

*This preliminary offering memorandum will be supplemented and superseded by a final offering memorandum if and when the size and pricing of the offering is finalized. The final offering memorandum may differ from this preliminary offering memorandum given the passage of time.*

**PRELIMINARY OFFERING MEMORANDUM**  
**Private Placement in Ontario**

**CONFIDENTIAL**

**COMEDY HOLDINGS INC.**  
**OFFERING OF COMMON SHARES**

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**Price: Cdn. \$250,000.00 per unit (each unit consisting of 15 Shares)**

**Minimum Offering: Cdn. \$11.5 million (plus commissions, if any)**

**Maximum Offering: Cdn. \$13.5 million (plus commissions, if any)**

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This Preliminary Offering Memorandum constitutes an offering of the securities described herein only in Ontario and only to those persons in Ontario to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities referred to in this document in any jurisdiction. No securities commission or similar authority in any jurisdiction has reviewed or in any way passed upon this Offering Memorandum or the merits of the securities described herein and any representation to the contrary is an offence.

The offering of Shares in Ontario is being made solely by this Offering Memorandum and any decision to purchase Shares should be based solely on information contained within this document. No person has been authorized to give any information or to make any representations concerning this offering other than as contained herein.

This Offering Memorandum is for the confidential use of only those persons to whom it is delivered by Comedy Holdings Inc. (the "Company") in connection with the offering of the Shares. The Company reserves the right to reject all or part of any offer to purchase the Shares for any reason or to allocate to any purchaser less than all of the Shares for which it has subscribed.

If the minimum offering of Cdn. \$11.5 million (plus commissions, if any) is not satisfied on or prior to September 30, 2009, no Shares will be issued and any proceeds received by the Company will be returned, without deduction or interest. Pending receipt of such minimum, the proceeds will be held in escrow by the Company's corporate solicitors, Diab DeCosimo LLP. Closing is anticipated to occur by June 30, 2009, but no later than September 30, 2009.

The date of this Preliminary Offering Memorandum is May 11, 2009

## THE OFFERING

Comedy Holdings Inc. (the “**Company**”) is hereby offering common shares (the “**Shares**”) at a price of Cdn. \$250,000.00 per unit (each unit consisting of 15 Shares).

If the minimum offering of Cdn. \$11.5 million (plus commissions, if any) is not satisfied or prior to September 30, 2009, no Shares will be issued and any proceeds received by the Company will be returned, without deduction or interest. Pending receipt of such minimum, the proceeds will be held in escrow by the Company’s corporate solicitors, Diab DeCosimo LLP. Closing is anticipated to occur by June 30, 2009, but no later than September 30, 2009.

Attached hereto and forming part of this Offering Memorandum is:

(i) a summary description of the Company’s business plan, namely to create and operate a new destination attraction (the “**Project**”) to be located in Toronto, Ontario and which is expected to consist of a comedy museum, which is expected to be named The Canadian Comedy Hall of Fame, and a comedy club/restaurant, which is expected to be named Beaverz Comedy Club Bar & Grill. **The Project may not be completed on time, on budget or as currently planned, for a number of reasons, including those set forth below under the heading “Risks”;** and

(ii) a set of financial projections, which, based on a number of assumptions, set forth certain projected financial results of the Project. **The attached financial projections are based on a number of assumptions, including those set forth below under the heading “Projected Financial Results” and those outlined in the attached financial projections. These assumptions will prove to be inaccurate, and actual results achieved will vary, and may vary materially. There can be no assurance that such projections will be achieved in whole or in part.**

The offering of Shares in Ontario is being made solely by this Offering Memorandum and any decision to purchase Shares should be based solely on information contained within this document. No person has been authorized to give any information or to make any representations concerning this offering other than as contained herein.

## THE COMPANY AND THE PROJECT

The Company plans to build and operate a fully integrated, multi-entertainment, 20,000 square foot venue to house The Canadian Comedy hall of Fame and Beaverz Comedy Club Bar & Grill, to be located in the entertainment district of the proposed Woodbine Live! development in northwest Toronto. The contents of the websites woodbinelive.com and spinningwheeldesign.com are not incorporated by reference in this Offering Memorandum.

## PROJECTED FINANCIAL RESULTS

The attached financial projections are based on a number of assumptions, including those set forth below and those outlined in the attached financial projections. These assumptions will prove to be inaccurate, and actual results achieved will vary, and may vary materially. There can be no assurance that such projections will be achieved in whole or in part.

### *Assumptions*

In addition to the assumptions (including the hypotheses) outlined in paragraph 9 of the attached financial projections, the attached financial projections assume, among other things, that:

- Woodbine Live! will be completed on time and as contemplated,
- the proposed lease between Comedy Experience Inc. and the owners of Woodbine Live! is concluded on the terms expected,
- the Project will be completed on time and on budget,

- all elements of the Project are completed in a timely manner,
- projected visitor levels and penetration rates are accurate,
- expected ticket prices and can be achieved,
- ticket, merchandising, venue rental, restaurant/bar and other revenues are accurate,
- expenses are not in excess of projections,
- economic conditions affecting the Project do not worsen, and
- the marketing budget is sufficient to attract the projected level of visitors.

## **FORWARD-LOOKING INFORMATION**

This Offering Memorandum may contain “forward-looking information” (“FLI”) as such term is defined under the Securities Act (Ontario). FLI is disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action, and includes future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. “FOFI” is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement. Similarly, a financial outlook is FLI about prospective results of operations, financial position or cash flows that is based on assumptions about future economic conditions and courses of action that is not presented in the format of a historical balance sheet, income statement or cash flow statement.

Without limitation, information contained in this Offering Memorandum under the heading “Projected Financial Results” and in the two attachments constitutes FLI. **Actual results may vary from the FLI contained in this Offering Memorandum as such information is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations. Material risk factors that could affect actual results are identified under the heading “Risks”. Investors are also cautioned that FLI is based on a number of factors and assumptions, including management’s current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors.**

Forward-looking statements, which may be identified by words such as “anticipate”, “should”, “would”, “could”, “believe”, “continue”, “expect”, “intend”, “may”, “will”, “project” and “estimate”, are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. Many factors, many of which are beyond the Company’s control, could cause actual results to differ materially from the results discussed in the forward-looking statements, including risks related to dependence on economic conditions, tax matters, competition, regulatory change, reliance on key personnel, potential for uninsured or underinsured losses, continued availability of equipment, and the impact of pandemics or natural or other disasters, among others. These factors should not be considered exhaustive.

## **RISKS**

Investing in the Shares involves significant risks. Any prospective investor should carefully consider the following risk factors and all of the other information contained in this Offering Memorandum before purchasing any of the Shares. If any event arising from these risks occurs, the Company’s business, prospects, financial condition, results of operations or cash flows could be adversely affected, the trading price of the Shares could decline and all or part of any investment may be lost. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company’s business operations.

*Deterioration of economic conditions may adversely impact the Company.*

The deterioration in the economy and economic conditions generally, could continue to negatively impact the Company’s business in several ways. For instance, market volatility, tight credit markets, the decline in the U.S. housing market, increasing unemployment levels and the general recessionary environment have adversely affected consumer confidence, which could reduce the willingness of consumers to spend money on entertainment.

*The Company may not meet its cost estimates and, if it does not, the Project may not be completed.*

The estimated costs of completing the Project are merely estimates and may be materially wrong. Any material change in the may affect the economic viability of the Project.

The costs of the required services and equipment could increase, which could result in delays or non-completion of the Project if needed services or equipment cannot be obtained in a timely manner.

The development and operation of the Project may require substantial additional financing. Failure to obtain sufficient financing may result in the delay, reduction or indefinite postponement of the Project. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

*Woodbine Live! may not proceed as planned, or the proposed lease may not be finalized on the terms proposed or at all.*

Woodbine Live! may not be completed, or may not be completed on time or as planned. This may adversely affect both the Company and the Project.

The proposed lease between Comedy Experience Inc. and the owner of Woodbine Live!, as described in the business plan, may not be entered into on the terms proposed or at all. If so, this could materially adversely affect the Company, and it may have expended funds which are difficult or impossible to recover.

*The Company has no history of profitability.*

There can be no assurance that the Company will ever be profitable. The Company expects to incur costs unless and until the Project opens, at which point it will continue to incur costs but hopes to earn off-setting revenues. There can be no assurance that the Company will ever achieve profitability.

*Business risks may increase the Company's costs and reduce its profitability in the future.*

Unforeseen conditions or developments could arise during the ongoing development and operation of the Project which could increase costs and adversely affect the Company's ability to generate revenue and profits. These events may include, among others: shortages or unanticipated increases in the cost of equipment, materials or skilled labour; delays in delivery of equipment or materials; labour disruptions; adverse weather conditions or natural disasters; accidents; unforeseen engineering or design problems; damage to, or destruction of, the Project facilities; personal injury or death, including to the Company's employees or to visitors; labour disputes; and legal liability.

The Company cannot be certain that its insurance will cover all of the associated risks or that it will be able to maintain insurance to cover these risks at affordable premiums. The Company could also become subject to liability for hazards against which it cannot insure or against which the Company may elect not to insure because of high premium costs or other reasons. Losses from such events may increase costs and decrease profitability.

Operations are expected to be subject to both seasonality and weather-related risks.

*The Company's failure to maintain projected visitor levels or revenues will adversely affect its ability to generate revenue and profits.*

The Company's future prospects will be negatively affected if the Project fails to achieve projected visitor levels or expected ticket prices cannot be achieved. Competition for entertainment dollars could adversely affect the Company.

*The Company is subject to regulation and the costs of complying with applicable laws and regulations may be significant.*

The Company's operations will be subject to regulation, including with respect to health and safety and liquor licensing and taxes. The cost to the Company of obtaining required approvals and licenses and abiding by applicable regulations may be significant. Further, if the Company fails to obtain or maintain such licenses or

breaches such regulations or applicable license terms, it may not be able to continue its operations in its usual manner or at all, and the Company may be subject to fines or other liabilities which may have a material adverse impact on its operations or financial results. Compliance with both current and future government regulations and applicable license terms may cause the Company to incur significant costs.

*If the Company loses key personnel or is unable to attract and retain personnel, the Company's operations and prospects could be significantly harmed.*

The Company is dependent upon the services of a small number of members of senior management. The Company's future prospects depend on the experience and knowledge of these individuals. The Company does not maintain any "key man" insurance. The loss of one or more of these individuals, or the failure to be able to attract and retain other needed employees, could have a material adverse effect on the Company's prospects.

#### *Risks relating to the Shares*

Future sales or issuances of equity securities could decrease the value of any existing Shares, dilute investors' voting power and reduce the Company's earnings (if any) per share.

The Company may sell additional equity securities in subsequent offerings (including through the sale of debt securities or other securities convertible into equity securities) and may issue additional equity securities to finance its operations. The Company cannot predict the size of future issuances of equity securities or the effect, if any, that future issuances and sales of equity securities will have on the value of the Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect the value of the Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and the Company may experience dilution in its earnings (if any) per share.

There is no market for the Shares and the ability to resell them is restricted.

### **THE COMPANY**

The Company was incorporated under the Ontario Business Corporations Act on January 26, 2009. Its articles are expected to be amended prior to closing to provide for a single class of common shares only.

It owns 100% of the shares of Comedy Experience Inc., which is expected to own and operate the Project. Comedy Experience Inc. was also incorporated under the Ontario Business Corporations Act on January 26, 2009.

The head offices of both companies are currently located at 2988 Dundas St. West, Toronto, ON, M6P 1Z3, Tel - 416-925-6066, and Fax - 416-925-5923.

### **DIRECTORS AND OFFICERS**

The directors and officers of both the Company and its subsidiary Comedy Experience Inc. are as follows:

Charles William Hay, Director, President;  
Timothy Progosh, Director, Secretary;  
Terrence Alexander, Director, Treasurer; and  
Scott Greenwood, Director, Chief Creative Director.

The attached business plan contains a brief description of each and their backgrounds. Executive compensation will be determined by the board of directors from time to time.

### **PRINCIPAL SHAREHOLDERS**

Prior to the closing of the offering, 1610 Shares of Comedy Holdings Inc. are expected to be issued at Cdn. \$0.01 per share. Each of the following are expected to own 20% of such 1610 issued and outstanding Shares:

Higher Ground Productions Corp. (a company owned 39.6% by Charles William Hay, 30.8% by Timothy Progosh

and 29.6% by Terry Alexander)  
2198673 Ontario Inc. (owned by Terry Alexander)  
Charles William Hay  
Timothy Progosh  
Scott Greenwood

The principal shareholders will be diluted as a result of the closing of the offering. For example, if the minimum offering of Cdn. \$11.5 million is raised, and no commissions are payable, then the offering would represent a 30% aggregate interest in the Company, and each of the above principal shareholders would own 14% of the Company.

### **DESCRIPTION OF SHARES**

The Company is authorized to issue an unlimited number of Shares. Each Share entitles the holder thereof to one vote at all meetings of shareholders. Each Share entitles the holder thereof to receive any dividends declared by the board of directors and the remaining property of the Company upon dissolution. Prior to the closing of the offering, there are expected to be 1610 Shares issued and outstanding.

There are no pre-emptive or conversion rights that attach to the Shares. All Shares now outstanding are fully paid and non-assessable.

The Company's by-laws provide for certain rights of its shareholders in accordance with the provisions of the Ontario Business Corporations Act. Such by-laws may be amended either by a majority vote of the shareholders or by a majority vote of the board of directors. Any amendment of the by-laws by action of the board of directors must be submitted to the next meeting of the shareholders whereupon the by-law amendment must be confirmed or repealed by a majority vote of the shareholders voting on such matter.

Shareholders do not have cumulative rights for the election of directors. Therefore, the holders of more than 50% of the Shares voting for the election of directors could, if they choose to do so, elect all of the directors and, in such event, the holders of the remaining Shares would not be able to elect any directors.

### **DIVIDEND POLICY**

It is not anticipated that the Company will pay any dividends on its Shares in the near future. The actual timing, payment and amount of any dividends will be determined by the board of directors from time to time based upon, among other things, cash flow, results of operations and financial condition, the need for funds to finance ongoing operations and such other business considerations as the board of directors may consider relevant. As of the date of this prospectus, the Company has not paid any dividends on the Shares.

### **USE OF PROCEEDS**

The Company intends to use the net proceeds from the sale of the Shares in furtherance of the Project.

### **AUDITORS**

The Company's auditors are Ichii Sciardi Tenn & Soon, who are located at 4211 Yonge Street, Suite 222, Toronto, Ontario M2P 2A9.

### **RESALE RESTRICTIONS**

The distribution of the Shares in Ontario is being made on a private placement basis only and is exempt from the requirement that the Company prepare and file a prospectus with the Ontario Securities Commission. Accordingly, any resale of the Shares must be made in accordance with applicable securities laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. As well, the consent of the Company's board of directors is required for any transfer of Shares on the share register. Purchasers are advised to seek legal advice prior to any proposed resale of the Shares.

The Company is not a “reporting issuer”, as such term is defined under Ontario securities laws. As a result, subscribers will not be entitled to all of the initial or ongoing disclosure or other protections that would apply to investments in a reporting issuer.

### REPRESENTATIONS OF PURCHASERS

Each investor who purchases Shares will be required to sign a subscription agreement which will contain, among other things, representations and acknowledgements of the investor in favour of the Company to the effect that:

- (a) such purchaser has reviewed and acknowledges the terms referred to above under the section entitled “Resale Restrictions”;
- (b) such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with Ontario securities laws, for its own account and not as agent for the benefit of another person; and
- (c) such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, is entitled under Ontario securities laws to purchase the Shares without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing, such purchaser is an “**accredited investor**” as defined in section 1.1 of National Instrument 45-106 (“NI 45-106”);
- (d) such purchaser is not a person created or used solely to purchase or hold the Shares as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106;
- (e) has been notified by the Company:
  - (i) that the Company may be required to provide certain personal information (“**personal information**”) pertaining to the purchaser as required to be disclosed on Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any Shares purchased), which Form 45-106F1 may be required to be filed by the Company under NI 45-106;
  - (ii) that such personal information may be delivered to the Ontario Securities Commission (the “**OSC**”) in accordance with NI 45-106;
  - (iii) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
  - (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
  - (v) that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Assistant to the Director of Corporate Finance at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086;
- (f) has authorized the indirect collection of the personal information by the OSC; and
- (g) any FLI contained under the heading “Projected Financial Results” may not have been prepared and/or may not be presented consistent with National Instrument 51-102 *Continuous Disclosure Requirements*; and the investor will not receive any additional information updating such FLI during any period that the Company is not a “reporting issuer” in any province or territory of Canada.

The minimum subscription amount will be for Cdn. \$250,000, unless otherwise approved by the Company.

## TAXATION

Investors should consult with their own tax advisers with respect to the tax consequences of an investment in the Shares and with respect to the eligibility of the Shares for investment by such investor under relevant Canadian legislation and regulations.

### RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in Ontario provides purchasers of securities pursuant to an offering memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a “Misrepresentation”. Where used herein, “**Misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by Ontario securities legislation.

In particular, Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum shall have a statutory right of action for damages or rescission against the issuer in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer;
- (b) the issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
  - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “**accredited investor exemption**”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

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