



Broadcasting Notice of Public Hearing CRTC 2007-11

Ottawa, 6 July 2007

The Commission will hold a public hearing commencing on 5 September 2007 at 9:30 a.m., at the Conference Centre, Portage IV, 140 Promenade du Portage, Gatineau, Quebec, to consider the following application. The deadline for submission of interventions/comments is 10 August 2007.

[\[Broadcasting intervention/comments form\]](#)

Item Applicant and Locality

1. **CanWest MediaWorks Inc. (CanWest), on behalf of Alliance Atlantis Communications Inc. (Alliance Atlantis)**
Across Canada
Application No. 2007-0700-5

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Application No. 2007-0700-5

Application by **CanWest MediaWorks Inc. (CanWest), on behalf of Alliance Atlantis Communications Inc. (Alliance Atlantis)**, seeking authority for the transfer of effective control of Alliance Atlantis' broadcasting companies to CanWest, through a subsidiary to be known as CW Media Inc. (the successor of AA Acquisition Corp) (Amalco).

Background

On 10 January, 2007, CanWest Global Communications Corp. (CanWest Global) and GS Capital Partners (GSCP), a private equity affiliate of Goldman, Sachs & Co. announced that they had entered into an agreement with Alliance Atlantis to acquire all of its issued and outstanding shares at a cash price of \$53.00 per share in cash for an aggregate price of approximately 2.3 billion (which includes regulated and non-regulated businesses). In doing so, CanWest Global would acquire effective control of Alliance Atlantis.

The Commission announced on 25 May 2007, that the transaction involving CanWest and Alliance Atlantis had completed two preliminary steps required in the examination of the transaction.

As the first step, the Commission approved, by Letter of authority dated 24 May 2007, a corporate restructuring pursuant to a Plan of Arrangement aimed at separating Alliance Atlantis' businesses and operations that are subject to regulation by the Commission under the *Broadcasting Act* from those that are not regulated.

As a second step, the Commission approved, by Letter of authority dated 24 May 2007, the creation of a Voting Trust Agreement and the appointment of Mr. James B. Macdonald as trustee. The Voting Trust Agreement involved the transfer of all of the issued and outstanding shares of Alliance Atlantis' broadcasting companies as well as its partnership interest in the general partnership known as Historia & Séries+, s.e.n.c. This would enable the continued operation of the broadcasting undertakings in question independently from CanWest pending the Commission's consideration of the current transaction. This authorization is valid until 31 December 2007.

Application

The proposed transfer of effective control would be effected through the transfer of all of the issued and outstanding shares of Alliance Atlantis' broadcasting companies, currently in trust, to Amalco, a corporation controlled by CanWest.

Amalco will be owned by Canco, a corporation to be incorporated and controlled by CW Media Holdings Inc., which in turn is controlled by Specialty TV Holdco. Specialty TV Holdco will be controlled by CW Investments Co. (Jointco).

Jointco will be controlled by CanWest, the registered owner of 66 2/3% of the voting shares. GSCP will be the registered owner of the remaining voting shares (33 1/3% of the voting shares).

As a result of the transaction, CanWest would acquire control of 18 broadcasting specialty television services (of which 5 services are still not launched). It would also acquire a minority interest in 3 other services and a 50% partnership interest in Historia & Séries+, s.e.n.c.

CanWest has ascribed a value to the transaction of \$1.369 billion representing the value for the Alliance Atlantis regulated broadcasting undertakings. The proposed tangible benefits package for these undertakings amounts to \$136.9 million.

CanWest proposed that approximately 90% of the tangible benefits (\$123 million) be allocated to on-screen and programming initiatives and that the remaining 10% (\$13.69 million) be allocated to social and industry initiatives.

Considering the size and scope of the proposed transaction, the Commission may discuss, among other things, the following:

Ownership

In the context of the proposed consolidation involving two major broadcasters in television and specialty services, the Commission may wish to discuss the potential impact on the television market (i.e. market power that CanWest could enjoy and the potential to adopt anti-competitive behaviour), and, examine various related ownership issues such as cross-media ownership (horizontal integration), licence trafficking and tangible benefits.

Control

Pursuant to the *Direction to the CRTC (Ineligibility of non-Canadians)*, P.C. 1997-486, 8 April 1997, as amended by P.C. 1998-1268, 15 July 1998, the Commission must be satisfied that the broadcasting undertakings are under Canadian control at all times.

In this context, the Commission may wish to discuss the mechanisms proposed by CanWest to ensure that it will exercise control over the broadcasting undertakings and over all programming decisions.

Value of the transaction and its proposed benefits package

The Commission may wish to discuss the value of the transaction, and the valuation of the assets (i.e. methodology, allocation between regulated and unregulated undertakings).

The Commission may also wish to discuss the proposed benefits package in terms of incrementality, acceptability, and proposals in respect of any benefits that may be found to be unacceptable to the Commission. The Commission, in applying its benefits test, has been consistent and rigorous in requiring that expenditures proposed as tangible benefits be: (1) truly incremental; (2) directed to projects and initiatives that would not be undertaken or realized in the absence of the transaction; and (3) as generally required applicants to demonstrate that expenditures proposed as tangible benefits flow predominantly to third parties, such as independent producers.

The Commission may wish to discuss the programming synergies that will result from this transaction and how those synergies will impact what programming is broadcast on the various services, such as the amount of programming overlap that will occur between the conventional stations and the specialty services.

The Commission notes that, as part of the application, a number of documents were filed in confidence with the Commission. The Commission has approved confidentiality for these documents where they contain highly sensitive financial or competitive information the disclosure of which could jeopardize the ability of the applicant to complete the proposed transaction if the Commission approves this application. The Commission notes that, should it be required to question the applicant regarding the information filed in confidence at the oral hearing, the Commission may consider holding a portion of the oral hearing in camera solely to address any questions it may have with respect to the confidential information. The Commission notes that the majority of the information filed as part of the application is on the public record of the proceeding.

Additional information will be placed on the public examination file as it becomes available. The Commission encourages interested parties to monitor the public examination file and the Commission's web site for additional information that they may find useful when preparing their comments.

Applicant's address:

CanWest MediaWorks Inc., on behalf of
Alliance Atlantis Broadcasting Inc.
3100-201 Portage Avenue
Winnipeg, Manitoba
R3B 3L7
Fax: 204-947-9841
E-Mail: cbell@canwest.com

Examination of application:

121 Bloor Street
Suite 1500
Toronto, Ontario

Public Participation

Deadline for interventions/comments

10 August 2007

The intervention must be received by the CRTC and by the applicant on or before the above-mentioned date. The Commission cannot be held responsible for postal delays.

The intervention must include one of the following statements in either the first or the last paragraph:

- 1 - I request to appear at the public hearing.
- 2 - I do not want to appear at the public hearing.

Your intervention will be considered by the Commission, and will form part of the public record of the proceeding without further notification to you, provided the procedure set out below has been followed. You will be contacted only if your submission raises procedural questions.

Submit your written intervention to the Secretary General of the Commission in **only one** of the following formats:

by using the
[\[Broadcasting intervention/comments form\]](#)

Or

by mail to
CRTC, Ottawa, Ontario K1A 0N2

or

by fax at
819-994-0218

A true copy **must** be sent to the applicant and proof that this has been done must accompany the intervention sent to the Commission.

The Commission advises those who file and serve by electronic mode to exercise caution when using e-mail for service of documents or notification, as it may be difficult to establish that service has occurred.

Before initiating service through electronic mode, please ensure that you will be able to satisfy the Commission, upon request, that service of the notification was completed.

Where the intervention is filed by electronic means, the line *****End of document***** should be entered following the last paragraph of the document, as an indication that the document has not been damaged during electronic transmission.

Each paragraph of the document should be numbered.

Your intervention should clearly identify the application and indicate whether you support or oppose the application, or if you propose changes to it, include the facts and grounds for your proposal.

In the event that the application is brought to the oral phase of the hearing, and if you wish to appear, you must provide reasons why your written comments are not sufficient and why an appearance is necessary.

Persons requiring communications support such as assistance listening devices and sign language interpretation are requested to inform the commission at least twenty (20) days before the commencement of the public hearing so that the necessary arrangements can be made.

Important notice

Note that all information that you provide as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, e-mail or through the Commission's web site at www.crtc.gc.ca, becomes part of a publicly accessible file and will be posted on the Commission's web site. This information includes your personal information, such as your full name, e-mail address, postal/street address, telephone and facsimile number(s), and any other personal information you provide.

The personal information you provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.

Documents received electronically or otherwise will be put on the Commission's web site in their entirety exactly as you send them, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.

Please note that the information you provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the webpage of this particular public process. As a result, a general search of our website with the help of either our own search engine or a third-party search engine will not provide access to the information which was provided as part of this public process.

Examination of documents

An electronic version of applications is available from the Commission's web site by selecting the application number within this notice.

A list of all interventions/comments will also be available on the Commission's Web site. An electronic version of all interventions/comments submitted will be accessible from this list. To access the list, select "Lists of interventions/comments" under "Public Proceedings" from the Commission's Web site.

Documents are also available during normal office hours at the local address provided in this notice and at the Commission offices and documentation centres directly involved with these applications or, upon request, within 2 working days, at any other CRTC offices and documentation centres.

Central Building
Les Terrasses de la Chaudière
1 Promenade du Portage, Room 206
Gatineau, Quebec K1A 0N2
Tel: 819-997-2429
Toll free Telephone: 1-877-249-2782
Toll-free TDD: 1-877-909-2782
FAX: 819-994-0218

Metropolitan Place
99 Wyse Road
Suite 1410
Dartmouth, Nova Scotia B3A 4S5
Tel: 902-426-7997
FAX: 902-426-2721

205 Viger Avenue West
Suite 504
Montréal, Quebec H2Z 1G2
Tel: 514-283-6607

55 St. Clair Avenue East
Suite 624
Toronto, Ontario M4T 1M2
Tel: 416-952-9096

Kensington Building
275 Portage Avenue
Suite 1810
Winnipeg, Manitoba R3B 2B3
Tel: 204-983-6306 – TDD: 204-983-8274
FAX: 204-983-6317

Cornwall Professional Building
2125 – 11th Avenue
Room 103
Regina, Saskatchewan S4P 3X3
Tel: 306-780-3422

10405 Jasper Avenue
Suite 520
Edmonton, Alberta T5J 3N4
Tel: 780-495-3224

530-580 Hornby Street
Vancouver, British Columbia V6C 3B6
Tel: 604-666-2111 – TDD: 604-666-0778
FAX: 604-666-8322

Secretary General

This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>