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FROM CONRAD BLACK
Chairman

Israel H. Asper, O.C. QC
CanWest Capital Group Inc
Toronto Dominion Centre
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15 June, 2000

BY FACSIMILE TRANSMISSION

Dear Izzy,

Thank you for your transaction proposal and covering letter. I have the following comments:

I had thought that the subordinated notes would be issued by CanWest. As heavily subordinated as they are to the debt on the assets that you propose to acquire, there is real doubt about whether their true value will be equal to their face value. In order to ensure that this is the case, the last item of the schedule C will have to be strengthened considerably, otherwise this offer will not be competitive. If it was a matter of doing an MBO off our public company, we could do it ourselves. You have given assurances of the marketability and commercial value of this subordinated debt but this will need some work.

The cash portion of the consideration, which had been over $100 million, appears to have vanished without trace or comment. We would like it to be reinstated. You appear to be seeking an absolute exclusivity of discussion after this week. You will appreciate that our understanding was that we could not banish the other offerors until we were sure of an agreement with you. You have my assurance of your priority position but until all acceptable agreements are concluded, we will conduct parallel rather than sequential negotiations. This is no reason not to mobilise the personnel resources necessary to take this deal to conclusion by July 21.

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CanWest-8

There is the suggestion of a possible indefinite delay due to the CRTC and of some degree of conditionality beyond July 21 related to your bank financing. We resolved these matters in Brussels and I assume our agreement in those respects continues. Some rewording will thus be necessary.

The price in respect of Canada.com and related assets was double their cost to us and a $20 million cap is not acceptable though I don't think it will be too greatly exceeded.

The following points are new and are not on their face acceptable at least as composed in your document:

- **The 20% annual reduction in payment for voluntary or involuntary cessation of the management agreement.**

- The five year alternation in the chairmanship of the National Post and the election of an independent chairman after five years.

- The indemnity of four years on any capital gains assessment to you on a resale of an acquired asset. At the least the period of indemnity should be the same as the drag-up period accorded to us in the resale of such assets.

- The scope of the due diligence you propose. We cannot allow you full and complete access to the personnel of the businesses you are proposing to purchase.

- We cannot permit you to "cherry-pick" our managers and leave us with employment obligations to employees you do not wish to take but who, if left with us, would have nothing left to manage.

- We can use our best efforts to facilitate retention agreements for Key Employees but that cannot be a condition of the proposed transaction.

The following are among those points which will require clarification

- The board of directors of the National Post cannot determine editorial policy. The editor and the publisher will, subject to general direction. Individual rights of publication of signed articles

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and the avoidance of gratuitously harmful comments to the corporate interest are acceptable as formulated by you.

- The prohibition on any transfer of personnel from the sold assets back to our company will require some flexibility.

- The cost of integrating the National Post into CanWest operationally will have to be equitably divided.

- The consolidation of CanWest income for valuation purposes where minority interests exist can not be implemented in a manner inconsistent with other valuation methods in this agreement.

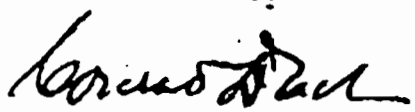
- The "manager", Ravelston, doesn't meticulously supervise editorial contents prior to publication but asserts its authority more generally and will continue to do so.

- The cost of capital provision in Schedule G, Resale Provisions, will require explanation. We have agreed that if units are sold within two years at more that 10 x EBITDA, Hollinger and CanWest will split the net gain evenly. This agreement should not be modified.

I assume all these points and any other that may arise can be resolved but they will require substantial discussion. As it is now composed, the transaction proposal is apparently at considerable variance with what we agreed and could not be accepted. I urge you to reformulate it at your early convenience as the deluge of competing proposals is already audible. You remain our preferred option and we expect to close with you if these misunderstandings can be resolved. Perhaps we could speak later today.

With best wishes,

Yours sincerely,



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