

**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 PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST
BOOKS INC. AND CANWEST (CANADA)

**AFFIDAVIT OF RUSSELL MILLS
(Sworn January 28, 2010)**

I, Russell Mills, of the City of OTTAWA , in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:

1. I am the former publisher of the Ottawa Citizen and employee of Canwest Publishing Inc. ("CPI"). In my affidavit, Canwest Publishing Inc./Publications Canwest Inc., Canwest Books inc., Canwest (Canada) and Canwest Limited Partnership and the Canwest Global Canadian newspaper entities are collectively referred to as "Canwest" or the "LP entities". I swear this affidavit in support of the motion by myself, Blair Mackenzie, Rejean Saumure and Les Bale for a representative and funding order on behalf former salaried employees and retirees of Canwest and for the appointment of Nelligan O'Brien Payne LLP and Shibley Righton LLP as representative counsel.

2. As a former employee and retiree of Canwest, I have knowledge of the matters to which I hereinafter depose except where stated to be based upon information and belief. Where I rely on information and belief, I verily believe it to be true.

Background

3. While in university, I began working for the London Free Press. I subsequently joined the Oshawa Times as a reporter in 1970 and shortly thereafter became City Editor. In 1971, I joined the Ottawa Citizen as a Copy Editor. After a series of promotions in 1977, I became the Editor of the newspaper. In 1984, I was appointed the General Manager. In 1986, I became the Publisher of the Ottawa Citizen.
4. Subsequently, in 1989 I became the President of the Southam Newspaper Group and at that time was responsible for all of Southam's daily and weekly newspapers. After my tenure as President, I returned to my position as Publisher of the Ottawa Citizen in 1992. I remained in that position until June of 2002 when my employment at Canwest was terminated. After a 30 months salary continuance period, I proceeded to retire on December 16, 2004 and began receiving my accrued pension and supplementary pension entitlements at that time.

Corporate History

5. During my employment, the corporate ownership structure of the Ottawa Citizen and the other newspapers now owned by Canwest went through a number of

changes. In 1992, Southam Inc., which owned the Ottawa Citizen and other daily and weekly newspapers across Canada, was acquired by Hollinger Inc.

6. In 2000, Hollinger Inc. agreed to sell the Southam Newspaper business to Canwest. As part of the transaction, the newspaper assets were transferred to a company called Southam Publishing Inc., which assumed liability for employees and post-employment and post-retirement benefits and entitlements.
7. Subsequently, Southam Publishing Inc. changed its name to Canwest Publishing Inc., which was a wholly owned subsidiary of Canwest Global Communications Corp. In 2005, Canwest Publishing Inc. transferred some of its community newspapers to Canwest Limited Partnership.

Pension and SERA Entitlements

8. As a former employee and retiree of Canwest and its predecessor companies, I am entitled to and receive a pension benefit from the Southam Retirement Pension Plan, specifically the Canwest Southam Publications Inc. Retirement Plan. Attached as Exhibit "A" is a copy of the Pension Plan.
9. I am also entitled to pension payments from the Southam Executive Retirement Arrangements (SERA). The SERA is a non-registered plan used to provide supplemental pension benefits to former executives of Canwest and its predecessors in excess of those earned under the Pension Plan and in excess of those permitted

under the *Income Tax Act*. The SERA payments I received on a monthly basis post-retirement represent a significant portion of the retirement benefits that I am entitled to be paid by Canwest. Attached as Exhibit "B" is a copy of the SERA Agreement I signed on July 13, 1990.

Canwest's CCAA Protection and Impact

- 10. On January 8, 2010, Canwest obtained an order pursuant to the CCAA staying all proceedings and claims against them (the "Initial Order"). Pursuant to the Initial Order, Canwest is entitled but not required to make payments to the employee and retiree benefits plans. In addition, the Initial Order specifically excluded SERA from the authorization to Canwest to continue employee and retiree payments.
- 11. On January 8, 2010, I received a phone call from Grace Palombo, Senior Vice President of Human Resources advising me that my SERA payments would cease effective immediately. She also advised that the registered pension plan was not affected and that I would receive two letters, one from Leonard Asper describing what had happened and a second outlining the CCAA process.
- 12. On January 11, 2010, I received a letter from Leonard Asper, President and CEO of Canwest Global Communications Corporation, advising that certain the Canwest LP entities had filed for and were granted protection under the CCAA and that in

conjunction with the filing the SERA had been terminated. Attached as Exhibit "C" is a copy of the January 11, 2010 letter.

13. As a consequence of the CCAA filing, I no longer receive payment of my SERA benefits. This loss has had a significant impact on my income and I cannot replace it. Furthermore, the loss of my SERA payments has severely impacted my retirement, which I had planned for based on the receipt of the SERA payments. I understand from the pre-filing report of the Monitor, that in total seven (7) retirees and two (2) current employees have seen their entitlements under the SERA unilaterally terminated.
14. When I elected to commence receiving my pension and SERA entitlements, I chose a 100% joint survivorship option that reduced my immediate SERA and pension entitlements to ensure that should I predecease my spouse, she would receive a lifetime pension. I am concerned that my wife will no longer receive this benefit as a result of the CCAA filing.
15. I also understand from the materials filed by Canwest and from discussions with former employees that Canwest has ceased making payments to former employees who were terminated prior to the Initial Order being granted.

16. As a retiree of Canwest, I am entitled to certain retiree benefits, which are funded by Canwest. Given the CCAA filing, I am concerned that Canwest or any successor company will not be able to pay these benefits in the future.

17. As a retiree now drawing a pension from the Pension Plan, entitled to SERA payments and accessing the Health Plan, I have a direct interest in the outcome of Canwest' CCAA restructuring, particularly since my income has been significantly reduced by the termination of the SERA and since my Pension entitlements as well as my retiree medical benefits are all at risk.

Development of CSER and Concerns

18. In the fall of 2009, after hearing media reports, I became concerned with Canwest's financial situation and its continued ability to pay for my SERA and pension entitlements. As a consequence, I along with other retirees entitled to SERA payments formed a group in order to allow us to better understand and share information regarding our rights and entitlements.

19. Since shortly after January 8, 2009 and the CCAA filing, I have been engaged in efforts to advance and protect the interests of salaried employees and retirees through the formation of the Canwest Salaried Employees and Retirees ("CSER") group and my involvement with its Steering Committee. CSER consists of both former employees who have had their severance packages terminated and retirees who have had their SERA entitlements terminated. CSER has been formed to

protect the interests of former employees of Canwest and to ensure that former employees are kept informed of developments. To that effect, we have been making efforts to try and locate former employees and retirees across Canada that have been affected by Canwest's CCAA filing.

20. We have also recently formed a Steering Committee consisting of Blair Mackenzie, Rejean Saumure, Les Bale and myself. The Steering Committee is diverse and includes retirees and former employees. As a member of the Steering Committee of CSER, I am able to say that we plan to continue the protection of such interests throughout Canwest's CCAA proceedings.
21. This past few months have been very difficult for me on many levels. I provided Canwest and its predecessors with over 30 years of service in various positions of responsibility. Moreover, many of the former employees have had a career spanning decades of dedicated service. I am extremely disturbed by the precarious financial situation of Canwest and am very concerned with the effects of such financial distress on its former employees. I am not confident in the solvency of the Pension Plan and the payment of other benefits to which I am entitled and for which I, as well as many others, have contributed significant portions of our salaries during our working career.
22. I am very concerned that my SERA payments have ceased to be paid since they account for most of my retirement income from Canwest. I trusted that Canwest,

would continue to pay my SERA entitlements for the rest of my life and took such funds into consideration when planning my retirement. I rely on these payments to continue my retirement as planned and am upset that I no longer receive the full retirements payments promised to me. I am further concerned about the underfunded status of the Pension Plan which could cause an additional reduction to my retirement income in the future.

23. As a retiree, I depend upon the medical supplemental benefits provided by Canwest. I am concerned that my supplemental medical benefits could be discontinued and I will be forced to try to obtain personal medical coverage or to try to cover my medical expenses on my own. Either way, the possible reduction or elimination of supplemental medical benefits would create significant additional expenses for me. Retirees rely on supplemental medical benefits to cover their increasing medical costs. Any reduction or elimination would severely impact their incomes and quality of life.
24. I understand from Canwest's filings that there is a proposed credit acquisition that involves an acquisition by an entity capitalized by the Secured Creditors ("Acquire Co"). AcquireCo may acquire substantially all of the assets of the LP Entities (including the shares in National Post Inc.) and assume certain of the liabilities of the LP Entities. It is contemplated that AcquireCo would offer employment to substantially all of the employees of the LP Entities and would assume most of the LP Entities' existing pension plans and existing post-retirement and post-

employment benefit plans. Not all employee and retiree benefits are being assumed however and the contemplated agreement includes a right by AcquireCo to exclude liabilities. As consequence, it is not clear to what additional extent employees and retirees may be adversely affected by these proceedings and representation is required to assist them through the process.

25. Furthermore, both retirees and former employees may have claims against the Directors of Canwest that needed to be explored and ultimately pursued in the CCAA proceedings. Without the assistance of counsel, retirees and former employees will not be able to identify and pursue such claims.

Benefits of Appointing the Representatives

26. Having the Steering Committee members and Nelligan O'Brien Payne LLP along with Shibley Righton LLP (NOP/SR) appointed as counsel for the Salaried Retirees provides a reliable source for information about the process. We can speak on behalf of the Salaried Employees and Retirees to Canwest and other stakeholders and report back through our contacts or the Nelligan O'Brien Payne website to the affected salaried retirees and employees. CSER and NOP/SR can advocate on behalf of the Salaried Employees and Retirees in the negotiation of a Plan under the CCAA and can address with the Court issues that may affect their interests.
27. Employees and Retirees are a vulnerable group of creditors in an insolvency matter because they have little means to pursue claims or representation in complex CCAA

proceedings or other related insolvency proceedings. Former employees and retirees of Canwest would therefore benefit from an order appointing representative counsel in this proceeding. This order would not only assist former employees and retirees to advance their claims but would also allow us to have a reliable source for information about the process through our representative counsel. The appointment of representative counsel would have the benefit of streamlining our concerns and our claims and would introduce efficiency to the process for all the parties involved in the proceedings.

28. I am advised by Steven Levitt of Nelligan O'Brien Payne and verily believe that the firm has set up a website link and dedicated email address on their firm website to provide detailed information to the former employees and retirees of Canwest about the CCAA proceedings.
29. I am advised by Steven Levitt of Nelligan O'Brien Payne and verily believe that if there are claims to be filed on behalf of the Salaried Employees and Retirees in the CCAA or in a bankruptcy, the Monitor or Trustee will not necessarily prepare and calculate their claims but will simply wait for us to calculate and submit claims on our own. Many Retirees and former employees may not submit claims because they do not understand the process and what needs to be done to advance their claims. Further, claims pertaining to the calculation of unpaid future SERA entitlements requires the assistance of an actuary with access to relevant data in order to provide an accurate calculation. This is not available to individual retirees. This can result in

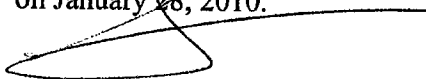
such salaried employees and retirees not receiving any dividends whatsoever in respect of their unpaid benefits.

30. I am concerned that many former employees will have difficulties with the claims process without the assistance of a lawyer. Both the services of a lawyer and of an actuary are not available without great expense and would be out of reach for individual retirees and for former employees whose income has been substantially reduced. Without assistance, many retirees and former employees may be reluctant to make claims or to further participate in the process due to its onerous and confusing nature.
31. In addition, the Court has ordered in Canwest's CMI proceedings that former employees and retirees be provided with representation funded by Canwest. It would only be fair that former employees of the LP entities be similarly provided with paid representation.
32. As a retiree, I continue to be concerned about the impact that the Canwest' CCAA restructuring will have on my pension and other retiree benefits, and ultimately on my way of life as a retiree. It is due to these concerns, and the interests of all of the non-unionized former employees, that the Steering Committee seeks an order appointing Nelligan O'Brien Payne LLP and Shibley Righton LLP to ensure that former employees' interests are represented. In addition, should we be advised that any Unions are not representing the interests of their former employees in these


proceedings, the Steering Committee is willing and able to represent their interests as well. Additional members would be added to the Steering Committee to reflect the full diversity of former employees and to be responsive to their concerns.

- 33. I make this affidavit in good faith and in support of this motion to appoint the CSER Steering Committee as representatives to all salaried former employees and retirees of Canwest and Nelligan O'Brien Payne and Shibley Righton as representative counsel for this group and for no improper purpose.

SWORN BEFORE ME at
the City of Ottawa
in the Province of Ontario,
on January 28, 2010.



Commissioner of Oaths, etc.



Russell Mills