, Corporate Development & Strategy Implementation and Recapitalization Officer of Canwest Global Communications Corp. ("**Canwest Global**"). I am also a director of Canwest Media Inc. ("**CMI**") and an officer and/or director of certain of the Applicants listed in Schedule "A" hereto (the "**Applicants**"). As such, I have personal knowledge of the matters deposed to herein. Where I have relied upon other sources for information, I have specifically referred to such sources and verily believe them to be true.

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

## **RECAPITALIZATION TRANSACTION**

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

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

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



This is Exhibit "D" to the  
Affidavit of THOMAS C. STRIKE  
sworn before me this 12th day of February, 2010.

  
Commissioner for Taking Affidavits

[Page 158 to 178 of the original motion record intentionally omitted]

PRIVILEGED AND CONFIDENTIAL

CANWEST GLOBAL COMMUNICATIONS CORP.  
AND  
CANWEST MEDIA INC.

RECAPITALIZATION TRANSACTION TERM SHEET

RE: 8.0% Senior Subordinated Notes due 2012 issued by Canwest Media Inc. (collectively, the "Notes", and the holders of such Notes, collectively, the "Noteholders", and the indenture under which the Notes were issued by Canwest Media Inc., as amended, modified or supplemented prior to the date hereof, the "Indenture").

The purpose of this Term Sheet is to set out the principal terms of a proposed Recapitalization Transaction (defined below) of Canwest Global Communications Corp. ("Canwest Global"), Canwest Media Inc. ("CMI"), Canwest Television Limited Partnership ("CTLP") and certain of their respective subsidiary entities (but specifically excluding Canwest Limited Partnership and its subsidiaries<sup>1</sup>, CW Investments Co. and its subsidiaries and Ten Network Holdings Limited and its subsidiaries) (collectively, the "Canwest Group"). Schedule "A" of this Term Sheet includes a corporate chart of the Canwest Group following completion of the Recapitalization Transaction. The purpose of the Recapitalization Transaction is, among other things, to restructure CMI into a viable and competitive industry participant able to deal with the current issues facing the broadcasting industry and other competitive factors.

This Term Sheet is a summary of the terms and conditions of the Recapitalization Transaction. This Term Sheet does not create any obligations on the part of Canwest Global, CMI or any of their respective subsidiaries, any Noteholder or any other person, until such party has executed a support agreement (the "Support Agreement") attaching this Term Sheet and such Support Agreement has become effective and binding on such party in accordance with its terms, at which time this Term Sheet shall be binding upon such party. Certain matters described herein may be subject to the negotiation, execution and delivery of definitive documentation.

This Term Sheet shall not constitute an offer to sell, buy or exchange into, nor the solicitation of an offer to sell, buy or exchange into, any of the securities or instruments referred to herein. Furthermore, until a party has executed a Support Agreement attaching this Term Sheet and such Support Agreement has become effective and binding upon such party in accordance with its terms, nothing herein constitutes a commitment to exchange any debt, lend funds to Canwest Global, CMI or any of their respective subsidiaries, vote debt in a certain way, or negotiate, agree to or otherwise engage in the transactions described herein.

All dollar amounts expressed herein are in Canadian dollars except as specifically noted otherwise.

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<sup>1</sup> Any reference to "Canwest Limited Partnership and its subsidiaries" or "Publishing LP and its subsidiaries" shall include Canwest (Canada) Inc. (the general partner of Canwest Limited Partnership).

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## A. RECAPITALIZATION TRANSACTION

### 1. Summary

The Noteholders' claims pursuant to the Notes and the Indenture shall be addressed in accordance with the transactions described in this Term Sheet (collectively, the "Recapitalization Transaction"), which shall be approved or implemented as part of a plan of arrangement (the "Plan") to be filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") and approved and sanctioned by the Ontario Superior Court of Justice (the "Court") pursuant to a Court Order (the "Sanction Order"). Canwest Mediaworks Ireland Holdings ("Irish Holdco") will not be a party to the CCAA filing.

### 2. Certain Steps

As part of the Recapitalization Transaction:

- (i) the proceeds of the shares of Ten Network Holdings Limited ("Ten Network") that were held by Irish Holdco and subject to the equitable mortgage held by CIBC Mellon Trust Company (collectively, the "Irish Holdco Ten Shares") and that have been sold have been applied as set forth in the Use of Cash Collateral and Consent Agreement entered into by, among others, CMI, Canwest Global and certain of the Noteholders dated as of September 23, 2009 (the "Cash Collateral Agreement");
- (ii) the Class B Subordinated Voting Shares and Non-Voting Shares, together as a stapled security, and the Class A Subordinated Voting Shares of a restructured Canwest Global will be listed on the Toronto Stock Exchange (the "TSX") or, subject to compliance with applicable laws and obtaining any necessary or desirable regulatory or third party approvals or consents, a new TSX listed company will be formed (such restructured or new company is referred to in this Term Sheet as "Restructured Canwest Global"); and
- (iii) Restructured Canwest Global will issue to affected creditors (including the Noteholders) and existing shareholders of Canwest Global either Class A Subordinated Voting Shares or Non-Voting Shares and Class B Subordinated Voting Shares, together as a stapled security, in the capital of Restructured Canwest Global, as described more fully below; provided that the foregoing is at all times in compliance with the Canadian ownership and control requirements as contained in the *Direction to the CRTC (Ineligibility of Non-Canadians)* (the "Direction") and subject to the prior approval of the Canadian Radio-television and Telecommunications Commission (the "CRTC"), as applicable.

### 3. Other Investors in Restructured Canwest Global

One or more Canadians (as defined in the Direction) (the "New Investors") will subscribe for (the "New Investment") Class A Subordinated Voting Shares in the capital of Restructured Canwest Global or a combination of Class A Subordinated Voting Shares and Multiple Voting

- 3 -

Shares, in each case, representing an equity interest in Restructured Canwest Global that is acceptable to CMI and the Ad Hoc Committee.

The Multiple Voting Shares, if any, and Class A Subordinated Voting Shares in the capital of Restructured Canwest Global will be owned by the New Investors (and, in the case of the Class A Subordinated Voting Shares, affected creditors (including the Noteholders) and existing shareholders of Canwest Global that are Canadians (as defined in the Direction)) and will, collectively, represent a 66 2/3% voting interest in Restructured Canwest Global. The Non-Voting Shares and Class B Subordinated Voting Shares in the capital of Restructured Canwest Global will be owned by affected creditors (including the Noteholders) and existing shareholders of Canwest Global that are not Canadians (as defined in the Direction) and will represent a 33 1/3% voting interest in Restructured Canwest Global.

#### 4. Application of Proceeds from Sale of Irish Holdco Shares

All of the net proceeds of the sale of the Irish Holdco Ten Shares (the "Ten Proceeds") have been loaned to CMI and applied by CMI as follows: (i) as to the amount of \$85 million, to fund ongoing liquidity requirements of CMI and/or CTLP (including temporarily repaying the amount outstanding under the CIT Facility), (ii) to repay in full the Existing Senior Notes and (iii) as to the balance, to make a payment to the trustee under the Indenture (the "Trustee") on behalf of the Noteholders, all in the manner set forth in the Cash Collateral Agreement (as defined below).

The portion of the Ten Proceeds referred to in (i) and (ii) above are evidenced by a secured promissory note (the "Secured Intercompany Note") and the portion of the Ten Proceeds referred to in (iii) above is evidenced by one or more unsecured promissory notes (the "Unsecured Promissory Note"). The proceeds of the New Investment described in section A.3 above, together with cash on hand or an amount drawn under the emergence asset based loan facility referred to in Section A.10, shall be used to repay \$85 million of the Secured Intercompany Note, to Irish Holdco and, having regard to the guarantee of the Notes by Irish Holdco, the proceeds of such repayment shall be used by Irish Holdco to redeem \$85 million of the preferred shares held by CMI and CMI shall forthwith pay \$85 million to the Trustee (on behalf of the Noteholders).

#### 5. Affected Claims

The procedure for determining the validity and amount of affected creditors' claims against Canwest Global, CMI and CTLP for purposes of voting and receiving distributions under the Plan will be governed by an order of the Court in the CCAA proceedings (the "Claims Procedure Order"), which order shall be satisfactory to Canwest Global, CMI, CTLP and the ad hoc committee of Noteholders (the "Ad Hoc Committee").

As part of the Recapitalization Transaction:

- (i) affected creditors of Canwest Global and CMI with claims against Canwest Global or CMI accepted for purposes of receiving distributions under the Plan ("CMI Proven Distribution Claims") shall have such claims valued for purposes of receiving distributions under the Plan on the basis of the amount of each such claim relative to the total CMI Proven

- 4 -

Distribution Claims (such percentage for any particular affected creditor is referred to as the affected creditor's "CMI Percentage");

- (ii) affected creditors of CTLP with claims against CTLP accepted for purposes of receiving distributions under the Plan ("CTLP Proven Distribution Claims") shall have such claims valued for purposes of receiving distributions under the Plan on the basis of the amount of each such claim relative to the total CTLP Proven Distribution Claims (such percentage for any particular affected creditor is referred to as the affected creditor's "CTLP Percentage"),
- (iii) subject to any Convenience Class Claims (as defined below), an affected creditor with one or more CMI Proven Distribution Claims shall, in full satisfaction of such CMI Proven Distribution Claims, receive that percentage of the outstanding equity shares (as defined below) of Restructured Canwest Global as of the Effective Time (as defined below) (but excluding for such purposes any equity shares issued to the New Investors and to certain of the Noteholders pursuant to section C.5) equal to the product obtained by multiplying such affected creditor's CMI Percentage by the amount obtained by dividing \$109 million by \$283 million,
- (iv) subject to any Convenience Class Claims (as defined below), an affected creditor with one or more CTLP Proven Distribution Claims shall, in full satisfaction of such CTLP Proven Distribution Claims, receive that percentage of the outstanding equity shares of Restructured Canwest Global as of the Effective Time (as defined below) (but excluding for such purposes any equity shares issued to the New Investors and to certain of the Noteholders pursuant to section C.5) equal to the product obtained by multiplying such affected creditor's CTLP Percentage by the amount obtained by dividing \$129 million by \$283 million,
- (v) the trustee under the Indenture, on behalf of the Noteholders as beneficiaries of a guarantee of the Notes by Irish Holdco, shall, having regard for the guarantee of the Notes by Irish Holdco and having regard to the Secured Intercompany Note, receive that percentage of the outstanding equity shares of Restructured Canwest Global as of the Effective Time (but excluding for such purposes any equity shares issued to the New Investors, to existing shareholders pursuant to section A.6 and to certain of the Noteholders pursuant to section C.5) equal to the amount obtained by dividing \$45 million by \$283 million, and
- (vi) notwithstanding any legal rights or entitlements of the Noteholders or the Trustee and strictly for the purposes of the Recapitalization Transaction contemplated by this Term Sheet, for purposes of receiving distributions of CMI under the Plan, having regard for the guarantee of the Notes by Irish Holdco and the Secured Intercompany Note and the Unsecured Promissory Note, CMI Proven Distribution Claims of the Noteholders shall be agreed to be an amount of US\$761 million in aggregate, together

- 5 -

with accrued interest on the Notes up to and including the date of filing under the CCAA; and for purposes of receiving distributions of CTLP under the Plan only, CTLP Proven Distribution Claims of the Noteholders shall be agreed to be an amount of \$800 million.

Under the Plan, the claims of (i) each affected creditor with CMI Proven Distribution Claims or CTLP Proven Distribution Claims of \$5,000 (such specified amount, in the case of CMI Proven Distribution Claims, is referred to as the "CMI Maximum Amount" and in the case of CTLP Proven Distribution Claims, is referred to as the "CTLP Maximum Amount") or less and (ii) each affected creditor with CMI Proven Distribution Claims or CTLP Proven Distribution Claims in excess of the CMI Maximum Amount or CTLP Maximum Amount, respectively, but who has elected to value such claims at the CMI Maximum Amount or CTLP Maximum Amount, as the case may be, for purposes of the Plan (collectively "Convenience Class Claims") shall be valued for purposes of voting on the Plan and, if applicable, receiving distributions under the Plan at an amount equal to the lesser of (a) the CMI Maximum Amount or the CTLP Maximum Amount, as the case may be, and (b) the value of the applicable CMI Proven Distribution Claim or CTLP Proven Distribution Claim. Each affected creditor holding one or more CMI Proven Distribution Claims or CTLP Proven Distribution Claims that are Convenience Class Claims will receive a cash payment equal to the lesser of (A) the CMI Maximum Amount or the CTLP Maximum Amount, as applicable and (B) the value of such creditor's CMI Proven Distribution Claims or CTLP Proven Distribution Claims, as the case may be, in full and final satisfaction of such claims and each such creditor shall be deemed to have voted in favour of the Plan.

The percentage of the outstanding shares of Restructured Canwest Global to be issued to the affected creditors pursuant to sub-paragraphs (iii) and (iv) of this section A.5 shall be diluted by the issuance of shares of Restructured Canwest Global to the New Investors and pursuant to the provisions of section C.5.

The percentage of the outstanding shares of Restructured Canwest Global to be issued to the affected creditors pursuant to sub-paragraph (v) of this section A.5 shall be diluted by the issuance of shares of Restructured Canwest Global to the New Investors, to existing shareholders pursuant to section A.6 and pursuant to the provisions of section C.5.

Each affected creditor holding one or more proven voting claims will be entitled to vote on the Plan based on the aggregate amount of its proven voting claims as stipulated by the Claims Procedure Order.

The Plan shall provide for the following two classes of creditors: (i) affected creditors with CMI Proven Distribution Claims and (ii) affected creditors with CTLP Proven Distribution Claims.

Claims against entities other than Canwest Global, CMI and CTLP, including any of the Canwest Subsidiaries (as defined below), will be dealt with in an equitable manner having regard to the assets and liabilities of each such entity.

For purposes of the Recapitalization Transaction only, and provided the condition in section B(y) is satisfied, notwithstanding any legal rights or entitlements of the Noteholders, intercompany claims among the Canwest Group (including, without limitation, claims against CMI by Canwest International Communications Inc., Canwest Irish Holdings (Barbados) Inc. and Irish Holdco),

- 6 -

other than claims by CMI against CTLP or vice versa, shall be excluded for purposes of receiving distributions under the Plan.

If either CMI or CTLP is entitled to receive shares of Restructured Canwest Global pursuant to section A.5(iii) or A.5(iv), respectively, such shares shall instead be distributed to the creditors of CMI or CTLP, as the case may be, pro rata, based on each such creditor's CMI Proven Distribution Claim or CTLP Proven Distribution Claim.

Amounts owing between Canwest Global and one or more of its subsidiaries or between subsidiaries of Canwest Global that have arisen in accordance with the terms and conditions of any arrangement or agreement for the provision of services between CMI and/or its subsidiaries and Canwest Limited Partnership and/or its subsidiaries as of the date of the Support Agreement or past practice will be settled monthly.

On the Plan Implementation Date, Restructured Canwest Global shall release the guarantees of the Canwest Subsidiaries under the Notes after acquiring such claims.

In connection with the Plan, the CMI Percentages and CTLP Percentages shall be calculated to the fourth decimal place.

For purposes of this Term Sheet, "affected creditors" means those creditors whose claims are compromised under the Plan and include, for greater certainty, the Noteholders. For greater certainty, the CIT Facility (defined below) shall be an unaffected obligation under the Plan and CIT shall, in respect of such obligation, be an unaffected creditor.

#### **6. Existing Shareholders**

Existing shareholders of Canwest Global who are not Canadians as defined in the Direction will, in exchange for their existing shares in the capital of Canwest Global, be issued Non-Voting Shares and Class B Subordinated Voting Shares in the capital of Restructured Canwest Global. Existing shareholders of Canwest Global who are Canadians as defined in the Direction will, in exchange for their existing shares in the capital of Canwest Global, be issued Class A Subordinated Voting Shares in the capital of Restructured Canwest Global. The shares issued to existing shareholders pursuant to this section shall represent, in the aggregate, an equity interest in Restructured Canwest Global having a value of 2.3% of the outstanding equity shares. Such shares will be issued on a pro rata basis, based on the number of shares owned by each existing shareholder and, for greater certainty, without taking into account the number of votes attributed to each such share.

#### **7. Repayment of Existing Senior Secured Indebtedness of CMI**

On completion of the Recapitalization Transaction, the senior secured debt facility of CMI (the "CIT Facility") in an available amount of approximately \$100 million, will be (i) extended by way of an emergence asset backed loan facility entered into by CIT Business Credit Canada Inc. ("CIT") of approximately \$100 million or such other amount as agreed to by CIT, the Ad Hoc Committee and CMI, which shall be secured by a first ranking security interest over all of the assets of CMI and CTLP on terms acceptable to CIT, CMI and the Ad Hoc Committee, as contemplated by the indicative term sheet provided by CIT to CMI and the Ad Hoc Committee, or (ii) replaced by a new asset backed or other form of loan facility entered into with a third party



- 7 -

lender, which shall be secured by a first ranking security interest over all of the assets of CMI and CTLP on terms acceptable to CMI and the Ad Hoc Committee.

#### 8. Repayment of Existing Senior Notes

The 12% senior secured notes of CMI issued on May 22, 2009 (the "Existing Senior Notes") have been repaid in full by CMI with a portion of the proceeds of the loan from Irish Holdco evidenced by the Secured Intercompany Note.

#### 9. Liquidity and Emergence Funding Matters

Overall liquidity for the restructured business and emergence costs will be funded through the CIT Facility.

#### 10. Sources and Uses of Funds

The following table outlines the sources and uses of funds in connection with the Recapitalization Transaction:

Source	Amount	Use
(i) CIT Facility shall have extended by way of an emergence ABL facility secured by all of the assets of CMI and CTLP on terms acceptable to CMI, CIT and the Ad Hoc Committee or (ii) a new asset backed loan facility will be entered into secured by a first ranking priority over the assets of CMI and CTLP on terms acceptable to CMI and the Ad Hoc Committee	\$100 million (or such other amount agreed to by CIT, the Ad Hoc Committee and CMI)	Repayment of CIT Facility and, if applicable, partial repayment of the Secured Intercompany Note
Retention of a portion of the Ten Proceeds to be loaned to CMI by Irish Holdco.	\$190 million	Prepayment of Existing Senior Notes and funding emergence matters and liquidity
Investment by New Investors	Minimum of \$65 million	Partial repayment of the Secured Intercompany Note

#### 11. Description of Restructured Canwest Global Shares

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

- (i) Multiple Voting Shares, if any, issued to the New Investors,
- (ii) Class A Subordinated Voting Shares issued to the New Investors, affected creditors and existing shareholders of Canwest Global that are Canadians within the meaning of the Direction,

- 8 -

- (iii) Non-Voting Shares issued to affected creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction, and
- (iv) Class B Subordinated Voting Shares issued to affected creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction.

For purposes of this Term Sheet, "equity shares" refer to, collectively, the Multiple Voting Shares, the Class A Subordinated Voting Shares and the Non-Voting Shares.

## B. CONDITIONS TO RECAPITALIZATION

The Recapitalization Transaction shall be subject to the satisfaction of the following conditions prior to or at the time on which the Recapitalization Transaction is implemented (the "Effective Time"), each of which is for the exclusive benefit of the Noteholders and may be waived by the Ad Hoc Committee, on behalf of the Noteholders; provided, however that the conditions in subparagraphs (a), (c), (e), (f), (g), (h), (j), (l) (n), (o) (p), (q), (r), (t), (v), (z), (dd) and (ee) shall also be for the benefit of CMI and, if not satisfied on or prior to the Effective Time, can only be waived by both CMI and the Ad Hoc Committee:

- (a) the Plan, Sanction Order and the new (or amended) articles, by-laws and other constating documents of Restructured Canwest Global, as applicable, and all definitive legal documentation in connection with all of the foregoing shall be in a form agreed by CMI and the Ad Hoc Committee;
- (b) there shall not exist or have occurred any default or event of default (other than those defaults or events of default that are remedied or waived and other than an event of default arising from a breach of Section 5(b) of the Cash Collateral Agreement which does not result in another event of default) under the CIT Facility or the Cash Collateral Agreement;
- (c) the Plan shall have been approved by the Court and the Sanction Order shall be in full force and effect and the transactions contemplated by the Plan shall have been consummated;
- (d) there shall not exist or have occurred any orders or other matters in the CCAA proceedings relating to the Recapitalization Transaction, which, in the view of the Ad Hoc Committee, could reasonably be expected to have a material adverse effect on the Recapitalization Transaction;
- (e) all filings under applicable laws shall have been made and any material regulatory consents or approvals that are required in connection with the Recapitalization Transaction shall have been obtained, including without limitation, under the *Broadcasting Act* (Canada) in the form of a final non-appealable decision on terms satisfactory to CMI and the Ad Hoc Committee, and, in the case of waiting or suspensory periods, shall have expired or been terminated;

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- (f) there shall not be in effect any preliminary or final decision, order or decree by a government, government authority, court or public authority and no application shall have been made to any government, government authority, court or public authority, or action or investigation shall have been announced, threatened or commenced by any government, government authority, court or public authority, in consequence of or in connection with the Recapitalization Transaction, which restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit), the Recapitalization Transaction or any part thereof or requires or purports to require a variation of the Recapitalization Transaction;
- (g) the listing and posting of the Class B Subordinated Voting Shares and Non-Voting Shares, together as a stapled security, and the Class A Subordinated Voting Shares of Restructured Canwest Global on the TSX shall have been approved by the TSX, subject only to standard listing conditions and the separate listing (but not posting) of each of the Class B Subordinated Voting Shares and Non-Voting Shares of Restructured Canwest Global shall have been approved by the TSX subject only to standard listing conditions;
- (h) Restructured Canwest Global shall be a "reporting issuer" under applicable Canadian provincial securities laws and the equity shares of Restructured Canwest Global to be issued pursuant to this Term Sheet shall be issued, offered and sold pursuant to exemptions from the prospectus and registration requirements of applicable Canadian provincial securities laws and the registration requirements of U.S. securities laws and shall not be subject to any hold period or restrictions on resale (unless part of a control block or otherwise held by an affiliate (as such term is defined under Rule 144 promulgated under the United States Securities Act of 1933, as amended)) under Canadian provincial and U.S. securities laws;
- (i) no more than 18.5% of the outstanding equity shares of Restructured Canwest Global as of the Effective Time shall be issuable to affected creditors (other than the Noteholders and the Trustee) with respect to the conversion of any compromised claims pursuant to section A.5 above;
- (j) the CIT Facility shall have been extended or replaced pursuant to section A.7 above;
- (k) the Secured Intercompany Note shall have been repaid in cash as to \$85 million and such amount shall have been distributed to the Trustee (on behalf of the Noteholders);
- (l) the terms and conditions of any arrangement or agreement for the provision of services between CMI and/or its subsidiaries and Canwest Limited Partnership ("Publishing LP") and/or its subsidiaries, including any services provided by Publishing LP and/or its subsidiaries to CMI and/or its subsidiaries, as of the Effective Time, either in their current form or as amended or replaced (including as replaced by an arrangement with a third party provider other than Publishing LP and/or its subsidiaries), in each case, shall be satisfactory in all respects to the Ad Hoc Committee and CMI, and there shall have been no material adverse effect

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- on CMI's operations in connection with the disposition, recapitalization or restructuring of Publishing LP;
- (m) no CRTC tangible benefits shall have become assessed or payable in connection with, relating to, or arising from the Recapitalization Transaction;
  - (n) the exit budget and all emergence costs (including, without limitation, as to individual amounts, the aggregate amount and uses) shall have been agreed to by CMI and the Ad Hoc Committee;
  - (o) any Court imposed charge on the assets and property of Canwest Global or any of its subsidiaries (other than Publishing LP and its subsidiaries, National Post Holdings Ltd., National Post Company, CW Investments Co. and its subsidiaries and Ten Network Holdings Limited and its subsidiaries) (collectively, the "Canwest Subsidiaries"), including without limitation, any administration charge or directors and officers' charge in connection with the CCAA proceedings shall have been agreed to by CMI, the management directors (with respect to the directors and officers charge) and the Ad Hoc Committee and shall have been fully and irrevocably discharged and released;
  - (p) the terms and conditions with respect to any release and discharge of the court ordered charges in (o) above shall have been satisfactory to CMI, the management directors (with respect to the directors and officers charge) and the Ad Hoc Committee;
  - (q) a definitive agreement in respect of the transfer of the business operated by the National Post (together with all related liabilities and obligations (excluding for greater certainty a net intercompany payable of approximately \$137 million)) to the Publishing LP shall have entered into on terms agreed to by CMI and the Ad Hoc Committee by no later than October 15, 2009;
  - (r) the New Investment in an amount of at least \$65 million shall have been completed on terms acceptable to CMI and the Ad Hoc Committee and shall have been used as partial repayment of the Secured Intercompany Note;
  - (s) Canwest Global and CMI shall have entered into the Plan Emergence Agreement (as defined below) on or prior to the date that is 21 days prior to the meeting of creditors in respect of the Plan;
  - (t) each of the claims process, claims order, meetings order, Plan, disclosure documents, company sanction material and Sanction Order shall have been in a form agreed in advance by CMI and the Ad Hoc Committee;
  - (u) there shall be no liabilities or contingent liabilities of Canwest Global or the Canwest Subsidiaries in respect of any registered pension plans, except for those registered pension plans sponsored or administered by any of Canwest Global or the Canwest Subsidiaries and any multi-employer pension plans in which Canwest Global or the Canwest Subsidiaries are required to contribute pursuant to a collective bargaining agreement;

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- (v) Restructured Canwest Global shall, at the Effective Time, own directly or indirectly, a minimum of 35.33% of the outstanding shares of CW Investments Co. and CW Investments Co. shall, at the Effective Time, own substantially all of the assets that it owns as at the date of the Support Agreement;
- (w) the representations and warranties of Canwest Global and CMI set forth in this Term Sheet and in the Support Agreement shall be true and correct in all material respects at the Effective Time with the same force and effect as if made at and as of such time except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by the Support Agreement or this Term Sheet and except that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date;
- (x) there shall not exist or have occurred any Material Adverse Effect. The term "Material Adverse Effect" shall mean a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, affairs, results of operations or financial condition of Canwest Global and the Canwest Subsidiaries (taken as a whole) and shall include, without limitation, any disposition by Canwest Global or any of the Canwest Subsidiaries of any material asset (other than as contemplated by this term sheet) without the prior consent of the Ad Hoc Committee; provided that a Material Adverse Effect will not include the entering into of the Support Agreement (including this Term Sheet) or the performance of its terms, or the fact that Canwest Global and certain of the Canwest Subsidiaries are insolvent and/or have filed under the CCAA pursuant to, and in the manner contemplated by, this Term Sheet and provided further that a Material Adverse Effect shall not include the termination of any material contracts relating to the E Network in connection with the sale or closure of the E Stations;
- (y) the Noteholders shall have received the amounts set forth in section A.4 and distributions under the Plan in the manner set forth in section A.5(vi);
- (z) the Amended and Restated Shareholders Agreement relating to CW Investments Co., as amended and restated as of January 4, 2008, and the agreements contemplated therein shall have been amended and restated or otherwise addressed in a manner agreed to by CMI and the Ad Hoc Committee, subject to CRTC approval, if required;
- (aa) the events set forth in section C.9 shall have occurred on or before the corresponding dates indicated in such section;
- (bb) the size and composition of the board of directors of Restructured Canwest Global shall be acceptable to the Ad Hoc Committee;
- (cc) CMI shall have complied in all material respects with each covenant in this Term Sheet and in the Support Agreement that is to be performed on or before the Effective Time;

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- (dd) insurance in respect of the director's and officer's insurance policy of Canwest Global shall have been put in place on terms and at a cost acceptable to CMI and the Ad Hoc Committee; and
- (ee) shares of Restructured Canwest Global shall have been issuable to fewer than 290 holders of record (as provided in Rule 12g5-1 promulgated under the U.S. Securities Exchange Act of 1934 (as amended and including any relevant rules promulgated thereunder, the "Exchange Act")) under the Recapitalization Transaction or Restructured Canwest Global shall have otherwise been exempt from the registration requirements under Section 12(g) of the Exchange Act.

### C. GENERAL PROVISIONS

#### 1. CRTC Application

CMI and the Ad Hoc Committee will each use their commercially reasonable efforts to take, or cause to be taken, all actions to assist and cooperate with each other to obtain CRTC approval of the Recapitalization Transaction. The parties shall reasonably cooperate with each other with respect to the preparing of the application and all related correspondence to the CRTC, and the advisors to the Ad Hoc Committee and CMI shall agree as to the form and content of such application and correspondence.

#### 2. CCAA Plan of Arrangement

The implementation of the Plan shall be subject to and conditional upon all required Court, creditor and other approvals, if and to the extent required. The successful completion (or waiver by CMI and the Ad Hoc Committee) of all of the steps and matters noted above shall be a condition precedent to the Plan. Court filings, disclosure documents and news releases announcing the Recapitalization Transaction of Canwest Global and/or CMI shall be made available to the Noteholders prior to issuance or filing thereof for review in connection with the implementation of the Plan.

#### 3. Representations, Warranties and Covenants of Canwest Global, CMI and CTLP

Each of Canwest Global, CMI and CTLP hereby represents, warrants and covenants that:

- (i) the proposed monitor, FTI Consulting Inc. ("FTI") has received a written Canadian legal opinion, in a form acceptable to FTI, from counsel to FTI with respect to customary matters relating to the CIT Facility,
- (ii) Canwest Global and the Canwest Subsidiaries maintain appropriate insurance coverage in amounts and on terms that are customary in the industries in which they conduct business,
- (iii) neither Canwest Mediaworks Ireland Holdings nor Canwest Ireland Nominee Ltd. has any assets or liabilities other than (i) customary liabilities associated with a holding company, (ii) the Secured Intercompany Note and the Unsecured Promissory Note, (iii) guarantees of the Notes, (iv) intercompany obligations owed to Irish Holdco by CMI

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in the amount of approximately \$72,000,000 and (v) a right of redemption in favour of CMI, the holder of the preferred shares of Irish Holdco;

- (iv) it shall and shall cause the Canwest Subsidiaries to, except as contemplated by the Recapitalization Transaction, operate their businesses in the ordinary course of business, and, in any event, shall not make a public announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, any transaction or agreement that could reasonably be expected to materially adversely affect any of Canwest Global or the Canwest Subsidiaries,
- (v) except for the renewal or extension of the director's and officer's insurance currently in place and any additional insurance as contemplated by section B(dd) and except for a trust to hold the funds contributed by Canwest Limited Partnership in respect of funding a portion of the key employee retention plans of CMI, neither Canwest Global nor any of the Canwest Subsidiaries shall establish or fund any directors or employees trusts or purchase or fund any additional directors' and officers' insurance, in each case unless approved by the Ad Hoc Committee,
- (vi) upon the making of a filing under the CCAA (a "Filing"), Canwest Global and the Canwest Subsidiaries will: (i) ensure that the initial CCAA order (the "Initial Order") and all ancillary and subsequent court orders ("Other Restructuring Orders") issued in connection with a Filing at any time shall be in form and substance satisfactory to the Ad Hoc Committee; and (ii) comply with all terms of the Initial Order and all Other Restructuring Orders at all times,
- (vii) Restructured Canwest Global shall enter into an agreement with any shareholder of Restructured Canwest Global that, as of the Effective Time, holds an agreed percentage of the outstanding shares of Restructured Canwest Global providing for the right of such shareholder(s) to nominate up to two individuals to the board of directors of Restructured Canwest Global, and
- (viii) Restructured Canwest Global shall enter into a registration rights agreement with any shareholder that owns at least 15% of the outstanding equity shares of Restructured Canwest Global immediately following the Effective Time, which shall provide for, among other things, customary demand and piggy-back registration rights in Canada in favour of such shareholders, with each shareholder being entitled to up to one demand registration per year and up to two demand registrations in the aggregate.

#### 4. Plan Emergence Agreement

On or prior to the date that is 21 days prior to the meeting of creditors in respect of the Plan, Canwest Global, CMI and the Ad Hoc Committee shall enter into a Plan emergence agreement (the "Plan Emergence Agreement") that will, among other things, include schedules that are approved by the Ad Hoc Committee and set forth:

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- (i) a list of all existing management employees of Canwest Global and the Canwest Subsidiaries, who will not remain as employees of Restructured Canwest Global or any of the Canwest Subsidiaries following the Effective Time, and
- (ii) a list of all material contracts and agreements that will not remain as ongoing obligations of Restructured Canwest Global or any of the Canwest Subsidiaries, following the Effective Time; which contracts and agreements shall be terminated, repudiated or renegotiated on terms agreed to by CMI and the Ad Hoc Committee.

It is acknowledged and agreed that each of (i) the engagement letter entered into between Stonecrest Capital Inc. and Canwest Global dated June 30, 2009, (ii) the engagement letter entered into between Genuity Capital Markets and Canwest Global on May 29, 2009, (iii) the engagement letter entered into between RBC Dominion Securities Inc. and Canwest Global on December 10, 2008, as amended by a letter dated January 20, 2009 and as further amended by a letter dated October 5, 2009 (which amending letter has been approved by the Ad Hoc Committee), (iv) the agreements delivered by CMI to Goodmans LLP on October 5, 2009, which relate to key employee retention plans that have been offered to certain employees in the Canwest Group (the "KERP Employees"); (v) all contractual severance obligations in respect of the non-KERP Employees of the Canwest Group set forth in a schedule delivered by CMI to Goodmans LLP on September 22, 2009 and (vi) the CIT Facility, shall remain as unaffected obligations of the Canwest Group and shall not be repudiated or amended other than to the extent provided for therein, if applicable.

All material contracts and agreements of Canwest Global or one of the Canwest Subsidiaries that are not set forth in the schedule referenced in sub-paragraph (ii) above shall remain as ongoing obligations of Restructured Canwest Global or one of the Canwest Subsidiaries following the Plan Implementation Date.

#### 5. Support Agreement

As part of the consideration for their Notes under the Recapitalization Transaction, Noteholders who enter into a Support Agreement prior to November 2, 2009 (the "Consenting Noteholders") shall receive additional consideration (the "Support Agreement Consideration"). The Support Agreement Consideration shall be received by the Consenting Noteholders at the Effective Time in the form of additional Non-Voting Shares and Class B Subordinated Voting Shares or Class A Subordinated Voting Shares, as applicable, of Restructured Canwest Global representing, in aggregate, the Canadian dollar equivalent of US\$5 million based on the exchange rate set forth in section C.10 based on a Plan value of \$408 million. The Support Agreement Consideration shall be received by the Consenting Noteholders pro rata (based on the aggregate principal amount of Notes subject to a Support Agreement).

#### 6. DIP Financing

The debtor in possession arrangements in respect of the CIT Facility shall be agreed to by CMI and the Ad Hoc Committee, it being acknowledged by CMI and the Ad Hoc Committee that the debtor in possession arrangements agreed to pursuant to the CIT Facility are acceptable to CMI and the Ad Hoc Committee.



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### 7. Chief Restructuring Advisor

Upon the commencement of CCAA proceedings in respect of Canwest Global, CMI and/or CTLP, Canwest Global, CMI and CTLP shall promptly engage a chief restructuring advisor acceptable to the Ad Hoc Committee on terms (including the authorities, responsibilities, remuneration and length of engagement) acceptable to the Ad Hoc Committee, it being acknowledged by the Ad Hoc Committee that the terms of the engagement letter entered into between Canwest Global and Stonecrest Capital Inc. are acceptable to the Ad Hoc Committee provided that upon the commencement of CCAA proceedings Stonecrest Capital Inc. becomes chief restructuring advisor as contemplated by such agreement. The chief restructuring advisor shall be discharged and released at the Effective Time.

### 8. Amendments

No amendments to the Plan or the Recapitalization Transaction shall be made without the prior written consent of the Ad Hoc Committee.

### 9. Key Dates

The date on which the Plan is implemented is currently contemplated to be no later than April 15, 2010, subject to approval of the Plan by the Court (the date on which the Plan is implemented being the "Plan Implementation Date"). Additional key dates related to the Recapitalization Transaction are as follows:

- CCAA initial hearing date                      No later than October 15, 2009
- Claims process hearing date                      No later than October 22, 2009
- Creditor approval of Plan                      No later than January 30, 2010
- Plan Implementation Date                      No later than April 15, 2010

### 10. Conversion of US Dollar Claims

For purposes of the Plan any claims that are in United States dollars shall be converted into Canadian dollars on the basis of the average Bank of Canada United States/Canadian dollar noon exchange rate in effect over the ten day period preceding the filing of the Plan in the CCAA proceedings.

### 11. Releases

At the Effective Time, pursuant to the Plan, Canwest Global and the Canwest Subsidiaries and each of their respective present and former shareholders, officers, directors, financial advisors (including RBC Capital Markets and Genuity Capital Markets), legal counsel and agents, the proposed monitor, FTI Consulting Inc. and its counsel and Stonecrest Capital Inc. (including in its capacity as the chief restructuring advisor of Canwest Global) (collectively, the "Released Parties") will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any person (including any person

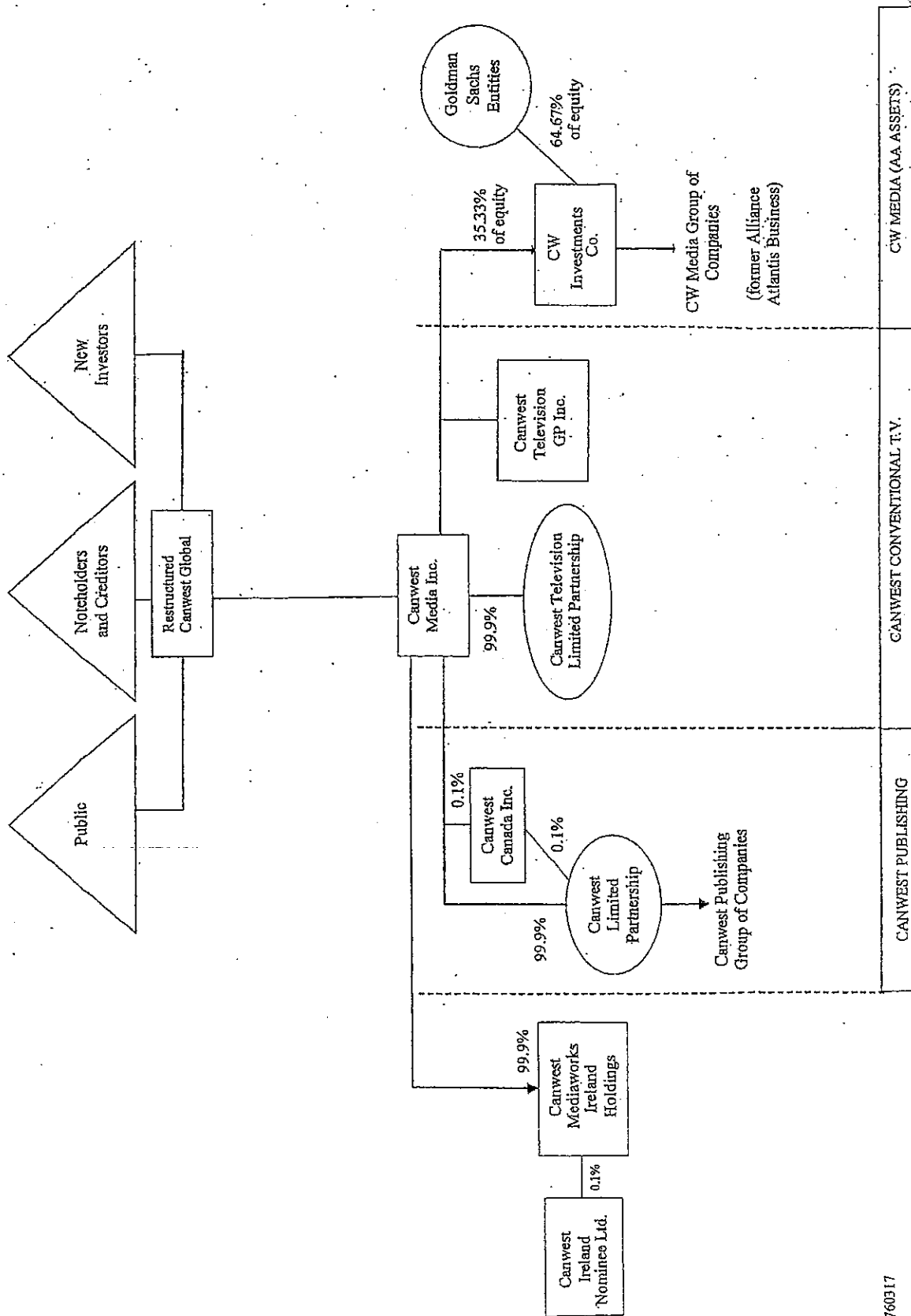
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who may claim contribution or indemnification against or from them) may be entitled to assert whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place at or prior to the Effective Time relating to, arising out of or in connection with any claim existing on the date hereof, any claim arising out of the restructuring, repudiation or termination after the date hereof of any contract, lease, agreement or other arrangement, whether written or oral, the business and affairs of Canwest Global and the Canwest Subsidiaries, the Plan, the CCAA proceedings or the Recapitalization Transaction, including, without limitation, any transaction referenced in this Term Sheet that has already occurred, provided that nothing in this section will release or discharge Canwest Global or any of the Canwest Subsidiaries from or in respect of (a) any unaffected claim or claim that arises after the date hereof, other than claims affected by the Recapitalization Transaction (b) its obligations under the Plan or under any order, or (c) any rights of Canwest Global or any of the Canwest Subsidiaries in respect of any affected claims assigned to it pursuant to the Plan or in respect of any claims it has against any Canwest Subsidiary, and further provided that nothing in this section will release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent or, in the case of directors, in respect of any claims referred to in section 5.1(2) of the CCAA.

At the Effective Time, pursuant to the Plan, the Noteholders, the Ad Hoc Committee, the Trustee and each of their respective present and former shareholders, officers, directors, financial advisors, legal counsel and agents (collectively, the "Noteholder Released Parties") will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any person (including any person who may claim contribution or indemnification against or from them) may be entitled to assert whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place at or prior to the Effective Time relating to, arising out of or in connection with the Notes (including, without limitation, any guarantee obligation under the Notes or the Indenture); the Recapitalization Transaction, including, without limitation, any transaction referenced in this Term Sheet that has already occurred, the CCAA proceedings, the Plan and any other actions or matters related directly or indirectly to the foregoing; provided that nothing in this paragraph will release or discharge any of the Noteholder Released Parties in respect of its obligations under the Plan.

## 12. Other

Canwest Global and CMI, in consultation with their legal and financial advisors and the legal and financial advisors to the Noteholders, shall use their commercially reasonable efforts to structure and complete the Plan in the most tax effective manner. The restructuring of Canwest Global and CMI may include the transfer of certain assets and/or one or more of the Canwest Subsidiaries and/or Publishing LP to other Canwest Subsidiaries as agreed upon by CMI and the Ad Hoc Committee and as subject to prior CRTC approval, if required.



V5760317

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

APPLICANTS

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

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

**INTRODUCTION**

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

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

- One of the companies that prints the *National Post* unilaterally decided to cease printing the newspaper effective July 1, 2009.
- Certain of Canwest's credit card processors (companies responsible for processing credit card payments received from, *inter alia*, subscribers and advertisers) have requested that they be allowed to hold back amounts in reserve or, in certain cases, extend the payment cycle. Collectively these companies process approximately \$350 million in annual revenue on Canwest's behalf.
- Petro-Canada has cancelled all credit cards that it had issued to employees of the CMI Entities in Kelowna, Toronto and Montreal.

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

## **THE RECAPITALIZATION TRANSACTION**

### **(i) The Support Agreement**

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

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

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

- (b) if the Plan is not implemented by April 15, 2010;
- (c) failure of the CMI Entities to comply in all material respects with their covenants or upon breach of any representation or warranty by the CMI Entities;
- (d) if the Ad Hoc Committee determines, acting reasonably, that the conditions precedent to the implementation of the Recapitalization Transaction cannot reasonably be expected to be satisfied;
- (e) an event of default under the CIT Credit Agreement; and
- (f) an event of default under the Cash Collateral and Consent Agreement.

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

**(ii) The Restructuring Term Sheet**

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

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

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

- the share capital of Restructured Canwest Global will be comprised of the following four classes of shares: (i) multiple voting shares (the “**Multiple Voting Shares**”) issued to the New Investors (as described below), (ii) class A subordinated voting shares (the “**Class A Subordinated Voting Shares**”) issued to the New Investors, Affected Creditors and existing shareholders of Canwest Global that are Canadians within the meaning of the *Direction to the CRTC (ineligibility of Non-Canadians)* (the “**Direction**”), (iii) non-voting shares (the “**Non-Voting Shares**”) issued to Affected Creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction, and (iv) class B subordinated voting shares (the “**Class B Subordinated Voting Shares**”) issued to Affected Creditors and existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction;
- it is intended that the Class B Subordinated Voting Shares and Non-Voting Shares, together as a stapled security, and the Class A Subordinated Voting Shares of Restructured Canwest Global, will be listed on the Toronto Stock Exchange;
- one or more Canadians (the “**New Investors**”) will invest at least \$65 million in Restructured Canwest Global in consideration for Class A Subordinated Voting Shares in the capital of Restructured Canwest Global or a combination of Class A Subordinated Voting Shares and Multiple Voting Shares, in each case, representing an equity interest in Restructured Canwest Global that is acceptable to CMI and the Ad Hoc Committee;
- on completion of the Recapitalization Transaction, the CIT Facility will be extended or replaced by a similar facility on terms to be agreed by CMI and the Ad Hoc Committee;
- the terms and conditions of any arrangement or agreement with respect to the Shared Services between the CMI Entities and the LP Entities, either in current form or as amended or replaced, shall be satisfactory to the Ad Hoc Committee and CMI and there shall be no material adverse effect on CMI’s operations in

connection with any disposition, recapitalization or restructuring of the LP Entities;

- as a result of the guarantee of the 8% Senior Subordinated Notes executed by CMIH and having regard to the Secured Intercompany Note and the Unsecured Promissory Note, the 8% Senior Subordinated Noteholders shall be entitled to claim recovery for the full amount of principal (approximately US\$761 million) and accrued interest of the 8% Senior Subordinated Notes from CMI without deduction for amounts recovered from the sale of the Ten Shares;
- the 8% Senior Subordinated Noteholders shall be entitled to claim against CTLP, as guarantor, the amount of \$800 million, an amount which reflects the 8% Senior Subordinated Noteholders' full claim less an estimated recovery from CMI of \$100 million (without deduction for amounts recovered from other guarantors);
- no more than 18.5% of the outstanding equity shares of Restructured Canwest Global will be issued to Affected Creditors (other than the 8% Senior Subordinated Noteholders);
- existing shareholders of Canwest Global will receive in aggregate 2.3% of the shares of Restructured Canwest Global;-----
- Restructured Canwest Global will, upon completion of the Recapitalization Transaction, own at least 35.33% of the shares of CW Investments and the shareholders agreement with Goldman Sachs relating to CW Investments shall have been revised in a manner agreed to by CMI and the Ad Hoc Committee, subject to CRTC approval if required;
- a definitive agreement in respect of the transfer of the business of *The National Post* to the LP Entities shall have been entered into on terms agreed to by CMI and the Ad Hoc Committee by no later than October 15, 2009;
- there shall have been no default or event of default under the CIT Facility or the Cash Collateral and Consent Agreement;



- there shall not exist or have occurred any material adverse effect to the business, affairs, results of operations or financial condition of the CMI Entities;
- the size and composition of the board of directors of Restructured Canwest Global shall be acceptable to the Ad Hoc Committee;
- the 8% Senior Subordinated Noteholders that executed the Support Agreement in favour of the Recapitalization Transaction shall receive additional consideration, in the form of additional Non-Voting Shares and Class B Subordinated Voting Shares or Class A Subordinated Voting Shares, as applicable, of Restructured Canwest Global, representing, in aggregate, the Canadian dollar equivalent of US\$5 million, in consideration for entering into the Support Agreement; and
- the key elements of the Recapitalization Transaction shall have occurred by the following dates set out in the Term Sheet:
  - (i) CCAA initial hearing date – no later than October 15, 2009
  - (ii) Claims process hearing date – no later than October 22, 2009
  - (iii) Creditor approval – no later than January 30, 2009; and
  - (iv) Plan implementation date – no later than April 15, 2010.

### ***INSOLVENCY OF THE CMI ENTITIES***

176. As discussed above, as a result of the significant decline in advertising revenues, in February 2009 CMI breached certain of the financial covenants set out in the 2005 CMI Secured Credit Facility and in March 2009 failed to make a US\$30.4 million interest payment which was due in respect of the 8% Senior Subordinated Notes. CMI subsequently received a series of waivers of the borrowing conditions from its then current secured lenders and entered into a series of extension agreements with the Ad Hoc Committee wherein the parties agreed that the 8% Senior Subordinated Noteholders who were parties to that agreement would not demand immediate payment of the principal amount of the outstanding 8% Senior Subordinated Notes during the extension periods in order to allow the CMI Entities to pursue a recapitalization transaction. Had a demand for immediate payment been made by either the then current CMI

*Re. Canwest Global Communications*

Court File No. 09-8396-00CL

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**RESPONDING MOTION RECORD  
(REDACTED BRIEF)**

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