



**NOTES FOR REMARKS TO**

**The Annual and Special Meeting of Unitholders**

**CanWest MediaWorks Income Fund**

**BY**

**Peter Viner**

**President & Chief Executive Officer**

**Le Royal Meridien King Edward, Toronto  
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**(Check Against Delivery)**

Good afternoon ladies and gentlemen. My name is Peter Viner, I am President and Chief Executive Officer of CanWest MediaWorks General Partnership, the operating entity in which CanWest MediaWorks Income Fund holds 24%. I join the Chair of the Income Fund Trustees, the Honourable Peter Liba, in welcoming all of you to the first Annual General and Special Meeting of unit holders.

Before I get into the details of my speech I need to state that this presentation may contain forward looking statements. On the screen here in the room and on the web for those listening in we have our customary forward looking statement and risks associated with that and I refer you to that statement.

The details of our operating results for fiscal 2006, including the financial statements, and management's discussion and analysis, are contained in the Annual Report, which was made available to all unit holders in November. So I refer you to that document for a comprehensive report on our operations in 2006.

Two days ago we released our results for the first quarter of fiscal 2007. I will highlight some of our first quarter results before moving on to report on our activities and results for fiscal 2006.

The improving trend that we started to see in the fourth quarter has strengthened as we moved into fiscal 2007. The improvement is evident across both operating segments.

Our Publishing and Interactive operations registered year-over-year revenue and EBITDA gains compared to the first quarter of last year. While some of this is attributable to steady but modest revenue growth at our newspapers, some of those gains were attributable to a series of cost control initiatives undertaken throughout the last 12 months.

These cost reductions totaling approximately \$15 million on an annualized basis, had a positive impact on EBITDA in the second half of fiscal 2006. This trend has continued into the first quarter of this year. The restructuring of Dose in the third quarter of fiscal 2006 is also a significant contributing factor to improved operating results.

As we reported on Tuesday of this week, for the quarter ended on November 30<sup>th</sup>, 2006, revenues increased [1]% over the same period in the previous year, which included the period of September 1, 2005 to October 12<sup>th</sup>, 2005, before the Income Fund began trading. More significantly however was that our EBITDA increased 9% for the same quarter year over year, which underscores the operational discipline we have imposed last year. Our EBITDA margin improved from 26.2% in Q1 of last year to 28.3% this year. Net earnings are almost doubled from the previous years as a result of the change in structure and on a trailing 12 months basis distributions represent 92% of distributable cash.

Last year's focus was not solely on cost containment, we made strategic investments in our online properties in order to monetize the growing consumer and advertising interest in online classifieds and other platforms.

Our classified vertical sites, *Working*, *Driving*, *Shopping*, *Remembering*, *Connecting* and *Renting* have added value to our traditional newspaper classified ads and have helped minimize the move of classifieds to online products.

We have also expanded the offerings of *FPInfomart*, our online data service, adding video to the existing print media monitoring services as well as new sources of information including, the *Globe and Mail*, available on our service as of January 1, of this year.

The results are impressive. Interactive revenues grew by 21% in 2006 while EBITDA from our online activities increased by 63%.

Even more encouraging is the recent growth in traffic to our websites. For the first time ever CanWest Interactive sites, including the *canada.com* network and local newspaper sites, *FPInfomart*, *dose.ca* and other corporate sites exceeded 5 million unique visitors in the month of November, a 74% increase over the same month last year and a 36% increase from the month earlier. This puts CanWest in a leadership position among Canadian web site providers with a 23% reach of all Canadians online.

All of our ten daily newspapers continue to lead their respective markets in paid circulation, readership and revenue with the exception of Vancouver, where we remain the number one and number two paper in the market.

We also made some significant organizational changes through our first year of operation. In May we appointed Dennis Skulsky to President, CanWest MediaWorks Publications. Dennis had been leading the largest of our newspaper operations in Vancouver, and has proven to be an excellent choice to lead our publishing group. Kevin Bent succeeded Dennis in Vancouver as the Publisher of the Sun and the Province after leading the publications sales group in Toronto. Malcolm Kirk rejoined the company as Publisher of the Calgary Herald and we announced Rob Leuschner, to the newly-created position of President, Community Publishing Group.

Linda Hughes, after a stellar thirty year career at the Edmonton Journal has retired. Linda was the first woman to become publisher of the Journal and she has led the paper with distinction since 1992. I would like to take this opportunity to thank her for her service.

Through the year we also made changes to our mix of publishing and online assets. Early in the year we converted the daily youth paper DOSE, to an exclusively online product to better suit the target audience, we also launched Ottawa Rush Hour this past October, an afternoon commuter publication designed to capture market share from our tabloid competitor in Ottawa.

We also launched into a new directory business this year. This complementary business requires advertising sales expertise, online and print capacity, all elements in which CanWest excels. This pilot project in the Ottawa region will be closely aligned to our online properties, particularly the Canada.com website.

And we increased and realigned resources to beef up the local content of our newspaper websites and have improved our online versions of the newspapers in a strategy designed to enhance our presence in local markets.

All of these initiatives fit in with a strategy we call “own the city”. This strategy is built on the fact that our newspapers remain the most credible and indepth source of local news, information and advertising messages in the cities in which they operate. Their corresponding websites and all other ancillary products, such as directories, flyers, magazines and shoppers guides support and enhance this strategy.

Based on the solid performance of our newspapers, the first year of operation of the Income Fund met its planned cash distribution target ,without exceeding 95% of the distributable cash generated. On a trailing 12 months basis our payout ratio has fallen to 92% as of November 30, 2006 and we expect this positive trend to continue.

Our strong cash position, unused credit line, declining payout ratio and improving bank covenants have given us a very strong balance sheet. As a

result our distributions are secure and we are in an excellent position to pursue acquisitions should attractive opportunities present themselves.

## **Outlook**

Looking at our priorities in 2007, the focus for the operations will again be on maintaining our leadership position in our local markets, continuing our focus on cost containment and investing in new revenue opportunities as they are identified.

We continue to develop and expand our Internet using wireless mobile devices which are rapidly gaining in importance as a source of news, information and entertainment, and as a platform for advertising. We will continue to grow this segment of our Company by developing and launching new web-based products and services through the year.

Finally, the Fund's solid result is due to the innovative and talented group of professionals that produce our publishing and web based products and services. I would like to thank our board of independent trustees, led by the Hon. Peter Liba, for their insight and counsel, as well as the board and executive management from CanWest MediaWorks General Partnership for their diligence and their guidance through the first year of the operation of CanWest MediaWorks Income Fund.

We look forward to this year with confidence and expect another solid result.

I will now turn it back to Peter Liba for some concluding remarks.