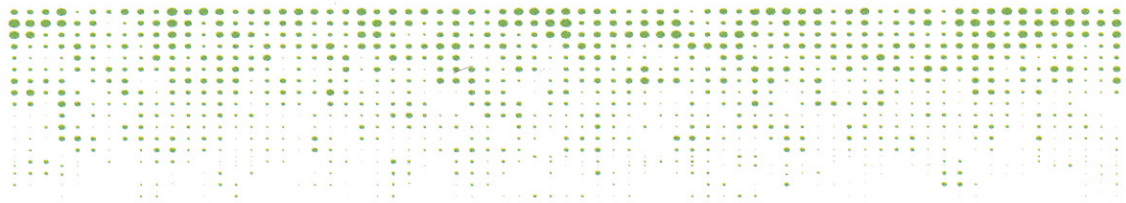




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October 16, 2012

Nathalie Clermont
Director of Program Management
Canada Media Fund
4 - 50 Wellington St. E.
Toronto, ON M5E 1C8

Dear Nathalie,

Thank you for meeting with us on September 18, 2012 to discuss regional development. As always, we greatly appreciate your efforts to consult with the CMPA on these important matters.

The CMPA shares the CMF's concern regarding the lack of development in the regions. In discussing this issue with our Regional Task Force (the "Task Force"), they expressed their view that the \$1 million that has been currently allocated by the CMF is inadequate to the task of incentivizing meaningful development in the regions. Nonetheless, the Task Force's proposals below were developed based on the current \$1 million allocation.

The Task Force strongly believes that the central cause of the disparities in regional development lies in the broadcasters' failure to meaningfully develop projects in the regions. The Task Force therefore felt that exploring ways to incentivize development in the regions with smaller or emerging broadcast entities who currently have little or no development envelopes might be an option for the CMF to consider.

With the above in mind, we have devised a proposal that targets regional development with those smaller broadcasters. This will allow for a diversity of voices in the marketplace and enable smaller broadcasters to play a larger role both in the regions and in the Canadian broadcasting system as a whole. We do realize that broadcasters with little to no CMF development envelopes similarly have small CMF production envelopes and our proposal will not cause a significant change in regional production numbers on its own, but it may create opportunities for partnerships with broadcasters who do have more substantial envelopes and/or other industry partners with available financing or access to other sources of financing.

Additionally, funds specifically targeted to regional development might be made available to any broadcasters who have already spent most of their current development envelope.

At the same time, the Task Force continues to remain strongly of the opinion that access to broadcasters and key creative talent remains a significant challenge for regional producers. Accordingly, additional funds should be allocated to help defray travel costs incurred for the purposes of meeting with broadcasters and key talent, such as creators, writers and potential co-producers.

We would therefore propose that the CMF split the \$1 million in additional funding for regional development such that a portion of the funds would be allocated to broadcasters that meet the criteria outlined below, with the other portion to be used to cover regional producers' eligible pre-development travel costs. The Task Force is of the view that the CMF is best placed to determine what the appropriate split should be between these two regional development initiatives.

Our proposal has the following components:

Broadcaster Regional Development Incentive

Project Eligibility:

- English language projects only
- Producer must be from a region, including Vancouver
- Returning series are excluded

Broadcaster Eligibility:

- Broadcasters who have not received CMF development envelope monies in the current year; or
- Broadcasters who, in the current year, have received CMF development envelope monies that are 4% or less of the total CMF development envelope allocation; or
- Broadcasters who, in the current year, have received any amount of CMF development envelope monies but have 10% or less left in their envelope

Pre-Development Regional Incentive

- Eligible costs will be those costs incurred by regional producers (including Vancouver-based producers) for the purposes of meeting with broadcasters and key creative talent, including writers, creators and potential co-producers.

Finally, we would underscore that the above proposals constitute an inadequate measure to incentivize development in the regions. The CMPA and the Task Force are fully prepared to work with the CMF and other stakeholders in developing a more comprehensive series of measures that will achieve the goal of balanced development and production activity across the country.

We look forward to hearing your thoughts on this proposal. Please do not hesitate to contact us if you have any questions.

Yours truly,

[ORIGINAL SIGNED BY MICHAEL HENNESSY]

Michael Hennessy
President & CEO