

TRANSACTION, RELEASE AND DISCHARGE

BETWEEN: **THE ELECTRONIC RIGHTS DEFENCE COMMITTEE ERDC**, a legal person having its principal place of business at 2363 de Rouen Street, City and District of Montreal, Province of Quebec H2K 1M1, herein represented by its duly authorized representative, Mary Soderstrom

(hereinafter referred to as "ERDC")

AND: **CANWEST GLOBAL COMMUNICATIONS CORP.**, a legal person having its principal place of business at 201 Portage Avenue, City of Winnipeg, Province of Manitoba R3B 3L7, herein represented by its Vice-President and General Counsel, Richard Leipsic

(hereinafter referred to as "CGCC")

WHEREAS on April 7, 1997, ERDC filed a motion seeking authorization to institute a class action against several Defendants in file number 500-06-000035-978, of the Quebec Superior Court, District of Montreal;

WHEREAS in September 2004, ERDC added CGCC and certain of its subsidiaries as co-defendants by way of amendment to the Motion for Authorization to Institute a Class Action (the «**Class Action**»);

WHEREAS on March 31, 2009, Justice Eva Petras authorized the bringing of the class action on behalf of the following group of natural persons (the «**Group**»):

All persons residing in Quebec or having resided in Quebec or residing in Canada, who have been freelance writers or creators for the Southam Inc. daily newspaper The Gazette in Montreal, and whose articles or works have been reproduced without authorization or consent in the electronic database named INFOMART or in other electronic databases or in any form whatever and who have not obtained compensation for these illegal reproductions, as well as all assignees or transferees of copyright rights of these persons, or if these persons are deceased their heirs or legal representatives;

WHEREAS on October 6, 2009, in the Ontario Superior Court of Justice, CGCC and certain of its subsidiaries (collectively, the "CMI Entities") filed for and obtained protection from their creditors in proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceedings");

WHEREAS the Ontario Superior Court of Justice established a procedure for the identification and quantification of certain claims against the CMI Entities pursuant to an Order dated October 14, 2009 (the "Claims Procedure Order");

WHEREAS pursuant to the Claims Procedure Order, ERDC was provided with a CMI Claims Package which included a CMI Notice of Claim (both as defined in the Claims Procedure Order) that advised ERDC that the CMI Entities valued its claim at \$0;

WHEREAS ERDC, in turn, filed a CMI Notice of Dispute of Claim (as defined in the Claims Procedure Order) dated November 18, 2009 in which it valued its claim at \$33,382,800 as against CGCC (the "ERDC Claim");

WHEREAS the ERDC Claim was subsequently referred to a Claims Officer for adjudication pursuant to the Claims Procedure;

WHEREAS the parties have agreed to settle the ERDC Claim against CGCC only and not with its subsidiaries nor affiliates;

WHEREAS it is a condition of the present settlement that a plan of compromise and arrangement with respect to CGCC under the CCAA be approved by its creditors and by the Court. In the event, that no such plan is approved, the present agreement will become null and void and ERDC will resume its rights to maintain its entire claim against CGCC without prejudice to CGCC's right to contest it;

WHEREAS it is a condition of the present settlement that it be approved by the Superior Court of Quebec according to article 1025 of Quebec Code of Civil Procedure (C.C.P.).

THEREFORE the parties agree as follows:

1. The parties acknowledge that this settlement is made without prejudice to the right of ERDC and every member of the Group to claim damages against any other persons and/or companies and/or any affiliates or subsidiaries of CGCC, except for CGCC itself;
2. The ERDC Claim shall hereby be amended by reducing the amount of the ERDC Claim to \$500,000 (the "Accepted Claim Amount") and ERDC shall have a single Voting Claim and a single Distribution Claim (both as defined in the Claims Procedure Order) in the amount of \$500,000. CGCC hereby accepts the ERDC Claim at the Accepted Claim Amount. The parties shall advise the Court-appointed Monitor of the final resolution of the ERDC Claim and the Accepted Claim Amount.
3. In consideration of the foregoing and subject to the authorization of the Court pursuant to article 1025 C.C.P.:
 - a) ERDC undertakes to settle the Class Action against CGCC only, each party paying its costs;
 - b) On its behalf and on behalf of the members of the Group it represents, ERDC gives and grants to CGCC, its officers, directors, shareholders, employees, assigns, legal representatives and any other person or entity who may be responsible for CGCC in fact and in law, but only to the extent of CGCC liability

and not in any other respect, a full release and discharge of any and all claims, past, present or future, arising directly or indirectly from the facts recited in the Class Action and the ERDC Claim;

- c) ERDC undertakes to keep in trust any amount payable to it as part of the CCAA Proceedings following the present settlement until a settlement is reached and approved and/or a judgment is rendered against all defendants in the Class Action and to distribute it following the term and conditions of such settlement and/or final judgment;
 - d) ERDC specifically acknowledges that this settlement is made without any admission of liability whatsoever by CGCC and solely for the purpose of reaching an amicable settlement. ERDC furthermore acknowledges that this settlement is made without prejudice to the rights of the other Defendants in the Class Action;
4. CGCC specifically acknowledges that this settlement is made without any admission whatsoever by ERDC and solely for the purpose of reaching an amicable settlement. CGCC furthermore acknowledges that this settlement is made without prejudice to the rights of ERDC against the other Defendants in the Class Action;
 5. The parties acknowledge that this settlement constitutes a transaction within the meaning of article 2631 and following of the *Civil Code of Quebec* and binds CGCC and ERDC and the members of the Group.
 6. In order to give effect to this settlement, ERDC undertakes to present a motion to Quebec Superior Court seeking authorization to settle the proceedings against CGCC pursuant to article 1025 C.C.P., which motion shall recite the terms of the settlement, advise the Court that ERDC has accepted the settlement and requests that the Court authorizes the settlement with CGCC;
 7. Prior to the presentation of such motion, the ERDC undertakes to present a motion to Quebec Superior Court seeking the approbation of the Notice to members, annexed as **Exhibit A**, and the following proposed plan of publication:
 - a) The ERDC will send a copy of the Notice to members with a copy of the Transaction, Release and Discharge to all known members of the Group for whom it has a known email address, which amount to more than a 100 members;
 - b) Also, the Notice to members with a copy of the Transaction, Release and Discharge will be published on the following websites for a duration of a least 30 days :
 - www.erdcc.ca (Plaintiff's Website)
 - www.sfpavocats.ca (Attorneys of the group Website)
 - www.writersunion.ca (The Writers' Union of Canada (TWUC))
 - www.qwf.org (Quebec Writers' Federation (QWF))
 - www.uneq.qc.ca (Union des écrivains québécois (UNEQ))
 - www.pwac.ca (Periodical Writers' Association of Canada (PWAC))
 - www.ajiq.qc.ca (Association des journalistes indépendants du Québec(AJIQ))
 - www.cfunion.ca (Canadian Freelance Union (CFU));

8. In the event that the Superior Court of Quebec does not approve the present settlement, this settlement will become null and void and the parties will be put in the same situation they were before the settlement was reached without prejudice;

AND THE PARTIES HAVE SIGNED:

Montreal, Quebec
This _____ day of June 2010

**THE ELECTRONIC RIGHTS DEFENCE
COMMITTEE ERDC**

Per: Mary Soderstrom

Winnipeg, Manitoba
This _____ day of June 2010

**CANWEST GLOBAL COMMUNICATIONS
CORP.**

Per: Richard Leipsic