



**CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST
INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.**

**SUPPLEMENT TO THE FIFTEENTH REPORT OF
FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

February 27, 2011

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF CANWEST
PUBLISHING INC./ PUBLICATIONS CANWEST
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INDEX

TAB DOCUMENT

1. Supplement to the Fifteenth Report of the Monitor
 - A. Eight Report of the Monitor, dated June 3, 2010
 - B. Supplement to the Eighth Report of the Monitor, dated June 10, 2010

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

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**SUPPLEMENT TO THE FIFTEENTH REPORT
OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

February 27, 2011

INTRODUCTION

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”), Canwest Publishing Inc. / Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), and Canwest (Canada) Inc. (“**CCI**”, and together with CPI and CBI, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of Canwest Limited Partnership / Canwest Societe en Commandite (the “**Limited Partnership**”, and together with the Applicants, the “**LP Entities**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the LP Entities. The proceedings commenced by the LP Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

2. This report is supplementary to (and should be read in conjunction with) the Fifteenth Report of the Monitor dated February 22, 2011 (the “**Fifteenth Report**”) prepared in connection with, *inter alia*, the Monitor’s request for an order, *inter alia*, approving the Monitor’s activities since July 22, 2010.
3. All capitalised terms not defined in this report shall have the meanings ascribed to them in the Fifteenth Report or the Amended Consolidated Plan of Compromise or Arrangement affecting the LP Entities dated May 20, 2010 (as amended) (the “**AHC Plan**”).
4. The Monitor has reviewed the Affidavit of Russell Mills sworn and served on February 25, 2011 (the “**Mills Affidavit**”) and the purpose of this Supplement to the Fifteenth Report of the Monitor (the “**Supplement to the Fifteenth Report**”) is to provide additional information to this Honourable Court in connection with the issues raised therein.

MONITOR’S OBLIGATIONS TO WITHHOLD

5. Pursuant to the Income Tax Act (Canada) (“**ITA**”) and other statutes, persons paying "salary, wages or other remuneration" or "retiring allowances" as such terms are defined in the ITA (“**Employers**”) are obligated to withhold from such payments amounts on account of income tax owing by the recipients. The withheld amounts are required to be remitted by the Employer to the Canada Revenue Agency (“**CRA**”) within the times prescribed under the ITA and Regulations to the ITA. Distributions under the AHC Plan made to employee creditors on account of employment related claims are subject to similar withholding and remitting obligations.

6. Employers are generally obligated by the last day of February of each year to report by way of T4 or T4A statements on the aggregate amount withheld and remitted to CRA on account of employee income taxes.
7. Section 5.9 of the AHC Plan provides that the Monitor, although not the employer, is entitled to deduct and withhold from any distribution, payment or consideration otherwise payable to any Affected Creditor under the AHC Plan, including former employees of the LP Entities, such amounts as are required to be deducted and withheld with respect to such payment under, *inter alia*, the ITA (“**Withholding Obligations**”).
8. On July 6, 2010 this Honourable Court granted the Administrative Reserve and Transition Order, which included the following provisions:

10. THIS COURT ORDERS that following the Plan Implementation Date, the Monitor shall be and is hereby authorized and directed to withhold from distributions of Shares and cash, to deposit Shares with brokers of its choice, to instruct brokers to sell Shares in one or more trades, to remit payments from the net sale proceeds of withheld Shares or from the Administrative Reserve to the Canada Revenue Agency, the Minister of Finance (Quebec) and other applicable Taxing Authorities, to prepare and file T4, T4A forms, T4 summary documentation and any other forms and to take such other steps, on behalf of the LP Entities, as are necessary to effect the withholding and remittance arrangements (“Withholding Arrangements”) that are or that will be agreed by the Monitor and the LP Entities with the Canada Revenue Agency, the Minister of Finance (Quebec) and other applicable Taxing Authorities in connection with Withholding Obligations under the Plan.

14. THIS COURT ORDERS that on and after the Plan Implementation Date, the Monitor is authorized, but not required, in the name of and on behalf of the LP Entities, to prepare and file the LP Entities’ tax returns, employee-related remittances, T4 statements and records of employment for the LP Entities’ former employees based solely upon information provided by the LP Entities and on the basis that the Monitor shall incur no liability or obligation to any Person with

respect to such returns, remittances, statements, records or other documentation.

[Emphasis added]

THE WITHHOLDING AGREEMENT AND WITHHOLDING FROM DISTRIBUTIONS TO FORMER EMPLOYEES

9. In accordance with the AHC Plan, the distributions to Affected Creditors, including those with employment related Claims (in amounts greater than \$1,000 who have not made valid Cash Elections), were made by way of Shares and not cash. CRA takes the position that it is not entitled to accept remittances other than in cash and, as a result, the remittances must be in cash rather than Shares. Consequently issues arose with respect to distributions under the AHC Plan as to the quantum and timing of the required withholdings and remittances.
10. The relevant percentage for withholding and remitting (the “**Withholding %**”) is determined pursuant the Regulations to the ITA and the applicable provincial laws and is dependent on the quantum of the distribution to each claimant.
11. Accordingly, and as authorized by the Administrative Reserve and Transition Order, the Monitor engaged in discussions with CRA to clarify the manner in which the Monitor could satisfy its Withholding Obligations, particularly in the context of distributions of Shares (as opposed to cash) to be made to Affected Creditors with employment related Claims.
12. As a result of these discussions, the Monitor and CRA reached an agreement, dated July 20, 2010 (the “**Withholding Agreement**”), that the Monitor would withhold the Withholding % of the Shares otherwise distributable to Affected Creditors with

employment related Claims pursuant to the AHC Plan. Those Shares would be held by the Monitor pending the Shares being posted for trading on a designated stock exchange in Canada at which time the Shares would be sold by the Monitor and the proceeds remitted to CRA.

13. At that time, it was anticipated that shortly following implementation of the AHC Plan the Shares would be posted for trading on a designated stock exchange in Canada thereby allowing monetization of the withheld Shares within the 2010 taxation year.
14. However, as at the date of the Withholding Agreement, July 20, 2010, the Shares had not yet been posted for trading on a designated stock exchange in Canada, so in accordance with the Withholding Agreement, the remittance obligations were to be effective on the earlier of the listing of Shares or December 31, 2010 and required that the Monitor deposit into a separate trust account at each Share distribution date a cash amount equal to the number of Shares withheld multiplied by \$11.54 (the price ascribed per Share in the AHC Plan, as described in greater detail below). Pursuant to the terms of the Withholding Agreement, if the Shares were not posted for trading on a designated stock exchange in Canada prior to December 31, 2010, the Monitor was required to remit the cash held in trust (plus accrued interest) to CRA.
15. The Shares were not publicly listed prior to December 31, 2010, and, as a result, on January 4, 2011, the Monitor remitted in cash to CRA an aggregate amount of \$1,011,804.12, representing the Shares withheld by the Monitor at each distribution date based on the Withholding % multiplied by \$11.54 plus accrued interest.

16. At the request of CRA, the Withholding Agreement contains a provision that requires the Monitor to maintain the confidentiality of all assessments, documents, agreements, correspondence, conversations and negotiations relating thereto and all content thereof. Accordingly, a copy of the Withholding Agreement has not been provided to the creditors of the LP Entities.
17. Representative counsel for certain former employees of the LP Entities (“**Representative Counsel**”) asked the Monitor and CRA to waive the confidentiality requirement and provide them with a copy of the Withholding Agreement. In an email to Representative Counsel dated February 17, 2011, the Monitor’s counsel advised “...*if the CRA waives the confidentiality restrictions applicable to the CRA withholding arrangements agreement, in whole or in part, the Monitor will follow suit*”.
18. The Monitor has been advised by counsel for CRA that CRA is prepared to provide a copy of the Withholding Agreement to Representative Counsel on the condition that Representative Counsel agrees to maintain the confidentiality of Withholding Agreement as provided for in the Withholding Agreement. The Monitor understands that, to date, Representative Counsel has not agreed to maintain the confidentiality of the Withholding Agreement.

DISCLOSURE OF NEGOTIATIONS WITH CRA WITH RESPECT TO WITHHOLDING OBLIGATIONS

19. The Monitor has previously disclosed its discussions with CRA with respect to its Withholding Obligations under the AHC Plan.

20. As described above, on July 6, 2010 the LP Entities sought and obtained the Administrative Reserve and Transition Order containing, *inter alia*, the provisions relating to the Monitor's Withholding Obligations (as excerpted above).
21. Notice of the LP Entities' motion for the Administrative Reserve and Transition Order was duly served upon, among others, Representative Counsel and Representative Counsel was present at the hearing of the motion. No concerns or objections with respect to the provisions of the Administrative Reserve and Transition Order relating to the Monitor's obligation to withhold or authority to enter into agreements with CRA were voiced by Representative Counsel at the hearing of the motion or to the Monitor outside the Court.
22. Further, in the Monitor's Thirteenth Report, dated July 22, 2010, the Monitor reported on (and subsequently obtained Court approval of) its activities which included, *inter alia*, "*discussions with various government authorities with respect to withholding arrangements relating to distributions to employees under the AHC Plan*".

FAIR MARKET VALUE OF THE SHARES

23. To the knowledge of the Monitor, as at the date of this report, the Shares are not listed for trading on any stock exchange and there is no established market for them. Accordingly, the Monitor takes no position and has no opinion with respect to the actual fair market value of the Shares now or as of the date distribution of Shares.
24. The sale of the LP Entities was pursuant to a Court supervised solicitation process which culminated in the sale pursuant to the AHC Bid. The AHC Bid ascribed an organizational value of \$1.1 billion to the LP Entities' business. This organizational

value was based, in part, on the cash price paid to holders of secured debt of the LP Entities and the value of the Shares to be distributed to the unsecured creditors of the LP Entities. The value of the AHC Bid was calculated using \$11.54 per Share.

25. Further, as described in the Monitor's Eighth Report dated June 3, 2010 and the Supplement to the Eighth Report dated June 10, 2010 (copies of which (without Appendices) are attached hereto as Appendices "A" and "B" respectively), the amount per Share of \$11.54 was used in the AHC Plan to determine the Unsecured Creditors' Equity Pool, or more specifically, the Share Consideration available for distribution to Affected Creditors with Proven Claims that did not make a valid Cash Election. Pursuant to the terms of the AHC Plan, the Share Consideration was calculated to equal 13 million Shares, less the aggregate of the Cash Elected Amounts divided by \$11.54.

26. The Monitor has consistently advised that \$11.54 should not be construed to be the price at which the Shares may be traded and has never taken a position or given an opinion on the actual fair market value of the Shares. In particular, as noted in paragraph 2 of the Mills Affidavit, the Monitor has advised:

a) In footnote 3 to paragraph 21 of the Supplement to the Monitor's Eighth Report, that the valuation of \$11.54 "*was not and should not be construed as an estimate of the price at which the Shares may trade in the market, if at all*"; and

b) In footnote 4 to paragraph 21 of the Supplement to the Monitor's Eighth Report that "*[t]here is currently no market through which the shares may be sold and one may never develop*".

27. The \$11.54 per Share is not intended to be and is not an estimate by the Monitor of actual fair market value of the Shares now or as at the date of distribution of the Shares. The actual trading price of the Shares, once listed, may be lower, higher, or equal to \$11.54.
28. In paragraph 2(c) of the Mills Affidavit, Mr. Mills notes that sponsors of the AHC Plan purchased their Shares of Postmedia Network Canada Corp. at \$9.25926 per Share.
29. The Monitor notes that, for commercial reasons, CCAA plan sponsors often subscribe for shares at discounted rates and such discounts do not necessarily represent the fair market value of the shares in question.
30. In paragraph 2(d) of the Mills Affidavit, Mr. Mills notes that according to the financial statements of Postmedia Network Canada Corp. dated November 15, 2010 (for the period ending August 31, 2010) management of Postmedia Network Canada Corp. were able to purchase Shares at \$9.26 per Share.
31. The Monitor has no information as to the basis upon which Postmedia Network Canada Corp. determined to offer Shares to its management at this price.

VALUE ASSIGNED TO THE SHARES IN T4 AND T4A STATEMENTS IS NOT DETERMINATIVE

32. In paragraph 3 of the Mills Affidavit, Mr. Mills states “...*the ascription of value of the shares received in the T4’s or T4A’s is not ultimately determinative of the amount of income received by the taxpayer...*”. This is consistent with the Monitor’s understanding based on discussions with its legal counsel.

33. The Monitor has been advised by its legal counsel that the value assigned to the Shares in the T4 and T4A statements is not determinative of the actual fair market value of the Shares and that individuals may assign their own estimated fair market value to the Shares received for purposes of reporting income on their personal tax returns.
34. Further, the remittance in cash of \$11.54 per withheld Share may be of benefit to the relevant taxpayers. If the value of the Shares is determined to be less than \$11.54, then the taxpayer may be entitled to a credit or refund equal to the difference between the tax owed on the actual value and the amount withheld and remitted on the basis of \$11.54 per withheld Share.
35. The Monitor is obligated pursuant to the Regulations to the ITA and Withholding Agreement to deliver the T4 and T4A statements on or before February 28, 2011. In the correspondence from Monitor's counsel to Representative Counsel dated February 17, 2011 (which is attached as Exhibit "F" to the Mills Affidavit, Responding Motion Record at page 188) the Monitor advised that it was obligated to deliver the T4 and T4A statements to CRA and the relevant employees on or before February 28, 2011 and intended to do so unless otherwise ordered by this Honourable Court before then.

MONITOR'S CONCLUSIONS

36. As described in greater detail above, the Monitor was authorized to enter into an agreement with the CRA with respect to its Withholding Obligations. It proceeded to do so and advised of such negotiations in its Thirteenth Report dated July 22, 2010.

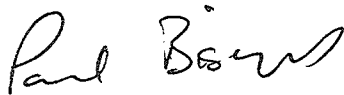
37. At the time the Monitor entered into the Withholding Agreement on July 20, 2010, it was the Monitor's understanding that the Shares would be listed for trading on a designated stock exchange before December 31, 2010. If this had taken place the Monitor would have arranged for the withheld Shares to be sold on the public market and the net sale proceeds remitted to CRA on account of the withholdings and the sale proceeds would have been the basis for the amounts reported on the T4 and T4A statements.
38. However, such listing did not occur by December 31, 2010 and the Monitor was required pursuant to the terms of the Withholding Agreement to make cash remittances equal to the Withholding % of \$11.54 per distributed Share and deliver T4 and T4A statements reflecting that price per Share.
39. The price of \$11.54 was derived from the AHC Bid and was ascribed to the Shares by the LP Entities for the purposes of determining the aggregate number of Shares available in the Unsecured Creditors Equity Pool. The Monitor has repeatedly advised that the \$11.54 value ascribed to the withheld Shares should not be construed to be the price at which the Shares may trade on the public market.
40. In addition, the value ascribed to the Shares in the T4 and T4A statements is not determinative of the Shares' fair market value or of the amount that the taxpayer receiving the payment reported on the T4 or T4A statement is required to include in computing income under the ITA. The fair market value that is to be ascribed to the Shares for the purpose of determining tax liability, if any, for each creditor of the LP Entity receiving the Shares is to be determined by the taxpayer and will be subject to assessment by CRA.

41. The Monitor is obligated to deliver the T4 and T4A statements to CRA and the relevant employees on or before February 28, 2011 pursuant to the provisions of the ITA and the Withholding Agreement.

All of which is respectfully submitted this 27th day of February, 2011.

FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

Per



Paul Bishop
Senior Managing Director

APPENDIX “A”



**CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST
INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.**

**EIGHTH REPORT OF
FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

June 3, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
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INDEX

TAB	DOCUMENT
1.	Eighth Report
A.	Initial Order dated January 8, 2010 (without schedules)
B.	Canadian Association of Insolvency and Restructuring Professionals (CAIRP) Standard of Practice No. 09-7
C.	LP Entities' unaudited consolidated financial statements ending February 28, 2010
D.	AHC Bid Approval Order dated May 17, 2010
E.	Conditional Sanction Order dated May 17, 2010 (without schedules)

- F. Meeting Order dated May 17, 2010
- G. Copies of Notice to Creditors re Claims procedure and amendment to claims procedure publications
- H. Claims Procedure Order dated April 12, 2010 and Amended Claims Procedure Order dated May 17, 2010 (without schedules)
- I. Notice of Meeting Order published May 21, 2010 and May 25, 2010
- J. Table summarizing number and value of claims asserted, accepted and disputed as of June 3, 2010

TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
***ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

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EIGHTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants

June 3, 2010

INTRODUCTION

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”) (a copy of which is attached as **Appendix “A”**), Canwest Publishing Inc. / Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), and Canwest (Canada) Inc. (“**CCI**”, and together with CPI and CBI, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of Canwest Limited Partnership / Canwest Societe en Commandite (the “**Limited Partnership**”, and together with the Applicants, the “**LP Entities**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the LP Entities. The proceedings commenced by the LP Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

PURPOSE OF THIS REPORT

2. This Eighth Report is prepared in accordance with section 23(1)(d.1) of the CCAA which requires the Monitor to:

(d.1) file a report with the court on the state of the company's business and financial affairs — containing the monitor's opinion as to the reasonableness of a decision, if any, to include in a compromise or arrangement a provision that sections 38 and 95 to 101 of the Bankruptcy and Insolvency Act do not apply in respect of the compromise or arrangement and containing the prescribed information, if any — at least seven days before the day on which the meeting of creditors referred to in section 4 or 5 is to be held;

3. In preparing this report, the Monitor was guided, *inter alia*, by the Canadian Association of Insolvency and Restructuring Professionals' ("CAIRP") Standard of Practice No. 09-7, Plan of Compromise or Arrangement approved, ratified and confirmed by CAIRP members on August 21, 2009 (the "Guidelines"). A copy of the Guidelines is attached hereto as **Appendix "B"**.

TERMS OF REFERENCE

4. In preparing this report, FTI has relied upon unaudited financial information of the LP Entities, the LP Entities' books and records, certain financial information prepared by, and discussions with, the LP Entities' management. FTI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and accordingly expresses no opinion or other form of assurance on the information contained in this report.

5. Capitalised terms not defined in this report shall have the meanings assigned to them in the Pre-filing Report of the Proposed Monitor dated January 7, 2010 (the “**Pre-filing Report**”). Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

BACKGROUND

Canwest

6. Canwest Global Communications Corp. (“**Canwest**”) carries on business through a number of subsidiaries. Through its ownership of the LP Entities, Canwest is Canada’s largest publisher of English-language paid daily and non-daily newspapers and owns and operates substantial digital media and online businesses. Canwest also directly or indirectly owns, operates and/or holds substantial interests in free-to-air television stations, subscription-based specialty television channels, and websites in Canada.
7. Relief in the CCAA Proceedings was obtained on January 8, 2010 by the Canwest entities which carry on, *inter alia*, newspaper and online publishing and digital media businesses. Not included in the CCAA Proceedings is National Post Inc., a wholly-owned subsidiary of the LP Entities which acquired the business and certain assets that comprised the *National Post* newspaper from The National Post Company / La Publication National Post in October 2009.
8. The Canwest entities that own and operate Canwest’s free-to-air television broadcast business and certain subscription-based specialty television channels in Canada,

including Canwest Media Inc. (collectively, the “CMI Entities”), applied for and obtained protection under the CCAA in a separate proceeding on October 6, 2009.

Material Assets and Liabilities

9. As at February 28, 2010, the LP Entities had total consolidated assets with a net book value of \$700 million (\$237 million in current assets, \$463 million in non-current assets), total consolidated liabilities of approximately \$1.7 billion (\$131 million in current liabilities, \$1.5 billion in consolidated debt, and \$95.0 million in non-current liabilities), and a total consolidated partners’ deficiency of approximately \$1.0 billion.
10. A copy of the LP Entities’ unaudited consolidated financial statements for the second fiscal quarter ending February 28, 2010 is attached as **Appendix “C”**.
11. As at February 28, 2010, the LP Entities reported consolidated indebtedness of approximately \$1.5 billion pursuant to the following credit facilities:
 - i. the LP Credit Agreement - \$856.7 million
 - ii. Swap Obligations - \$68.7 million
 - iii. the LP Senior Subordinated Credit Agreement - \$78.4 million
 - iv. the 9.25% Notes (as defined below) - \$450.4 million

12. As described in greater detail in the Pre-filing Report, the LP Entities' obligations under the LP Credit Agreement and the Swap Obligations are secured by substantially all of the assets of the LP Entities¹.

Causes of Financial Difficulties

13. As described in greater detail in the Pre-filing Report, starting in the second half of 2008, the LP Entities began to experience declines in advertising revenues which had a negative impact on their cash flows, resulting in the LP Entities breaching certain covenants, missing certain principal and interest payments, and defaulting under their various credit facilities and related guarantee obligations in May 2009. As a result of these events of default, amounts under the LP Entities' various credit facilities became immediately due and payable.

Proposed Restructuring

14. The Initial Order contemplated a plan of arrangement for the LP Entities under the CCAA in a pre-arranged support transaction (the "**Support Transaction**") with the LP Senior Secured Lenders (as defined in the Pre-filing Report) pursuant to which (and subject to a successful Court-approved bid as a result of and in accordance with the terms of the SISP (as defined below)) an entity to be initially capitalized by the LP Senior Secured Lenders as described in the AcquireCo Capitalization Term Sheet (as this term is defined in the Senior Lenders' Plan (as defined below)) ("**AcquireCo**") would acquire

¹ The validity of the security interest granted by the LP Entities to secure their obligations under the LP Credit Agreement and the Swap Obligations is commented on in greater detail below.

substantially all of the assets of the LP Entities, assume the liabilities of the LP Entities and offer employment to all or substantially all of the employees of the LP Entities on terms and conditions consistent with their current employment (other than certain specified liabilities and subject to AcquireCo's right to exclude certain additional liabilities) (the "**Credit Acquisition**").

15. The Support Transaction was to be implemented pursuant to a plan of compromise or arrangement between the LP Senior Secured Lenders, the Limited Partnership, and CPI (the "**Senior Lenders' Plan**"). On January 27, 2010, an excess of the majority in number and two-thirds in value of the LP Senior Secured Lenders holding Accepted Senior Voting Claims present and voting at the Senior Lenders' Meeting (as these terms are defined in the Initial Order) voted in favour to approve the Senior Lenders' Plan.
16. The Support Transaction contemplated that the LP Entities' financial advisor, RBC Dominion Securities Inc., a member of RBC Capital Markets (the "**Financial Advisor**"), would conduct a sale and investor solicitation process (the "**SISP**") under the supervision of the Monitor in an effort to attract a Superior Offer (as defined below).
17. As described in greater detail in the Seventh Report, following its review of the bids received pursuant to the SISP and in consultation with the Financial Advisor and the LP CRA, the Monitor determined in its reasonable business judgment that the bid (the "**AHC Bid**") submitted by the *ad hoc* committee (the "**Ad Hoc Committee**") of holders of 9.25% senior subordinated notes (the "**9.25% Notes**") issued by the Limited Partnership constitutes a Superior Cash Offer and recommended that the AHC Bid be selected and a

definitive agreement be negotiated and settled to carry out the transaction contemplated thereby (the “**AHC Transaction**”).

18. The Monitor’s recommendation to the Special Committee was accepted and by Order dated May 17, 2010 (the “**AHC Bid Approval Order**”), this Court approved the AHC Bid. A copy of the AHC Bid Approval Order is attached as **Appendix “D”**.
19. Also on May 17, 2010, the LP Entities obtained an Order conditionally sanctioning the Senior Lenders’ Plan (the “**Conditional Sanction Order**”). Pursuant to the Conditional Sanction Order, the Senior Lenders’ Plan and the Credit Acquisition will not become effective unless the Monitor delivers a Monitor’s certificate. The Monitor will not deliver the certificate before July 29, 2010, unless, prior to July 29, 2010, the Monitor determines in its reasonable business judgment that there is no reasonable chance that the AHC Transaction can close, in which case the Monitor may apply to Court on four (4) business days notice for authority to deliver the Monitor’s certificate. The Monitor will not deliver the Monitor’s certificate if the AHC Transaction closes on or before July 29, 2010 and the LP Senior Secured Lenders are repaid in full. If the AHC Bid is not closed by July 29, 2010, the Monitor shall apply to the Court on July 30, 2010 for advice and direction as to whether it should deliver its certificate or withhold delivery of the certificate for such further period of time as directed by the Court. A copy of the Conditional Sanction Order is attached as **Appendix “E”**.
20. Further background information regarding the LP Entities and the CCAA Proceedings is provided in, among other things, the Pre-filing Report and in the affidavit of Thomas Strike sworn January 7, 2010 (the “**Strike Affidavit**”), copies of which (together with

other relevant materials, including a copy of the Initial Order) have been posted on the Monitor's website for the CCAA Proceedings at <http://cfcanada.fticonsulting.com/clp>.

STATUS OF THE CCAA PROCEEDINGS

Activities of the LP Entities

21. Since the date of the Initial Order, the LP Entities have carried on their businesses in the ordinary course. The LP Entities' senior management team continues to work with the LP Entities' employees, customers and suppliers to ensure that the stability of operations is maintained.

Customers & Suppliers

22. Senior management continues to communicate with customers to provide information and respond to questions about the implications of the CCAA Proceedings.
23. Senior management continues to deal with suppliers on an ongoing basis as required with respect to, *inter alia*, payment terms for goods and/or services being delivered or provided after the date of the Initial Order.

Employees

24. There have been no significant changes in the number of full-time equivalent ("FTE") employees employed by the LP Entities since the date of the Initial Order. The LP Entities continue to employ approximately 5,300 FTE unionized and non-unionized employees in Canada.

25. On May 11, 2010, the LP Entities announced that they had entered into an agreement to outsource a number of services currently being provided by the *ReachCanada Contact Centre* located in Winnipeg, Manitoba. The *ReachCanada Contact Centre* is scheduled to be closed in a phased process from August through the end of September 2010 during which time the employment of approximately 88 full time employees and 127 part time employees will be terminated.

26. Approximately 42% of the LP Entities' employees are unionized under 43 collective bargaining agreements. Since the commencement of the CCAA Proceedings and as of the date of this Eighth Report, five new collective bargaining agreements have been negotiated and ratified by the relevant bargaining units. Six additional collective bargaining agreements are currently expired and one collective bargaining agreement is set to expire on September 1, 2010. The LP Entities have commenced or will, in the coming months, be commencing negotiations with the relevant unions with respect to the expired and expiring collective bargaining agreements.

Management

27. As described in greater detail in the Monitor's prior reports, the former President, Chief Executive Officer and senior employee of CPI, Dennis Skulsky, resigned his position effective April 30, 2010. The LP Entities and Mr. Skulsky entered into a consulting agreement whereby Mr. Skulsky has agreed to remain on a part time consulting basis until August 31, 2010. Effective April 30, 2010, Mr. Kevin Bent became the interim President of CPI.

28. As described in greater detail in the Fourth Report of the Monitor dated March 12, 2010, on March 1, 2010, all of the then current directors and officers of the LP Entities resigned from their positions with the LP Entities. Following their resignations, the LP Entities have not elected/appointed directors or officers under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44. Following the resignation of all of the LP Entities' directors and officers, the "senior employees" of the LP Entities remained to carry on the day to day operations of the LP Entities.

Summary of Operating Results since the Filing of the CCAA Application

29. Since the commencement of the CCAA Proceedings, the LP Entities have experienced improvements in their operating and financial results, including the following:
- i. reported EBITDA (unaudited) for the three months ending February 28, 2010 totaled \$40.9 million, an increase of \$28.7 million compared to the same period in the fiscal year ending August 31, 2009 ("FY2009");
 - ii. reported EBITDA (unaudited) for the six months ending February 28, 2010 totaled \$107.5 million, an increase of \$28.2 million compared to the same period in FY2009;
 - iii. most suppliers did not significantly vary their credit terms to supply product to the LP Entities following the Filing Date;
 - iv. cumulative net cash flows for the period March 29, 2010 through May 23, 2010 were \$21 million higher than forecast in the cash flow forecast as at March 29,

2010 attached as Appendix “C” to the Monitor’s Sixth Report due to primarily the following factors:

- a) better-than-forecast operating receipts totaling \$13.2 million;
 - b) lower capital expenditures than forecast of \$3.6 million; and
 - c) lower than forecast funding requirements for the National Post Inc. (not an applicant in the CCAA Proceedings) of \$2.6 million;
- v. results of the 2009 NADBank study released on March 17, 2010² indicate that readership is stable or has increased slightly for newspapers across the LP Entities’ chain. Specific results from the 2009 NADBank study include:
- a) 8 out of 10 LP Entities’ metro dailies saw increased weekly readership;
 - b) weekly online readership was up 20% overall and the growth was experienced by all LP Entities’ metro dailies; and
 - c) the combination of print and online weekly readership for the LP Entities’ dailies is 4 million readers, an increase of 2.1% over the 2008 NADBank study.

² NADbank 2009 Study provides members with access to readership results for 81 Canadian daily newspapers and 2 Detroit newspapers in 53 markets across Canada. Also available is readership information for 60 community newspapers in 33 markets. Including resident markets and extended areas, NADbank Study captures the readership habits of 72% of Canadian adults.

THE AHC PLAN

AHC APA

30. The AHC Bid is structured as an asset purchase in the context of a plan of compromise or arrangement (the “**AHC Plan**”) under the CCAA. The terms of the AHC Transaction are contained in an asset purchase agreement dated May 10, 2010 (the “**AHC APA**”) and were summarized in greater detail in the Seventh Report. Copies of the AHC Plan, the AHC APA, and Management Proxy Circular with respect to the AHC Plan are available on the Monitor’s website for these proceedings.
31. The AHC APA contemplates that a corporation wholly owned by the equity sponsors of the AHC Bid (as described below) (“**Holdco**”) will effect a transaction through CW Acquisition Limited Partnership (the “**Purchaser**”) whereby the Purchaser will acquire substantially all of the financial and operating assets of the LP Entities and the shares of National Post Inc. on an “as is, where is” basis and assume the Assumed Liabilities³ (as defined in the AHC APA).
32. The purpose of the AHC Plan is to, among other things, enable the Purchaser to continue the business of the LP Entities as a going concern after the AHC Plan implementation date (the “**Plan Implementation Date**”), safeguard substantial employment and effect a compromise, settlement and payment of all Affected Claims in accordance with the AHC Plan, the Amended Claims Procedure Order and the Meeting Order (as such terms are defined below). The AHC Plan will reduce the consolidated debt of the LP Entities’

³ Which includes, among other things, all post-filing liabilities (other than Restructuring Period Claims) and Insured Claims (as these terms are defined in the Claims Procedure Order).

business and the Purchaser will benefit from a reduction in annual principal repayments with respect to the LP Entities' long-term debt.

33. The purchase price in the approximate amount of \$1.1 billion⁴ (exclusive of all applicable sale and transfer taxes) will consist of:
- i. a cash amount equal to the full amount owing to the LP Senior Secured Lenders;
 - ii. a cash payment to unsecured creditors with proven claims that elect to receive a cash payment equal to the lesser of the amount of their proven claim and \$1,000;
 - iii. an unsecured demand promissory note of \$150 million (less the amount payable under (ii) above) issued by the Purchaser to the Monitor on behalf of the LP Entities, which will immediately be exchanged for common shares of Holdco pursuant to the AHC Plan; and
 - iv. the assumption by the Purchaser of the Assumed Liabilities.
34. At closing, the Purchaser will offer employment to substantially all of the employees of the LP Entities and will assume substantially all of the pension liabilities (subject to certain exceptions described in greater detail in the AHC APA and the Seventh Report).
35. The AHC Plan contemplates that the Purchaser will continue to operate all of the businesses of the LP Entities in substantially the same manner as they are currently operated, with no plans to discontinue operations, sell material assets or make significant

⁴ The purchase price to be paid by the Purchaser under the AHC APA is \$1.075 billion plus the amount of assumed liabilities. The additional \$25 million raised by the Purchaser will be used to pay closing costs.

changes to current management. Future business plans and decisions will be made by the Purchaser's board of directors and management.

*Affected Creditors*⁵

36. The AHC Plan contemplates affecting only the “**Affected Creditors**” which are essentially (a) all unsecured creditors with Claims (as defined in the Amended Claims Procedure Order), including for greater certainty the holders of beneficial interest in the 9.25% Notes (the “**Beneficial Noteholders**”) and the holders of claims under the LP Senior Subordinated Agreement (the “**LP Subordinated Lenders**”); and (b) certain secured creditors (other than the LP Senior Secured Lenders) to the extent their Claims exceed the realizable value of the property subject to such security; and *excluding* various statutory priority claim holders, intercompany claims and claims of the Purchaser arising from or relating to the Administrative Reserve (as defined below) (the “**Unaffected Claims**”).

37. The AHC Plan does not affect the Unaffected Claims. Creditors with Unaffected Claims will not be entitled to vote or receive any distributions under the AHC Plan. Claims that are Unaffected Claims of any particular LP Entity will remain the obligations solely of such LP Entity and will not become obligations of any other entity.

Creditors' Meeting

38. On May 17, 2010, the LP Entities obtained an Order (the “**Meeting Order**”) to call, hold and conduct a meeting of certain of the Affected Creditors to consider and vote on a

⁵ All terms used but not defined in this section of the Report shall have the meaning ascribed to them in the AHC Plan.

resolution to approve the AHC Plan (the “**Meeting**”). A copy of the Meeting Order is attached as **Appendix “F”**.

39. The Meeting is scheduled to be held at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. on June 10, 2010.
40. Pursuant to the Meeting Order, on May 20, 2010, the Monitor delivered copies of the Notice to Affected Creditors (as defined in the Meeting Order) to those Affected Creditors specified in the Meeting Order, the LP Subordinated Agent, and to the trustees under the 9.25% Notes indenture (the “**Trustees**”).
41. The Monitor published the Notice to Affected Creditors on May 21, 2010 and May 25, 2010 in the *National Post*, *The Globe and Mail* (National Edition), *La Presse* and *The Wall Street Journal*. A copy of the publication is attached as **Appendix “G”**.
42. The LP Entities delivered an electronic copy of the Solicitation Package (as defined in the Meeting Order) to Broadridge Financial Solutions Inc. on May 20, 2010 and hard copies of same on May 21, 2010 for distribution to the Beneficial Noteholders.
43. A representative of the Monitor will act as the chair of the Meeting and decide all matters relating to the conduct of the Meeting in accordance with the Meeting Order. The only persons entitled to attend the Meeting are those persons entitled to vote at the Meeting and their proxy holders and legal counsel and advisors, representatives of the LP Entities and their respective legal counsel and advisors, the Monitor and its legal counsel, Holdco, the Purchaser and their respective legal counsel and advisors, representatives of the Ad Hoc Committee and their legal counsel and advisors, and the persons appointed to act as

scrutineers at the Meeting. Any other person may be admitted on invitation of the chair of the Meeting.

44. The quorum for the Meeting is one Affected Creditor present in person or by proxy at the Meeting.

Voting

45. In order for the AHC Plan to be binding on the Affected Creditors in accordance with the CCAA, a resolution to approve the AHC Plan must first be approved by a majority in number of the Affected Creditors having an Affected Claim and voting or deemed to vote on the resolution at the Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Affected Claims of the Affected Creditors voting or deemed to vote at the Meeting.
46. The AHC Plan contemplates one class of creditors consisting of Affected Creditors.
47. Each Affected Creditor is entitled to attend and to vote at the Meeting other than Beneficial Noteholders who must vote through their nominees⁶. Each Affected Creditor is entitled to one (1) vote in respect of its Affected Claim, which vote will have the value of its Affected Claim as determined in accordance with the Amended Claims Procedure Order or the Meeting Order.
48. Affected Creditors with Claims of less than or equal to \$1,000 or that have opted to take a cash payment of \$1,000 in satisfaction of their Claim pursuant to the AHC Plan shall be deemed to have voted in favour of the AHC Plan.

⁶ Voting procedures for Beneficial Noteholders is governed by and described in greater detail in the Meeting Order and the AHC Plan.

49. For Affected Creditors, other than the LP Subordinated Lenders, if the value of the Affected Claim has not been determined by the date of the Meeting, the relevant LP Entity shall either: (i) accept the Affected Creditor's determination of the Affected Claim only for the purposes of voting and conduct the vote on that basis subject to a final determination of such Affected Claim, and in such case the Monitor shall record separately the value of such Affected Claim and whether such Affected Creditor voted in favour of or against the AHC Plan; (ii) subject to the written consent of the Purchaser, adjourn the Meeting until a final determination of the Affected Claim is made; or (iii) deal with the matter as the Court may otherwise direct or as the LP Entities, the Monitor and the Affected Creditor may otherwise agree. If the value of the Affected Claim of an LP Subordinated Lender has not been determined on or before June 7, 2010, or three (3) days prior to the adjournment of the Meeting, such Affected Claims shall be dealt with in the same manner as (i) above.
50. The Monitor will report to the Court no later than two (2) Business Days after the Meeting with respect to: (i) the results of the voting on the resolution to approve the AHC Plan, (ii) whether the required majority has approved the AHC Plan and (iii) the effect on the results of the voting had the Affected Creditors also voted the amount of their Claim, disputed for voting purposes.
51. Any vote will be binding on all Affected Creditors whether or not such Affected Creditor is present at the Meeting.

Distributions

52. The AHC Plan contemplates that each Affected Creditor with a proven Claim of less than or equal to \$1,000 will receive a cash payment equal to the lesser of the amount of its Claim and \$1,000. Each Affected Creditor with a proven Claim of greater than \$1,000 can elect to receive a cash payment in the amount of \$1,000 in satisfaction of its entire Claim (the “Cash Election”).
53. The AHC Plan contemplates that each Affected Creditor with a proven Claim of greater than \$1,000 that did not make a valid Cash Election will receive its *pro rata* share of the equity pool, which shall be comprised of the Voting Shares purchased by CPI on the Plan Implementation Date pursuant to and in accordance with the AHC Plan and the AHC APA (the number of which Voting Shares will be approximately equal to \$150 million (less the aggregate of the Cash Election Amount selected or deemed to have been selected by Affected Creditors) divided by a price per Voting Share of \$13.3333⁷, rounded down to the nearest whole number). Each Affected Creditor who is a Canadian Creditor and has delivered a Canadian Creditor Declaration in accordance with the AHC Plan shall receive from Holdco or its agent, as applicable, Voting Shares and each Affected Creditor who has not delivered a properly completed Canadian Creditor Declaration in accordance with the AHC Plan shall receive Variable Voting Shares (as such terms are defined in the AHC Plan).⁸

⁷ Although the AHC Plan was prepared based upon an organizational value, such valuation was not and should not be construed as an estimate of the price at which the Shares may trade in the market, if at all, and the LP Entities have not attempted to make any such estimate in connection with the development of the AHC Plan. No assurance can be given as to the market price of the Shares that will prevail.

⁸ There is currently no market through which the Shares may be sold and one may never develop. As such, Affected Creditors that are issued Shares pursuant to the AHC Plan may not be able to resell such Shares. Although Holdco intends to apply to the Toronto Stock Exchange for the listing of its Shares following the acquisition of the Acquired Assets (as defined in the AHC

54. Following the distribution of Shares to Affected Creditors, such distributed Shares are expected to account for approximately 45% of the issued and outstanding Shares in the capital of Holdco.
55. Distributions to Affected Creditors are anticipated to commence on a date that is not more than seven (7) days after the Plan Implementation Date or such other date specified in the Sanction and Vesting Order (the “**Initial Distribution Date**”). No distributions can be made until the maximum amount of all disputed Claims is quantified (although not necessarily resolved). There is a risk that the Initial Distribution Date will not take place on or before 7 days following the Plan Implementation Date if the maximum amount of any Disputed Claims remains unquantified as at such date. The LP Entities and the Monitor are in discussions with the Canada Revenue Agency with regard to voting its claim and quantifying the “marker” claim it submitted in the LP Entities' claims process.
56. Under the AHC Plan, the Monitor will make interim distributions on the last Business Day of each month after the Initial Distribution Date (or more frequently as the Monitor may determine in its sole and unfettered discretion).
57. Affected Creditors will not receive their full allocation of Shares until the earlier of ten (10) Business Days after the resolution of all disputed Claims and December 31, 2010 (the “**Final Distribution Date**”). Any disputed Claims that have not become Proven

APA), to date, no such application has been made and there can be no assurance that the Toronto Stock Exchange will accept the listing of Holdco's Shares.

Claims (as defined in the AHC Plan) on or before the Final Distribution Date shall be forever barred, extinguished and released without any compensation.

58. If any Affected Creditor's distribution by way of cheque, share certificate(s) or otherwise is returned as undeliverable or is not cashed, no further distributions to such Affected Creditor shall be made unless and until the LP Entities and the Monitor are notified by such Affected Creditor of such Affected Creditor's current address, at which time all such distributions shall be made to such Affected Creditor without interest, if applicable. All claims for undeliverable or uncashed distributions in respect of Proven Claims must be made on or before June 30, 2011, after which date the Proven Claims of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed or uncashed distributions shall be forever discharged and forever barred without any compensation therefor.

Assignment of Claims

59. The assignment and transfer of Affected Claims may be restricted and is governed by the terms and provisions of the Meeting Order, Amended Claims Procedure Order and the AHC Plan.

Conditions to the Implementation of the Plan

60. The implementation of the AHC Plan is conditional upon the satisfaction or waiver of all conditions precedent under the AHC APA in accordance with the terms of the AHC APA, and the AHC APA not having been terminated.

Anticipated Timing of Plan Implementation

61. If the Meeting is held as scheduled and is not adjourned or postponed and subject to the approval of the AHC Plan by the Affected Creditors, the LP Entities expect that the application for the Sanction and Vesting Order will be heard on or about June 18, 2010 at 10:00 a.m. (Toronto time). If the Sanction and Vesting Order is granted in form and substance satisfactory to the LP Entities and the Purchaser and all other conditions to the implementation of the Plan are satisfied or waived, the LP Entities expect the Plan Implementation Date to occur as soon as possible thereafter. As soon as the Plan Implementation Date has been determined, Canwest will issue a news release announcing the same. Subject to all of the foregoing, it is expected that the Plan Implementation Date will occur in the month of July, 2010.

Administrative Reserve

62. The AHC Plan contemplates that, subject to Court approval in a subsequent Order, on or before the Plan Implementation Date, an administrative reserve (the “**Administrative Reserve**”) will be established in an amount to be agreed by the Monitor, the LP Entities and Holdco, which amount is not to exceed \$25 million, using cash and cash equivalents from the accounts of the LP Entities. The Administrative Reserve will be held in a segregated account in trust by the Monitor for the benefit of persons entitled to be paid certain specified costs and priority payments to the extent such costs and payments are not assumed by the Purchaser. Any residual balance in the Administrative Reserve after the payment of all such costs and priority payments shall be an asset of and owned by the Purchaser.

Releases

63. The AHC Plan contemplates that on the Plan Implementation Date, the LP Entities, the Monitor, the Special Committee, FTI, the LP CRA, the Trustees, the Ad Hoc Committee and each and every present and former shareholder, director, officer, member (including members of any committee or governance council), employee, auditor, financial advisor, legal counsel and agent thereof and any person claiming to be liable derivatively through any or all of the foregoing persons (the “**Released Parties**”) shall be released and discharged from any and all claims and liabilities in any way relating to, arising out of or in connection with the Claims and/or the business and affairs of the LP Entities (all to the full extent permitted by law, provided that the AHC Plan will not release or discharge any Released Party for criminal or other wilful misconduct or present or former directors of the LP Entities with respect to matters set out in section 5.1(2) of the CCAA).

Modification of the Plan

64. The AHC Plan provides that the LP Entities may, at any time and from time to time, amend, restate, modify and/or supplement the Plan, with the consent of the Purchaser, acting reasonably, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Meeting, communicated to the Affected Creditors in the manner required by the Court (if so required); and (ii) if made following the Meeting, approved by the Court following notice to the Affected Creditors. Any amendment, restatement, modification or supplement may be made by the LP Entities with the consent of the Monitor and the Purchaser, acting reasonably, or pursuant to an Order following the Plan

Sanction Date, provided that it concerns a matter which, in the opinion of the LP Entities, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction and Vesting Order or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors. Any amended, restated, modified or supplementary plan or plans of compromise and arrangement filed with the Court and, if required, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in the Plan⁹.

Other

65. The AHC Plan does not provide that Sections 38, 95 to 101 of the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) do not apply to it.
66. The Monitor has reviewed certain of the LP Entities' transactions preceding the commencement of the CCAA Proceedings and is satisfied that they do not constitute preferences, fraudulent conveyances or other transactions at undervalue.

REPORT ON ALTERNATE BIA PROCEEDING & WHETHER CCAA PROCEEDING WAS THE BEST COURSE OF ACTION

67. As described in greater detail in the Pre-filing Report, as a result of declining revenues, the LP Entities defaulted under their various credit facilities and related guarantee obligations in May 2009. As a result of those events of default, amounts under the LP Entities' various credit facilities became immediately due and payable.

⁹ The LP Entities, the Monitor and the Purchaser are currently preparing amendments to the AHC Plan with respect to the Share distribution mechanics.

68. The LP Entities required a stay of proceedings under the CCAA in order to allow them to implement the Support Transaction and allow their financial advisor (under the supervision of the Monitor) to conduct the SISP in order to restructure and reorganize their businesses and preserve their enterprise values.
69. There will be no recovery for the Affected Creditors or any other unsecured creditors of the LP Entities if the Credit Acquisition is implemented. The SISP, which the Monitor believes, constituted a thorough canvassing of the market, produced only one Superior Cash Offer – the offer in respect of the AHC Transaction – which does provide a recovery to unsecured creditors. Therefore, at this time and based on the results of the SISP, it is unlikely that any offer derived from a further sales process or liquidation of the LP Entities' assets would include recovery for unsecured creditors.
70. The LP Entities and the Monitor believe that the AHC Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets under the CCAA or the BIA.
71. In the Monitor's view, a bankruptcy under the BIA in the alternative to the proceedings under the CCAA would not be more beneficial to the LP Entities' creditors. The Monitor is also of the view that the CCAA Proceedings were the best course of action and that it would not be more beneficial to the LP Entities' creditors if proceedings in respect of the LP Entities were taken under the BIA.

CLAIMS AGAINST THE LP ENTITIES

General

72. On April 12, 2010, the LP Entities obtained an Order (the “**Claims Procedure Order**”) establishing a claims procedure for the identification and quantification of certain claims against the LP Entities (the “**Claims Procedure**”). For reasons described in the Monitor’s Seventh Report, the Claims Procedure Order was amended by Order of Justice Pepall dated May 17, 2010 (the “**Amended Claims Procedure Order**”) to call for certain additional claims, including claims against the directors and officers of the Applicants. Copies of the Claims Procedure Order (without Schedules) and the Amended Claims Procedure Order (without schedules) dated May 17, 2010 are attached hereto collectively as **Appendix “H”**.
73. In accordance with the Claims Procedure Order, the Monitor published the LP Notice to Creditors on April 16, 2010 and April 19, 2010 in the *National Post*, *The Globe and Mail* (National Edition), *La Presse* and *The Wall Street Journal*. Following the granting of the Amended Claims Procedure Order, the Monitor published the LP Notice of Amended Claims Procedure on May 21, 2010 and May 25, 2010 in the *National Post*, *The Globe and Mail* (National Edition), and *La Presse*. Copies of the publications are attached collectively as **Appendix “I”**.

74. In accordance with the Claims Procedure Order, on April 16, 2010, the Monitor provided approximately 2,000 LP Claims Packages¹⁰ to the LP Creditors with Claims (other than a Restructuring Period Claim, an Employee Claim or a Director/Officer Claim).
75. In addition, on or before May 21, 2010, the Monitor provided 11 LP Claims Packages in connection with Restructuring Period Claims and Employee Claims. On May 27, 2010 and May 31, 2010, the LP Entities provided 3 LP Claims Packages to employees whose employment was being terminated.
76. Since the commencement of the CCAA Proceedings, the LP Entities have obtained the Monitor's consent for disclaimer of and delivered notices of disclaimer in connection with four agreements.

Preliminary Review of Status of Claims Procedure

77. Among other things, the Amended Claims Procedure Order established 5:00 p.m. on May 7, 2010 as the LP Claims Bar Date and 5:00 p.m. on June 3, 2010 as the LP Restructuring Period Claims Bar Date, the Employee Claims Bar Date and the LP Director/Officer Claims Bar Date.
78. The Monitor received approximately 720 LP Proofs of Claim on or before the LP Claims Bar Date. The Monitor also received 73 LP Proofs of Claim after the LP Claims Bar

¹⁰ All terms used but not defined in this section of the Report shall have the meaning ascribed to them in the Amended Claims Procedure Order.

Date all of which were rejected and disallowed in their entirety in accordance with the Amended Claims Procedure Order.

79. The Claims Procedure Order provided that after the initial call for claims, no steps would be taken for the adjudication or determination of claims unless, among other things, a determination was made by the LP Entities, the Monitor, the Administrative Agent and the LP CRA that the resolution of claims was required to close a successful bid identified in the SISP. On May 10, 2010, the LP Entities, the Monitor and the Administrative Agent determined that steps should be taken to resolve claims set out in the Amended Claims Procedure Order and the adjudication and resolution of claims commenced.
80. The LP Entities, with the assistance of the Monitor, have reviewed the claims of the LP Creditors and have been diligently resolving these claims. As at June 2, 2010, approximately 600 claims asserted in the LP Entities' Claims Procedure have been accepted, withdrawn or otherwise resolved. In addition, the LP Entities are in the process of finalizing settlement documents with respect to 2 additional claims. The LP Entities are or will be engaging in discussions with the remaining holders of the outstanding claims shortly.
81. In addition, in accordance with the terms of the Meeting Order, on May 20, 2010, the LP Subordinated Agent delivered to the LP Entities (with a copy to the Monitor) a notice setting out each LP Subordinated Lender's *pro rata* share of the aggregate amount owing by each of the LP Entities under the LP Senior Subordinated Credit Agreement as at the filing date based on the records of the LP Subordinated Agent. The Monitor is advised by counsel for the LP Subordinated Agent that on May 20, 2010, the LP Subordinated

Agent also posted a copy of the Notice of LP Subordinated Lender Pro Rata Claims (as these terms are defined in the Meeting Order) on one of the IntraLinks websites maintained by the LP Subordinated Agent for the benefit of the LP Subordinated Lenders.

82. Under the Meeting Order, the LP Subordinated Lenders could dispute the amounts set out in the Notice of LP Subordinated Lender Pro Rata Claims by delivering a notice of dispute to the Monitor by May 27, 2010, failing which, they are deemed to have confirmed the amounts set out therein. The Monitor did not receive any notices of dispute.
83. The Meeting Order also provides that any LP Subordinated Lender which asserts that its LP Subordinated Lender Claim includes a claim or claims in addition to the LP Subordinated Lender's Claim had to notify the Monitor (with a copy to the LP Subordinated Agent and the LP Entities) of any such additional claims and the amounts thereof by May 27, 2010, failing which, such claims will be forever extinguished and barred. The Monitor has not received any notices of any additional claims.
84. A table summarizing the number and value of claims asserted, accepted and disputed as at June 2, 2010 against (i) CCI, (ii) CPI, (iii) CBI, and (iv) the Limited Partnership, is attached hereto as **Appendix "J"**.
85. The table attached at Appendix "J" hereto is intended to reflect only the claims as called for and asserted under the terms of the Claims Procedure Order and is not intended to provide a commentary on the voting and/or distribution rights of any such claims, which rights may be affected by, *inter alia*, the provisions of the CCAA.

Anticipated Distributions

86. At this stage of the Claims Procedure and, in part, due to the submission of several “marker” claims with no specified Claim amount, it is not possible to determine the aggregate total of the Claims or the anticipated amounts of distributions to Affected Creditors.

Secured Creditors' Claims and Legal Opinion on the Validity of the Security Interest

87. As described in greater detail in the Second Report of the Monitor dated January 29, 2010, the LP Entities quantified the claims of the LP Senior Secured Lenders in accordance with the provisions of the Initial Order. The Conditional Sanction Order set out provisions for the calling and determination of claims in respect of other amounts that arose after the Filing Date but prior to the date of the Conditional Sanction Order (the “**Post-Filing Other Amounts Claims**”). Under the terms of the Conditional Sanction Order, any LP Senior Secured Lender claiming a Post-Filing Other Amounts Claim had to submit a notice of same to the Monitor (with a copy to the LP Entities and the LP Administrative Agent) by May 31, 2010. The Monitor did not receive any notices of Post-Filing Other Amount Claims and, under the terms of the Conditional Sanction Order, such claims are forever extinguished and barred.
88. As described in greater detail in the Pre-filing Report, the Monitor’s counsel, Stikeman Elliott LLP (“**Stikeman**”) conducted a security review of the security granted by the LP Entities in favour of the collateral agent on behalf of, *inter alia*, LP Senior Secured Lenders (the “**Security Interest**”) and rendered an opinion with respect to the validity and perfection thereof under the laws of Ontario, Alberta, British Columbia and Quebec.

This opinion states that (subject to the assumptions and qualifications contained therein, including those relating to statutory and possessory liens and claims that have priority by operation of law), the Security Interest is valid and enforceable and ranks in priority to other claims with respect to the personal property secured¹¹.

89. Similarly, the registrations in favour of, *inter alia*, the LP Senior Secured Lenders against the LP Entities' real property located in Ontario, Alberta, British Columbia and Quebec and referred to in the Stikeman opinion are the only mortgages registered on title to the real properties.

Claims against Related Persons

90. The Monitor has identified one claim asserted against the LP Entities involving a Related Person (as defined in the Guidelines). The LP Entities and the Monitor have rejected and disallowed this claim in its entirety. The Monitor will provide a further update with respect to this claim if any distributions will be contemplated in respect thereof.
91. In addition, the Amended Claims Procedure Order calls for and the AHC Plan contemplates release of claims against the directors and officers of the LP Entities. As at June 2, 2010, no claims against the directors and officers of the LP Entities have been received. The Monitor will provide further comments on the appropriateness of inclusion

¹¹ Subject to certain registrations of secured parties made under the provincial personal property security acts prior to the registration of the Security Interest. The LP Entities have advised FTI that all prior registrations referred to therein are with respect to equipment leases. Similar opinions were obtained by the Monitor with respect to the validity and perfection of the Security Interest under the laws of Manitoba and Saskatchewan. The LP Entities has advised that these jurisdictions, together with the jurisdictions covered by the Stikeman opinion, are the only Canadian jurisdictions in which the LP Entities own material assets.

of third party releases of Director/Officer Claims in the AHC Plan once all relevant facts relating to such claims become known.

92. The Monitor has not identified any trust claims or any claims that cannot be compromised in the AHC Plan in accordance with the CCAA (that are not contemplated as being assumed by the Purchaser).

RECOMMENDATION AND CONCLUSIONS

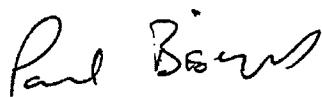
93. The Monitor believes that implementation of the AHC Plan is essential to provide recovery to unsecured creditors. If the AHC Plan is not implemented, the Monitor believes that the likely alternative to the AHC Plan would be the implementation of the Credit Acquisition or, if the Credit Acquisition Agreement expires and is not extended, a further sales process or potentially a liquidation of the assets of the LP Entities under the CCAA and/or the BIA and the distribution of the net proceeds of such sale or liquidation to creditors in accordance with their respective priorities.
94. There will be no recovery for the Affected Creditors or any other unsecured creditors of the LP Entities if the Credit Acquisition is implemented. The SISP, which the Monitor believes, constituted a thorough canvassing of the market, produced only one Superior Cash Offer. Therefore, at this time and based on the results of the SISP, it is unlikely that any offer derived from a further sales process or liquidation of the LP Entities' assets would include recovery for unsecured creditors.

95. The Monitor believes the AHC Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets.
96. The Monitor also believes that the LP Entities have acted and continue to act in good faith and with due diligence and have not breached any requirements under the CCAA or any Order of the Court.
97. Accordingly, the Monitor recommends that Affected Creditors approve the AHC Plan and vote in favour of the resolution approving the AHC Plan.

All of which is respectfully submitted this 3rd day of June, 2010.

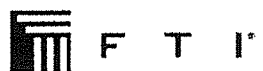
FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

Per



Paul Bishop
Senior Managing Director

APPENDIX “B”



**CANWEST PUBLISHING INC. / PUBLICATIONS CANWEST
INC., CANWEST BOOKS INC. AND CANWEST (CANADA) INC.**

**SUPPLEMENT TO THE EIGHTH REPORT OF
FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

June 10, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CANWEST PUBLISHING INC./
PUBLICATIONS CANWEST INC., CANWEST BOOKS
INC., AND CANWEST (CANADA) INC.**

**SUPPLEMENT TO THE EIGHTH REPORT
OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

June 10, 2010

INTRODUCTION

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”) (a copy of which is attached as **Appendix “A”**), Canwest Publishing Inc. / Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), and Canwest (Canada) Inc. (“**CCI**”, and together with CPI and CBI, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of Canwest Limited Partnership / Canwest Societe en Commandite (the “**Limited Partnership**”, and together with the Applicants, the “**LP Entities**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the LP Entities. The proceedings commenced by the LP Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

2. This report is supplementary to (and should be read in conjunction with) the Eighth Report of the Monitor dated June 3, 2010 (the “**Eighth Report**”) prepared in accordance with section 23(1)(d.1) of the CCAA in advance of the meeting of creditors referred to in section 4 or 5 of the CCAA.
3. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Eighth Report.

PURPOSE OF THIS REPORT

4. On May 17, 2010, the LP Entities obtained an Order (the “**Meeting Order**”) to call, hold and conduct a meeting of certain of the Affected Creditors to consider and vote on a resolution to approve the AHC Plan (the “**Creditors’ Meeting**”). On May 21, 2010, the LP Entities filed a copy of the AHC Plan with the Court and delivered or made it available to the Affected Creditors.
5. The purpose of this supplement to the Eighth Report is to inform the Affected Creditors and the Court on: (a) amendments to the AHC APA and the AHC Plan that have been proposed since the finalization and service of the Eighth Report, and (b) the adjournment of the Creditors’ Meeting to June 14, 2010.

TERMS OF REFERENCE

6. In preparing this report, FTI has relied upon unaudited financial information of the LP Entities, the LP Entities’ books and records, certain financial information prepared by, and discussions with, the LP Entities’ management. FTI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and

accordingly expresses no opinion or other form of assurance on the information contained in this report.

7. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

AHC BID & AHC PLAN

8. As reported in greater detail in the Eighth Report, the AHC Bid is structured as an asset purchase in the context of the AHC Plan. The terms of the AHC Transaction are contained in an asset purchase agreement dated May 10, 2010 (the “AHC APA”).
9. The AHC APA contemplated that a corporation wholly owned by the Sponsors (as described below) (“**Holdco**”) would effect a transaction through CW Acquisition Limited Partnership (the “**Purchaser**”) whereby the Purchaser will acquire substantially all of the financial and operating assets of the LP Entities and the shares of National Post Inc. on an “as is, where is” basis and assume the Assumed Liabilities (as defined in the AHC APA).
10. Under the AHC APA, the purchase price in the approximate amount of \$1.1 billion¹ (exclusive of all applicable sale and transfer taxes) was to consist of:
 - a) a cash amount equal to the full amount owing to the LP Senior Secured Lenders;
 - b) a cash payment to unsecured creditors with proven claims that elect to receive a cash payment equal to the lesser of the amount of their proven claim and \$1,000;

¹ The purchase price to be paid by the Purchaser under the AHC APA is \$1.075 billion plus the amount of assumed liabilities. The additional \$25 million raised by the Purchaser will be used to pay closing costs.

- c) an unsecured demand promissory note of \$150 million (less the amount payable under (b) above) issued by the Purchaser to the Monitor on behalf of CPI, which would immediately be exchanged for Voting Shares of Holdco pursuant to the AHC Plan; and
 - d) assumption by the Purchaser of the Assumed Liabilities.
11. The AHC Plan contemplated that Affected Creditors (which includes for greater certainty the holders of beneficial interest in the 9.25% Notes (the “**Beneficial Noteholders**”) and the holders of claims under the LP Senior Subordinated Agreement (the “**LP Subordinated Lenders**”)) with proven Claims of greater than \$1,000 that did not make a valid Cash Election would receive their *pro rata* share of the equity pool, which would be comprised of the Voting Shares purchased by CPI on the Plan Implementation Date pursuant to and in accordance with the AHC Plan and the AHC APA. The number of such Voting Shares available for distribution to eligible Affected Creditors was to be approximately equal to the amount of the unsecured demand promissory note to be issued by the Purchaser to the Monitor on behalf of the LP Entities, namely \$150 million, less the aggregate of the Cash Election Amount elected or deemed to have been elected by Affected Creditors and divided by a price per Voting Share of \$13.3333², rounded down to the nearest whole number.

² As stated in the Eighth Report, although the AHC Plan was prepared based upon an organizational value, such valuation was not and should not have been construed as an estimate of the price at which the Shares may have traded in the market, if at all, and the LP Entities did not attempt to make any such estimate in connection with the development of the AHC Plan.

12. Following the distribution of Shares to Affected Creditors, such distributed Shares were expected to account for up to approximately 45% of the issued and outstanding Shares in the capital of Holdco.
13. In connection with the AHC APA, certain Beneficial Noteholders and LP Subordinated Lenders (the “Sponsors”) also executed a funding commitment letter in favour of Holdco and the Purchaser (the “Funding Commitment Letter”) pursuant to which the Sponsors committed to purchase, in aggregate, \$250 million (the “Funding Commitment”) in equity and mezzanine notes to be issued by Holdco on the Acquisition Date. The Funding Commitment was to be comprised of \$100 million worth of equity shares in Holdco (at an issue price of \$10 per share) representing no less than 40% of the equity shares of Holdco on a fully diluted basis and \$150 million worth of mezzanine notes issued by Holdco, provided that the Sponsors could accept equity in lieu of all or part of their entitlement to mezzanine notes, if agreed by the requisite majority of the Sponsors, in certain specified circumstances. The Sponsors agreed that in the event that the Sponsors were required to accept equity in lieu of mezzanine notes, such transaction would be effected so that the value of recovery to the Affected Creditors who are not Sponsors would not materially change.
14. On the Acquisition Date, Holdco was obligated to pay the Sponsors a commitment fee representing, in aggregate, approximately 15% of the Shares of Holdco on a fully diluted basis.

PROPOSED AMENDMENTS TO THE AHC BID & AHC PLAN

15. Following finalization and service of the Eighth Report, the Sponsors requested that certain amendments to the AHC APA and the AHC Plan be made to accommodate revised capital structure and corporate structure of the Purchaser and Holdco. As described in greater detail below, the amendments with respect to the capital structure will have an effect on the value of the recovery to the Affected Creditors.
16. In addition, the LP Entities, the Monitor and the Purchaser determined that certain amendments to the AHC Plan with respect to the share distribution mechanics were desirable and were able to agree on the terms of such amendments following service of the Eighth Report.
17. Lastly, the LP Entities, the Monitor and the Purchaser have agreed on certain other amendments which in the LP Entities' opinion concern matters which are of an administrative nature and are required to better give effect to the implementation of the Plan and/or cure any errors, omissions or ambiguities and are not materially adverse to the financial or economic interest of the Affected Creditors.
18. All of the above amendments are contained in the proposed amended AHC Plan (the "**Amended AHC Plan**") a copy of which, together with a blacklined comparison to the AHC Plan, is (or will shortly be) available on the Monitor's website for these proceedings at <http://cfcanada.fticonsulting.com/clp/>, together with, *inter alia*, the following documents: the AHC Plan, the AHC APA, the Management Proxy Circular with respect to the AHC Plan, the proposed amended AHC APA, and the proposed Amended AHC Plan. An amending and assigning agreement to the AHC APA was

executed by Holdco and the New Purchaser (as defined below) and a form of such amending and assigning agreement will be appended as a Schedule to the Amended AHC Plan. The Monitor expects that the Amended AHC Plan will be tabled at the Creditors' Meeting by a proxy for one or more holders of the 9.25% Notes for a vote by the Affected Creditors.

Amendments Respecting the Capital Structure of the Purchaser and Holdco

19. As permitted under the Funding Commitment, the Sponsors have chosen to accept equity in lieu of all of their entitlement to the mezzanine notes. Accordingly, the Sponsors submitted the Second Amended and Restated Funding Commitment containing the proposed terms of same and requested that the AHC APA and the AHC Plan be amended to reflect the proposed terms and the Amended AHC Plan be tabled for a vote by the Affected Creditors at the Creditors' Meeting.
20. Under the revised structure the Sponsors have committed to purchase 27 million Shares having an aggregate subscription price of \$250 million (or approximately \$9.25926 per Share). The 27 million Shares will be issued in addition to the Shares that are to be issued and allocated for distribution to the Affected Creditors. Under the Second Amended and Restated Funding Commitment, the Sponsors will not be entitled to receive the commitment fee of approximately 15% of the Shares of Holdco; instead, the Sponsors are purchasing the Shares at \$9.25926 (as opposed to the originally contemplated purchase price of \$10 per Share) thereby providing them with an effective fee of 5% of the Shares of Holdco.

21. In addition, the purchase price under the Amended AHC APA will no longer be satisfied in part by an unsecured demand promissory note of \$150 million; rather, in lieu thereof, on Plan Implementation Date, CPI will be issued a number of Shares equal to 13 million Shares less the number of Shares obtained by dividing the aggregate of the Cash Election Amount elected or deemed to have been elected by Affected Creditors by \$11.54³, rounded down to the nearest whole number⁴.
22. Under the revised structure, upon final distribution of the Shares to Affected Creditors, the Sponsors will own approximately 67.5% of the issued and outstanding Shares in the capital of Holdco and Affected Creditors will own 32.5% of the Shares.
23. The LP Entities are advised by the Financial Advisor that the removal of the mezzanine notes decreases Holdco's leverage at emergence, which may result in an improved outlook for Holdco's credit ratings, including the debt to be issued under the AHC Plan. The LP Entities have been further advised by the Financial Advisor that elimination of the mezzanine notes will increase the implied value of Holdco equity under the AHC Plan. This advice is supported by the Monitor's own analysis of the Amended AHC Plan. Accordingly, although under the Amended AHC Plan Affected Creditors will own a smaller percentage of the equity of Holdco (namely, 32.5%), the AHC Plan value of such

³ Although the share price for purposes of allocating shares between the "convenience class creditors" and the Affected Creditors is based upon a price per share of \$11.54 and an organizational value of \$1.1 billion, such valuation was not and should not be construed as an estimate of the price at which the Shares may trade in the market, if at all, and the LP Entities have not attempted to make any such estimate in connection with the development of the AHC Plan. No assurance can be given as to the market price of the Shares that will prevail.

⁴ There is currently no market through which the Shares may be sold and one may never develop. As such, Affected Creditors that are issued Shares pursuant to the AHC Plan may not be able to resell such Shares. Although Holdco intends to apply to the Toronto Stock Exchange for the listing of its Shares following the acquisition of the Acquired Assets (as defined in the AHC APA), to date, no such application has been made and there can be no assurance that the Toronto Stock Exchange will accept the listing of Holdco's Shares.

percentage is greater, on a *pro forma* basis, than the AHC Plan value, also on a *pro forma* basis, of the 45% of Holdco's equity allocated to the Affected Creditors under the original AHC Plan. It should be noted that the actual value of such equity will be determined by the market when (and if) shares in Holdco are publicly traded.

24. The Financial Advisor has advised the LP Entities that in its view, based on the aforementioned amendment, the Amended AHC Plan at the Plan Implementation Date should produce a more favourable result to the Affected Creditors than the original AHC Plan.

Amendments Respecting the Corporate Structure

25. As a result of the change in the capital structure of Holdco and the Purchaser, the Sponsors also requested that certain amendments to the AHC APA and the AHC Plan be made to accommodate a revised corporate structure of the Purchaser and Holdco. Specifically, the Purchaser will assign all of its rights and obligations under the AHC APA to its general partner, 7536321 Canada Inc. ("**New Purchaser**"), and under the revised corporate structure the New Purchaser will be the purchaser under the AHC APA and as such will acquire substantially all of the financial and operating assets of the LP Entities and the shares of National Post Inc. on an "as is, where is" basis and assume the Assumed Liabilities.

Amendments Respecting the Share Distribution Mechanics

26. The LP Entities have determined that it is in the best interests of the Affected Creditors to change the share distribution mechanics under the AHC Plan. Accordingly, the Amended

AHC Plan also contains an amendment such that eligible Affected Creditors will receive their Shares through Computershare Investor Service Inc.'s ("Computershare") Direct Registration System ("DRS") and will not have the option in the Letter of Instruction to elect to receive share certificates. Computershare will be retained as Holdco's transfer agent. Pursuant to the Amended AHC Plan, if the Monitor does not receive a Letter of Instruction from an Affected Creditor, such Affected Creditor's Shares, if any, would be registered in accordance with the information provided in the Affected Creditor's Proof of Claim.

27. It is anticipated that following the Initial Distribution Date and each subsequent Distribution Date, as applicable, an Affected Creditor will receive a DRS Transaction Advice acknowledging the number of Shares that the Affected Creditor holds in "book-entry" form in his, her or its DRS account.

28. There is no fee to participate in DRS. Affected Creditors that hold Shares in DRS will have all the rights and privileges as holders of securities in certificate form, including voting and dividend rights. If the issuer of the Shares becomes a public company, the DRS system will facilitate liquidity for shareholders as it will simplify the procedures for depositing Shares in brokerage accounts. Affected Creditors may request a share certificate for all or a portion of the Shares held in their DRS account by contacting Computershare at any time following receipt of their DRS Transaction Advice. Further information regarding DRS is available on Computershare's website at [http://corporate.computershare.com/Canada/OurBusiness/cis/OC/Pages/DirectRegistration\(DRS\).aspx](http://corporate.computershare.com/Canada/OurBusiness/cis/OC/Pages/DirectRegistration(DRS).aspx).

29. In accordance with the Amended AHC Plan, the Monitor, on behalf of the LP Entities, will be delivering blank Letters of Instruction to Affected Creditors together with notice of this Supplement. Completed Letters of Instruction must be submitted by eligible Affected Creditors on or before the Plan Sanction Date (currently scheduled for June 18, 2010) or such other date as the Monitor may agree. As stated above, if the Monitor does not receive a Letter of Instruction from an Affected Creditor, such Affected Creditor's Shares, if any, will be registered in accordance with the information provided in the Affected Creditor's Proof of Claim.

ADJOURNMENT OF THE CREDITORS' MEETING

30. In accordance with the provisions of the Creditors' Meeting Order dated May 17, 2010, the LP Entities scheduled the Creditors' Meeting to be held at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. (Toronto time) on June 10, 2010.
31. In anticipation of the amendments to the AHC APA and the AHC Plan, the Monitor adjourned the Creditors' Meeting to Monday, June 14, 2010 at 10:00 a.m. (Toronto time) to allow Affected Creditors to consider in advance of the Creditors' Meeting the proposed amendments to the AHC Plan and the AHC APA that will be tabled for a vote at the Creditors' Meeting. The Creditors' Meeting will now be held at Sutton Place Hotel (Wellesley Room - Lobby Level), 955 Bay Street, Toronto, Ontario.
32. On June 9, 2010 at or about 10:00 a.m., the Monitor sent approximately 650 notices of the adjournment of the Creditors' Meeting to the Affected Creditors by e-mail, 30 notices

by fax and 15 notices by regular mail. A copy of the notice is attached as **Appendix "A"**.

33. In addition, on June 10, 2010, a representative of counsel for the Monitor attended at the originally designated time and location of the Creditors' Meeting (namely, Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. (Toronto time)), posted a notice of the adjournment of the Creditors' Meeting and remained at that location until 11:00 a.m. None of the Affected Creditors or their representatives attended at the originally designated time and location of the Creditors' Meeting.

RECOMMENDATION AND CONCLUSIONS

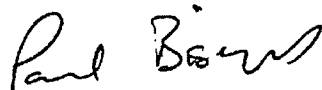
34. As stated in the Eighth Report, the LP Entities, the LP CRA and the Monitor believe that the AHC Plan would produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets under the CCAA or the BIA.
35. The Monitor and the LP CRA are of the view that the implied value of the percentage of Shares to be allocated to the Affected Creditors under the Amended AHC Plan is greater than the implied value of such Shares that were to be allocated to the Affected Creditors under the original AHC Plan and that the Amended AHC Plan should produce a more favourable result to the Affected Creditors than the original AHC Plan.
36. The Monitor also concurs with the LP Entities' view that the proposed amendments to share distribution mechanics are in the best interests of the Affected Creditors.

37. The Monitor is also advised that the management of the LP Entities and the LP CRA are supportive of the Amended AHC Plan that will be tabled at the Creditors' Meeting to be voted on, and if desirable, approved by the Affected Creditors at the Creditors' Meeting.
38. Accordingly, the Monitor recommends that Affected Creditors approve the Amended AHC Plan and vote in favour of the resolution approving the Amended AHC Plan.

All of which is respectfully submitted this 10th day of June, 2010.

FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

Per



Paul Bishop
Senior Managing Director

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

Court File No. CV-10-8533-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND CANWEST
(CANADA) INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SUPPLEMENT TO THE EIGHTH REPORT OF FTI
CONSULTING CANADA INC., IN ITS
CAPACITY AS MONITOR OF THE APPLICANTS**

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

Court File No. CV-10-8533-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST
PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST BOOKS INC. AND CANWEST
(CANADA) INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**SUPPLEMENT TO THE FIFTEENTH REPORT OF
FTI CONSULTING CANADA INC., IN ITS
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