

FAMOUS PLAYERS SALARIED EMPLOYEES' PENSION SURPLUS COMMITTEE

April 24, 2007

Dear Pension Plan Member:

We last reported to you in October, 2005 concerning the proposed surplus distribution from the Retirement Plan for Salaried Employees of Famous Players Limited and Subsidiary and Affiliated Companies (the "Pension Plan", or the "Plan"). You will recall we advised there were a number of important regulatory and judicial steps which had to be followed prior to any surplus being distributed.

This present report is intended to:

- (1) give you an update as to the status of the surplus distribution process; and
- (2) advise you concerning the enclosed "STATEMENT OF SURPLUS ALLOCATION AND OPTIONS".

SURPLUS DISTRIBUTION UPDATE

As developments have arisen, and steps in the process have been completed, we have been consistently updating the Committee's website, listed at our solicitors' page www.koskieminsky.com (click on "Pension Surplus" under Client Links, and then "Famous Players / Paramount Pictures (Canada)"). Please feel free to review that webpage at your convenience to see further updates and to review certain documents posted as part of this process.

More specifically, following the member meetings at specified locations in November, 2005, Plan members eligible to receive a surplus share forwarded their "Authorizations and Retainers", in which they supported the surplus sharing proposal. By early 2006, 131 of the 139 eligible Plan members authorized Koskie Minsky to accept the proposal on their behalf. On this basis, the Committee and the employer and Plan administrator (formerly Paramount Pictures (Canada) Inc., now CBS Pictures Canada Inc.) signed a formal Surplus Sharing Agreement and commenced Court proceedings in the Ontario Superior Court to approve the Agreement. Several attendances before the Court were required, and on September 11, 2006 the Court approved the Agreement. The Court's decisions (dated May

24, 2006, June 13, 2006 and September 13, 2006) can be viewed at the “Documents” tab at the Famous Players webpage (above).

Following the Court proceedings, in late 2006 CBS filed all the necessary regulatory filings with the Ontario pension regulator, the Financial Services Commission of Ontario (“FSCO”). This is the final regulatory step necessary to permit the administrator to pay the surplus shares in accordance with the Agreement. This step also requires the approval of the settlement from the Financial Services Tribunal. An attendance before the Tribunal originally scheduled for January 26, 2007 was adjourned to allow the government more time to review the settlement documentation.

We are now pleased to report that the Committee and CBS attended before the Tribunal on April 18, 2007, which approved the terms of the settlement. This was agreed to by FSCO as well, which approved the Plan wind up and gave its necessary consent to the surplus withdrawal application.

As a result of these steps being completed, you are receiving the enclosed STATEMENT OF SURPLUS ALLOCATION AND OPTIONS (the “Surplus Statement”), which is discussed below. The expected target date for payment of the surplus shares is sometime in the fall of 2007.

SURPLUS STATEMENT

As stated, you have received the enclosed Surplus Statement. This statement was prepared by the Plan administrator and its actuarial advisors, Buck Consultants, and is required to be given to you by the pension regulations. These regulations require that you be given **90 days** within which to choose how you would like to receive your surplus share.

We strongly recommend you review this Surplus Statement carefully with your trusted family members and financial advisor. It sets out an updated approximate amount of surplus you are entitled to receive, and sets out the method of payment.

The default payment option (Option 1) is to receive your surplus share in cash as a lump sum payment. In this respect, Canada Revenue Agency rules require that estimated income taxes must be withheld at source. The Surplus Statement specifies the formula for tax withholdings.

Only persons who are currently alive and receiving a pension from the Plan are eligible to receive a non-cash option (Option 2 or 3). If the surplus payment is being paid to an estate or to a survivor, the default cash payment (Option 1) (less

tax withholdings) applies. If you are entitled to receive an option other than a cash payment, please be aware that you will be electing to receive an increase to your monthly pension. This means that you will receive **less** than your full share of surplus in cash, and instead will be using a portion of your share of surplus to purchase an enhancement to your pension. This is how and why these options are considered to be tax-deferred, that is, you will be avoiding the immediate lump sum tax withholding and will pay that tax instead over time as you receive the additional pension. If you elect to receive your surplus by way of a pension enhancement, you will be giving up a corresponding amount of your surplus share in cash. If you pass away (and there is no survivor pension payable), the pension will stop, including that portion of the surplus used to purchase the enhancement. As such, you are well advised to consider these options very carefully with your family and advisors.

As stated, you have **90 days** to make an election with respect to your Options. If you do not inform the Plan administrator (Buck Consultants) of your election, you will be deemed to accept Option 1 (cash), less withholding tax.

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Thank you for your continued patience concerning the surplus distribution. If you have any questions about the Surplus Statement, please contact Leo Lui at Buck Consultants at (416) 865-0191 ext. 302. If you have questions regarding the surplus distribution process generally, please contact the Committee's lawyers, Koskie Minsky LLP at **1-888-502-7460**. You may also contact Koskie Minsky LLP by e-mail at famousplayerspension@koskieminsky.com, or by facsimile at 416-977-3316

Yours sincerely,

The Famous Players Salaried Employees' Pension Surplus Committee.

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