

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.

MOTION RECORD
of the CanWest Salaried Employees and Retirees (CSER) Group

Date: March 14, 2011

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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

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.

NOTICE OF MOTION
of the CanWest Salaried Employees and Retirees (CSER) Group
returnable March 21, 2011

Russells Mills, Blair Mackenzie, Rejean Saumure and Les Bale (collectively, the "Representatives") will make a motion to the Honourable Madam Justice Pepall at 393 University Avenue, Toronto, Ontario on Monday, March 21, 2011 at 9:30 a.m. or as soon thereafter as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR AN ORDER OR ORDERS:

- (a) abridging the time for service of this notice of motion, together with any supporting material, validating service on those served and dispensing with service on any person other than those served;

(b) that Nelligan O'Brien Payne LLP and Shibley Righton LLP are hereby appointed as co-counsel ("Tax/EI Representative Counsel") to assist the Representatives and the Represented Parties (as defined in the Order of Justice Pepall dated March 5, 2010) who expressly authorize such counsel in accordance with applicable legislation, including, without limitation, the provisions of the *Income Tax Act* (Canada), to act for them in connection with their dealings with Canada Revenue Agency and/or the Employment Insurance Commission, as the case may be (all of whom being collectively referred to herein as the "Tax/EI Represented Parties" and individually, a "Tax/EI Represented Party"), and all reviews or appeals therefrom (including appeals to the Tax Court of Canada and the Federal Court of Appeal) (collectively, the "Tax/EI Proceedings") arising from the distribution of shares under the Amended Consolidated Plan of Compromise concerning the LP Entities (the "LP Plan");

(c) that Tax/EI Representative Counsel shall represent the interests of the Tax/EI Represented Parties in all aspects of the Tax/EI Proceedings, without any obligation to consult with or seek instructions from the Tax/EI Represented Parties other than the Representatives, unless otherwise ordered by the Court. Any proposed settlement of the Tax/EI Proceedings will be approved solely by the Representatives. Tax/EI Represented Parties who do not wish to be bound by any settlement approved by the Representatives may, within two weeks from the date that they are advised of the said settlement, notify Tax/EI Representative Counsel that are opting out of the settlement and shall thereafter not be bound

any settlement, shall no longer be represented by Tax/EI Represented Counsel and shall be free to represent themselves or retain other counsel in any Tax/EI Proceedings;

(d) that any Tax/EI Represented Party whose personal information is provided to the Tax/EI Representative Counsel by the LP Entities, the Monitor, any regulatory body and other government ministry, department or agency, pursuant to this Order is deemed to have consented for the purposes of any applicable privacy legislation to the LP Entities, the Monitor, any regulatory body and other government ministry, department or agency providing such information and to the collection, use and disclosure by the Tax/EI Representative Counsel of such information, provided that (i) such information will be used or disclosed by the Tax/EI Representative Counsel solely for the purpose of representing the Tax/EI Represented Parties' interests in these Tax/EI Proceedings, and (ii) nothing in this Order alone requires any person to provide any information to the Tax/EI Representative Counsel;

(e) that the Monitor shall provide to the Representatives or Tax/EI Representative Counsel on their behalf the names and last known addresses of the Represented Parties who received shares under the Plan, together with information as to the number of shares they received under the Plan;

(f) that the Representatives, or Tax/EI Representative Counsel on their behalf, are authorized to take all steps and to do all acts necessary or desirable to carry out the terms

of this Order in accordance with the terms of the applicable authorization given by the relevant Tax/EI Representative Party, including dealing with any Court, regulatory body and other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto;

(g) that the Representatives and Tax/EI Representative Counsel shall have no liability as a result of their respective appointment or the fulfilment of their duties in carrying out the provision of this Order save and except for any gross negligence or wilful misconduct on their part and that no action or other proceedings shall be commenced against the Representatives and/or Tax/EI Representative Counsel relating to their acting as such, except with prior leave of this Court, on at least 7 day's notice to the Representatives and Tax/EI Representative Counsel and upon further order in respect of security for costs, to be given by the plaintiff for the costs on a substantial indemnity basis, of the Representatives and Tax/EI Representative Counsel in connection with any such action or proceeding;

(h) that an amount of \$75,000 for fees and disbursements shall be paid by the Monitor from the Administrative Reserve Account (as defined in the LP Plan) to Nelligan O'Brien Payne LLP as a retainer to be held in trust in accordance with their duties under the *Solicitors Act*, R.S.O. 1990, c. S.15, the *Law Society Act*, R.S.O. 1990, c. L.8 and the regulations under those statutes and otherwise at law and in accordance with this Order for all reasonable legal, accounting and financial expert and advisory fees and all other incidental fees and disbursements related to the Tax/EI Proceedings. Tax/EI Representative Counsel

shall render invoices to the Representatives, with a copy to Postmedia Network Inc. on a monthly basis outlining their reasonable legal fees and disbursements, as may be incurred by the Tax/EI Representative Counsel in the Tax/EI Proceedings from and after the date of this Order. Promptly following the rendering of such invoices, Nelligan O'Brien Payne LLP shall pay out of such trust funds the amount owing under such monthly invoices to Tax/EI Representative Counsel. Upon the funds held in trust by Nelligan O'Brien Payne LLP being exhausted, Tax/EI Representative Counsel and the Tax/EI Represented Parties shall have no claim against the Applicants, the Monitor or Postmedia Network Inc. for any further funding. Any amount remaining in the trust account following completion of the Tax/EI Proceedings shall be paid to the Monitor. If at the time of the completion of the Tax/EI Proceedings the Monitor has been discharged, any amount remaining in the trust account shall be paid to Postmedia Network Inc.;

(i) that nothing in this order derogates in any way from the rights under the *Solicitors Act*, R.S.O., 1990., c. S.15 of the Tax/EI Represented Parties or of those who otherwise pay legal fees. Without limiting the generality of the foregoing, and despite any terms to the contrary in the *Solicitors Act*, R.S.O. 1990., c. S.15 the payment of fees or disbursements promptly in accordance with the terms of this Order shall not limit the rights of the clients or the person who pays the fees or disbursements to bring assessment proceedings as if such fees or disbursements had not been paid;

(j) that notice of the granting of this Order be provided to the Tax/EI Represented Parties by (i) the Monitor mailing by ordinary mail a copy of a notice substantially in the form attached as Schedule “A” hereto (the “Notice”) to former employees and retirees of the LP Entities not represented by a union at the time of separation from employment and who received share distributions under the LP Plan, to the physical address of such former employees and retirees, as last shown in the books and records of the LP Entities; and (ii) posting a copy of the Notice on the Monitor’s website;

(k) that the Tax/EI Representative Counsel shall be at liberty and are authorized at any time to apply to this Honourable Court for advice and directions in the discharge or variation of their powers and duties upon notice to the Monitor, Postmedia Networks Inc., and to other interested parties, unless otherwise ordered by the Court;

(l) if opposed, the costs of this motion on a substantial indemnity basis; and

(m) such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. By order of the Honourable Madam Justice Pepall dated March 5, 2010 the Representatives were appointed to represent current and retired salaried employees of the applicants in this proceeding.

2. Through the claims process established in these proceedings, Affected Creditors with Proven Claims over \$1,000 were permitted to elect whether or not to receive \$1,000 in cash in satisfaction of their claims, or to receive shares based on his or her *pro rata* portion of the unsecured creditors pool, after subtracting cash elections. Approximately 67 former employees received shares through this process.

3. As a result of arrangements entered into between the Monitor and the Department of Justice on behalf of CRA (to which neither the Representatives nor Representative Counsel were a party), the shares that were received by former employees through the Plan were valued at \$11.54 per share in the former employees' T4s or T4As, which is in excess of their true value.

4. As a result of the issuance of these T4s and T4As, these former employees will have issues that arise in respect of both their income tax and the employment insurance benefits that approximately 50 of them received, particularly given that the shares are not yet publicly traded.

5. The Representatives seek the relief herein to assist the affected former employees with these issues.

6. Through counsel the Representatives, the Monitor and the Department of Justice are in negotiating the form of the order sought on this motion.

7. The Representatives will reply on such further and other grounds as counsel may advise, as well as s. 11 and other the provisions of the *Companies' Creditors Arrangements Act*, R.S.C. 1985, c. C-36, as amended, rules 3 and 10 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 195, s. 131 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, s. 197 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

THE FOLLOWING DOCUMENTARY EVIDENCE will be relied upon in support of this motion:

- (i) the affidavit of Russell Mills sworn March 9, 2011, and
- (ii) such further and other material as counsel may advise and this Honourable Court may permit.

Date: March 14, 2011

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Co-Counsel for the CanWest Salaried
Employees and Retirees (CSER) Group

TO: THE SERVICE LIST

SCHEDULE "A"

Pursuant to an order of the Ontario Superior Court of Justice dated March ?, 2011 in the CCAA proceeding (the "Proceeding") commenced by Canwest Publishing Inc. and certain other entities (the "LP Entities"), Nelligan O'Brien Payne LLP and Shibley Righton LLP were jointly appointed as counsel to assist Russell Mills, Blair MacKenzie, Rejean Saumure and Les Bale (the "Representatives") and those current and former salaried (i.e. non-unionized) employees of the LP Entities, and persons claiming on their behalf or through them who expressly authorize such counsel in accordance with applicable legislation to act for them in connection with their dealings with Canada Revenue Agency and/or the Employment Insurance Commission, as the case may be (the "Tax/EI Represented Parties"), and all reviews or appeals therefrom (including appeals to the Tax Court of Canada and the Federal Court of Appeal) arising from the distribution of shares under the Amended Consolidated Plan of Compromise concerning the LP Entities. A copy of the Order can be found on the Monitor's website at: <http://cfcanada.fticonsulting.com/clp>.

Funding in a maximum amount of \$75,000 has been set aside in trust to pay for the reasonable legal, accounting and financial expert and advisory fees and all other incidental fees and disbursements incurred by the court-appointed counsel in carrying out their prescribed mandate. Accordingly, you are not required to contribute to the fees of counsel for the Tax/EI Represented Parties except for any fees exceeding the maximum amount of \$75,000 set aside in trust.

Additional information concerning the Proceedings, including previous orders granted in the Proceedings, can be found on the Monitor's website listed above.

Individuals may contact Nelligan O'Brien Payne in confidence directly at -CSER@nelligan.ca (use your personal email) or by telephone to Ms. Leigh Norton 613-231-8216 or 1-888-565-9912 to obtain the authorization forms enabling the court appointed counsel to act on their behalf in connection with their dealings with Canada Revenue Agency and/or the Employment Insurance Commission, as the case may be.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN:

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.

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

NOTICE OF MOTION

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TAB 2

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
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AND CANWEST (CANADA) INC.**

Applicants

**AFFIDAVIT OF RUSSELL MILLS
sworn March 9, 2011**

I, **RUSSELL MILLS**, of the City of Ottawa in the Province of Ontario, MAKE
OATH AND SAY:

1. I am the former publisher of the Ottawa Citizen. By order of the Honourable Madam Justice Pepall made March 5, 2010, I (together with four others, collectively the "Representatives") was appointed to represent current and retired salaried employees of the applicants in this proceeding. Attached as Exhibit "A" is a copy of Pepall J.'s order.

2. I make this affidavit in support of a motion to extend the mandate of the Representatives to represent those current and retired salaried employees of the applicants who received shares of Postmedia Network Canada Corp. through the claims process established by the

court in these proceedings in relation to the income tax-related and employment insurance-related issues arising from the receipt of those shares.

3. I make this affidavit based on my own information, knowledge and belief unless I state otherwise. When I rely on information, knowledge or belief provided by others, I verily believe it to be true.

The Claims Process

4. Pursuant to the claims process established by court order in these proceedings, Nelligan O'Brien Payne and Shibley Righton LLP in their capacity as Representative Counsel filed proof of claims on behalf of former employees of Canwest. The claims filed by the former employees largely fell into the following categories:

(a) claims by seven former executive employees of Canwest and its predecessors who were in receipt of Southam Executive Retirement Plan Agreement ("SERA") payments. The SERA was a supplemental pension plan for senior executives that provided for a top-up of pension benefits. On January 8, 2010 Canwest ceased providing payments under SERA, in breach of its contract with the former executives in receipt of SERA. Each of 7 former executives brought a claim for their lost SERA payments;

(b) claims by former employees of Canwest who were offered and had accepted severance or voluntary retirement packages that included an option that the employees were

to receive pay in lieu of notice by way of salary and benefit continuance to the end of their notice period ("Salary Continuance group"). On January 8, 2010 when Canwest sought protection under the CCAA, it stopped paying Salary Continuance Group. It also stopped paying salary and pension contributions immediately, and stopped health and related benefits as of February 28, 2010. Consequently, the Salary Continuance Group filed a claim against Canwest for the failure to continue providing compensation through to the end of the notice period; and

(c) claims by former employees of Canwest who either terminated before or after the commencement of the CCAA proceedings and were not provided with reasonable notice of their termination or pay-in-lieu of notice.

In addition, there were a handful of miscellaneous former employee claims that did not fit in the above three categories (including those with claims for lost bonus, lost vacation pay and another claim for failure on the part of Canwest to comply with a settlement agreement and transfer an agreed upon amount directly into a claimant's RRSP account).

5. Under the claims process, Affected Creditors with Proven Claims over \$1,000 were permitted to elect whether or not to receive \$1,000 in cash in satisfaction of their claims. If an Affected Creditor did not elect to receive \$1,000 in cash, he or she received shares based on his or her pro rata shares portion of the unsecured creditors pool, after subtracting the cash elections. It was

in the context of reporting on this point that the Monitor, in its Supplement to its Eighth Report (Exhibit “B” hereto) noted at p. 8, footnote 3, as follows:

“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.”

6. Approximately sixty-seven former employees received shares through the claims process. The Monitor sent the distribution letters directly to claimants and did not copy either the Representatives or Representative counsel so precise figures are not known. Speaking for myself, I had a claim of \$1.5 million, and I received approximately 23,000 shares in Postmedia Network Canada Corp. The only alternative presented to me was taking \$1,000 for my claim.

The Withholding Arrangements with CRA

7. According to the Supplement to the Fifteenth Report of the Monitor dated February 27, 2011 (a copy of which, without attachments, is attached as Exhibit “C”), the Monitor and Canada Revenue Agency (“CRA”) reached an agreement dated July 20, 2010 regarding withholding obligations arising from distributions of shares under the Plan to former employees (the “Withholding Agreement”).

8. Neither the Representatives nor Representative Counsel were involved in any of the discussions concerning withholding obligations that occurred between the Monitor and CRA in any way. They were not apprised that such discussions were taking place at any time before the Withholding Agreement was entered into. They were not advised that the Withholding Agreement had been entered into until 2011. Moreover, neither the Representatives nor Representative Counsel have seen the Withholding Agreement; Representative Counsel were not prepared to sign the nondisclosure agreement demanded before they would be permitted to review it. However, as appears from the Supplement to the Fifteenth Monitor's Report (Exhibit "C"), because the shares received under the Plan were not publicly listed by December 31, 2010, under the Withholding Agreement remittances were made on the basis of the shares being valued at \$11.54 per share, and T4s or T4As were sent to employee claimants who received shares under the Plan valuing the shares they received at \$11.54 per share.

9. As the Monitor states at paragraphs 27 of the Supplement to the Fifteenth Monitor's Report (Exhibit "C"):

"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 the distribution of the Shares. The actual trading price of the Shares, once listed, may be lower, higher or equal to \$11.54."

10. It is the view of the Representatives that the fair market value of the shares of Postmedia Network Canada Corp. received under the plan was less than \$11.54 per share. This view finds support in the financial statements of Postmedia Network Canada Corp. dated November 30,

2010 for the year ending August 31, 2010 (a copy of which is attached as Exhibit "D") which states in footnote 16(b) that management purchased shares at fair market value, being \$9.26.

Consequences of the Withholding Agreement

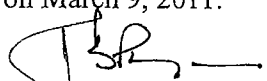
11. There are two principal consequences to the overvaluation of the shares received by former employees under the plan. First, each of the approximately 67 former employees who received shares must deal with CRA to address the proper tax treatment of the benefit they received.

Second, there were approximately 50 former employees who received shares who also received Employment Insurance benefits must deal with the Employment Insurance Commission ("EIC") to address the proper treatment of the shares they received under the plan as it affects the obligations (if any) to make repayment of benefits.


12. Because these consequences arise from an agreement made between the Monitor and CRA during the course of these proceedings (to which neither the Representatives nor Representative Counsel were a party), the Representatives and Representative Counsel seek an extension of their mandates to deal with these issues, as well as funding for doing so from the existing Administrative Reserve. The intention of the Representatives and Representative Counsel is first to enter into discussions with each of CRA and the EIC to resolve the issues on a global basis and, if that fails, to enter into appropriate processes to address these issues either through the

administrative process or through the courts (whether on appeal or judicial review), either by using test cases or by dealing with individual cases.

SWORN BEFORE ME at
the City of Ottawa
in the Province of Ontario,
on March 9, 2011.



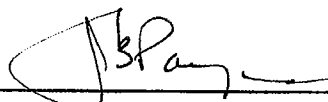
Commissioner of Oaths, etc.



Russell Mills

TAB A

**This is Exhibit A referred to in the affidavit of
Russell Mills
sworn before me,
this 9th day of March, 2011.**

A handwritten signature in black ink, appearing to read "J. B. Payne", is written over a horizontal line.

A Commissioner, etc.

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

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

THE HONOURABLE MADAM) FRIDAY, THE 5th DAY OF
) MARCH, 2010
JUSTICE PEPALL)

**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.**

ORDER

THIS MOTION, brought by Russell Mills, Blair MacKenzie, Rejean Saumure and Les Bale for an order appointing them as representatives of certain current and former employees of Canwest Publishing Inc./Publications Canwest Inc., Canwest Books Inc. and Canwest (Canada) Inc. (collectively, the "Applicants") and Canwest Limited Partnership/Canwest Société en Commandite (the "Limited Partnership") (the Applicants and the Limited Partnership each an "LP Entity" or, collectively, the "LP Entities"), and appointing representative counsel, was heard Monday, February 22nd, 2010 on the Commercial List at the courthouse at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Representatives and the Third Report of FTI Consulting Canada Inc. in its capacity as Court-appointed monitor of the LP Entities (the "Monitor") and on hearing the submissions of counsel for the Representatives, the LP Entities,

the Monitor and the Bank of Nova Scotia in its capacity as Administrative Agent for the Senior Lenders to Canwest Limited Partnership (the "Administrative Agent") and such other counsel as were present, no one else appearing although duly served,

UPON BEING ADVISED by counsel for the Representatives that a Representative is to be appointed unopposed, namely Juliet O'Neill, and who shall therefore be included as a Representative for all purposes described in this Order;

1. **THIS COURT ORDERS** that further service of the Notice of Motion and Motion Record on any party not already served is hereby dispensed with, such that this motion was properly returnable.
2. **THIS COURT ORDERS** that the Russell Mills, Blair MacKenzie, Rejean Saumure, Les Bale and Juliet O'Neill (collectively, and as such members may be replaced from time to time, the "Representatives") are hereby appointed to represent, in this proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA Proceeding"), a related proceeding under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or any other related proceeding which has or may be brought before this Honourable Court (collectively, the "Proceedings"), the current and former employees and retirees of the LP Entities who are not represented by a union, or were not represented by a union at the time of their separation from employment including for greater certainty but not limited to publishers, editors and department heads of newspapers (a "Current or Former Salaried Employee"), or any person claiming an interest under or on behalf of a Current or Former Salaried Employee including beneficiaries and surviving spouses but excluding any person who is (a) a current director or officer of any of the

Applicants, or an employee of the LP Entities involved in providing instructions to counsel to the LP Entities with respect to the Proceeding; or (b) who has served a notice pursuant to paragraph 10 of this order; or (c) is otherwise represented in the Proceedings (all of whom, other than the excluded parties, being collectively referred to herein as the “Represented Parties” and individually, a “Represented Party”), including, without limitation, for the purpose of settling or compromising claims of the Represented Parties in the Proceedings.

3. **THIS COURT ORDERS** that, Nelligan O’Brien Payne LLP and Shibley Righton LLP are hereby appointed as co-counsel (“Representative Counsel”) for all the Represented Parties in the Proceedings for any issues affecting the Represented Parties in the Proceedings.

4. **THIS COURT ORDERS** that Representative Counsel shall represent the interests of the Represented Parties in all aspects of the Proceedings, without any obligation to consult with or seek instructions from the Represented Parties other than the Representatives, unless otherwise ordered by the Court.

5. **THIS COURT ORDERS** that the LP Entities shall, subject to Representative Counsel executing a confidentiality agreement, provide to Representative Counsel, without charge, the following information to be used only for the purposes of the Proceedings:

- a. the names, last known addresses, phone numbers and last known e-mail addresses (if any) of all the Represented Parties;

- b. upon the reasonable request of Representative Counsel, and subject to any confidentiality obligations of the LP Entities, such documents and data as are relevant to matters relating to the issues affecting the Represented Parties in the Proceedings, including documents and data relating to the various pension, benefit, supplementary pension and other arrangements for group health and life insurance applicable to the Represented Parties, including up-to-date financial information regarding, if applicable, the funding and investments of any of these arrangements and any associated actuarial valuations and reports.

6. **THIS COURT ORDERS** that any Represented Party whose personal information is provided to the Representative Counsel by the LP Entities pursuant to this Order is deemed to have consented for the purposes of any applicable privacy legislation to the LP Entities providing such information and to the collection, use and disclosure by the Representative Counsel of such information, provided that such information will be used or disclosed by the Representative Counsel solely for the purpose of representing the Represented Parties' interests in these Proceedings.

7. **THIS COURT ORDERS** that, subject to such fee arrangements to be agreed to by the LP Entities, the Representatives, Representative Counsel, and the Administrative Agent, or as have been ordered by this Court, all reasonable legal, actuarial and financial expert and advisory fees and all other incidental fees and disbursements, as may be incurred by the Representatives and Representative Counsel in the CCAA Proceeding from and after the date of this Order shall be paid by the LP Entities on a monthly basis, forthwith upon the rendering of accounts to the LP Entities. In the event of any disagreement regarding such fees, such matters may be remitted to

this Court for determination. For greater certainty, the granting of funding is limited to the CCAA Proceeding, and nothing in this Order is intended to provide for the funding of the legal, actuarial and financial expert and advisory fees or other incidental fees and disbursements of the Representatives or Representative Counsel in a related proceeding under the BIA or any other related proceeding.

8. **THIS COURT ORDERS** that, notwithstanding paragraph 7 of this Order, the LP Entities shall not be required to pay for, and neither the Representatives nor Representative Counsel shall include in their accounts submitted for payment, any amounts incurred in investigating, preparing or pursuing any claims contemplated or asserted by the Represented Parties, or any one or more of them, against the current or former directors, deemed directors or officers of the LP Entities (or their predecessors, as applicable).

9. **THIS COURT ORDERS** that notice of the granting of this Order be provided to the Represented Parties by advertisement in an edition of the national edition of the *National Post* and other such LP Entity newspapers as may be agreed by the Representatives, the LP Entities and the Monitor, in such form and under such terms as shall be agreed upon by the Representatives, the LP Entities and the Monitor, and that a notice substantially in the form attached as Schedule "A" hereto, together with a French translation thereof (the "Notice"), shall also be provided to the Represented Parties by (i) e-mailing an electronic copy of the Notice as soon as practicable after the granting of this Order to Current Salaried Employees; (ii) mailing a copy of the Notice to Former Salaried Employees by ordinary mail to the physical address of the Former Salaried Employees, as last shown in the books and records of the LP Entities; and (iii) posting a copy of the Notice on the Monitor's website.

10. **THIS COURT ORDERS** that the Representatives, or Representative Counsel on their behalf, are authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body and other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

11. **THIS COURT ORDERS** that any individual Represented Party who does not wish to be represented by the Representatives or Representative Counsel pursuant to the terms of this Order or all other related Orders which may subsequently be made in the Proceedings concerning the Represented Parties or relating to the appointment of the Representatives and/or Representative Counsel shall, no later than April 16, 2010, notify the Monitor, in writing, by facsimile, mail or delivery, and in the form attached as Schedule "B" hereto and shall thereafter not be so represented and shall be represented themselves as an independent individual party to the extent they wish to appear in the Proceedings.

12. **THIS COURT ORDERS** that the Representatives and Representative Counsel shall have no liability as a result of their respective appointment or the fulfilment of their duties in carrying out the provision of this Order save and except for any gross negligence or wilful misconduct on their part and that no action or other proceedings shall be commenced against the Representatives and/or Representative Counsel relating to their acting as such, except with prior leave of this Court, on at least 7 day's notice to the Representatives and Representative Counsel and upon further order in respect of security for costs, to be given by the plaintiff for the costs on a substantial indemnity basis, of the Representatives and Representative Counsel in connection with any such action or proceeding.

13. **THIS COURT ORDERS** that Representative Counsel shall be given notice of all motions to which the Represented Parties are entitled to receive notice in the Proceedings and that it shall be entitled to represent those on whose behalf it is hereby appointed in all such motions.


14. **THIS COURT ORDERS** that the Representatives shall be at liberty and are authorized at any time to apply to this Honourable Court for advice and directions in the discharge or variation of their powers and duties upon notice to the LP Entities and the Monitor and to other interested parties, unless otherwise ordered by the Court.

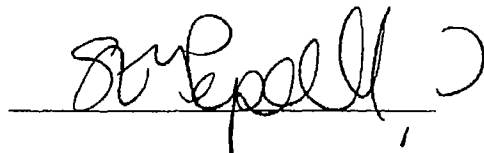
15. **THIS COURT ORDERS** that any of the Representatives may resign and that, on notice to the LP Entities and the Monitor, the remaining Representatives may appoint any other individual Represented Party as a replacement, which replacement will have all of the rights and obligations of the resigning Representative as though they had been named in this Order. If there is any disagreement concerning the appropriateness of a replacement Representative, it may be remitted to the Court for determination.

16. **THIS COURT ORDERS** that in the event that this Order is later amended by further Order of the Court, the Monitor may post such further Order on the Monitor's website and such posting shall constitute adequate notice to the Represented Parties of such amended Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO..

MAR 22 2010

PER / PAR: 



SCHEDULE "A"

Pursuant to an order of the Ontario Superior Court of Justice dated March 5, 2010 in the CCAA proceeding (the "Proceeding") commenced by Canwest Publishing Inc. and certain other entities (the "LP Entities"), Russell Mills, Blair MacKenzie, Rejean Saumure, Les Bale and Juliet O'Neill have been appointed as representatives of the current and former salaried (i.e. non-unionized) employees of the LP Entities, and persons claiming on their behalf or through them (the "Represented Parties"). Nelligan O'Brien Payne LLP and Shibley Righton LLP were jointly appointed as counsel for the Represented Parties. A copy of the Order is attached.

Subject to fee arrangements that have been agreed to by the LP Entities, the representatives and their counsel, the LP Entities will be responsible for the reasonable legal fees incurred by the court-appointed counsel in carrying out their prescribed mandate. Accordingly, **you are not required to contribute to the fees of counsel for the Represented Parties.**

If you do not wish to be bound by this order, you must notify the court-appointed Monitor, FTI Consulting Canada Inc., in writing, by mail, e-mail or delivery on or before April 16, 2010. Your notice that you do not wish to be bound by this order must be in the form of a fully completed "Opt-Out Letter" substantially in the form attached to this Notice.

Additional information concerning the Proceedings, including previous orders granted in the Proceedings, can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/clp>.

Represented Parties may contact Nelligan O'Brien Payne in confidence directly at – CSER@nelligan.ca (use your personal email) or by telephone to Ms. Leigh Norton 613-231-8216 or 1-888-565-9912.

SCHEDULE "B"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDEDAND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CANWEST PUBLISHING INC./PUBLICATIONS CANWEST INC., CANWEST
BOOKS INC. AND CANWEST (CANADA) INC.**OPT-OUT LETTER****FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8****Attention: Pamela Luthra
Tel: 1 888- 310-7627
Fax: 416-649-8101
Email: CanwestLP@fticonsulting.com**

I, _____, am a current or former employee or retiree of the
LP Entities, as defined in the Order of Madam Justice Pepall dated March 5, 2010.

Under Paragraph 8 of that Order, any current or former employee or retiree who does not
wish Nelligan O'Brien Payne LLP and Shibley Righton LLP to act as their representative
counsel may opt out.

I hereby notify the Monitor that I do not wish to be bound by the Order and will be
represented as an independent individual party at my own expense to the extent I wish to
appear in these proceedings.

Date_____
Signature

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.

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

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

Lyndon A.J. Barnes (LSUC#: 13350D)
Tel: (416) 862-6679

Alexander Cobb (LSUC#: 45363F)
Tel: (416) 862-5964

Elizabeth Allen Putnam (LSUC#53194L)
Tel: (416) 862-6835
Fax: (416) 862-6666

Lawyers for the Applicants

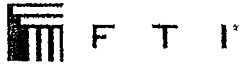
F. 1117119

TAB B

**This is Exhibit B referred to in the affidavit of
Russell Mills
sworn before me,
this 9th day of March, 2011.**

A handwritten signature in black ink, appearing to be "J. P. [unclear]", written over a horizontal line.

A Commissioner, etc.



**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

- 10 -

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.

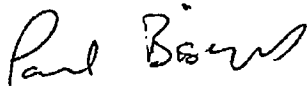
- 13 -

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.

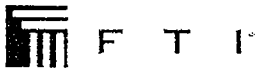
FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

Per



Paul Bishop
Senior Managing Director

APPENDIX "A"



FTI Consulting
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto ON M5K 1G8

June 9, 2010

To: AFFECTED CREDITORS OF THE LP ENTITIES

RE: Adjournment of the Creditors' Meeting for the purposes of considering and, if deemed advisable by the Affected Creditors, voting in favour of resolution to approve the LP Entities' Plan of Compromise or Arrangement pursuant to the Companies' Creditors Arrangement Act (Canada) (the "Plan")

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

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.

It is anticipated that the Asset Purchase Agreement to be implemented by the Plan and the Plan as filed with the Court on May 21, 2010, delivered to the Affected Creditors in accordance with the Creditors' Meeting Order and described in the Eighth Report of the Monitor, will be amended. As such the Creditors' Meeting is being adjourned to permit Affected Creditors to consider any proposed amendments to the Plan and the Asset Purchase Agreement in advance of the Creditors' Meeting.

Accordingly, pursuant to paragraph 35 of the Creditors' Meeting Order, the Creditors' Meeting is being adjourned to Monday, June 14, 2010 at 10:00 a.m. (Toronto time) and will now be held at Sutton Place Hotel (Wellesley Room - Lobby Level), 955 Bay Street, Toronto, Ontario. PLEASE NOTE THE CHANGE IN THE LOCATION OF THE MEETING.

The amended Plan, including a blacklined comparison to the Plan, will be made available on the Monitor's website at <http://cfcanada.fticonsulting.com/clp> as soon as possible. In addition, the Monitor will prepare and post on the Monitor's website a Supplement to its Eighth Report describing the proposed amendments and will deliver a notice to Affected Creditors once these documents are posted on the Monitor's website and available for review.

**FURTHER INFORMATION**

If you have any questions regarding the process, please contact FTI Consulting Canada Inc. at the following address:

FTI Consulting Canada Inc., Court-Appointed Monitor of the LP Entities
79 Wellington Street West
Suite 2010, P.O Box 104
Toronto, Ontario, M5K 1G8
Attention: Jodi Porepa
Tel: (888) 310-7627
Fax: (416) 649-8101
CanwestLP@fticonsulting.com

You may view copies of the documents relating to this process on the Monitor's website at <http://cfcanada.fticonsulting.com/cip>.

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.

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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Tel: (416) 869-5236

Maria Konyukhova LSUC#: 52880V

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Fax: (416) 861-0445

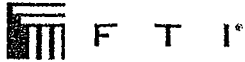
Lawyers for the Monitor

TAB C

**This is Exhibit c referred to in the affidavit of
Russell Mills
sworn before me,
this 9th day of March, 2011.**

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line and a vertical line, resembling the initials 'DR'.

A Commissioner, etc.



**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

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

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

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

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

**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 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.

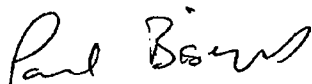
37. At the time the Monitor entered into the Withholding Agreement on July 20, 2010, it was the Monitor's understanding that the Shares would be listed for trading on a designated stock exchange before December 31, 2010. If this had taken place the Monitor would have arranged for the withheld Shares 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.

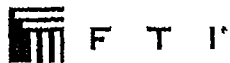
FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

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

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

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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(CANADA) INC.

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

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

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

**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.**

**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.ficonsulting.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,

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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 66⅔% 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.

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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 SISF, 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 SISF, 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.

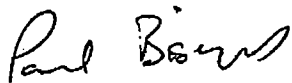
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95. The Monitor believes the AHC Plan will produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities' assets.
96. The Monitor also believes that the LP Entities 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.

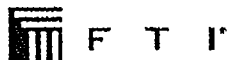
FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

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

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

**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.

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- 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).

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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

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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.

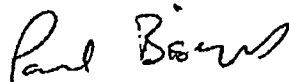
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37. The Monitor is also advised that the management of the LP Entities and the LP CRA are supportive of the Amended AHC Plan that will be tabled at the Creditors' Meeting to be voted on, and if desirable, approved by the Affected Creditors at the Creditors'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

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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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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