FERRIER HODGSON
CORPORATE ADVISORY

INDEPENDENT ADVISER'S REPORT

OFFER FOR CANWEST MEDIAWORKS (NZ)

MAY 2007

This report is not a report on the merits of the offer. This report has been commissioned by the offeror. This report is solely a report to compare the terms and conditions offered for non-voting securities in comparison with the consideration and terms offered for voting securities. A separate independent report on the merits of the offer commissioned by the directors of the target company will be distributed to shareholders shortly along with a statement by the target company.

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GLOSSARY

$	New Zealand Dollars
BOPM	Binomial Option Pricing Model
CanWest	CanWest MediaWorks Ireland Holdings
CanWest Global	CanWest Global Communications Corp.
Citigroup	Citigroup Global Markets Inc.
ESOs	Employee Share Options
HT Media	HT Media Limited
MediaWorks	CanWest MediaWorks (NZ) Limited

1. INTRODUCTION

On 20 October 2006, CanWest Global Communications Corp. (“CanWest Global”) announced that it had retained Citigroup Global Markets Inc. (“Citigroup”) to explore opportunities arising out of the new Australian media ownership laws. Citigroup was engaged to examine a range of possible scenarios involving CanWest Global's 56.4% economic interest in Network TEN; Eye Corp., TEN's wholly-owned out-of-home advertising subsidiary; and CanWest MediaWorks (NZ) Ltd (“MediaWorks”), CanWest Global's 70%-owned television and radio broadcasting subsidiary in New Zealand.

On 8 May 2007: Ironbridge Capital, an Australasian private equity group, announced its intention to launch a full takeover offer for all of the shares and options in MediaWorks for NZ$2.43 per share in cash. Ironbridge Capital will make the takeover offer via its newly incorporated subsidiary HT Media Limited (“HT Media”). HT Media has executed a lock-up agreement under which CanWest MediaWorks Ireland Holdings (“CanWest”) has agreed to sell its 70% stake in MediaWorks into the takeover offer. The takeover offer and entry into the lock-up agreement were the result of Ironbridge’s successful bid into a competitive process conducted by CanWest over recent months.

In addition to the ordinary shares, HT Media is also offering to purchase the non-voting equity securities in MediaWorks. Rule 8(4) of the Takeovers Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

Rule 22 of the Takeovers Code requires that an Offeror must obtain a report from an independent adviser if Rule 8(4) applies. In the report, the independent adviser must certify that, in the adviser’s opinion, the offer complies with Rule 8(4). Ironbridge Capital has engaged Ferrier Hodgson to compile this Independent Adviser’s report. Ferrier Hodgson’s engagement has been approved by the Takeovers Panel.

HT Media is offering to purchase the following non-voting securities in MediaWorks, all of which are share options granted under an Employee Share Option Plan Prospectus dated 15 October 2004:

- 860,000 Group A options over ordinary shares exercisable at $1.53 per share. These options are fully vested and can be exercised at any time until 28 July 2014. I HT Media is offering $0.90 for each Group A option.
- 1,560,000 Group B options over ordinary shares exercisable at $1.78 per share. These options are 40% vested. The remaining Group B options vest in equal number on 1 November 2007, 1 November 2008 and 1 November 2009. Once vested, the options can be exercised at any time until 1 November 2014. HT Media is offering $0.72 for each Group B option.
- 500,000 Group C options over ordinary shares exercisable at $1.78 per share. These options are 40% vested. The remaining Group C options vest in equal number on 14 December 2007, 14 December 2008 and 14 December 2009. Once vested, the options can be exercised at any time until 14 December 2014. HT Media is offering $0.72 for each Group C option.
- 2,518,000 Group D options over ordinary shares exercisable at $1.70 per share. These options are 20% vested. The remaining Group D options vest in equal number on 14 December 2007, 14 December 2008 , 14 December 2009 and 14 December 2010. Once vested, the options can be exercised at any time until 14 December 2015. HT Media is offering $0.74 for each Group D option.
- 2,390,000 Group E options over ordinary shares exercisable at $2.07 per share. These options are unvested. They vest in equal number on 14 December 2007, 14 December 2008 , 14 December 2009, 14 December 2010 and 14 December 2011. Once vested, the options can be exercised at any time until 14 December 2016. HT Media is offering $0.64 for each Group E option.

1.1 INFORMATION

The sources of information, to which we have had access and upon which we have relied, are set out in Appendix 1 of this report.

1.2 RESTRICTIONS

This report should be read in conjunction with the statements and declarations set out in Appendix 2 regarding our independence, qualifications, general disclaimer and indemnity and the restrictions upon the use of this report.

1.3 OTHER

References to $ relate to New Zealand dollars. References to years or financial years mean the financial years ended 31 August.

2. EXECUTIVE SUMMARY

Rule 8(4) of the Takeovers Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

Rule 22 of the Takeovers Code requires that an offeror must obtain a report from an independent adviser if Rule 8(4) applies. A Rule 22 report is not required to consider the merits of the offer for the ordinary shares, and does not opine on whether an offer of $2.43 per share is fair and reasonable. In this report we have therefore determined what the fair value of the non-voting securities would be if the ordinary shares in MediaWorks were worth $2.43.

Table 2.1 sets out our analysis as to the valuation range for each non-voting security in MediaWorks that is fair in comparison to an offer price of $2.43 for the ordinary shares. It is important to note that this is not a stand-alone valuation of the non-voting securities.

Table 2.1 also sets out the price HT Media is offering for each non-voting security and our opinion as to whether the consideration and terms offered are fair and reasonable in comparison with the consideration offered for the ordinary shares. If HT Media's offer for the non-voting securities were to exceed the top of our range, it would be unfair to ordinary shareholders. If the offer were to fall below the bottom of our range, it would be unfair to holders of the non-voting securities. Provided that the offer for each non-voting security falls within our valuation range, we have assessed the offer to be fair in comparison to the offer to the ordinary shareholders.

Table 2.1 shows that for each class of non-voting security, the HT Media offer falls within our assessed valuation range. Consequently Ferrier Hodgson certifies that, in its opinion, the consideration and terms offered for each class of non-voting securities is fair and reasonable in comparison with the consideration and terms offered by HT Media for the ordinary shares. Ferrier Hodgson also certifies that, in its opinion, the consideration and terms offered for the non-voting securities are fair and reasonable as between classes of non-voting securities.

Table 2.1: Assessed Valuation Range for Non-Voting Securities Relative to an Offer of $2.43 for the Ordinary Shares

	Assessed Valuation Range	HT Media Offer	Fair?
Group A Options	$0.90	$0.90	Yes
Group B Options	$0.68 - $0.80	$0.72	Yes
Group C Options	$0.67 - $0.80	$0.72	Yes
Group D Options*	$0.70/$0.73 - $0.82 *	$0.74	Yes
Group E Options	$0.59 - $0.71	$0.64	Yes

** The minimum fair value for vested Group D options is 73 cents. Unvested Group D options have a minimum value of 73 cents if the Board recommends the offer and 70 cents if the Board does not.*

3. BACKGROUND TO THE CURRENT OFFER

3.1 GENERAL

MediaWorks is New Zealand's largest private-sector broadcast media company. Through its wholly owned subsidiaries CanWest TVWorks Limited and CanWest RadioWorks Limited, it owns and operates the TV3 and C4 television networks, national radio brands The Edge, The Rock, More FM, Kiwi FM, RadioLIVE, Radio Pacific/Radio Trackside, Solid Gold and The Breeze, plus several local radio stations. MediaWorks is a majority owned subsidiary of CanWest Global, Canada's largest media company.

Ironbridge Capital is an independent Australian private equity manager, managing funds in excess of A$1.5 billion on behalf of Australian and international institutional investors. Ironbridge Capital is focused on investments in medium to large sized management buyout and expansion capital transactions in Australasia. The MediaWorks transaction is the fourth Ironbridge investment in New Zealand.

3.2 SUMMARY OF THE OFFER

Ironbridge Capital will make a takeover offer for all of the ordinary shares and outstanding options of MediaWorks via its newly incorporated subsidiary, HT Media. Key terms of the offer are as follows:

Special Dividend: The terms of the offer allow for MediaWorks to pay a fully imputed special cash dividend of approximately 11 cents per share prior to the takeover offer becoming unconditional. This special cash dividend is being considered by the Board of MediaWorks. If the special cash dividend is paid the HT Media offer price per share will be adjusted accordingly.

Offer Price for Ordinary Shares: A cash payment of $2.43 per share, less the amount of any special dividend that is paid.

Offer Price for Options: See Table 2.1.

Minimum Acceptance Condition: The takeover offer is subject to a minimum acceptance condition of 50%. HT Media has executed a lock-up agreement under which CanWest has agreed to sell its 70% stake into the takeover offer, and its acceptance will fulfil the minimum acceptance conditions.

Other Conditions: Apart from a series of other conditions that are standard for an offer of this type, the acquisition is subject to the approval by New Zealand's Overseas Investment Office.

3.3 MEDIAWORKS ORDINARY SHARES

MediaWorks currently has 226.7 million ordinary shares on issue. Each ordinary share confers on the holder: (i) the right on a poll at a meeting of shareholders to one vote on each resolution; (ii) the right to an equal share in dividends authorised by the Board; and (iii) the right to an equal share in the distribution of the surplus assets of the Company.

3.4 MEDIAWORKS NON-VOTING SECURITIES

The only non-voting securities in MediaWorks are share options granted under an Employee Share Option Plan Prospectus dated 15 October 2004. The classes of outstanding options are set out in Table 3.1. The key terms and conditions of the options are set out in the remainder of this section.

Entitlement: The options are only granted to directors of, full time employees of, and persons contracted principally to, MediaWorks, who are designated as Eligible Employees by the Board. The options cannot be transferred.

Vesting: 20% of the options granted on a particular Grant Date vest on each of the first, second, third, fourth and fifth anniversary of that Grant Date.

Exercise Period: Once vested, the options can be exercised any time up until the Lapse Date, provided that the holder remains an Eligible Employee of MediaWorks at that time. Any unexercised options will lapse when the holder ceases to be an Eligible Employee, subject to:

(i) holders who cease to be an Eligible Employee due to resignation, redundancy, ill health or accident may exercise the options within 3 months of ceasing to be an Eligible Employee;

(ii) the personal representatives of a holder who dies may exercise the options within 12 months of the date of death;

(iii) holders who cease to be an Eligible Employee due to a leave of absence without pay approved by the Board or becoming entitled to benefits under a long-term disability programme, may exercise the options, together with any options that would vest within the next 24 months, within 6 months of ceasing to be an Eligible Employee.

(iv) holders who cease to be an Eligible Employee due to retirement may exercise the options within 24 months of ceasing to be an Eligible Employee;

(v) if a holder ceases to be an Eligible Employee as a result of accident or ill health, the Board may make such amendments to the terms as it considers appropriate to allow that holder to exercise the options .

Takeovers: If, on any date before the option is vested, a takeover offer is made for the ordinary shares which:

(i) the Board recommends (or intends to recommend) that shareholders accept; and

(ii) would, if accepted, result in the offeror holding in excess of 50% of the ordinary shares,

then the holder may exercise the options at any time prior to the closing of the offer, provided that the holder must sell all shares issued upon the exercise of the options into the takeover offer.

Compulsory Acquisition: If an offeror undertakes compulsory acquisition of shares so as to obtain ownership of all shares on issue, any options which remain unexercised by the time compulsory acquisition is completed shall lapse.

Table 3.1: MediaWorks Non-Voting Securities

Group	Exercise Price	Grant Date	% Vested	Vesting Dates	Lapse Date	Total Outstanding
A	$1.53	29-Jul-04	100%		28-Jul-14	860,000
B	$1.78	1-Nov-04	40%	1 Nov 2007, 2008, 2009	1-Nov-14	1,560,000
C	$1.78	14-Dec-04	40%	14 Dec 2007, 2008, 2009	14-Dec-14	500,000
D	$1.70	14-Dec-05	20%	14 Dec 2007, 2008, 2009, 2010	14-Dec-15	2,518,000
E	$2.07	14-Dec-06	0%	14 Dec 2007, 2008, 2009, 2010, 2011	14-Dec-16	2,390,000
						7,828,000

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4. EVALUATION OF OFFER AS BETWEEN CLASSES

4.1 VALUATION APPROACH

Rule 8(4) of the Takeovers Code prescribes that if non-voting securities are included in a full offer, the consideration and terms offered for the non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

We have adopted the following framework to determine whether the consideration offered for the non-voting securities is fair and reasonable in comparison to that offered for the ordinary shares:

(i) Comparison of the gross consideration offered for all of the equity securities is examined on a before investor tax basis. As such, the potential break-down of the full cash offer between payment for the shares and the special dividend is irrelevant; we only need to compare the offer of $2.43 per ordinary share to the offer for the non-voting securities. For this part of the assessment we therefore simply refer to the offer price as $2.43, with no attempt to reflect the relative proportion paid via the special dividend.

(ii) The offer of $2.43 per share for the ordinary shares provides the benchmark for our assessment. Although we make no attempt to determine whether this offer for the ordinary shares is fair and reasonable, the offer for the ordinary shares is the starting point from which we determine the relative fairness of the offer for the non-voting securities.

(iii) We therefore need to determine the underlying fair value of the non-voting securities assuming an initial fair value of the ordinary shares of $2.43. Our assessment also takes into account the current rules that govern the Employee Share Option Plan and the possible changes to the rules that may be put in place in the event of a takeover offer for MediaWorks.

4.2 VALUATION METHODOLOGY

Each of the non-voting securities on issue are American type options which provide the holder with the right to purchase an ordinary share at a fixed price on any future date prior to the Lapse Date.[1]

To determine a fair and reasonable consideration for these options in comparison with the consideration and terms offered for the ordinary shares, we have used the Binomial Option Pricing Model ("BOPM"). This model is widely used within finance to price American type options as it is easy to implement and handles American options relatively well.

Whilst the BOPM is a versatile valuation tool, it is not strictly applicable to the valuation of employee share options ("ESOs"). The BOPM systematically overvalues ESOs, which differ from publicly traded stock options in four critical respects:

(i) ESOs are either non-transferable or else transferable subject to severe restrictions

(ii) ESOs are subject to vesting requirements;

(iii) ESOs are subject to forfeiture or forced early exercise if the employee terminates employment due to dismissal, retirement, death or disability, or voluntary termination; and

(iv) Employees tend to exercise ESOs earlier than they would be expected to exercise unrestricted options.

The usual approach to deal with these issues is to use a standard option pricing model to estimate some benchmark values, initially ignoring the value impacts of the employee option features. Appropriate value discounts to reflect factors such as non-tradability and the potential for forfeiture can then be derived from available empirical studies.

As all classes of MediaWorks options are currently "in the money", we have also considered the intrinsic value of the options relative to the price offered for the ordinary shares. The intrinsic value is the value that could be realised if the option could immediately be exercised and the resulting ordinary shares sold into the offer. It is derived by subtracting the exercise price from the offer price.

Given that all of the options are "in the money", the intrinsic value of the options represents a lower limit for fair consideration relative to the ordinary shares (for all options which have vested). If the offeror was to offer less than intrinsic value for any of the options, it would not be fair and reasonable in comparison with the offer of $2.43 for the ordinary shares.

[1] European type options can only be exercised on the expiration date, while American type options can be exercised at any time prior to maturity. The non-voting securities are American type options, but only after the completion of the vesting process.

4.3 BINOMIAL OPTION PRICING MODEL

The BOPM approach is widely used as it is able to handle a variety of conditions for which other models cannot easily be applied. This is largely because the BOPM models the underlying instrument over time - as opposed to at a particular point. For example, the model is used to value American options, which can be exercised at any point. The model is relatively simple, mathematically, and can therefore be readily implemented in a software (or even spreadsheet) environment.

Although more computationally intensive than the Black-Scholes model, the BOPM is considered more accurate, particularly for longer-dated options, and options on securities with dividend payments. For these reasons, various versions of the binomial model are widely used by practitioners in the options markets.

The binomial pricing model uses a "discrete-time framework" to trace the evolution of the option's key underlying variable via a binomial lattice (tree), for a given number of time steps between valuation date and option expiration. Each node in the lattice, represents a possible price of the underlying, at a particular point in time. This price evolution forms the basis for the option valuation.

The valuation process is iterative, starting at each final node, and then working backwards through the tree to the first node (valuation date), where the calculated result is the value of the option. Option valuation using this method is, as described, a three step process:

(i) Price tree generation

(ii) Calculation of option value at each final node.

(iii) Progressive calculation of option value at each earlier node; the value at the first node is the value of the option.

4.3.1 The Binomial Price Tree

The tree of prices is produced by working forward from valuation date to expiration. At each step, it is assumed that the underlying instrument will move up or down by a specific factor (u or d) per step of the tree. By definition, $u \geq 1$ and $0 < d \leq 1$. If S is the current price, then in the next period the price will either be

$$S_{up} = S \cdot u \qquad \text{or} \qquad S_{down} = S \cdot d.$$

The up and down factors are calculated using the underlying volatility, σ and the time duration of a step, t, measured in years. From the condition that the variance of the log of the price is $\sigma^2 t$, we have:

$$u = e^{\sigma\sqrt{t}}$$

$$d = e^{-\sigma\sqrt{t}} = \frac{1}{u}.$$

4.3.2 Option Value at Each Final Node

At each final node of the tree (i.e. at expiration of the option), the option value is simply its intrinsic value:

$$Max\,[\,(S - K), 0\,]$$

where: K is the exercise price and S is the spot price of the underlying asset.

4.3.3 Option Value at Earlier Nodes

Once the above step is complete, the option value is then found for each node, starting at the penultimate time step, and working back to the first node of the tree (the valuation date) where the calculated result is the value of the option.

For a European option, there is no option of early exercise, so the binomial value applies at all nodes. For an American option, since the option may either be held or exercised prior to expiry, the value at each node is:

Max [Binomial Value, Exercise Value]

4.3.4 Discrete Dividends

In practice, the use of continuous dividend yield in the BOPM can lead to significant mis-pricing of the option near an ex-dividend date. Instead, it is common to model dividends as discrete payments on the anticipated future ex-dividend dates.

4.4 VALUATION PARAMETERS

The key parameters we have used in the binomial option pricing model are set out below.

Initial Share Price (*S*): The assumed current value of the ordinary shares is a key input into the pricing model. Given the purpose of our assessment for the Rule 22 report, the offer price of $2.43 is the appropriate input for this valuation.

Volatility: This parameter is a measure of the magnitude of share price movements over a period of time. The higher the volatility in share price movements, the higher the chance that the share price will exceed the exercise price at maturity. Accordingly the value of the option increases with volatility. The relevant measure of volatility for the model is an estimate of future volatility. We use observed historical volatility of the share price as a proxy to the future volatility. We calculated volatility on a daily basis for periods of 100 day, one year, two years and back to the IPO of MediaWorks in 2004. Over these periods, the volatility of MediaWorks has been between 27% and 31%. We have adopted this range for our volatility estimate.

Expected Dividends: Future dividends for the period to December 2016 are difficult to accurately forecast. However, based on consensus broker forecasts, we have forecast dividends per share of 10 cents in FY08 and 11 cents in FY09, FY10, and FY11. Thereafter, we have assumed a dividend of 11.5 cents per share for each of the next 3 financial years, and a dividend of 12 cents a share for FY15 and FY16. Consistent with current policy, we have assumed that dividends are paid semi-annually in May and November.

Maturity Dates and Exercise Feature: For the purposes of our valuation, we have assumed that the options can be exercised at any time after the Grant Date. Whilst this is not strictly true (the options cannot be exercised until they have vested), it will not have a significant impact on the estimated option value because it can be shown that it is not optimal to force the early exercise of an option on a share with a "moderate" level of expected dividends.

Risk Free Rate: For our estimate of risk free rate we have used the current New Zealand 10 year Government Bond rate of 6.10%.

4.5 VALUATION RESULTS

The value ranges for the options using the BOPM and the parameters set out in Section 4.4 are shown in Table 4.1. The lower end of the range reflects the volatility assumption of 27% whilst the upper end of the range is based upon the volatility assumption of 31%. These figures have not been adjusted for lack of marketability/risk of forfeiture and therefore represent an upper limit for the actual fair value of the options relative to an offer of $2.43 for the ordinary shares.

Table 4.1: Upper Limit for Fair Value of Options

	Exercise Price (cents)	Expiry Date	BOPM Valuation	
			Low	High
Group A	153	28/07/14	98	100
Group B	178	1/11/14	85	89
Group C	178	14/12/14	84	89
Group D	170	14/12/15	87	91
Group E	207	14/12/16	74	79

Market evidence in relation to valuation discounts for the employee option features of options is relatively limited. While there are a number of model adjustments that can be implemented to estimate the impact of vesting requirements, forfeiture provisions, and non-transferability, it is usually not possible to test the validity of the additional assumptions required to parameterise the models simply because traded prices for this type of option are not available.

The simplest adjustment to the standard pricing model to cater for ESOs involves a reduction in the assumed time to maturity to reflect the fact that ESOs are typically exercised earlier than would be optimal for an unrestricted option. Whilst this approach is intuitively appealing, there is again no market data from which to determine what the appropriate reduction in option term may be.

The appropriate valuation discount to apply to the theoretical model prices therefore remains largely a matter of judgement. Although market rules of thumb suggest discounts between 20% and 50% from the values derived from a theoretical model, our analysis suggests that the appropriate discount in this case should in this case be much lower. This conclusion reflects the following factors:

(i) The theoretical values for the options are not very sensitive to the assumed exercise date. If we assume that the Lapse Date for the options is brought forward by 4 years, then the theoretical value of the options falls by no more than 5%. This relative insensitivity is primarily due to the fact that the options are currently well in the money.

(ii) The rules governing the Employee Share Option Plan provide for some leniency in circumstances where an employee ceases employment with MediaWorks. While leaving the Company would normally result in forfeiture of options, the MediaWorks Board does have the discretion to permit an option holder to remain in the scheme in circumstances such as retirement, redundancy, illness or death.

On this basis we have adopted a valuation discount range of between 10% and 20% to the theoretical values generated by the BOPM. The adjusted valuation range is shown in Table 4.2. The *Low* Adjusted Valuation Range in Table 4.2 reflects the application of the 20% discount to the *Low* BOPM valuation from Table 4.1. The *High* Adjusted Valuation Range in Table 4.2 reflects the application of the 10% discount to the *High* BOPM valuation from Table 4.1.

Finally, we have compared the adjusted valuation range to the implicit value of the options. The adjusted valuation range is greater than the intrinsic value for all the options except Group A and Group D. Given that the Group A options are fully vested and in the money, their intrinsic value represents a lower limit for fair consideration relative to the ordinary shares (because the option holder could exercise the option and sell into the offer). Hence we have adjusted the lower fair value range for the Group A options to be their intrinsic value.

Only 20% of the Group D options have vested. For the vested Group D options, the intrinsic value represents a lower limit for fair consideration relative to the ordinary shares. For the Group D options which are unvested, the intrinsic value will also represent a lower limit if the Board recommends the offer, because this will enable unvested options to be exercised and sold into the offer (see Section 3.4).

Table 4.2: Estimated Fair Value Range for MediaWorks Options Relative to Offer of $2.43 for the Ordinary Shares

	Exercise Price (cents)	Expiry Date	Adjusted Valuation		Intrinsic Value	Fair Value Range	
			Low	High		Low	High
Group A	153	28/07/14	78	90	90	90	90
Group B	178	1/11/14	68	80	65	68	80
Group C	178	14/12/14	67	80	65	67	80
Group D	170	14/12/15	70	82	73	70 / 73*	82
Group E	207	14/12/16	59	71	36	59	71

** The intrinsic value for Group D options is greater than the lower end of the Adjusted Valuation range. 20% of the Group D options have vested. Holders of these options can exercise them and sell them into the offer. Hence the minimum fair value for the vested Group D options is their intrinsic value – 73 cents. For the Group D options that are unvested, the intrinsic value will also represent a lower limit if the Board recommends the offer, because this will enable unvested options to be exercised and sold into the offer (see Section 3.4). Hence unvested Group D options have a minimum value of 73 cents if the Board recommends the offer and 70 cents if the Board does not.*

APPENDIX 1: SOURCES OF INFORMATION

DOCUMENTS RELIED UPON

Documents relied upon include, but are not limited to, the following:

- MediaWorks Employee Share Option Purchase Plan Prospectus, dated 15 October 2004
- MediaWorks 2006 Annual Report
- Schedule provided by MediaWorks setting out number of options by class as at 1 May 2007

Ferrier Hodgson has been provided with all the information believed necessary for the preparation of this report.

RELIANCE UPON INFORMATION

In forming our opinion we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by MediaWorks and its advisers. We have no reason to believe any material facts have been withheld.

We have evaluated that information through analysis, enquiry and examination for the purposes of forming our opinion but we have not verified the accuracy or completeness of any such information. We have not carried out any form of due diligence or audited the accounting or other records of MediaWorks. We do not warrant that our enquiries would reveal any matter that an audit, due diligence review or extensive examination might disclose.

APPENDIX 2: QUALIFICATIONS & DECLARATIONS

QUALIFICATIONS

Ferrier Hodgson is an independent New Zealand Chartered Accounting practice, internationally affiliated with the Ferrier Hodgson group that is represented in Australia, throughout Asia, in North America, the United Kingdom and Europe. The firm has established its name nationally through its provision of professional financial consultancy services with a corporate advisory and insolvency emphasis, and because it has no business advisory, audit or tax divisions, avoids any potential conflicts of interest which may otherwise arise. This places the firm in a position to act as an independent adviser and prepare an independent report as required under Rule 22 of the Takeovers Code.

The persons responsible for preparing and issuing this report are Grant Graham BCom, CA, Daniel Molloy BSc and Cindy Hwang, CFA. All three have significant experience in providing corporate finance advice on mergers, acquisitions and divestments, advising on the value of shares and undertaking financial investigations.

DISCLAIMERS

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Ferrier Hodgson's opinion as to whether the consideration and terms offered for the non-voting securities is fair and reasonable (1) in comparison to the consideration and terms offered for the ordinary shares in MediaWorks, and (2) as between classes of non-voting securities. This report is not a valuation of MediaWorks or a valuation of the non-voting securities. Ferrier Hodgson expressly disclaims any liability to any equity security holder that relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This report has been prepared by Ferrier Hodgson with care and diligence and the statements and opinions given by Ferrier Hodgson in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Ferrier Hodgson or any of its officers or employees for errors or omissions however arising (including as a result of negligence) in the preparation of this report, provided that this shall not absolve Ferrier Hodgson from liability arising from an opinion expressed recklessly or in bad faith.

INDEMNITY

Ironbridge Capital has agreed that, to the extent permitted by law, it will indemnify Ferrier Hodgson and its partners, employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Ironbridge Capital has also agreed to indemnify Ferrier Hodgson and its partners, employees and officers for time incurred and any costs in relation to any inquiry or proceeding initiated by any person except where Ferrier Hodgson or its partners, employees and officers are found liable for or guilty of negligence, wilful misconduct or breach of law in which case Ferrier Hodgson shall reimburse such costs.

INDEPENDENCE

Ferrier Hodgson does not have at the date of this report, and has not had, any shareholding in or other relationship with Ironbridge Capital, HT Media Limited, or any related companies that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to this transaction. Ferrier Hodgson considers itself to be independent in terms of the Takeovers Code. Ferrier Hodgson has had no part in the formulation of the offer or any undertaking in relation to this transaction. Its only role has been in the preparation of this report.

Ferrier Hodgson will receive a fee for the preparation of this report. This fee is not contingent on the success or implementation of the offer or any transaction complementary to it. Ferrier Hodgson has no direct or indirect pecuniary interest or other interest in this transaction. We note for completeness that a draft of this report was provided to Ironbridge Capital and its legal advisers, solely for the purpose of verifying the factual matters contained in the report. While minor changes were made to the drafting, no material alteration to any part of the substance of this report, including the methodology or conclusions, were made as a result of issuing the draft.

CONSENT

Ferrier Hodgson consents to the issuing of this report in the form and context in which it is included in the information to be sent to the holders of MediaWorks's ordinary shares and non-voting securities. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without the prior written consent of Ferrier Hodgson as to the form and context in which it appears.