

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

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

June 3, 2010

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

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

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

TAB	DOCUMENT
1.	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

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**IN THE MATTER OF THE *COMPANIES' CREDITORS
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**EIGHTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

June 3, 2010

INTRODUCTION

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

PURPOSE OF THIS REPORT

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

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

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

TERMS OF REFERENCE

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

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

BACKGROUND

Canwest

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

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

Material Assets and Liabilities

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

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

Causes of Financial Difficulties

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

Proposed Restructuring

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

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

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

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

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

18. The Monitor’s recommendation to the Special Committee was accepted and by Order dated May 17, 2010 (the “**AHC Bid Approval Order**”), this Court approved the AHC Bid. A copy of the AHC Bid Approval Order is attached as **Appendix “D”**.

19. Also on May 17, 2010, the LP Entities obtained an Order conditionally sanctioning the Senior Lenders’ Plan (the “**Conditional Sanction Order**”). Pursuant to the Conditional Sanction Order, the Senior Lenders’ Plan and the Credit Acquisition will not become effective unless the Monitor delivers a Monitor’s certificate. The Monitor will not deliver the certificate before July 29, 2010, unless, prior to July 29, 2010, the Monitor determines in its reasonable business judgment that there is no reasonable chance that the AHC Transaction can close, in which case the Monitor may apply to Court on four (4) business days notice for authority to deliver the Monitor’s certificate. The Monitor will not deliver the Monitor’s certificate if the AHC Transaction closes on or before July 29, 2010 and the LP Senior Secured Lenders are repaid in full. If the AHC Bid is not closed by July 29, 2010, the Monitor shall apply to the Court on July 30, 2010 for advice and direction as to whether it should deliver its certificate or withhold delivery of the certificate for such further period of time as directed by the Court. A copy of the Conditional Sanction Order is attached as **Appendix “E”**.

20. Further background information regarding the LP Entities and the CCAA Proceedings is provided in, among other things, the Pre-filing Report and in the affidavit of Thomas Strike sworn January 7, 2010 (the “**Strike Affidavit**”), copies of which (together with

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

STATUS OF THE CCAA PROCEEDINGS

Activities of the LP Entities

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

Customers & Suppliers

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

Employees

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

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

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

Management

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

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

Summary of Operating Results since the Filing of the CCAA Application

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

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

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

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

THE AHC PLAN

AHC APA

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

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

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

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

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

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

*Affected Creditors*⁵

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

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

Creditors' Meeting

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

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

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

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

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

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

Voting

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

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

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

Distributions

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

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

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

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

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

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

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

Assignment of Claims

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

Conditions to the Implementation of the Plan

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

Anticipated Timing of Plan Implementation

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

Administrative Reserve

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

Releases

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

Modification of the Plan

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

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

Other

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

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

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

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

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

CLAIMS AGAINST THE LP ENTITIES

General

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

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

Preliminary Review of Status of Claims Procedure

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

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

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

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

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

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

Anticipated Distributions

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

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

87. As described in greater detail in the Second Report of the Monitor dated January 29, 2010, the LP Entities quantified the claims of the LP Senior Secured Lenders in accordance with the provisions of the Initial Order. The Conditional Sanction Order set out provisions for the calling and determination of claims in respect of other amounts that arose after the Filing Date but prior to the date of the Conditional Sanction Order (the “**Post-Filing Other Amounts Claims**”). Under the terms of the Conditional Sanction Order, any LP Senior Secured Lender claiming a Post-Filing Other Amounts Claim had to submit a notice of same to the Monitor (with a copy to the LP Entities and the LP Administrative Agent) by May 31, 2010. The Monitor did not receive any notices of Post-Filing Other Amount Claims and, under the terms of the Conditional Sanction Order, such claims are forever extinguished and barred.

88. As described in greater detail in the Pre-filing Report, the Monitor’s counsel, Stikeman Elliott LLP (“**Stikeman**”) conducted a security review of the security granted by the LP Entities in favour of the collateral agent on behalf of, *inter alia*, LP Senior Secured Lenders (the “**Security Interest**”) and rendered an opinion with respect to the validity and perfection thereof under the laws of Ontario, Alberta, British Columbia and Quebec.

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

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

Claims against Related Persons

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

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

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

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

RECOMMENDATION AND CONCLUSIONS

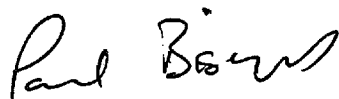
93. The Monitor believes that implementation of the AHC Plan is essential to provide recovery to unsecured creditors. If the AHC Plan is not implemented, the Monitor believes that the likely alternative to the AHC Plan would be the implementation of the Credit Acquisition or, if the Credit Acquisition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

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

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

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

Per



Paul Bishop
Senior Managing Director

APPENDIX "A"



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM) FRIDAY, THE 8TH
)
JUSTICE PEPALL) DAY OF JANUARY, 2010

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.

INITIAL ORDER

THIS APPLICATION, made by Canwest Publishing Inc./Publications Canwest Inc. ("CPI"), Canwest Books Inc. ("CBI") and Canwest (Canada) Inc. ("CCI"), (together, the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Thomas C. Strike sworn January , 2009 and the Exhibits thereto (the "**Strike Affidavit**") and the Report of the Proposed Monitor, FTI Consulting Canada Inc. ("**FTI Consulting**" or the "**Monitor**") (the "**Monitor's Pre-Filing Report**"), and on being advised that CIBC Mellon Trust Company and other secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and Canwest Limited Partnership/Canwest Societe en Commandite (the "**Limited Partnership**"), the Special Committee, being an existing committee comprised only of independent directors of the Board of Directors of Canwest Global Communications Corp. (the "**Special Committee**"), FTI Consulting, The Bank of Nova Scotia in its capacity as Administrative Agent (the "**Agent**") for the senior lenders to the Limited Partnership (collectively, the "**Senior Lenders**"), and the ad hoc committee of holders of 9.25% senior

subordinated notes issued by the Limited Partnership (the “**Ad Hoc Committee**”) and the directors and officers of the Applicants and on reading the consent of FTI Consulting to act as the Monitor,

PART I – CCAA RELIEF

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not an Applicant, the Limited Partnership (together with the Applicants, the “**LP Entities**”) shall enjoy the benefits of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants have the authority to file the Senior Lenders CCAA Plan (as defined below) with this Court and that, subject to further Order of this Court, one or more of the Applicants, individually or collectively, with the consent of the Monitor and the LP CRA (as defined below), shall have the authority to file and may file with this Court other plans of compromise or arrangement (hereinafter referred to as an “**LP Plan**”) between, *inter alia*, one or more of the LP Entities and one or more classes of their applicable secured and/or unsecured creditors.

POSSESSION OF PROPERTY AND OPERATIONS OF THE LP ENTITIES

4. THIS COURT ORDERS that the LP Entities shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively the “**LP Property**”). Subject to this and further Order of this Court, the LP Entities shall each continue to carry on business in the ordinary course in a manner consistent with the preservation of their

respective businesses (collectively the "**LP Business**") and LP Property. The LP Entities shall each be authorized and empowered to continue to retain and employ the consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, with the prior approval of the Monitor in consultation with the LP CRA and subject to the provisions on the payment of the Assistants set forth in paragraph 9 hereof. The LP Entities shall each be further authorized and empowered to continue to retain and employ the employees currently employed by them, with liberty to employ such further employees as they deem reasonably necessary or desirable in the ordinary course of business.

5. Mr. Dennis Skulsky, the President of CPI (the "**President of CPI**") shall
 - (a) report directly and solely to the Special Committee;
 - (b) shall keep the Monitor and the LP CRA advised on a timely basis of developments in the operations and financial performance of the LP Entities and shall meet with the Monitor, the LP CRA and the financial advisor to counsel for the Agent (the "**McMillan Financial Advisor**") and collectively with counsel to the Agent and the other advisors to the Agent, the "**Agent's Advisors**") at least once per week, unless otherwise agreed by the McMillan Financial Advisor, to provide an update on operations and financial performance of the LP Entities; and
 - (c) advise the Monitor, the LP CRA and the McMillan Financial Advisor forthwith if the Special Committee disagrees with and precludes the President of CPI from proceeding with any recommended financial or operational initiative which the President of CPI believes is in the best interests of the LP Entities, in which case the Monitor will apply to the court for advice and direction, if the Monitor and the LP CRA are unable to assist the parties in coming to agreement.
6. The LP Entities shall provide the Agent's Advisors with any non-privileged information reasonably requested.
7. THIS COURT ORDERS that the LP Entities shall be entitled to continue to utilize the centralized cash management system currently in place as described in the Strike Affidavit or

replace it with another substantially similar centralized cash management system satisfactory to the LP DIP Lenders (as defined below) and the Agent (the "**LP Cash Management System**"). Any present or future bank providing the LP Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken thereunder, or as to the use or application by the LP Entities of funds transferred, paid, collected or otherwise dealt with in the LP Cash Management System, shall be entitled to provide the LP Cash Management System without any liability in respect thereof to any individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") other than the LP Entities, pursuant to the terms of the documentation applicable to the LP Cash Management System, and shall be, in its capacity as provider of the LP Cash Management System, an unaffected creditor in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the *Bankruptcy and Insolvency Act of Canada* (the "**BIA**") or any other restructuring with regard to any claims or expenses it may suffer or incur in connection with the provision of the LP Cash Management System. All security interests over the LP Property granted by the LP Entities to The Bank of Nova Scotia to secure obligations under the LP Cash Management System (the "**Cash Management Existing Security**") up to \$7.5 million shall rank *pari passu* with the LP DIP Lenders' Charge (as defined below), in accordance with the terms of the Commitment Letter and the LP DIP Definitive Documents (as each term is hereinafter defined) and pursuant to paragraphs 54 and 56 hereof.

8. THIS COURT ORDERS that the LP Entities and the CMI Entities (as defined in the Strike Affidavit) shall continue to provide and pay for the shared services, as described in the Agreement on Shared Services and Employees (the "**New Shared Services Agreement**") dated as of October 26, 2009 attached as Exhibit "S" to the Strike Affidavit (collectively, the "**Shared Services**"), to each other and their other affiliated and related entities, in accordance with the New Shared Services Agreement. Notwithstanding any other provision in this Order, neither the LP Entities nor the CMI Entities shall modify, cease providing or terminate the provision of or payment for the Shared Services or any other provision of the New Shared Services Agreement except with the consent of the parties thereto, the Agent, acting in consultation with the Steering Committee, the LP CRA and the Monitor or further Order of this Court.

9. THIS COURT ORDERS that, subject to availability under the LP DIP Facility (as defined below), subject to the LP DIP Definitive Documents and the LP Support Agreement (all as hereinafter defined), and subject to the cash flow forecasts delivered in accordance with the LP DIP Definitive Documents and the LP Support Agreement (the “**Approved Cash Flow**”), the LP Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order, to the extent that such expenses are incurred or payable by the LP Entities:

- (a) all outstanding and future wages, salaries, employee and pension benefits (other than in respect of the Southam Executive Retirement Agreements or the CanWest MediaWorks Limited Partnership (now the Limited Partnership) Retirement Compensation Arrangement Plan), vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) without limiting the generality of paragraph 9(a), all current service, special and similar pension and/or retirement benefit payments (other than in respect of the Southam Executive Retirement Agreements or the CanWest MediaWorks Limited Partnership (now the Limited Partnership) Retirement Compensation Arrangement Plan), commissions and other incentive payments, payments to employees under collective bargaining agreements not otherwise covered by paragraph 9(a) and employee and director expenses and reimbursements, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, but in the case of director legal expenses, only in accordance with paragraph 37 hereof;
- (c) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings, unless such payments are not permitted by this Order;
- (d) with the prior consent of the Monitor, all outstanding and future amounts owing to or in respect of individuals working as independent contractors or freelancers in connection with the LP Business;

- (e) with the prior consent of the Monitor in consultation with the LP CRA, the reasonable fees and disbursements of any Assistants retained or employed by the LP Entities in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings;
- (f) any and all sums due and owing to Amex Bank of Canada (“**American Express**”), including, without limitation, amounts due and owing by the LP Entities to American Express in respect of the Corporate Card Program and Central Billed Accounts Program as described in the Strike Affidavit;
- (g) amounts collected in respect of various sales representation agreements under which the LP Entities sell as commissioned agent printed and/or online advertising on behalf of third-party clients; and
- (h) amounts owing for goods and services actually supplied to the LP Entities, or to obtain the release of goods contracted for prior to the date of this Order with the prior consent of the Monitor if, in the opinion of the LP CRA, in consultation with the LP Entities, the supplier is critical to the LP Business and ongoing operations of any of the LP Entities.

For greater certainty, unless otherwise ordered, the LP Entities shall not make (a) any payments to, or in satisfaction of any liabilities or obligations of the CMI Entities, save and except for payments in respect of the New Shared Services Agreement; or (b) any payments on account of change of control or other golden parachute arrangements, severance or termination pay, payment in lieu of notice of termination, claims for wrongful dismissal or other similar obligations.

10. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, and subject to the LP DIP Definitive Documents and the LP Support Agreement, and subject to the Approved Cash Flow, the LP Entities shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the LP Business in the ordinary course from and after

the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the LP Property or the LP Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the LP Entities following the date of this Order.

For greater certainty, the LP Entities shall not make any payments to, or in satisfaction of any liabilities or obligations of the CMI Entities, save and except for payments in respect of the New Shared Services Agreement.

11. THIS COURT ORDERS that the LP Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from the LP Entities' employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the LP Entities in connection with the sale of goods and services by the LP Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation, employer's health tax or other taxes, assessments or levies of any nature or kind which are entitled at law to

be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the LP Business by the LP Entities.

12. THIS COURT ORDERS that, subject to availability under the LP DIP Facility, subject to the LP DIP Definitive Documents and the LP Support Agreement, and subject to the Approved Cash Flow, the LP Entities shall be entitled but not required to make available to National Post Inc. (formerly known as 4513401 Canada Inc.) secured revolving loans pursuant to the terms of the NP Intercompany Loan Agreement as defined and described in greater detail in the Strike Affidavit.

13. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with paragraph 18(c) of this Order, the LP Entities shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable LP Entity and the relevant landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid. Upon delivery of a notice of disclaimer or resiliation under section 32 of the CCAA, the relevant LP Entity shall pay all Rent owing by the applicable LP Entity to the applicable landlord in respect of such lease due for the notice period stipulated in section 32 of the CCAA, to the extent that Rent for such period has not already been paid.

14. THIS COURT ORDERS that, except as otherwise specifically permitted herein, the LP Entities are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any one of the LP Entities to any of their creditors as of this date, including interest payable in respect of indebtedness owing by CPI to the Limited Partnership, which interest otherwise payable to the Limited Partnership shall cease to accrue as of the date hereof; (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of the LP Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the LP Business.

LP SUPPORT AGREEMENT

15. THIS COURT ORDERS that the LP Support Agreement made as of January 8, 2010 between the LP Entities and the Agent (the “**LP Support Agreement**”) is hereby approved and the LP Entities are hereby authorized and directed to pay and perform all of their indebtedness, liabilities and obligations under and pursuant to the LP Support Agreement. Without limiting the generality of the foregoing, as set forth in the LP Support Agreement, the LP Entities are authorized and directed to (i) make payments of interest on principal outstanding from time to time under the Senior Credit Agreement and the Hedging Agreements (as those terms are defined in the Senior Lenders CCAA Plan) (ii) pay all Recoverable Expenses (as defined in the LP Support Agreement); and (iii) make payments to the Agent of certain fees as contemplated in section 5.1 (i) of the LP Support Agreement.

RESTRUCTURING

16. THIS COURT ORDERS that the Sale and Investor Solicitation Process, on the terms set out in Schedule “A” hereto (the “**SISP**”), is hereby authorized and approved and the LP Entities are hereby directed and authorized to proceed with the SISP.

17. THIS COURT ORDERS that in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, the LP Entities shall disclose personal information of identifiable individuals to prospective bidders under the SISP and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of the LP Property, or investment in the LP Business (each, a “**Transaction**”). Each prospective bidder to whom such personal information is disclosed shall sign an agreement to maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall return all such information to the LP Entities, or in the alternative destroy all such information. The Successful Bidder (as defined in the SISP) shall be entitled to continue to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the LP Entities, and shall return all other personal information to the LP Entities, or ensure that all other personal information is destroyed.

18. THIS COURT ORDERS that the LP Entities shall, subject to such requirements as are imposed by the CCAA, subject to the LP DIP Facility, the LP DIP Definitive Documents and the LP Support Agreement and subject to the consent of the Monitor, acting with the assistance of and in consultation with the LP CRA or further Order of this Court, have the right to:

- (a) to the extent not inconsistent with the SISF, to dispose of redundant or non-material assets, and to sell assets or operations not exceeding \$1 million in any one transaction or \$5 million in the aggregate, so long as the proceeds of all such sales are applied to reduce the principal amount owed to the Senior Lenders under the Senior Credit Agreement (as defined below);
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant LP Entity deems appropriate in the ordinary course of business;
- (c) in accordance with paragraphs 19 and 20, vacate, abandon or quit the whole but not part of any leased premises and/or disclaim or resiliate any real property lease and any ancillary agreements relating to any leased premises, in accordance with section 32 of the CCAA; and
- (d) disclaim or resiliate, in whole or in part, such of their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the LP Entities deem appropriate, except the New Shared Services Agreement, the LP Support Agreement, the NP Intercompany Loan Agreement or any other agreements or documents entered into in connection with this Order, in accordance with section 32 of the CCAA and to deal with any claims arising from such disclaimer or resiliation in an LP Plan, if any,

all of the foregoing to permit the LP Entities to proceed with an orderly restructuring of the LP Business. For greater certainty, the LP Entities shall not shut down any of their daily newspapers without further prior Order of the Court.

19. THIS COURT ORDERS that LP Entities shall provide each of the relevant landlords with notice of the relevant LP Entity's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be

entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the LP Entity's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant LP Entity, or by further Order of this Court upon application by the relevant LP Entity on at least two (2) days notice to such landlord and any such secured creditors. If an LP Entity disclaims or resiliates the lease governing such leased premises in accordance with paragraph 18(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the LP Entity's claim to the fixtures in dispute.

20. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered by an LP Entity in respect of a leased premises, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant LP Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the LP Entity in respect of such lease or leased premises and such landlord shall be entitled to notify the LP Entity of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE LP ENTITIES OR THE LP PROPERTY

21. THIS COURT ORDERS that until and including February 5, 2010, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the LP Entities, the Monitor or the LP CRA or affecting the LP Business or the LP Property, except with the written consent of the applicable LP Entity, the Monitor and the LP CRA (in respect of proceedings affecting the LP Entities, the LP Property or the LP Business), or with leave of this

Court, and any and all Proceedings currently under way against or in respect of the LP Entities, the Monitor or the LP CRA or affecting the LP Business or the LP Property are hereby stayed and suspended pending further Order of this Court. In the case of the LP CRA, no Proceeding shall be commenced against the LP CRA or its directors and officers without prior leave of this Court on seven (7) days notice to CRS Inc.

NO EXERCISE OF RIGHTS OR REMEDIES

22. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any Person against or in respect of the LP Entities, the Monitor and/or the LP CRA, or affecting the LP Business or the LP Property, are hereby stayed and suspended except with the written consent of the applicable LP Entity, the Monitor and the LP CRA (in respect of the rights and remedies affecting the LP Entities, the LP Property or the LP Business), the LP CRA (in respect of the rights and remedies affecting the LP CRA), or leave of this Court, provided that nothing in this Order shall (i) empower the LP Entities to carry on any business which the LP Entities are not lawfully entitled to carry on, (ii) exempt the LP Entities from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

23. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the LP Entities, except with the written consent of the relevant LP Entity, the LP CRA and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with an LP Entity or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, computer software, communication and other data services, banking and cash management services, payroll services, insurance, transportation services, utility or other services to the LP Business or an LP Entity, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the

supply of such goods or services as may be required by the LP Entities, and that the LP Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the LP Entities in accordance with normal payment practices of the LP Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable LP Entity, with the consent of the LP CRA and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. THIS COURT ORDERS that, notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the LP Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers (or their respective estates) of the LP Entities with respect to any claim against such directors or officers that arose prior to, on or after the date hereof and that relates to any obligations of the LP Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the LP Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the LP Entities or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of any of the LP Entities, after the date hereof, to make payments in respect of the LP Entities of the nature referred to in paragraphs 9(a), 11(a), 11(b) and 11(c) of this Order, which they sustain or incur by reason of or

in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct. For greater certainty, the indemnity provided by this paragraph 27 shall not indemnify such directors or officers of the Applicants from any costs, claims, charges, expenses or liabilities reasonably attributable to the CMI Entities.

28. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**LP Directors' Charge**") on the LP Property, which charge shall not exceed an aggregate amount of \$35 million, as security for the indemnity provided in paragraph 27 of this Order. The LP Directors' Charge shall have the priority set out in paragraphs 54 and 56 herein.

29. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the LP Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the LP Directors' Charge to the extent they do not have or are unable to obtain coverage under a directors' and officers' insurance policy or to the extent that such coverage is insufficient to pay amounts indemnified pursuant to paragraph 27 of this Order.

APPOINTMENT OF MONITOR

30. THIS COURT ORDERS that FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor of the LP Entities, an officer of this Court, to monitor the LP Property and the LP Entities' conduct of the LP Business with the powers and obligations set out in the CCAA and as set forth herein and that the LP Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the LP Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the LP Entities' receipts and disbursements;

- (b) report to this Court and consult with the Agent's Advisors at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the LP Entities, the LP Property, the LP Business, and such other matters as may be relevant to the proceedings herein and with respect to any payments made pursuant to paragraph 9(h) herein;
- (c) assist the LP Entities, in their dissemination, to the McMillan Financial Advisor, the Agent and the LP DIP Agent (as defined below) and its counsel of financial and other information as agreed to between the LP Entities and the Agent or the LP Entities and the LP DIP Lenders (as defined below) which may be used in these proceedings;
- (d) advise the LP Entities in their preparation of the LP Entities' cash flow statements and reporting required by the LP DIP Lenders or the Agent, which information shall be reviewed with the Monitor and delivered to the McMillan Financial Advisor, the LP DIP Agent and the Agent in compliance with the LP DIP Definitive Documents and the LP Support Agreement, or as otherwise agreed to by the LP DIP Agent or the Agent;
- (e) assist the LP CRA in the performance of its duties set out in the LP CRA Agreement (as defined below);
- (f) advise the LP Entities in their development and implementation of the LP Plan, if any, and any amendments to any such LP Plan;
- (g) assist the LP Entities with the holding and administering of creditors' or shareholders' meetings for voting on any LP Plan, as applicable;
- (h) have full and complete access to the LP Property, including the premises, books, records, data (including data in electronic form), other financial documents of the LP Entities, and management, employees and advisors of the LP Entities, to the extent that is necessary to adequately assess the LP Entities' business and financial affairs or to perform its duties arising under this Order;

- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (j) monitor and, if necessary, report to the Court on any matters pertaining to the New Shared Services Agreement; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

32. THIS COURT ORDERS that in addition to its prescribed rights and obligations under the CCAA and the powers granted hereunder, the Monitor shall supervise the SISP and supervise the Financial Advisor (as hereinafter defined) in connection therewith and that the Monitor is hereby empowered, authorized and directed to take such actions and fulfill such roles as are contemplated in the SISP, including:

- (a) working with the Financial Advisor and the LP CRA to develop a list of potential bidders to be contacted;
- (b) working with the Financial Advisor, the LP CRA and counsel for the LP Entities, who at all times are to be instructed by the LP CRA, (together the “**SISP Advisors**”) on the negotiation of confidentiality agreements;
- (c) working with the SISP Advisors in the preparation and distribution of a confidential information memorandum;
- (d) working with the SISP Advisors in the establishment of and supervision of access to an electronic data room;
- (e) providing the Agent and the Agent’s Advisors with timely and regular updates and information as to the progress of the SISP, subject only to the Monitor reserving its right not to provide information concerning the particulars of any of the Qualified Non-Binding Indications of Interest (as defined in the SISP) or Qualifying Bids (as defined in the SISP) until after the conduct of the vote on the Senior Lenders CCAA Plan;

- (f) in accordance with the terms of the SISP, supervising the conduct of Phase 1, and to the extent applicable Phase 2, of the SISP and exercising the duties, powers and authorities to be exercised by the Monitor under the terms of the SISP;
- (g) presenting such further and other recommendations to the Special Committee as contemplated in the SISP or as may be considered advisable by the Monitor or the LP CRA, it being understood that subject to further Order of this Court, the authorities and obligations of the Special Committee in the SISP and in the operations of the LP Entities to the extent there are any such obligations, and in the restructuring of the LP Entities generally, shall only be to deal with matters brought to it either by the President of CPI as contemplated by paragraph 5 of this Order or by the Monitor as contemplated by this paragraph in the Order; and
- (h) otherwise working with the SISP Advisors on any steps and actions considered necessary or desirable in carrying out the SISP.

33. THIS COURT ORDERS that the Monitor shall not take possession of the LP Property and shall take no part whatsoever in the management or supervision of the management of the LP Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the LP Business or LP Property, or any part thereof.

34. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the LP Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be

in Possession of any of the LP Property within the meaning of any Environmental Legislation, unless it is actually in Possession.

35. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the LP DIP Lenders with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor provided that with respect to any Person acting, directly or indirectly, as or on behalf of a bidder or potential bidder involved in the SISP, the Monitor is not required to provide any such information unless the Monitor is satisfied that appropriate internal confidentiality screens are in place. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the LP Entities may agree.

36. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

37. THIS COURT ORDERS that, subject to the provisions of this paragraph, the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, counsel to the directors and officers of the Applicants, the LP CRA, counsel to the LP CRA and the Financial Advisor, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, or as agreed under contracts, as long as such contracts, which shall include any contracts to obtain fairness opinions, are approved by this Court, whether incurred prior to or subsequent to the date of this Order, by the LP Entities, to the extent that such fees and disbursements relate to services provided to the LP Entities. From the date of this Order, the fees and disbursements paid by the LP Entities to:

- (a) counsel to the Special Committee shall be limited to those incurred in respect of advice given in connection with the authorities and obligations of the Special Committee as set forth in paragraph 32(g) herein; and

- (b) counsel to the directors and officers of the Applicants shall not exceed \$75,000 in total.

The Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee, the LP CRA, counsel to the LP CRA, counsel to the Applicants' directors and officers and the Financial Advisor shall keep separate accounts for services provided in respect of the LP Entities and services provided in respect of the CMI Entities. The LP Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and financial advisor to the Special Committee on a weekly basis, and the accounts of the LP CRA, counsel to the LP CRA, and counsel to the Applicants' directors and officers and the Financial Advisor on a monthly basis, to the extent that such accounts relate to services provided to the LP Entities. The LP Entities shall not be liable for and shall not pay any expenses, fees, disbursements or retainers of the Monitor, counsel to the Monitor, counsel to the CMI Entities, counsel and financial advisor to the Special Committee, counsel to the Applicants' directors and officers or the Financial Advisor, to the extent that such expenses, fees, disbursements or retainers are not attributable to the LP Entities.

38. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and if so ordered by the Court on motion brought by the Monitor, after consultation with the LP CRA, other counsel whose fees and disbursements are secured by the LP Administration Charge (as defined below), shall pass their accounts from time to time, and for this purpose the accounts of such parties are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

39. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the LP Entities, counsel and the financial advisor to the Special Committee, the LP CRA, and counsel to the LP CRA shall be entitled to the benefit of and are hereby granted a charge on the LP Property (the "**LP Administration Charge**"), which charge shall not exceed an aggregate amount of \$3 million, as security for their reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of such services, both before and after the making of this Order in respect of these proceedings. The LP Administration Charge shall have the priority set out in paragraphs 54 and 56 hereof.

40. THIS COURT ORDERS that the RBC Dominion Securities Inc., a member company of RBC Capital Markets (the "**Financial Advisor**") shall be entitled to the benefit of and is hereby

granted a charge on the LP Property (the “**FA Charge**”), which charge shall not exceed an aggregate amount of \$10 million, as security for the fees and disbursements, including a success fee (if any) payable to the Financial Advisor pursuant to the engagement letter dated October 1, 2009 between CPI, the Limited Partnership and Financial Advisor (the “**Financial Advisor Agreement**”). The FA Charge shall have the priority set out in paragraphs 54 and 56 hereof.

CHIEF RESTRUCTURING ADVISOR

41. THIS COURT ORDERS that CRS Inc. (“**CRS**”) be and is hereby appointed as Chief Restructuring Advisor of the LP Entities in accordance with the terms and conditions of the agreement entered into between Canwest Global Communications Corp. (“**Canwest Global**”), the LP Entities and CRS (CRS and its President, Gary F. Colter, are collectively referred to herein as the “**LP CRA**”) dated November 1, 2009 (the “**LP CRA Agreement**”), effective as of the date of this Order.

42. THIS COURT ORDERS that the LP CRA Agreement is hereby approved and given full force and effect and that the LP CRA is hereby authorized to retain counsel as set out in the LP CRA Agreement. The LP CRA Agreement shall not be amended without prior Court approval.

43. THIS COURT ORDERS that the LP Entities are authorized and directed to continue the engagement of the LP CRA on the terms and conditions set out in the LP CRA Agreement.

44. THIS COURT ORDERS that the LP CRA shall not be or be deemed to be a director, officer or employee of any of the LP Entities.

45. THIS COURT ORDERS that the LP CRA and its directors and officers shall incur no liability or obligation as a result of the LP CRA’s appointment or the carrying out of the provisions of this Order, or the provision of services pursuant to the LP CRA Agreement, save and except as may result from gross negligence or wilful misconduct on the part of the LP CRA. In particular, the LP CRA and its directors and officers shall incur no liability, whether statutory or otherwise, as a director or officer of the LP Entities.

46. THIS COURT ORDERS that (i) the indemnification obligations of Canwest Global in favour of the LP CRA and its officers and directors set out in the LP CRA Agreement; and (ii)

the payment obligations set out in the LP CRA Agreement shall be entitled to the benefit of and form part of the LP Administration Charge set out herein.

47. THIS COURT ORDERS that any claims of the LP CRA under the LP CRA Agreement shall be treated as unaffected in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the BIA or any other restructuring.

DIP FINANCING

48. THIS COURT ORDERS that LP Entities are hereby authorized and empowered to obtain and borrow under a credit facility from The Bank of Nova Scotia as Administrative Agent (the "**LP DIP Agent**") and certain other lenders from time to time party to the LP DIP Definitive Documents (as defined below)(collectively, the "**LP DIP Lenders**") in order to finance the LP Entities' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$25 million unless permitted by further Order of this Court.

49. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the LP Entities, the LP DIP Lenders and LP DIP Agent dated as of January 8, 2010 (the "**Commitment Letter**"), filed.

50. THIS COURT ORDERS that the LP Entities are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**LP DIP Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the LP DIP Lenders pursuant to the terms thereof, and the LP Entities are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the LP DIP Lenders under and pursuant to the Commitment Letter and the LP DIP Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

51. THIS COURT ORDERS that the LP DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the "**LP DIP Lenders' Charge**") on the LP Property as security for any and all obligations of the LP Entities under the LP DIP Definitive Documents, which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the LP

DIP Definitive Documents. The LP DIP Lenders' Charge shall have the priority set out in paragraphs 54 and 56 hereof.

52. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the LP DIP Lenders or the LP DIP Agent may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the LP DIP Lenders' Charge or any of the LP DIP Definitive Documents;
- (b) upon the occurrence of an event of default under the LP DIP Definitive Documents or the LP DIP Lenders' Charge, the LP DIP Lenders, upon 2 days notice to the LP Entities and the Monitor, may exercise any and all of their rights and remedies against the LP Entities or the LP Property under or pursuant to the Commitment Letter, LP DIP Definitive Documents and the LP DIP Lenders' Charge (except that the right to cease making advances or credit available under the LP DIP Definitive Documents, to set off and/or consolidate any amounts owing by the LP DIP Lenders to the LP Entities against the obligations of the LP Entities to the LP DIP Lenders under the Commitment Letter, the LP DIP Definitive Documents or the LP DIP Lenders' Charge and make demand or accelerate payment thereunder shall be without notice or demand), including, without limitation, to give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the LP Entities and for the appointment of a trustee in bankruptcy of the LP Entities, and upon the occurrence of an event of default under the terms of the LP DIP Definitive Documents, the LP DIP Lenders shall be entitled to seize and retain proceeds from the sale of the LP Property and the cash flow of the LP Entities to repay amounts owing to the LP DIP Lenders in accordance with the LP DIP Definitive Documents and the LP DIP Lenders' Charge, but subject to the priorities as set out in paragraphs 54 and 56 of this Order; and
- (c) the foregoing rights and remedies of the LP DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the LP Entities or the LP Property.

53. THIS COURT ORDERS AND DECLARES that the LP DIP Lenders shall be treated as unaffected in any plan of compromise or arrangement filed by the LP Entities under the CCAA, any proposal filed by the LP Entities under the BIA or any restructuring with respect to any advances made under the LP DIP Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

54. THIS COURT ORDERS that the priorities of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge and the LP MIP Charge (as defined below), shall be as follows:

First – LP Administration Charge

Second – LP DIP Lenders' Charge and the Cash Management Existing Security up to \$7.5 million on a *pari passu* basis;

Third – The FA Charge; and

Fourth – the LP Directors' Charge and the LP MIP Charge on a *pari passu* basis.

55. THIS COURT ORDERS that the filing, registration or perfection of the LP Directors' Charge, LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge or the LP MIP Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

56. THIS COURT ORDERS that the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge and the LP MIP Charge shall constitute a charge on the LP Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected purchase money security interest in favour of any secured creditor or for any statutory Encumbrance existing on the date of this order in favour of any Person that is a "secured creditor" as defined in the CCAA in respect of source deductions from wages, employer health

tax, workers compensation, GST/QST, PST payables, vacation pay and banked overtime for employees, and amounts under the Wage Earners' Protection Program that are subject to a super priority claim under the BIA.

57. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the LP Entities shall not grant any Encumbrances over any LP Property that rank in priority to, or *pari passu* with, any of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge or the LP MIP Charge, unless the LP Entities also obtain the prior written consent of the Monitor, the beneficiaries of the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the LP MIP Charge or the FA Charge and the Agent, or upon further Order of this Court.

58. THIS COURT ORDERS that the LP Directors' Charge, the LP DIP Lenders' Charge, the LP Administration Charge, the FA Charge, the LP MIP Charge and the LP Support Agreement shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the LP Entities, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery or performance of the Commitment Letter, the LP DIP Definitive Documents or the LP Support Agreement shall create or be deemed to constitute a breach by any of the LP Entities of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges

or the execution, delivery or performance of the Commitment Letter or any LP DIP Definitive Documents; and

- (c) the LP Support Agreement, the Commitment Letter, the LP DIP Definitive Documents, payments made by the LP Entities pursuant to this Order, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

59. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant LP Entity's interest in such real property leases.

60. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the terms and conditions with respect to any release and discharge of the Charges (as defined herein) shall be subject to the consent of the applicable Chargee and the Monitor or further Order of the Court.

APPROVAL OF FINANCIAL ADVISOR AGREEMENT

61. THIS COURT ORDERS that the Financial Advisor Agreement in the form attached to the Confidential Supplement to the Monitor's Pre-Filing Report (the "**Confidential Supplement**") is hereby approved and the LP Entities are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

MANAGEMENT INCENTIVE PLAN

62. THIS COURT ORDERS that the LP Entities' management incentive plan (the "**LP MIP**"), the National Post Inc. management incentive plan (the "**NP MIP**") and employee special arrangements (the "**Special Arrangements**") in the forms attached to the Confidential Supplement are hereby approved and the LP Entities are authorized and directed to make payments contemplated thereunder in accordance with the terms and conditions of the LP MIP, the NP MIP and the Special Arrangements which shall not be amended without the consent of the Agent, acting in consultation with the Steering Committee and further Order of the Court.

63. THIS COURT ORDERS that the key employees referred to in the LP MIP and the beneficiaries of the Special Arrangements shall be entitled to the benefit of and are hereby granted a charge (the “**LP MIP Charge**”) on the LP Property, which charge shall not exceed an aggregate amount of \$3 million, to secure amounts owing to such key employees under the LP MIP and amounts owing to the beneficiaries of the Special Arrangements.

SEALING OF CONFIDENTIAL SUPPLEMENT

64. THIS COURT ORDERS that the Confidential Supplement be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

PART II – SENIOR LENDERS CCAA PLAN OF ARRANGEMENT

SENIOR LENDERS CCAA PLAN OF ARRANGEMENT

65. THIS COURT ORDERS that capitalized terms used in Parts II, III, and IV of this Order not otherwise defined herein shall have the meanings given to them in the Senior Lenders CCAA Plan.

66. THIS COURT ORDERS that the plan of compromise or arrangement (hereinafter referred to as the “**Senior Lenders CCAA Plan**”) between the LP Entities and the Senior Secured Creditors, substantially in the form attached as Schedule “B” hereto, be and is hereby accepted for filing, and that the LP Entities are authorized to seek approval of the Senior Lenders CCAA Plan in the manner set forth herein.

67. THIS COURT ORDERS that the Agent is hereby authorized to amend, modify and/or supplement the Senior Lenders CCAA Plan at any time and from time to time prior to the Senior Lenders Meeting (as defined below). The Monitor shall disclose and make available all amendments, modifications and supplements to the Senior Lenders CCAA Plan at the Senior Lenders Meeting.

PART III – SENIOR LENDERS CLAIMS PROCESS

68. THIS COURT ORDERS that for the purposes of voting and distribution under the Senior Lenders CCAA Plan, the Principal amount of the Senior Secured Claims shall be determined in the following manner (the “**Senior Lenders Claims Process**”):

- (a) Within two (2) Business Days of the date hereof (the “**Filing Date**”), the Agent, on behalf of the Senior Lenders, shall send to the LP Entities (with a copy to the Monitor):
 - (i) a notice substantially in the form attached as Schedule “C” hereto, setting out based upon its records: (x) the aggregate Principal amount of the Senior Secured Claims owing directly by each of the LP Entities under the Senior Credit Agreement as at the Filing Date (the “**Syndicate Claims**”) and (y) each Senior Lender’s pro rata share of the Syndicate Claims as at the Filing Date (all of which shall constitute, the “**Notice of Claim - Syndicate Claims and Pro Rata Notice**”).
 - (ii) concurrently with the delivery of the Notice of Claim - Syndicate Claims and Pro Rata Notice to the LP Entities, the Agent shall post a copy of the Notice of Claim - Syndicate Claims and Pro Rata Notice to one of the IntraLinks websites (the “**Senior Lenders Website**”) maintained by the Agent for the benefit of the Senior Lenders.
- (b) The LP Entities shall within five (5) Business Days of receipt of the Notice of Claim - Syndicate Claims and Pro Rata Notice advise the Monitor (with a copy to the Agent) whether the amounts set out therein are consistent with their books and records. If the LP Entities fail to file a notice of dispute substantially in the form attached as Schedule “D” hereto (a “**Notice of Dispute - Syndicate Claims and Pro Rata Notice**”), within the five (5) day period noted above, then the LP Entities shall be deemed to have confirmed the amounts set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.
- (c) Each of the Senior Lenders holding Syndicate Claims shall within five (5) Business Days of the posting of the Notice of Claim - Syndicate Claims and Pro Rata Notice to the Senior Lenders Website advise the Monitor (with a copy to the Agent) whether such Senior Lender’s pro rata share of the Syndicate Claims set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice is accurate. If a Senior Lender fails to file a Notice of Dispute - Syndicate Claims and Pro Rata Notice within the five (5) day period noted above then such Senior Lender shall be deemed to have confirmed

its pro rata share of the Syndicate Claims as set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice is accurate.

- (d) If the amount of a Senior Lender's Syndicate Claim is: (i) confirmed by the LP Entities pursuant to paragraph 68(b); and (ii) confirmed by such Senior Lender pursuant to paragraph 68(c), then the amount designated in the Notice of Claim - Syndicate Claims and Pro Rata Notice to be such Senior Lender's pro rata share of the Syndicate Claims shall be deemed to be finally determined ("**Finally Determined**") and accepted as the Proven Principal Claim of such Senior Lender for the purposes of voting and for calculating the entitlement to distribution under the Senior Lenders CCAA Plan in respect of the Syndicate Claims.
- (e) Within two (2) Business Days of the Filing Date, the LP Entities shall send to each holder of a Senior Secured Claim under or pursuant to one or more Hedging Agreements (each, a "**Hedging Creditor**") (with a copy to the Monitor and the Agent) a notice, substantially in the form attached as Schedule "E" hereto, setting out the Principal amount of such Hedging Creditor's Senior Secured Claim owing directly by each of the LP Entities and the rate of interest payable on such Principal amount (each, a "**Notice of Claim - Hedging Agreements**").
- (f) Each Hedging Creditor shall within five (5) Business Days of receipt of their respective notices confirm to the Monitor whether the amounts and interest rate set out therein are accurate.
- (g) If the Principal amount and interest rate set out in a Notice of Claim - Hedging Agreements is confirmed by the specified Hedging Creditor or if such Hedging Creditor does not deliver a notice of dispute substantially in the form attached as Schedule "F" hereto (a "**Notice of Dispute - Hedging Agreements**") within five (5) Business Days of receipt of such Notice of Claim - Hedging Agreements, then the Principal amount set out in such Notice of Claim - Hedging Agreements shall be deemed to be Finally Determined and accepted as the Proven Principal Claim of such Hedging Creditor for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan and the interest rate set out in the Notice of Claim - Hedging Agreements shall be deemed to be the proper interest rate

for the purposes of calculating the entitlement to distributions under the Senior Lenders CCAA Plan.

- (h) Within five (5) Business Days of receipt (or posting on the Senior Lenders Website) of either the Notice of Claim - Syndicate Claims and Pro Rata Notice or a Notice of Claim - Hedging Agreements, as the case may be, a Senior Lender holding a Syndicate Claim, the LP Entities or a Hedging Creditor (in such circumstances a **“Disputing Claimant”**) may deliver a Notice of Dispute - Syndicate Claims and Pro Rata Notice or a Notice of Dispute - Hedging Agreements to the Monitor (with a copy to the Agent in respect of a Notice of Dispute - Syndicate Claims and Pro Rata Notice) as follows:
- (i) the LP Entities or a Senior Lender holding a Syndicate Claim may deliver a Notice of Dispute - Syndicate Claims and Pro Rata Notice indicating that they dispute the amount set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice. If a Notice of Dispute - Syndicate Claims and Pro Rata Notice is delivered pursuant to the preceding sentence, then the applicable Senior Lender, the Monitor, the LP Entities and the Agent shall have three (3) Business Days to reach an agreement in writing as to the Principal amount of the Senior Secured Claim that is subject to the Notice of Dispute - Syndicate Claims and Pro Rata Notice, in which case such agreement shall govern and the Principal amount of such Senior Secured Claim as agreed shall be deemed to be Finally Determined and accepted as the Senior Lender’s Proven Principal Claim for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan in respect of the Syndicate Claims.
 - (ii) a Hedging Creditor may deliver a Notice of Dispute - Hedging Agreements indicating that it disputes the amount or interest rate set out in its Notice of Claim - Hedging Agreements. If a Notice of Dispute - Hedging Agreements is delivered pursuant to the preceding sentence, then the Monitor, the LP Entities and the Agent and the particular Hedging Creditor shall have three (3) Business Days to reach an agreement in writing as to the Principal amount of, and/or interest rate applicable to the Senior Secured Claim that is subject to the Notice of Dispute - Hedging Agreements, in which case such agreement shall govern and the Principal amount as agreed shall be deemed to be Finally Determined and accepted as the Proven Principal Claim of such Hedging Creditor for the purposes of voting and for calculating the entitlement to distributions under the Senior Lenders CCAA Plan and the interest rate, as agreed, shall be deemed to be the proper interest rate for the purposes of calculating the entitlement to distributions under the Senior Lenders CCAA Plan.

- (i) If a Notice of Dispute - Syndicate Claims and Pro Rata Notice or a Notice of Dispute - Hedging Agreements is unable to be resolved in the manner and within the time period set out in paragraph 68(h) above, then the Claim of such Disputing Claimant shall be determined by the Court on a motion for advice and directions brought by the Monitor (the “**Dispute Motion**”) on notice to all interested parties. The Monitor and the Disputing Claimant shall each use reasonable efforts to have the Dispute Motion, and any appeals therefrom, disposed of on an expedited basis with a view to having the Claim of the Disputing Claimant Finally Determined on a timely basis.
- (j) If the Principal amount of a Senior Secured Claim held by a Senior Lender is the subject of a Notice of Dispute - Syndicate Claims and Pro Rata Notice and is not Finally Determined on or before the second Business Day immediately prior to the day of the Senior Lenders Meeting, then for the purposes of voting, such a Senior Lender shall be deemed to have an accepted Senior Secured Claim for voting purposes (an “**Accepted Voting Claim**”) equal to the amount of its pro rata share of the Syndicate Claims set out in the Notice of Claim - Syndicate Claims and Pro Rata Notice.
- (k) If the Principal amount of a Senior Secured Claim held by a Hedging Creditor is the subject of a Notice of Dispute - Hedging Agreements and is not Finally Determined on or before the second Business Day immediately prior to the day of the Senior Lenders Meeting, then for the purposes of voting, such a Hedging Creditor shall be deemed to have an Accepted Voting Claim equal to the amount set out in its Notice of Claim - Hedging Agreements.

69. **THIS COURT ORDERS** that any Senior Lender, who asserts that its Senior Secured Claim as at the Filing Date includes a claim or claims for amounts in addition to a claim for Principal (an “**Additional Claim**”), shall notify the Monitor (with a copy to the Agent and the LP Entities), of such Additional Claim and the amount of such Additional Claim within ten (10) Business Days of the Filing Date. If no such notice is received by the Monitor within ten (10) Business Days of the Filing Date, such Senior Lender’s Additional Claim shall be and is hereby forever extinguished and barred.

70. **THIS COURT ORDERS** that, for the purposes of calculating Senior Secured Claims for voting and distribution purposes, Senior Secured Claims denominated in US dollars shall be converted into Canadian dollars at the Bank of Canada United States/Canadian Dollar noon exchange rate in effect on the date of the Initial Order.

71. **THIS COURT ORDERS** that the Agent shall post a copy of this Order on the Senior Lenders Website within two (2) Business Days of the making of the Order.

PART IV – SENIOR LENDERS MEETING

THE SENIOR LENDERS MEETING

72. **THIS COURT ORDERS** that the holding and conduct of a meeting of the Senior Lenders on January 27, 2010 for the purpose of voting on, with or without variation, a resolution to approve the Senior Lenders CCAA Plan (the “**Senior Lenders Meeting**”) is hereby authorized.

73. **THIS COURT ORDERS** that an officer of the Monitor shall preside as the chair of the Senior Lenders Meeting (the “**Chair**”) and, subject to this Order and any further order of this Court, shall decide all matters relating to the conduct of the Senior Lenders Meeting.

74. **THIS COURT ORDERS** that the Chair is authorized to adjourn the Senior Lenders Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene the Senior Lenders Meeting for the purpose of adjournment). Notice of such adjourned date shall be posted on the Monitor’s website and there shall be no requirement to provide any other notice.

75. **THIS COURT ORDERS** that the only persons entitled to attend the Senior Lenders Meeting shall be the LP Entities, the Monitor, the LP CRA, the Agent and the Senior Lenders entitled to vote at the Senior Lenders Meeting (including, for the purposes of attendance, speaking and voting, their respective proxy holders) and their respective legal counsel. Any other person may be admitted to the Senior Lenders Meeting by the Chair or the LP Entities.

76. **THIS COURT ORDERS** that the only Persons entitled to vote at the Senior Lenders Meeting are Senior Lenders holding Proven Principal Claims or Accepted Voting Claims (collectively “**Accepted Senior Voting Claims**”) on the second Business Day immediately prior to the day of the Senior Lenders Meeting.

77. THIS COURT ORDERS that record date (the “**Record Date**”) for the purposes of voting on the Senior Lenders CCAA Plan shall be the date hereof.

78. THIS COURT ORDERS that if, after the Record Date, the holder of a Senior Secured Claim on the Record Date, or any subsequent holder of the whole of a Senior Secured Claim who has been acknowledged by the Monitor as the Senior Lender (as disclosed in either the Notice of Claim - Syndicate Claims and Pro Rata Notice or an applicable Notice of Claim - Hedging Agreements) in respect of such Senior Secured Claim, transfers or assigns the whole of such Senior Secured Claim to another Person, the Agent, the LP Entities and the Monitor shall not be obligated to give notice to or to otherwise deal with a transferee or assignee of a Senior Secured Claim as the Senior Lender for the purposes of such Person’s entitlement to vote at the Senior Lenders Meeting.

CLASSIFICATION OF CREDITORS AND VOTING

79. THIS COURT ORDERS that for the purpose of voting on the Senior Lenders CCAA Plan there shall be one class of creditors constituted by the Senior Lenders holding Accepted Senior Voting Claims.

80. THIS COURT ORDERS that the quorum required at the Senior Lenders Meeting shall be one Senior Secured Creditor holding an Accepted Senior Voting Claim present at the Senior Lenders Meeting in person or by proxy. If the requisite quorum is not present at the Senior Lenders Meeting, then the Senior Lenders Meeting shall be adjourned by the Chair to such time, date and place as the Chair deems necessary or desirable.

81. THIS COURT ORDERS that the Chair shall direct a vote with respect to a resolution to approve the Senior Lenders CCAA Plan and containing such other related provisions as the Agent, in consultation with the Monitor, may consider appropriate.

82. THIS COURT ORDERS that if any matter other than those referred to in paragraph 81 arises at the Senior Lenders Meeting and requires a vote, such vote shall be conducted in the manner decided by the Chair, and (i) if the Chair decides to conduct such vote by way of show of hands, the vote shall be decided by a majority of the votes given on a show of hands, and (ii) if the Chair decides to conduct such vote by written ballot, the vote shall be decided by a majority in number of Senior Lenders holding Accepted Senior Voting Claims and representing a two-

thirds majority in value of the Accepted Senior Voting Claims present and voting at the Senior Lenders Meeting (the “**Required Majority**”).

83. THIS COURT ORDERS that the Monitor is authorized to accept and rely upon a proxy submitted in the form attached hereto as Schedule “G”, or such other form of proxy as is acceptable to the Monitor, and received by the Monitor by 5:00 p.m. (Toronto time) on January 25, 2010 or 2 days prior to any adjournment of the Senior Lenders Meeting.

84. THIS COURT ORDERS that following the vote at the Senior Lenders Meeting, the Monitor shall tally the votes and determine whether the Senior Lenders CCAA Plan has been accepted by the Required Majority and how the result of the votes, for and against the Senior Lenders CCAA Plan, would have been affected if Senior Lenders had been allowed to vote in respect of the portion of any Senior Secured Claim, including, for greater certainty, any Additional Claim, that had not been Finally Determined at the time of the Senior Lenders Meeting (the “**Unresolved Senior Claims**”).

85. THIS COURT ORDERS that the result of any vote at the Senior Lenders Meeting shall be binding on all Persons affected by the Senior Lenders CCAA Plan, whether or not any such Person is present at the Senior Lenders Meeting.

NOTICE OF SENIOR LENDERS MEETING

86. THIS COURT ORDERS that on or before January 12, 2010, the Monitor shall deliver the following documents (collectively, the “**Meeting Materials**”) to the Agent and the Agent shall forthwith post such documents on the Senior Lenders Website:

- (a) A Notice of Senior Lenders Meeting, substantially in the form attached hereto as Schedule “H”;
- (b) A copy of this Order;
- (c) A copy of the Senior Lenders CCAA Plan, as amended; and
- (d) A form of proxy for use at the Senior Lenders Meeting, substantially in the form attached hereto as Schedule “G”;

87. THIS COURT ORDERS that on or before January 12, 2010, the Monitor shall post the Meeting Materials on the Monitor's website at: [<http://cfcanada.fticonsulting.com/clp>].

88. THIS COURT ORDERS that service of a copy of the Meeting Materials upon the Senior Lenders in the manner set out in paragraph 86 shall constitute good and sufficient service of the Senior Lenders CCAA Plan and this Order and good and sufficient notice of the Senior Lenders Meeting on all the Senior Lenders who may be entitled to receive notice thereof, or of these proceedings, and no other document or material need be served on any Persons in respect of these proceedings.

SANCTION HEARING AND ORDER

89. THIS COURT ORDERS that the Monitor shall file a report to this Court by no later than February 5, 2010, with respect to the results of the vote, including whether:

- (a) the Senior Lenders CCAA Plan was approved by the Required Majority; and
- (b) the votes, for and against the Senior Lenders CCAA Plan, that were cast by Senior Lenders holding Unresolved Senior Claims would affect the result of the vote on the Senior Lenders CCAA Plan.

90. THIS COURT ORDERS that if the approval or non-approval of the Senior Lenders CCAA Plan would be altered by the votes in respect of Unresolved Senior Claims, the Monitor shall, in consultation with the LP Entities and the Agent, request the direction of the Court.

91. THIS COURT ORDERS that if the Senior Lenders CCAA Plan has been accepted by the Required Majority, the LP Entities shall bring a motion seeking the Sanction Order (the "**Sanction Hearing**") on a date to be determined by the Monitor in accordance with the SISF and in consultation with the LP CRA and the Agent, or such other date as the Court may set.

92. THIS COURT ORDERS that service of the Meeting Materials and this Order pursuant to paragraphs 86 and 96 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who are entitled to receive such service and no other form of service need be made and no other materials need be served on any Person in respect of the Sanction Hearing.

93. THIS COURT ORDERS that any Person intending to object to the motion seeking the Sanction Order shall serve on counsel to the Monitor, the Agent and the LP Entities and those persons listed on the LP Entities' service list and file with the Court no later than three days before the Sanction Hearing a written notice containing a description of its proposed grounds of contestation.

94. THIS COURT ORDERS that in the event that the Sanction Hearing is adjourned, only those Persons who have filed and served a Notice of Appearance herein are required to be served with notice of the adjourned date.

SERVICE AND NOTICE

95. THIS COURT ORDERS that the LP Entities and the Monitor shall (i) without delay, publish, in each of the National Post, the Globe and Mail and La Presse newspapers, one notice containing the information prescribed under the CCAA, (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the LP Entities of more than \$5,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims (other than in respect of Senior Lenders holding Senior Secured Claims, as contemplated by the LP Support Agreement), and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individual creditors publicly available.

96. THIS COURT ORDERS that the LP Entities and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the LP Entities' creditors or other interested parties at their respective addresses as last shown on the records of the LP Entities and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

97. THIS COURT ORDERS that the LP Entities, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at <http://cfcanada.fticonsulting.com/clp>.

GENERAL

98. THIS COURT ORDERS that the LP Entities, the Monitor or the Agent may from time to time apply to this Court for advice and directions in connection with, *inter alia*, the discharge of powers and duties hereunder.

99. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the LP Entities, the LP Business or the LP Property.

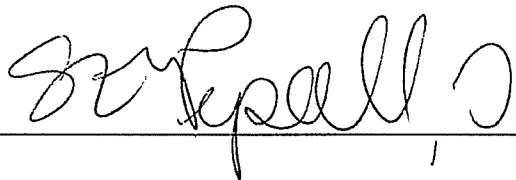
100. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the LP Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the LP Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the LP Entities and the Monitor and their respective agents in carrying out the terms of this Order.

101. THIS COURT ORDERS that each of the LP Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

102. THIS COURT ORDERS that any interested party (including the LP Entities, the Monitor and the Agent) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided however that the LP DIP Lenders shall be entitled to rely on this Order as issued for all advances made under the Commitment Letter and the LP DIP Definitive Documents up to and including the date this Order may be varied or amended.

103. THIS COURT ORDERS that, notwithstanding the immediately preceding paragraph, no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the Commitment Letter or the LP DIP Definitive Documents, unless notice of a motion for such order is served on the Monitor and the LP Entities, the Agent and the LP DIP Lenders returnable no later than February 11, 2010.

104. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



A handwritten signature in black ink, appearing to read "Joanne Nicoara", is written over a horizontal line.

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

JAN 15 2010

PER / PAR: JSN Joanne Nicoara
Registrar, Superior Court of Justice

APPENDIX "B"

Standards of Professional Practice

No. 09-7

PLAN OF COMPROMISE OR ARRANGEMENT

In this Standard, words importing the singular number or the masculine gender only include more persons, parties or things of the same kind than one, and females as well as males and the converse.

1.00 SCOPE AND PURPOSE

- 1.01 The purpose of this Standard is to provide guidance to a Monitor fulfilling its statutory responsibilities under S.23(1)(d.1) or S.23(1)(i) of the **Companies' Creditors Arrangement Act (CCAA), R.S.C. 1985, c. C-36, as amended**, in respect of a Monitor's Report on a Plan of Compromise or Arrangement.
- 1.02 The Monitor's duties and obligations in respect of a particular CCAA proceeding **shall** be governed by the **Act**, the applicable orders issued by the court, and this Standard where applicable. To the extent that this Standard conflicts with any order issued by the court, the Monitor **shall** be governed by the order.

2.00 DEFINITIONS

2.01 In this Standard:

"**May**" means the Standard is simply intended to be helpful and the Monitor has full discretion to follow it or not.

"**Should**" means it is appropriate to do so in most circumstances. Where a Monitor judges it appropriate to do otherwise, the Monitor should consider the advisability of documenting the reasons for its decision.

"**Shall**" means the Standard is mandatory and the Monitor must follow it.

2.02 In this Standard:

"**Act**" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended;

Standards of Professional Practice

No. 09-7

PLAN OF COMPROMISE OR ARRANGEMENT

“**Association**” means Canadian Association of Insolvency and Restructuring Professionals / Association canadienne des professionnels de l’insolvabilité et de la réorganisation;

“**BIA**” means the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended;

“**CCAA Plan**” or “**Plan of Compromise or Arrangement**” means a plan of compromise or arrangement prepared by or in respect of a Company in accordance with the **Act**;

“**Company**” means a debtor company, as defined in Section 2 of the **Act**, that intends to commence or has commenced, as the case may be, a proceeding under the **Act** or in respect of whom a proceeding under the **Act** has been commenced;

“**Monitor**” in respect of a Company, means the person appointed by the court pursuant to Section 11.7 of the **Act** to monitor the business and financial affairs of the Company;

“**Monitor’s Report**” means the report on the **CCAA Plan** issued by the Monitor in accordance with Section 23(1)(d.1) or 23(1)(i) of the **Act**; and

“**Related Persons**” means persons, one of whom is the Company, who are “related persons” as defined in Section 4(2) of the **BIA**.

3.00 ASSISTING THE COMPANY

- 3.01 The Monitor **may** assist the Company in the preparation of the **CCAA Plan** and in negotiating and discussing the terms of the **CCAA Plan** with the Company’s stakeholders.
- 3.02 The Monitor **shall** advise the Company that the development and substance of the **CCAA Plan** is the responsibility of the Company and that the Monitor has a duty to report to the court on the **CCAA Plan**.
- 3.03 The Monitor **should** advise the Company that any information given by the Company to the Monitor may be disclosed to the court and the creditors.
- 3.04 The Monitor **should** ensure that, in its view, the **CCAA Plan** satisfies the express requirements of the **Act**.

PLAN OF COMPROMISE OR ARRANGEMENT

4.00 MONITOR'S REPORT

4.01 The Monitor's Report **should** include the following:

- a) An appropriate disclaimer / notice to reader, summarizing the scope of the Monitor's review, the documents or information on which it relied, and the possible limitations of such information.
- b) Background information on the Company, including:
 - Identification of the ownership of the Company
 - Overview of the Company's business and recent financial results
 - Material assets and liabilities
 - Causes of financial difficulties
- c) Commentary on operations, including:
 - Current and anticipated future status of operations following implementation of the plan (e.g. whether operations are to be continued or shut down)
 - Significant developments since the filing of the CCAA application
 - A summary of the operating results for the operations since the filing of the CCAA application
- d) Summary of the material terms and conditions of the CCAA Plan, including material conditions precedent to plan implementation, and the timing and quantum of estimated recoveries to each class of creditors
- e) Conduct of the Company during its proceedings under the Act, including:
 - Disclosure of the review performed by the Monitor of any potential preferences, fraudulent conveyances or other transactions at undervalue, and any conclusions reached by the Monitor with respect to same. If no work in this respect has been performed or the work is still in progress, the Monitor **should** advise creditors of this fact.

Standards of Professional Practice

No. 09-7

PLAN OF COMPROMISE OR ARRANGEMENT

- The Company's breach of, or non-compliance with, any requirement under the **Act** or pursuant to any order issued by the court in the Company's proceedings under the **Act**.
 - Whether, in the Monitor's view, the Company has acted and continues to act in good faith and with due diligence.
- f) Resolution of Claims against the Company, including:
- A summary of all claims made against the Company, including an overview of the results of any claims bar process and any disputed or unresolved claims
 - A review of claims resulting from the Company's disclaimer or resiliation of agreements
 - Identification of all claims involving Related Persons and the nature of the Monitor's review, if any, to ascertain the validity of such claims and the transactions giving rise to such claims
 - Identification of any trust claims and any claims that cannot be compromised in a **CCAA** Plan in accordance with the **Act**
 - Monitor's opinion on the reasonableness of including a provision in the **CCAA** Plan that stipulates that Sections 38, 95 to 101 of the **BIA** do not apply in the Plan of Compromise or Arrangement
 - Results of any legal opinion available to the Monitor on the validity of secured creditors' claims
 - A general discussion of claims against Related Persons, including directors and officers of the Company, that are compromised or otherwise affected pursuant to the **CCAA** Plan
- g) Report on alternate **BIA** proceeding, which identifies:
- The reasons for commencing formal proceedings under the **Act**
 - Whether a bankruptcy under the **BIA** in the alternative to the proceedings under the **Act** would, to the extent determinable, be more beneficial to the Company's

Standards of Professional Practice

No. 09-7

PLAN OF COMPROMISE OR ARRANGEMENT

creditors and a comparison of the likely treatment and recovery of the Company's stakeholders to the extent determinable

- h) Monitor's conclusion that the CCAA proceedings were the best course of action. Informing the court if the Monitor is of the view that it would be more beneficial to the Company's creditors if proceedings in respect of the Company were taken under the **BIA**;
- i) Other material considerations, including:
- The level of support for the CCAA Plan by each class of creditors voting on the CCAA Plan
 - The formation, composition and known activities of a Creditors' Committee, if any
 - Monitor's final recommendations, including the Monitor's opinion on whether, in the circumstances, the plan is advantageous to the Company's creditors, and is fair and reasonable as between the Company's creditors and the Company
 - If the Monitor objects to the CCAA Plan or makes no recommendation, the Monitor **shall** indicate the reasons for same.
- 4.02 The Monitor **should** ensure adequate disclosure of all of its assumptions in preparing the Monitor's Report and in formulating the commentary and conclusions therein.
- 4.03 In the case of a Monitor's Report under S.23(1)(d.1), the Monitor **shall** send by mail, courier, email or other means authorized by court order either the Monitor's Report or Notice of the availability of the Monitor's Report (on its website) to every known creditor with a proven claim and the Superintendent of Bankruptcy, or as otherwise specified by the court, at least seven days before the day on which the meeting of creditors referred to in section 4 or 5 under the CCAA is to be held.
- 4.04 In the case of a Monitor's Report under S.23(1)(i), if nothing material has come to the Monitor's attention that prevents it from filing the Monitor's Report, the Monitor **shall** prepare, sign and file the Monitor's Report prior to the commencement of the hearing of a motion by the court to sanction the CCAA Plan.

Standards of Professional Practice

No. 09-7

PLAN OF COMPROMISE OR ARRANGEMENT

- 4.05 The Monitor **shall** file the Monitor's Report with the court at least seven days before the day on which the meeting of creditors is to be held (or other such time as may be ordered by the court).

APPENDIX "C"

**CANWEST LIMITED PARTNERSHIP
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
FEBRUARY 28, 2010 AND FEBRUARY 28, 2009
(UNAUDITED)**

April 13, 2010

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 25, 2009, we have reviewed the consolidated balance sheet of **Canwest Limited Partnership** (the Partnership) as at February 28, 2010, the consolidated statements of earnings (loss), comprehensive income (loss), partners' deficiency and cash flows for the three and six month periods ended February 28, 2010 and February 28, 2009 (the interim financial statements). These interim financial statements are the responsibility of the Partnership's management.

We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with Canadian generally accepted accounting principles.

This report is solely for the use of the Audit Committee of Canwest Global Communications Corp. to assist it in discharging its regulatory obligation to review these interim financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

PricewaterhouseCoopers LLP

Chartered Accountants

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(UNAUDITED)

(In thousands of Canadian dollars)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>February 28,</u> <u>2010</u>	<u>February 28,</u> <u>2009</u> <u>(restated)</u>	<u>February 28,</u> <u>2010</u>	<u>February 28,</u> <u>2009</u> <u>(restated)</u>
Revenue	254,418	257,728	540,835	592,704
Operating expenses (note 16)	213,635	228,798	430,833	490,499
Restructuring expenses (recoveries) (note 15)	(81)	16,772	2,464	22,886
	<u>40,864</u>	<u>12,158</u>	<u>107,538</u>	<u>79,319</u>
Amortization of property and equipment	10,496	10,732	20,566	21,124
Other amortization	48	48	96	96
Operating income	<u>30,320</u>	<u>1,378</u>	<u>86,876</u>	<u>58,099</u>
Interest expense, net	(29,654)	(24,895)	(50,495)	(51,064)
Other income	500	625	1,001	1,250
Gain on disposal of property and equipment	-	2,195	2	2,198
Foreign currency exchange gains (note 17)	19,030	292	53,779	154
Earnings (losses) before reorganization costs and income taxes	<u>20,196</u>	<u>(20,405)</u>	<u>91,163</u>	<u>10,637</u>
Reorganization costs (note 4)	(30,940)	-	(40,076)	-
Earnings (losses) before income taxes	<u>(10,744)</u>	<u>(20,405)</u>	<u>51,087</u>	<u>10,637</u>
Recovery of current income taxes (note 11)	(290)	(65)	-	-
Recovery of future income taxes (note 11)	(2,841)	(14,070)	(3,143)	(14,260)
Net earnings (loss) for the period	<u><u>(7,613)</u></u>	<u><u>(6,270)</u></u>	<u><u>54,230</u></u>	<u><u>24,897</u></u>

The notes constitute an integral part of the interim consolidated financial statements.

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(In thousands of Canadian dollars)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>February 28,</u> <u>2010</u>	<u>February 28,</u> <u>2009</u> <u>(restated)</u>	<u>February 28,</u> <u>2010</u>	<u>February 28,</u> <u>2009</u> <u>(restated)</u>
Net earnings (loss) for the period	(7,613)	(6,270)	54,230	24,897
Other comprehensive earnings (loss)				
Change in fair value of hedging derivative instruments designated as cash flow hedges	-	9,220	-	(14,640)
Other comprehensive earnings (loss) for the period	-	9,220	-	(14,640)
Comprehensive income (loss) for the period	<u>(7,613)</u>	<u>2,950</u>	<u>54,230</u>	<u>10,257</u>

The notes constitute an integral part of the interim consolidated financial statements.

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands of Canadian dollars)

	<u>As at</u> <u>February 28, 2010</u>	<u>As at</u> <u>August 31, 2009</u> <u>(restated)</u>
ASSETS		
Current Assets		
Cash	86,904	43,427
Restricted cash	-	13,902
Accounts receivable	128,779	105,686
Amounts due from related companies (note 16)	1,513	1,641
Inventory	5,360	6,618
Prepaid expenses (note 7)	14,802	14,020
	<u>237,358</u>	<u>185,294</u>
Property and equipment	326,495	341,628
Other assets (note 9)	34,426	26,195
Goodwill	95,034	95,034
Mastheads	6,750	6,750
	<u>700,063</u>	<u>654,901</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	93,288	129,187
Amount due on swap settlement	-	68,874
Income taxes payable	71	12
Amounts due to related companies (note 16)	2,608	140,462
Deferred revenue	31,848	33,012
Current portion of long-term debt (note 10)	-	1,380,094
Current portion of obligations under capital leases	3,346	3,138
	<u>131,161</u>	<u>1,754,779</u>
Liabilities subject to compromise (note 5)	1,489,591	-
Obligations under capital leases	1,969	3,696
Accrued pension, post-retirement and other liabilities	68,968	79,459
Future income taxes	24,335	27,478
	<u>1,716,024</u>	<u>1,865,412</u>
Going concern (note 1)		
Contingencies (note 18)		
PARTNERS' DEFICIENCY		
Partners' capital	39,188	39,188
Contributed surplus	195,320	55,000
Deficit	(1,250,469)	(1,304,699)
	<u>(1,015,961)</u>	<u>(1,210,511)</u>
	<u>700,063</u>	<u>654,901</u>

The notes constitute an integral part of the interim consolidated financial statements.

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
CONSOLIDATED STATEMENTS OF PARTNERS' DEFICIENCY
(UNAUDITED)
(In thousands of Canadian dollars)

For the three months ended February 28, 2010

	<u>Partners' Capital</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
Balance as at December 1, 2009	39,188	193,629	(1,242,856)	(1,010,039)
Net loss for the period	-	-	(7,613)	(7,613)
Contribution from Canwest Media (note 7)	-	1,691	-	1,691
Balance as at February 28, 2010	<u>39,188</u>	<u>195,320</u>	<u>(1,250,469)</u>	<u>(1,015,961)</u>

For the three months ended February 28, 2009 (restated)

	<u>Partners' Capital</u>	<u>Contributed Surplus</u>	<u>Accumulated other comprehensive loss</u>	<u>Deficit</u>	<u>Total</u>
Balance as at December 1, 2008	39,188	55,000	(69,332)	(1,159,939)	(1,135,083)
Net loss for the period	-	-	-	(6,270)	(6,270)
Other comprehensive earnings	-	-	9,220	-	9,220
Distributions declared (note 14)	-	-	-	(10,000)	(10,000)
Balance as at February 28, 2009	<u>39,188</u>	<u>55,000</u>	<u>(60,112)</u>	<u>(1,176,209)</u>	<u>(1,142,133)</u>

For the six months ended February 28, 2010

	<u>Partners' Capital</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
Balance as at September 1, 2009 (restated)	39,188	55,000	(1,304,699)	(1,210,511)
Net earnings for the period	-	-	54,230	54,230
Contribution from Canwest Media (note 7)	-	1,691	-	1,691
Settlement of National Post liabilities (note 8)	-	138,629	-	138,629
Balance as at February 28, 2010	<u>39,188</u>	<u>195,320</u>	<u>(1,250,469)</u>	<u>(1,015,961)</u>

For the six months ended February 28, 2009 (restated)

	<u>Partners' Capital</u>	<u>Contributed Surplus</u>	<u>Accumulated other comprehensive loss</u>	<u>Deficit</u>	<u>Total</u>
Balance as at September 1, 2008	39,188	55,000	(45,472)	(1,156,106)	(1,107,390)
Net earnings for the period	-	-	-	24,897	24,897
Other comprehensive loss	-	-	(14,640)	-	(14,640)
Distributions declared (note 14)	-	-	-	(45,000)	(45,000)
Balance as at February 28, 2009	<u>39,188</u>	<u>55,000</u>	<u>(60,112)</u>	<u>(1,176,209)</u>	<u>(1,142,133)</u>

The notes constitute an integral part of the interim consolidated financial statements.

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009 (restated)	February 28, 2010	February 28, 2009 (restated)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(7,613)	(6,270)	54,230	24,897
Reorganization costs	30,940	-	40,076	-
Items not affecting cash				
Amortization	10,544	10,780	20,662	21,220
Future income taxes recovery	(2,841)	(14,070)	(3,143)	(14,260)
Gain on disposal of property and equipment	-	(2,195)	(2)	(2,198)
Non-cash interest	14,885	752	15,462	1,504
Unrealized gain on foreign exchange	(19,065)	-	(53,871)	-
Deficiency of pension expense over employer contributions	(2,917)	(4,676)	(9,349)	(4,376)
	23,933	(15,679)	64,065	26,787
Changes in amounts due from related companies (note 16)	(384)	(2,103)	2,360	3,783
Changes in non-cash operating accounts	36,827	32,309	8,037	16,438
Cash flows from operating activities before reorganization costs	60,376	14,527	74,462	47,008
Reorganization costs (note 4)	(14,724)	-	(23,557)	-
Cash flows from operating activities	45,652	14,527	50,905	47,008
INVESTING ACTIVITIES				
Acquisitions	-	-	-	(100)
Proceeds from sale of property and equipment	-	3,635	2	3,638
Purchase of property and equipment	(2,023)	(7,993)	(5,433)	(18,854)
Cash flows from investing activities	(2,023)	(4,358)	(5,431)	(15,316)
FINANCING ACTIVITIES				
Repayment of long term debt	-	(1,250)	-	(2,500)
Transfer of National Post business (note 8)	-	-	(2,367)	-
Advances of revolving facilities (note 10)	1,889	-	1,889	20,000
Distributions paid (note 14)	-	(10,000)	-	(45,000)
Payments of capital leases	-	(31)	(1,519)	(1,395)
Cash flows from financing activities	1,889	(11,281)	(1,997)	(28,895)
Net change in cash	45,518	(1,112)	43,477	2,797
Cash (bank overdraft) - beginning of period	41,386	1,606	43,427	(2,303)
Cash - end of period	86,904	494	86,904	494

The notes constitute an integral part of the interim consolidated financial statements.

CANWEST LIMITED PARTNERSHIP
(Under Creditor Protection as of January 8, 2010 – Notes 1 and 3)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2010
AND FEBRUARY 28, 2009
(UNAUDITED)

(In thousands of Canadian dollars, except as otherwise noted)

1. BASIS OF PRESENTATION AND GOING CONCERN

Creditor Protection

On January 8, 2010, Canwest (Canada) Inc., Canwest Publishing Inc. ("CPI"), and Canwest Books Inc. (collectively the "LP Applicants"), applied for and obtained an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court") granting creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). The Initial Order applies to the LP Applicants and Canwest Limited Partnership ("Canwest LP" or the "Limited Partnership") (collectively, the "LP Entities"). National Post Inc., a wholly owned subsidiary of CPI, which owns and operates the National Post newspaper, is not included in the CCAA filing. The Initial Order, among other provisions, provides for a general stay of proceedings that has been extended to June 30, 2010 and may be further extended by the Court. The Initial Order can be further amended by the Court throughout the CCAA proceedings based on motions from the LP Entities, their creditors and other interested parties. For additional information, see the discussion below under "Creditor Protection and Going Concern" and note 3, "CCAA Proceedings".

The Limited Partnership is owned indirectly by Canwest Media Inc. ("Canwest Media"), a wholly owned subsidiary of Canwest Global Communications Corp. ("Canwest Global"). Canwest Global and Canwest Media and certain subsidiaries of Canwest Media (collectively, the "Canwest Media Entities") are also in creditor protection under separate CCAA proceedings commenced on October 6, 2009.

Description of Partnership

These interim consolidated financial statements include the operations of the Limited Partnership, CPI, Canwest Books Inc., and National Post Inc. (for the period after October 30, 2009) and The National Post Company (for periods prior to October 30, 2009).

On October 30, 2009, certain assets and liabilities and the business of the The National Post Company were transferred from The National Post Company, a wholly owned subsidiary of Canwest Media, to National Post Inc. (note 8).

Newspaper operations include daily and non-daily newspapers, including electronic editions, news content productions and editorial operations as well as certain shared service operations. The Digital Media operations operate the *canada.com* web portal and provide subscription services relating to investing and financial news and other information. In addition, the Limited Partnership provides business services including certain centralized customer and support services to the Canwest Media Entities, and to Canwest Media Inc.'s and CW Media Inc.'s Canadian broadcasting operations (together being the "Canadian Broadcasting Operations").

Revenue includes advertising, circulation and subscriptions, all of which are derived from a variety of sources. The Limited Partnership's advertising revenues are seasonal. Revenues and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

Creditor Protection and Going Concern

The Limited Partnership's operating income and cash flows for its 2009 fiscal year and for the six months ended February 28, 2010 reflect the effects of the deterioration in the economy and reduced advertising revenue on its operations. These conditions have reduced cash flows from operations and have impacted the Limited Partnership's liquidity. As at February 28, 2010, current liabilities and liabilities subject to compromise significantly exceed current assets. The Limited Partnership is in default under the terms of its senior secured credit facilities ("Secured Credit Facilities"), its senior subordinated unsecured credit facility ("Senior Subordinated Credit Facility") and its senior subordinated unsecured notes indenture ("Senior Subordinated Notes") because it failed to make payments of interest and principal on its Secured Credit Facilities and its related hedging derivative instruments, it failed to make interest payments on its Senior Subordinated Credit Facility and its Senior Subordinated Notes and it failed to satisfy the demand for immediate repayment of its obligations related to the hedging derivative instruments.

As at May 31, 2009, the Limited Partnership was not in compliance with its financial covenants under its Secured Credit Facilities. From May 2009 to August 2009, the Limited Partnership did not make interest and principal payments on its Secured Credit Facilities and the associated hedging derivative instruments or in respect of its Senior Subordinated Credit Facility or its Senior Subordinated Notes. These payments were not made in order to preserve liquidity to fund operations while the Limited Partnership worked to negotiate a potential recapitalization transaction. As a result of the payment default under the Secured Credit Facilities, the hedging derivative instrument counterparties terminated the secured hedging arrangements and demanded immediate payment of an aggregate of \$68.9 million (the "Secured Hedge Obligations").

On August 31, 2009, the LP Entities entered into a forbearance agreement with the Administrative Agent under its Secured Credit Facilities (the "Administrative Agent") under which the lenders under these facilities agreed not to take any steps with respect to the defaults under the Secured Credit Facilities and to work with management of the Limited Partnership to develop and implement a consensual pre-packaged restructuring, recapitalization, or reorganization. In accordance with the terms of the forbearance agreement the lenders cancelled all undrawn amounts under the revolving credit facility. The Limited Partnership agreed to pay the interest owing and the continuing interest on its Secured Credit Facilities and the interest amounts due in respect of the Secured Hedge Obligations. The forbearance agreement, as extended, expired on November 9, 2009. Canwest LP has continued to pay the interest on the Secured Credit Facilities and the Secured Hedge Obligations. The Limited Partnership was also in default under the terms of its Senior Subordinated Credit Facility and the Senior Subordinated Notes and did not enter into any forbearance arrangements with these unsecured lenders or the note holders thereunder.

On October 30, 2009, as part of the Canwest Media Entities CCAA proceedings, the Court approved an agreement on shared services and employees between certain of the LP Entities and the Canwest Media Entities. This agreement provides for the orderly termination of the shared services agreement (note 16) between the LP Entities and the Canwest Media Entities. The agreement also sets out termination dates for each of the categories of shared services identified therein, which dates range from February 28, 2010 to February 28, 2011.

On January 8, 2010, the LP Entities entered into a support agreement with the Administrative Agent (the "LP Support Agreement") which was approved by the Court on January 8, 2010. The Administrative Agent acts on behalf of the lenders under the Secured Credit Facilities and the Secured Hedge Obligations (collectively, the "Senior Lenders"). The LP Support Agreement, requires the LP Entities

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

among other things, (a) to commence the CCAA proceedings; (b) to implement and make effective a plan of compromise and arrangement under the CCAA (the "Senior Lenders CCAA Plan"); (c) to conduct a sale and investor solicitation process ("SISP") with a view to obtaining proposals from prospective purchasers or investors to acquire all or substantially all of the assets of the LP Entities or to invest in the LP Entities or their business; (d) if the SISP is not successful, to use their best efforts to implement the agreement for a newly established corporation ("Acquireco") capitalized by the Senior Lenders to acquire the operations and substantially all of the assets of the LP Entities and to assume certain liabilities of the LP Entities (the "Credit Acquisition"); and (e) to pay interest on Secured Credit Facilities and Secured Hedge Obligations, expenses of the Administrative Agent and its advisors, certain investment banking fees and consent fees to Senior Lenders committing to the Senior Lenders CCAA Plan. Further details of the LP Support Agreement, Senior Lenders CCAA Plan and SISP are provided in Note 3.

On January 8, 2010, certain of the Senior Lenders agreed to extend the LP Entities a senior secured super-priority debtor-in-possession revolving credit facility (the "DIP Facility") in the maximum amount of \$25 million, including a letter of credit sub-facility of up to \$5 million. On January 8, 2010, the Court approved the DIP Facility and authorized the LP Entities to execute definitive agreements related to the DIP Facility. The definitive agreements were executed on February 5, 2010. Further details on the DIP Facility are provided in Note 3.

On January 8, 2010, the Court appointed FTI Consulting Canada Inc. as the monitor (the "Monitor"). The Monitor will monitor the activities of the LP Entities, report to the Court from time to time on the LP Entities' financial and operational position and any other matters that may be relevant to the CCAA proceedings, advise the LP Entities on various matters, assist the Chief Restructuring Advisor to the LP Entities (the "CRA"), and supervise the SISP. CRS Inc. was appointed as the CRA. The CRA is responsible for formulating and implementing the restructuring and/or recapitalization of all or part of the business and/or capital structure of the LP Entities. The Court also approved the engagement of RBC Dominion Securities Inc. (the "Financial Advisor") to provide investment banking services to the LP Entities related to the SISP.

On March 1, 2010, all of the then directors and officers of the LP Entities resigned their directorships and offices with the LP Entities. In addition, the then current president and chief executive officer announced his resignation effective April 30, 2010. However, the other senior employees of the LP Entities continue to carry on the day to day operations of the LP Entities. For matters requiring approval of the board of directors of an LP Entity, the shareholder of the applicable LP Entity may pass a resolution authorizing named individuals to complete the required action.

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that the Limited Partnership will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As further described in note 3, "CCAA Proceedings", the LP Entities have commenced CCAA proceedings which could result in the LP Entities selling substantially all of their assets or alternatively, recapitalizing the Limited Partnership through an injection of new equity. The CCAA proceedings and other uncertainties discussed below cast significant doubt about the Limited Partnership's ability to continue as a going concern. During the CCAA proceedings, the LP Entities may disclaim or repudiate certain contracts and undertake other restructuring activities. Such actions may result in the recognition of claims and liabilities which may be material.

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

These interim consolidated financial statements do not reflect the adjustments to the carrying amounts of the assets and liabilities of the Limited Partnership and the reported expenses and balance sheet classifications that would be necessary if the Limited Partnership were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

There is uncertainty and there can be no assurance related to the outcome of the CCAA proceedings and whether the Limited Partnership, as an entity, will continue in operation by means of an injection of new equity or will cease operation by a sale of substantially all of their assets to a new entity. If a sale of substantially all of the Limited Partnership's assets occurred, the going concern basis of presentation would no longer be appropriate and adjustments to the carrying values of assets and liabilities may be required. Such adjustments could be material.

If an investment in the Limited Partnership or one of the LP Entities is obtained, there may be a substantial realignment of the non-equity and equity interests in the Limited Partnership and the Limited Partnership may be required to comprehensively revalue any remaining assets and liabilities of the Limited Partnership based on the reorganization value, referred to as "fresh-start" accounting. These financial statements do not give effect to any adjustments that may be required as a result of fresh start accounting.

Canwest Media Entities CCAA Proceedings

Canwest Global, (the ultimate parent company of the Limited Partnership), Canwest Media, and certain of its subsidiaries including The National Post Company (collectively, the "Canwest Media Applicants"), voluntarily applied for and successfully obtained an order from the Court under the CCAA on October 6, 2009 (as amended, the "CMI Initial Order"). The National Post Company, a general partnership, previously operated the business of the National Post newspaper. Under the CMI Initial Order, related party obligations that the Canwest Media Applicants owe to the Limited Partnership both prior and subsequent to their CCAA filing date, will continue to be met.

Basis of presentation

The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada applicable to a going concern for interim consolidated financial statements and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim periods presented. However, these interim consolidated financial statements do not include all of the information and disclosures required for annual consolidated financial statements. The accounting policies used in the preparation of these interim consolidated financial statements are the same as those used in the most recent annual consolidated financial statements except for the accounting policy changes disclosed below. These interim consolidated financial statements should be read in conjunction with the previously issued 2009 annual consolidated financial statements of the Limited Partnership. All amounts are expressed in Canadian dollars.

The interim consolidated financial statements of the Limited Partnership include the accounts of the Limited Partnership and its subsidiaries, CPI, Canwest Books Inc. and National Post Inc. (for the period after October 30, 2009) and The National Post Company (for periods prior to October 30, 2009).

1. BASIS OF PRESENTATION AND GOING CONCERN (continued)

Effective as of October 30, 2009, the business of The National Post Company, including substantially all of its assets and certain of its liabilities, was transferred from The National Post Company, a subsidiary of Canwest Media, to National Post Inc., a wholly owned subsidiary of CPI (note 8). Pursuant to this transaction, Canwest Media continues to indirectly control these assets and liabilities through its ownership of the Limited Partnership. Therefore, the acquisition was accounted for in accordance with EIC 89, "Exchanges of Ownership Interests Between Enterprises Under Common Control – Wholly and Partially-owned Subsidiaries", which states that the continuity of interests method of accounting must be followed. Consequently, the assets and liabilities of The National Post Company were transferred to the Limited Partnership at their carrying values. The continuity of interests method of accounting requires that the results of operations presented in the interim consolidated financial statements of the Limited Partnership include the operations of The National Post Company for the entire fiscal period in which the transaction took place. In addition, the comparative interim consolidated financial statements of the Limited Partnership were restated to reflect the financial position and results of operations as if the Limited Partnership and The National Post Company had been combined since their inception. Accordingly, the Limited Partnership has combined the assets, liabilities, revenues, expenses and cash flows of The National Post Company for all periods presented up to October 30, 2009. Thereafter, the financial statements consolidate the accounts of National Post Inc. The Limited Partnership has not yet restated its previously issued annual consolidated financial statements referred to above, accordingly, certain comparisons to previously issued consolidated financial statements may not be appropriate.

The Limited Partnership is unincorporated and its balance sheet does not include the assets, liabilities, revenue and expenses of its partners.

Current and future income taxes relate to the corporate subsidiaries of Canwest LP. Canwest LP is not subject to income or capital taxes, because the income, if any, is taxed in the hands of the individual partners.

2. SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Newspaper mastheads are recorded at their cost. The mastheads have indefinite lives and are not subject to amortization and are tested for impairment annually or when indicated by events or changes in circumstances. Impairment of an indefinite life intangible asset is recognized in an amount equal to the difference between the carrying value and the fair value of the related indefinite life intangible asset. The fair value of mastheads for each publication is estimated using a relief-from-royalty approach using the present value of expected after-tax royalty streams through licensing agreements. The key assumptions under this valuation approach are royalty rates, expected future revenue and discount rates.

Consolidated financial statements

The Limited Partnership has made certain changes in presentation and disclosures have been adopted to reflect the effect of the CCAA proceedings. The Limited Partnership has applied the guidance in section 852 of the Accounting Standard Codification issued by the Financial Accounting Standards Board of the United States, "Reorganizations" ("ASC 852"), where such guidance does not conflict with the requirements of Canadian generally accepted accounting principles.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These consolidated financial statements include condensed financial information for the LP Entities that are subject to the CCAA proceedings as certain of the Limited Partnership's subsidiaries are not subject to the CCAA proceedings (note 6).

Interest expense

Interest expense on financial liabilities which have been stayed by the Court is recognized only to the extent the amounts will be paid during the CCAA proceedings. Interest expense is not a reorganization item.

Reorganization items

Incremental costs directly related to the CCAA proceedings are presented as Reorganization Costs on the consolidated statements of earnings (loss). These costs include professional fees paid to external parties for legal and financial consulting incurred during the period when the LP Entities were developing their financial reorganization plans, and employee related costs for the retention of employees essential to the operations during the CCAA proceedings. Gains and losses realized on the disposal of any assets approved during the CCAA proceedings and any provisions for losses related to restructuring, exit or disposal activities (including repudiation of contracts) will be presented as reorganization costs if those activities have been undertaken as a result of the CCAA proceedings. Foreign exchange gains and losses on liabilities subject to compromise are also included in reorganization costs. Gains and losses on other transactions or events occurring prior to the CCAA proceedings or that would have occurred irrespective of the CCAA proceedings are not classified as reorganization costs (note 4).

Liabilities subject to compromise

Liabilities incurred prior to the CCAA filing date that are or may be subject to compromise, or are or may be impaired by the CCAA proceedings, have been classified separately on the consolidated balance sheet from those that are not expected to be subject to compromise and the liabilities incurred after the CCAA filing date. Liabilities that are fully secured or will not be impaired under the CCAA proceedings are not reported as liabilities subject to compromise. Liabilities that may be affected by the CCAA proceedings are recognized in accordance with the Limited Partnership's accounting policies even if they may be settled for lesser amounts.

These costs, gains, losses and provisions are recognized and measured in accordance with the respective accounting policies for such items.

Accounting Changes

Goodwill and Intangible assets

The Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064, "*Goodwill and Intangible assets*" ("*CICA 3064*"), which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria for recognition of intangible assets. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licensing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Limited Partnership applied this new standard retrospectively effective September 1, 2009. There was no impact on the Limited Partnership as a result of the application of this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Proposed Accounting Policies

Business Combinations

The AcSB issued CICA Handbook Section 1582, "*Business Combinations*" ("CICA 1582") and entities adopting CICA 1582 will also be required to adopt CICA Handbook Sections 1601, "*Consolidated Financial Statements*", ("CICA 1601") and 1602 "*Non-Controlling Interests*" ("CICA 1602"). These sections replace the former CICA Handbook Sections 1581, "*Business Combinations*" and 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 will require additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. CICA 1601 and 1602 will require a change in the measurement of non-controlling interest and will require the change to be presented as part of partner's equity. These standards will become effective for business combinations for which the acquisition date is on or after September 1, 2011. The Limited Partnership is currently considering the impacts of the adoption of such standards.

3. CCAA PROCEEDINGS

LP Support Agreement

On January 8, 2010, the LP Applicants entered into the LP Support Agreement with the Administrative Agent. In addition to the actions described in Note 1, the LP Support Agreement imposes several covenants on the LP Entities, including the covenants (a) to not make any payments of pre-filing obligations without the prior consent of the Monitor, subject to an aggregate limit on payments of pre-filing obligations ; (b) to maintain net cash flow within certain limits; and (c) not to enter into any merger, amalgamation, consolidation, reorganization or recapitalization, sale or any other transaction resulting in the change of ownership or control of the Limited Partnership or any other LP Entities, except as provided under the Credit Acquisition or SISP, without the consent of the Administrative Agent.

The LP Support Agreement may be terminated by the Administrative Agent if there is a breach by the LP Entities of any of the terms and conditions of the agreement, or if the following milestones are not met: (a) the Secured Lenders Approval has not been obtained by January 31, 2010 (which milestone was satisfied on January 27, 2010); (b) a sanction order has not been obtained in respect of the Credit Acquisition by May 15, 2010; or (c) the Credit Acquisition has not been completed by June 30, 2010. The LP Support Agreement automatically terminates upon the closing of the Credit Acquisition or the closing of an offer accepted under the SISP.

The LP Support Agreement provides that the Senior Lenders CCAA Plan may be amended or extended prior to its completion. There is uncertainty related to its completion as a result of the number and complexity of the conditions that must be satisfied.

Initial Order for Creditor Protection

As contemplated by the LP Support Agreement, on January 8, 2010, the LP Applicants commenced CCAA proceedings by applying for and obtaining the Initial Order. During the CCAA proceedings, the LP Entities continue to operate their business with the assistance of the Monitor and under the supervision of the Court.

Pursuant to the Initial Order, and subject to the conditions set out therein and the requirements set out in the LP Support Agreement, the LP Entities are (a) required to provide and pay for the shared services

3. CCAA PROCEEDINGS (continued)

between the LP Entities and Canwest Media Entities; (b) permitted to pay outstanding and future employee wages, salaries and employee benefits, employee related obligations and employee incurred expenses; (c) permitted to pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the LP Entities, sales taxes, certain amounts due to governmental bodies and agencies, and amounts due under sales representation agreements; (d) permitted to pay future expenses and capital expenditures reasonably necessary to carry on the operations of the LP Entities; and (e) permitted to make available to National Post Inc., secured revolving loans to a maximum of \$12.9 million (note 6). The Initial Order also allows the LP Entities, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Any reference herein to any such agreements or arrangements and to termination rights or a quantification of the Limited Partnership's obligations under any such agreements or arrangements is qualified by any overriding disclaimer or other rights the LP Entities may have as a result of or in connection with the CCAA proceedings. Claims may be allowed related to damages of counterparties arising as a result of such disclaimers.

The Initial Order created a number of new charges against substantially all of the current and future assets of the LP Entities which in accordance with the Initial Order may rank in priority to certain other security interests, trusts, liens, charges and encumbrances. These charges, in order of priority, include (i) an administration charge to secure amounts owing to the Monitor and certain restructuring and financial advisors, up to a maximum of \$3.0 million; (ii) a DIP charge to the extent of any obligations outstanding under the DIP Facility and the existing security interest granted by the LP Entities to secure obligations under the LP Entities' centralized cash management system up to \$7.5 million, ranked on *pari passu* basis; (iii) a charge to secure fees payable to the Financial Advisor engaged to conduct the SISF, up to a maximum of \$10.0 million; and (iv) a directors' charge to secure the indemnity created under the Initial Order in favour of the directors and officers of the LP Entities and a management incentive plan ("Limited Partnership MIP") charge, each with equal priority, to a maximum of \$35.0 million and \$3.0 million, respectively (the Limited Partnership MIP charge was subsequently increased to \$4.3 million on March 26, 2010).

The stay of proceedings provided for in the Initial Order generally precludes parties from taking any action against the LP Entities for breach of contractual or other obligations. The purpose of the stay is to provide the LP Entities with the opportunity to stabilize operations and business relationships with customers, vendors, employees and creditors and to allow the Limited Partnership to implement an orderly restructuring while continuing its day-to-day operations.

Plan of Compromise or Arrangement affecting Senior Secured Claims

On January 8, 2010, the Court authorized the LP Entities to seek approval of the Senior Lenders CCAA Plan, established the claims process for Senior Lenders and ordered a meeting of Senior Lenders on January 27, 2010 for purposes of voting on the Senior Lenders CCAA Plan.

The Senior Lenders CCAA Plan does not compromise or affect any claims other than the claims of the Senior Lenders. The Senior Lenders CCAA Plan requires repayment in full of all claims related to the DIP Facility on the implementation date of the Senior Lenders CCAA Plan unless consent is received from the DIP Facility lenders for the DIP Facility to be assumed in the Credit Acquisition or a transaction under the SISF. The Senior Lenders CCAA Plan also addressed the manner in which certain priority claims would be dealt with as further described under the Credit Acquisition and SISF below. Under the Senior Lenders CCAA Plan, the claims for the Secured Credit Facility and the Secured Hedge Obligations are subject to a discount of \$25 million. Under the Senior Lenders CCAA Plan, Senior Lenders are entitled to (a) receive debt and equity of Acquireco in exchange for their claims less a

3. CCAA PROCEEDINGS (continued)

discount of \$25 million and have unpaid interest either paid on the implementation date or assumed by Acquireco or (b) repayment of their claims less a discount of \$25 million if a transaction is completed under the SISP.

The claims process under the Senior Lenders CCAA Plan was completed on January 22, 2010 and confirmed the amount of Secured Claims in the amount of \$925.4 million as discussed in note 5. The Secured Lenders CCAA Plan was approved by the Senior Lenders in a meeting held on January 27, 2010.

Sales and Investor Solicitation Process

On January 8, 2010, the Court approved the SISP to determine whether a successful bid could be obtained by the LP Entities to sell substantially all of their assets or to obtain an investment in the LP Entities' business. If a successful bid is not obtained, the Credit Acquisition, as described below, would proceed. A successful bid is either (a) a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders in an aggregate amount equal to the amount of their claims less a discount of \$25 million ("Superior Cash Offer") or (b) a credible, reasonably certain and financially viable offer for the purchase of substantially all of the property of the LP Entities (including an offer where the cash component of the offer is less than the discounted amount of Senior Lenders' claims as determined in (a)) or a reorganization of the LP Entities ("Superior Alternative Offer"), in each case as approved by a formal vote of the Secured Lenders in which at least 66.7% in value of the secured debt under the Secured Credit Facilities and the Secured Hedge Obligations and at least an absolute majority in number of the Secured Lenders that participate in such vote approve such transaction.

If a Superior Cash Offer or a Superior Alternative Offer (collectively, the "Superior Offer") is received, the Monitor, after consultation with the Financial Advisor and CRA, will recommend to the Special Committee of the board of directors of Canwest Global ("Canwest Special Committee") the most favourable Superior Offer be selected and that a definitive agreement be negotiated and settled, conditional upon Court approval and conditional on the Superior Offer closing within 60 days after April 30, 2010. If the Canwest Special Committee accepts the Superior Offer, the Monitor, in consultation with the Financial Advisor and the CRA, will negotiate and settle a definitive agreement. If the Canwest Special Committee does not wish to proceed with the Superior Offer, the Monitor will seek advice and direction from the Court with respect to the SISP.

If a Superior Cash Offer is accepted, each of the Senior Lenders will receive its pro rata share of the claims for the Secured Credit Facility and the Secured Hedge Obligations less a discount of \$25 million in aggregate. Certain unaffected claims including the DIP Facility, certain employee benefit claims, cash management obligations and any secured claims ranking in priority will be paid. If a Superior Alternative Offer is accepted, the Senior Lenders CCAA Plan will be terminated unless otherwise provided in such Superior Alternative Offer.

On March 5, 2010, the initial phase of the SISP was completed with potential bidders submitting non-binding indications of interest. In accordance with the SISP procedures, and following a review of the non-binding indications of interest, the Monitor determined that there was a reasonable prospect of obtaining a Superior Offer and on March 12, 2010, made a recommendation to the Canwest Special Committee that the SISP continue for a further seven weeks ("Phase 2"). The Canwest Special Committee accepted the Monitor's recommendation, and Phase 2 of the SISP commenced on March 12, 2010. During Phase 2, qualified bidders will be able to conduct due diligence and, in accordance with the SISP procedures, may deliver final, binding proposals to the Financial Advisor on or before April

3. CCAA PROCEEDINGS (continued)

30, 2010, following which a determination as to whether a Superior Offer has been proposed will be made in accordance with the terms of the SISP Procedures.

Acquisition and Assumption Agreement

If a Superior Offer is not obtained through the SISP, then, under the terms of the Senior Secured Plan, the LP Entities are required to use all commercially reasonable efforts to complete the Credit Acquisition. In connection with the Credit Acquisition, the Senior Lenders would assign their claims under the Secured Credit Facilities and Secured Hedge Obligations to Acquireco for a pro rata share of debt and equity to be issued by Acquireco. Acquireco would enforce its security on the assets of the LP Entities and acquire substantially all of the assets of the LP Entities, including the shares of National Post Inc., and assume certain liabilities and claims of the LP Entities, unpaid fees due to the Administrative Agent and unpaid interest due to the Senior Lenders.

Following the completion of the Credit Acquisition, Acquireco will continue to hold an unsecured claim against the LP Entities equal to the \$25.0 million discount amount described under the SISP. The Credit Acquisition, if approved, does not provide for any recovery for any equity holders of any of the LP Entities. Prior to the transfer of the assets to Acquireco, the LP Entities, Acquireco and the Monitor will agree upon (or the Court will determine) the amount of cash to be reserved to pay certain priority charges, post-filing accounts payable, certain employment related obligations of the LP Entities, certain claims of government entities and the fees and costs of any trustee in bankruptcy of the LP Entities.

DIP Financing

On January 8, 2010, the Court approved the DIP Facility. On February 5, 2010, the Senior Secured Super-Priority Debtor-In-Possession Credit Agreement ("DIP Credit Agreement") was executed. The DIP lenders will not be affected by any plan of compromise or arrangement filed by the LP Entities under the CCAA or any other restructuring.

The DIP Credit Agreement provides for a revolving credit facility of up to \$25 million, including a letter of credit sub-facility of up to \$5 million. Under the DIP Facility, the availability of funds is determined by a borrowing base based on a percentage of each of the accounts receivable of the LP Entities and the fair value of eligible real property less certain reserves. The DIP Facility may only be used for working capital, capital expenditures and other ordinary course expenditures of the LP Entities, to pay certain fees and expenses related to the DIP Facility, the Secured Credit Facility and CCAA proceedings, to advance secured intercompany loans to National Post Inc. and to pay interest on the Secured Credit Facility and Secured Hedge Obligations. The Limited Partnership has not drawn on the DIP Facility, but has the full DIP Facility available to draw on based on the borrowing base calculations as at February 28, 2010.

The LP Entities may draw on the DIP Credit Facility in Canadian Dollars with interest at the prime rate or bankers' acceptance rates plus a margin or U.S. Dollars at the U.S. dollar base rate plus a margin.

The DIP Facility is secured by substantially all of the current and future assets of the LP Entities, subject only to a priority as listed in the priority of charges created in the initial order. The DIP Facility is also guaranteed by CPI, Canwest (Canada) Inc., and Canwest Books Inc.

The DIP Credit Agreement provides for various restrictions on, among other things, the payment of any pre-filing obligations on a basis consistent with the covenants in the LP Support Agreement, the ability of

3. CCAA PROCEEDINGS (continued)

the Limited Partnership and its subsidiaries to incur additional debt or make any guarantees for such debt, to pay distributions to the unit holders, to enter into any transactions with affiliates (except as outlined in previously approved court documents), make investments or enter into any mergers or to dispose of certain assets. Each of these transactions would require the consent of one or more of the DIP lenders, the Monitor and the Court. The DIP Credit Agreement also contains financial covenants that must be met if any advance shall remain unpaid or any letter of credit is outstanding.

Under the terms of the DIP Credit Agreement, the Limited Partnership is required to provide certain information, including but not limited to the following; cash flow forecasts, financial statements and Borrowing Base Reports on a weekly, monthly or quarterly basis. The DIP Facility matures, subject to acceleration under certain circumstances, on the earliest of; (i) July 31, 2010; (ii) the date of a plan of arrangement under CCAA has been implemented by the LP Entities; or (iii) the date on which the Initial Order expires without being extended or on which the CCAA proceedings are dismissed or converted into bankruptcy proceedings. In addition, the DIP Facility is to be repaid with the net cash proceeds of assets sales by the LP Entities.

Management Incentive Plans

On January 8, 2010, the Court approved the Limited Partnership MIP for the LP Entities and National Post Inc., and other employee special arrangements. These MIPs were developed to incentivize employees of the respective entities critical to the success of the restructuring to remain with the respective entities. These programs and arrangements approved payments in aggregate of \$3.8 million of which \$1.9 million was paid in December 2009.

4. REORGANIZATION COSTS

Reorganization costs represent post-filing expenses and gains that can be directly associated with the reorganization and restructuring of the LP Entities. The following schedule details amounts that have been included in the Consolidated Statements of Earnings (Loss) as reorganization costs:

	For the three months ended February 28, 2010	For the six months ended February 28, 2010
Professional fees ^(a)	12,633	19,292
Foreign exchange losses on compromised debt ^(b)	16,201	16,201
Other ^(c)	2,106	4,583
	<u>30,940</u>	<u>40,076</u>

^(a) Professional fees include amounts paid to advisors in regards to the CCAA proceedings and the recapitalization process.

^(b) Foreign exchange losses on compromised debt represent the losses on translating monetary items that are subject to compromise at the period end compared to the translated amounts at January 8, 2010, the date of the CCAA filing.

^(c) Other includes the cost of the Limited Partnership MIP and the Canwest KERP.

For the three months ended November 30, 2009, restructuring costs of \$9.2 million have been reclassified to reorganization costs.

6. LIABILITIES SUBJECT TO COMPROMISE

Liabilities subject to compromise ("LSTC") are liabilities that have been stayed under the CCAA proceedings and which are expected to be compromised under the CCAA proceedings. These LSTC are recognized at management's best estimate of the amount expected to be allowed under a claims process, but these amounts may change, and such changes may be material. It is also possible that items not currently classified as LSTC in these interim consolidated financial statements will be added or reclassified to this category of liabilities at a later date. It is also possible that items currently classified as LSTC will be reclassified out of this category should they be proven to be fully secured. Further, under the CCAA proceedings, certain contracts may be disclaimed and claims may be recognized for such contracts. Any adjustments to this category may prove to be material and, depending on their nature, may be recorded as reorganization costs.

	<u>February 28, 2010</u>
Secured Credit Facilities and Secured Hedging Obligations ^(a)	933,747
Senior Subordinated Unsecured Notes ^(b)	421,000
Senior Subordinated Unsecured Credit Facility ^(b)	75,000
Accounts payable and accrued liabilities ^(b)	52,404
Accrued pension, post-retirement and other liabilities ^(b)	7,440
	<u>1,489,591</u>

^(a) As described in note 3, under the Senior Lenders CCAA Plan, the claims under the Secured Credit Facilities and Hedging Obligations ("Secured Claims") have been confirmed to be \$925.4 million. The provisions of the SISF and the Credit Acquisition, provide that the Secured Lenders would receive proceeds of \$900.4 million plus, in the case of the Credit Acquisition only, an unsecured claim against the LP Entities of \$25 million. Because the Secured Claim is not expected to be fully satisfied, due to the \$25 million discount, these obligations have been presented as liabilities subject to compromise.

The Secured Claim of \$925.4 million differs from the recorded amount of \$933.8 million due to foreign exchange fluctuations on the US denominated debt from January 8, 2010 to February 28, 2010.

^(b) These liabilities are not affected by the Senior Lenders CCAA Plan. On April 12, 2010, the Court approved a claims process for the LP Entities (note 20).

6. CONDENSED COMBINED FINANCIAL INFORMATION

The Condensed Combined Financial Information as at and for the three and six-month periods ended February 28, 2010 presents the results of operations, financial position and cash flows of the LP Entities that are subject to the CCAA proceedings and excludes the results of operations and financial position of certain subsidiaries which are not subject to the CCAA proceedings.

Condensed Combined Statements of Earnings (Loss) Periods ended February 28

	<u>For the three months ended February 28, 2010</u>	<u>For the six months ended February 28, 2010</u>
Revenues	236,073	500,752
Operating expenses ^(a)	194,360	391,269
Restructuring expenses (recoveries)	(81)	2,464
	<u>41,794</u>	<u>107,019</u>
Amortization	10,441	20,413
Operating income	<u>31,353</u>	<u>86,606</u>
Interest expense, net ^(b)	(29,624)	(50,550)
Other income	579	1,158
Gain on disposal of property and equipment	-	2
Foreign currency exchange gains	<u>19,036</u>	<u>53,884</u>
Earnings before reorganization costs and income taxes	21,344	91,100
Reorganization costs	<u>(30,629)</u>	<u>(39,766)</u>
Earnings (loss) before income taxes	(9,285)	51,334
Recovery of future income taxes	<u>(2,794)</u>	<u>(3,824)</u>
Net earnings (loss) for the period	<u><u>(6,491)</u></u>	<u><u>55,158</u></u>

^(a) Included in operating expenses for the three months ended February 28, 2010 are printing and distribution recoveries from National Post Inc. of \$2.6 million (\$5.5 million for the six months ended February 28, 2010) and advisory, business and administrative charges recovered from National Post Inc. of \$1.4 million (\$2.6 million for the six months ended February 28, 2010) and a rent recovery from National Post Inc. of \$0.3 million (\$0.6 million for the six months ended February 28, 2010).

^(b) Included in interest expense, net for the three months ended February 28, 2010 is interest income from National Post Inc. of \$0.03 million (\$0.04 million for the six months ended February 28, 2010)

6. CONDENSED COMBINED FINANCIAL INFORMATION (continued)

Condensed Combined Balance Sheet

	As at <u>February 28, 2010</u>
ASSETS	
Current Assets	229,495
Property and equipment	325,988
Other assets	36,735
Goodwill	95,034
Total Assets	<u>687,252</u>
LIABILITIES AND PARTNERS' DEFICIENCY	
Other current liabilities	88,600
Amounts due to related companies ⁽¹⁾	939
Deferred revenue	29,208
Current portion of obligations under capital leases	3,346
Total current liabilities	<u>122,093</u>
Liabilities subject to compromise	1,489,591
Obligations under capital leases	1,969
Accrued pension, post-retirement and other liabilities	67,013
Future income taxes	23,654
Partners' capital	39,188
Contributed surplus	195,320
Deficit	<u>(1,251,576)</u>
Total Liabilities and Partners' Deficiency	<u>687,252</u>

⁽¹⁾ Amounts due to related companies, subject to elimination upon consolidation, are disclosed on a net basis and are recorded at their face value. Amounts due to related companies include a loan receivable from National Post Inc. of \$1.8 million and amounts payable to National Post Inc. on account of revenue and service agreements of \$1.4 million.

On October 30, 2009, CPI, as lender, entered into a credit facility agreement with National Post Inc., as borrower, to finance the payment in respect of the transfer of certain assets and liabilities of The National Post Company to National Post Inc. (note 8) and for its ongoing operations. The aggregate amount available is \$12.9 million less a prescribed amount which is currently set at \$2.5 million. This credit facility matures on the earlier of July 31, 2010 or upon a change in control of CPI. National Post Inc. is required to pay excess cash to CPI on a regular basis. The advances bear interest at 4.5% per annum and are secured by all of the present and future assets of National Post Inc.

6. CONDENSED COMBINED FINANCIAL INFORMATION (continued)

Condensed Combined Statements of Cash Flows

	<u>For the three months ended February 28, 2010</u>	<u>For the six months ended February 28, 2010</u>
CASH GENERATED (UTILIZED) BY:		
Cash flows from operating activities	45,380	45,853
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	2
Purchase of property and equipment	<u>(1,990)</u>	<u>(5,355)</u>
Cash flows from investing activities	<u>(1,990)</u>	<u>(5,353)</u>
FINANCING ACTIVITIES		
Transfer of National Post business	-	(2,367)
Advances of revolving facilities	1,889	1,889
Payments of capital leases	<u>-</u>	<u>(1,519)</u>
Cash flows from financing activities	<u>1,889</u>	<u>(1,997)</u>
Net change in cash	45,279	38,503
Cash - beginning of period	<u>40,002</u>	<u>46,778</u>
Cash - end of period	<u>85,281</u>	<u>85,281</u>

7. CANWEST REIMBURSEMENTS AND TRANSFER OF PENSION OBLIGATIONS

The Limited Partnership has agreed to reimburse Canwest Global for a portion of the cost of Canwest Global's key employee retention plan ("Canwest KERP") and Canwest Global has agreed to reimburse the Limited Partnership for a portion of the cost of its MIP. These plans were established in September 2009 and are payable in two instalments, the first instalment as at December 31, 2009 has been made and the second instalment will be made on the completion of the Canwest Media CCAA proceedings for the Canwest KERP or the Limited Partnership CCAA proceedings for the Limited Partnership's MIP. The total net reimbursement by the Limited Partnership is \$3.9 million and has been recorded as a prepaid expense. This prepaid expense has been reduced by \$2.3 million to reflect the amount which has been included in restructuring costs for the six months ended February 28, 2010 (three months ended November 30, 2009 - \$1.5 million). In November 2009 the Limited Partnership deposited \$3.9 million with a trustee for the benefits of the employees of the Canwest Media Entities in full satisfaction of its reimbursement obligation. These funds will be disbursed to the participants of the Canwest KERP in accordance with the terms of the Canwest KERP. If the funds exceed the amount required to satisfy its obligations the excess will be returned to the Limited Partnership.

In the second quarter of 2010, Canwest Global determined that the allocation of an accrued pension liability between the Limited Partnership and Canwest Global resulted in an overstatement of this liability in the Limited Partnership's financial statements in prior periods. As such, an immaterial out-of-period adjustment was recorded during the second quarter of 2010 resulting in a \$1.7 million decrease in the accrued pension, post-retirement and other liabilities and a corresponding increase in the contributed surplus of the Limited Partnership as Canwest Global assumed its portion of the obligation.

8. TRANSFER OF NATIONAL POST BUSINESS

Effective October 30, 2009 certain assets and liabilities of The National Post Company, a general partnership, were transferred to a National Post Inc., a subsidiary of CPI, for cash consideration of \$2.4 million paid to The National Post Company (note 1). As described in note 1, this transaction was accounted for as a continuity of interests.

The following is a summary of the net assets transferred as at October 30, 2009:

Assets	
Current Assets	4,790
Property and Equipment	558
Mastheads	<u>6,750</u>
	12,098
Liabilities	
Current Liabilities	3,798
Pension and post-retirement liabilities	<u>3,724</u>
	7,522
Net Assets	<u><u>4,576</u></u>

For these financial statements, all of the assets, liabilities, revenues, expenses and cash flows of The National Post Company have been combined with those of the Limited Partnership for all periods prior to the date of the transfer. On the date of the transfer, the cash consideration and elimination of the assets and liabilities excluded from the October 30, 2009 legal transfer have been de-recognized as an adjustment to contributed surplus. The gain on the de-recognition of amounts due to and from other related entities and accounts payable was \$140.8 million.

9. OTHER ASSETS

	<u>As at</u> <u>February 28, 2010</u>	<u>As at</u> <u>August 31, 2009</u>
Pension assets	33,708	25,301
Other	<u>718</u>	<u>894</u>
	<u><u>34,426</u></u>	<u><u>26,195</u></u>

10. LONG TERM DEBT

	<u>Maturity (fiscal year)</u>	<u>Principal Outstanding February 28, 2010</u>	<u>As at February 28, 2010</u>	<u>As at August 31, 2009</u>
Senior secured credit facilities - revolver	2012	\$117,889	117,889	116,000
Senior secured credit facilities - credit C	2012	\$265,000	265,000	262,692
Senior secured credit facilities - credit D	2014	US\$458,042	482,090	497,311
Senior subordinated unsecured credit facility	2015	\$75,000	75,000	74,235
Senior subordinated unsecured notes	2015	US\$400,000	421,000	429,856
			<u>1,360,979</u>	<u>1,380,094</u>
Less long-term debt subject to compromise			1,360,979	-
Less portion due within one year			-	<u>1,380,094</u>
Long-term portion			<u>-</u>	<u>-</u>

The terms and conditions of the long-term debt are the same as disclosed in the previously issued 2009 annual consolidated financial statements except as explained in notes 1, 3 and 5 and as follows:

In December 2009, a letter of credit in the amount of \$1.9 million was redeemed by its beneficiary. The redemption was funded by a draw on the revolving credit facility. In accordance with the accounting policies in note 2, the Limited Partnership recognized interest expense of \$14.5 million in the quarter relating to the difference between the carrying value of the long-term debt measured at amortized cost prior to the CCAA filing and the subsequent carrying value of the debt as described in note 5, and stopped accruing interest on the Senior Subordinated Unsecured Credit Facility and the Senior Subordinated Unsecured Notes on January 8, 2010.

11. INCOME TAXES

The provision for income taxes reflects an effective income tax rate which differs from its combined Canadian federal and provincial statutory income tax rate as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>February 28, 2010</u>	<u>February 28, 2009</u>	<u>February 28, 2010</u>	<u>February 28, 2009</u>
Income taxes at combined Canadian statutory income tax rate of 30.7% (February 28, 2009 - 30.55%)	(3,205)	(6,107)	15,684	3,249
Valuation Allowance	(4,285)	(27)	(4,102)	(27)
Effect of income tax rates differing from the combined Canadian statutory income tax rate	(1,032)	1,969	13	1,911
Effect of change in expected future income tax rates	497	50	(51)	(556)
Partnership net earnings allocated to Limited Partners, and therefore not subject to tax	4,129	(11,058)	(11,620)	(20,164)
Timing difference on acquisition of The National Post Company	-	-	738	-
National Post earnings allocated to partners	-	1,112	(65)	1,112
Non-taxable portion of capital gains	(617)	(267)	(5,781)	(267)
Non-deductible expenses	1,296	188	2,014	450
Other	86	5	27	32
	<u>(3,131)</u>	<u>(14,135)</u>	<u>(3,143)</u>	<u>(14,260)</u>
Recovery of income taxes				

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

	<u>Unrealized loss on cash flow hedges</u>	
	<u>For the three months ended</u>	
	<u>February 28,</u>	<u>February 28,</u>
	<u>2010</u>	<u>2009</u>
Balance, beginning of period	-	(69,332)
Other comprehensive earnings for the period	-	9,220
Balance, end of period	<u>-</u>	<u>(60,112)</u>

	<u>Unrealized loss on cash flow hedges</u>	
	<u>For the six months ended</u>	
	<u>February 28,</u>	<u>February 28,</u>
	<u>2010</u>	<u>2009</u>
Balance, beginning of period	-	(45,472)
Other comprehensive loss for the period	-	(14,640)
Balance, end of period	<u>-</u>	<u>(60,112)</u>

13. RETIREMENT ASSETS AND OBLIGATIONS

The Limited Partnership has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension and post retirement and post employment benefits to its employees. The defined benefit pension plans are based upon years of service and final average salary.

The Limited Partnership's pension benefit expense is determined as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>February 28,</u>	<u>February 28,</u>	<u>February 28,</u>	<u>February 28,</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		(restated)		(restated)
Current service costs	3,991	4,188	7,982	8,376
Employee contributions	(1,491)	(1,455)	(2,982)	(2,910)
Accrued interest on benefits	5,200	5,029	10,400	10,058
Return on plan assets	(4,618)	(4,770)	(9,236)	(9,540)
Past service costs	20	89	40	178
Net actuarial losses	1,215	812	2,430	1,624
Benefit expense	<u>4,317</u>	<u>3,893</u>	<u>8,634</u>	<u>7,786</u>
Employer contribution to the defined contribution plan	504	505	1,016	1,035
Total pension benefit expense	<u>4,821</u>	<u>4,398</u>	<u>9,650</u>	<u>8,821</u>

On October 30, 2009, the pension plan assumed from The National Post Company had plan assets of \$10.4 million, plan obligations of \$12.1 million, and unamortized net actuarial gains of \$0.3 million, resulting in an accrued plan obligation of \$2.0 million.

13. RETIREMENT ASSETS AND OBLIGATIONS (continued)

The Limited Partnership's post-retirement and post-employment expense is determined as follows:

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009 (restated)	February 28, 2010	February 28, 2009 (restated)
Current service costs	978	61	1,956	122
Accrued interest on benefits	909	637	1,818	1,274
Net actuarial gains	(77)	(141)	(154)	(282)
Total post-retirement and post-employment benefit expense	<u>1,810</u>	<u>557</u>	<u>3,620</u>	<u>1,114</u>

On October 30, 2009, the assumed post-retirement liability from The National Post Company had plan obligations of \$1 million, and unamortized net actuarial gains of \$0.7 million, resulting in an accrued post-retirement obligation of \$1.7 million.

As a result of the CCAA proceedings in note 1, payments of \$0.1 million on account of the Southam Executive Retirement Plan have been stayed. As a result the total liability of \$7.4 million related to this plan has been reclassified to liabilities subject to compromise.

14. PARTNERS' CAPITAL

During the three months ended February 28, 2010, Canwest LP declared distributions of nil to Canwest Global (three months ended February 28, 2009 - \$10.0 million).

During the six months ended February 28, 2010, Canwest LP declared distributions of nil to Canwest Global (six months ended February 28, 2009 - \$45.0 million).

15. RESTRUCTURING

In 2009, the Limited Partnership initiated certain initiatives in its Publishing segment which are expected to result in a workforce reduction of 632 positions. These initiatives are expected to be complete by August 31, 2010 with total costs estimated in the range of \$30 million to \$32 million. In 2009, the Limited Partnership accrued costs of \$28.0 million related to these initiatives.

The Limited Partnership has recorded the restructuring amounts in accounts payable and accrued liabilities and has expensed the workflow reduction costs in restructuring expenses as follows:

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009 (restated)	February 28, 2010	February 28, 2009 (restated)
Restructuring liability, beginning of period	10,272	7,550	9,423	2,376
Accrued during the period	(81)	16,772	2,464	22,886
	<u>10,191</u>	<u>24,322</u>	<u>11,887</u>	<u>25,262</u>
Payments during the period	(843)	(13,574)	(2,539)	(14,514)
Restructuring liability, end of period	<u>9,348</u>	<u>10,748</u>	<u>9,348</u>	<u>10,748</u>

16. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Amounts due to (from) related companies

Amounts due to (from) related companies are related to obligations incurred by Canwest LP on behalf of related companies and disbursements made on behalf of the Canwest Media Entities outside Canwest LP and are accordingly classified as operating cash flows.

Total amounts due to (from) related companies are non-interest bearing and have fixed repayment terms, except for amounts due from The National Post Company to Canwest Media Entities prior to October 30, 2009 which had no fixed repayment terms. On October 30, 2009, with the acquisition of the assets and the business of The National Post Company by Canwest LP all amounts owing from The National Post Company to Canwest Media Entities were transferred to Canwest Media and Canwest Global as they were not part of the liabilities assumed by Canwest LP (note 5).

(b) Related party transactions

The following 2009 related party transactions have been restated to eliminate transactions with The National Post Company (note 8).

Cross-promotional activities (restated)

Canwest LP and certain Canwest Media Entities are involved in cross-promotional activities whereby Canwest LP provides advertising space in its newspaper and online media to certain Canwest Media Entities, and the Limited Partnership is provided with advertising time or space by the Canadian Broadcasting Operations.

Canwest LP has entered into an agreement with the Canadian Broadcasting Operations, whereby these activities will be charged to the various entities.

For the three months ended February 28, 2010, Canwest LP has recorded revenue of \$0.5 million related to these activities (three months ended February 28, 2009 - \$0.2 million).

For the six months ended February 28, 2010, Canwest LP has recorded revenue of \$1.1 million related to these activities (six months ended February 28, 2009 - \$0.8 million).

Editorial content (restated)

Canwest LP and the Canadian Broadcasting Operations provide each other certain affiliation services related to editorial content. The Canadian Broadcasting Operations contributed editorial content to the Limited Partnership's and online interactive services, and Canadian Broadcasting Operations have access to the Limited Partnership's editorial content, information and editorial services. For editorial content activities, Canwest LP and the Canadian Broadcasting Operations provide such services on a cost-recovery basis. Canwest LP has recorded a cost recovery of \$0.06 million for the three months ended February 28, 2010 (three months ended February 28, 2009 - nil).

Canwest LP has recorded a cost recovery of \$0.11 million for the six months ended February 28, 2010 (six months ended February 28, 2009 - nil).

These cost recoveries have been included in operating expenses.

16. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Advisory, business and administrative services (restated)

Canwest LP provides a number of services to Canwest Media and the Canadian Broadcasting Operations entities as follows:

- (a) business and administrative support services to the Canadian Broadcasting Operations and Canwest Media including information technology, human resources services, accounting; *and*
- (b) website support services and provision of online sales representation to the Canadian Broadcasting Operations.

Canwest LP and certain Canwest Media Entities have entered into various agreements that outline the amount of the charges or the basis on which the charges above are determined.

For the three months ended February 28, 2010, Canwest LP recorded a recovery of \$3.4 million related to services provided to the Canadian Broadcasting Operations and other Canwest Media entities (three months ended February 28, 2009 – \$3.7 million).

For the six months ended February 28, 2010, Canwest LP recorded a recovery of \$6.6 million related to services provided to the Canadian Broadcasting Operations and other Canwest Media entities (six months ended February 28, 2009 – \$7.3 million).

In addition, Canwest Media provides a number of services to Canwest LP as follows:

- (a) executive advisory services related to corporate development, strategic planning, capital allocation, financing, equity and debt holder relations, insurance and risk management, tax planning and certain operational matters; *and*
- (b) services related to legal, tax compliance, financial reporting, internal audit, investor and public relations, treasury, human resource management, sales representation and capital asset management.

Canwest LP and Canwest Media have entered into various agreements that outline the amount of the charges or the basis on which the charges above are determined.

For the three months ended February 28, 2010, the Limited Partnership recorded expenses of \$0.8 million related to services received from Canwest Media (three months ended February 28, 2009 - \$1.3 million).

For the six months ended February 28, 2010, the Limited Partnership recorded expenses of \$1.9 million related to services received from Canwest Media (six months ended February 28, 2009 - \$2.6 million).

In accordance with the new shared services agreement Canwest Media ceased to provide these services to Canwest LP as of February 28, 2010.

The above costs and recoveries have been included in operating expenses.

16. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Occupancy costs (restated)

Canwest LP recovers occupancy costs based upon a proportionate allocation of actual costs based upon the square footage occupied by certain Broadcast operations. The total recoveries for the three months ended February 28, 2010 were \$0.03 million (three months ended February 28, 2009 - \$0.1 million).

The total recoveries for the six months ended February 28, 2010 were \$0.08 million (six months ended February 28, 2009 - \$0.2 million).

These cost recoveries have been included in operating expenses.

All the related party transactions have been recorded at the exchange amounts, which are the amounts agreed to by the related parties.

17. FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS RISK MANAGEMENT

The financial instruments and financial instruments risk management are the same as disclosed in the August 31, 2009 audited consolidated financial statements other than as disclosed below.

Financial Instruments Risk Management

Foreign Currency Risk

Due to the termination of certain hedging derivative instruments in 2009, the Limited Partnership is exposed to foreign currency risk arising from US dollar denominated debt. The Initial Order stayed the US\$400 Senior Subordinated Notes. The corresponding foreign exchange gains and losses arising after January 8, 2010 related to the Senior Subordinated Notes have been presented as reorganization costs. Effective January 8, 2010, the Initial Order stipulated that for voting purposes and distribution under the Senior Lenders CCAA Plan, the US\$458 million Senior Secured Credit D Facility was converted at the Canadian dollar noon exchange rate on January 8, 2010 which resulted in a Canadian dollar amount of \$474 million. For accounting purposes, this facility continues to be translated into Canadian dollars at the period end rate as the settlement amount is only effective on the distribution which has not yet been approved. The foreign exchange gains and losses arising after January 8, 2010 related to the Senior Secured Credit D Facility are presented as reorganization costs. The Limited Partnership has recorded foreign exchange gains and losses in relation to the US denominated debt as follows:

	For the three months ended February 28, 2010	For the six months ended February 28, 2010
Foreign currency exchange gains	19,065	53,871
Reorganization costs	(16,201)	(16,201)
	<u>2,864</u>	<u>37,670</u>

There was no foreign currency exchange gain or loss for the three or six months ended February 28, 2009 because the Limited Partnership had a foreign currency and interest rate swap in place (note 1).

17. FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Interest rate risk

The Limited Partnership's interest rate risk arises from borrowings issued at variable rates which expose the Limited Partnership to cash flow interest rate risk. Borrowings issued at fixed rates expose the Limited Partnership to fair value interest rate risk. Refer to Notes 1 and 3 above for the impacts on the Limited Partnership's interest rate risk since August 31, 2009 as a result of the CCAA proceedings.

Liquidity risk

Liquidity risk is the risk that the Limited Partnership will encounter difficulty in meeting obligations associated with its financial liabilities and other contractual obligations. Refer to Notes 1 and 3 above for the impacts on the Limited Partnership's liquidity risk since August 31, 2009 as a result of the CCAA proceedings.

18. CONTINGENCIES

(a) CPI is one of several defendants to a claim by a proposed class of freelance writers instituted in July 2003 in respect of works that they provided to newspapers and other print publications in Canada. The total amount claimed (by all plaintiffs against all defendants) is \$500 million in compensatory damages and \$250 million in exemplary and punitive damages. While the final outcome of these proceedings is not determinable, no amount has been recognized in these financial statements. Canwest Media and Canwest Global have agreed to indemnify Canwest LP with respect to all of its potential liability in connection with this claim; however, Canwest Media and Canwest Global are subject to CCAA proceedings and settlement of any amount claimed is also uncertain.

(b) In addition, Canwest LP is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Limited Partnership's financial position, results of operations or cash flows.

19. SEGMENTED INFORMATION

Canwest LP has two operating segments, both in Canada, being the Newspapers segment and the Digital Media segment. The Newspapers segment publishes daily and non-daily newspapers. Its revenues are primarily from advertising and circulation. The Digital Media segment operates the *canada.com* web portal and provides subscription services relating to investing and financial news and other information. Its revenues are primarily from subscriptions and advertising. Operating expenses for the three and six months ended February 28, 2009 include a reduction of \$6.2 million for active employee health and insurance benefits related to prior years for the Publishing segment. The Limited Partnership has determined these adjustments are not material to the recorded results and accordingly the adjustments have been included in net earnings (loss).

19. SEGMENTED INFORMATION (continued)

Each segment operates as a strategic business unit with separate management. Segment performance is measured primarily upon the basis of segment operating profit. Segmented information and a reconciliation from segment operating profit to earnings (losses) before income taxes are presented below. Canwest LP accounts for intersegment sales as if the sales were to third parties.

Revenue

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009 (restated)	February 28, 2010	February 28, 2009 (restated)
Operating Segments				
Newspapers	247,155	249,595	525,468	574,994
Digital Media	8,369	9,362	17,976	20,123
Inter-segment revenues	(1,106)	(1,229)	(2,609)	(2,413)
Total operating segments	<u>254,418</u>	<u>257,728</u>	<u>540,835</u>	<u>592,704</u>

Segment Operating Profit

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009 (restated)	February 28, 2010	February 28, 2009 (restated)
Operating Segments				
Newspapers	38,342	26,380	103,655	96,655
Digital Media	2,441	2,550	6,347	5,550
Total operating segments	<u>40,783</u>	<u>28,930</u>	<u>110,002</u>	<u>102,205</u>

Reconciliation of segment operating profit to earnings (losses) before income taxes for the period

Total operating segments	40,783	28,930	110,002	102,205
Restructuring ⁽¹⁾	<u>81</u>	<u>(16,772)</u>	<u>(2,464)</u>	<u>(22,886)</u>
	40,864	12,158	107,538	79,319
Amortization of property and equipment	(10,496)	(10,732)	(20,566)	(21,124)
Other amortization	(48)	(48)	(96)	(96)
Interest expense, net	(29,654)	(24,895)	(50,495)	(51,064)
Other income	500	625	1,001	1,250
Gain on disposal of property and equipment	-	2,195	2	2,198
Foreign currency exchange gains	<u>19,030</u>	<u>292</u>	<u>53,779</u>	<u>154</u>
Earnings (losses) before reorganization costs and income taxes	20,196	(20,405)	91,163	10,637
Reorganization costs ⁽²⁾	<u>(30,940)</u>	<u>-</u>	<u>(40,076)</u>	<u>-</u>
Earnings (losses) before income taxes	<u>(10,744)</u>	<u>(20,405)</u>	<u>51,087</u>	<u>10,637</u>

⁽¹⁾ Costs related to restructuring as described in note 15.

⁽²⁾ Costs related to the reorganization as described in note 4.

26. SUBSEQUENT EVENTS

On April 12, 2010, the Court granted an Order (the "Claims Procedure Order") authorizing the LP Entities to commence a claims process pursuant to the terms of the Claims Procedure Order. On the same date, the Court also granted an Order approving, among other things (a) an extension to the general stay of proceedings to June 30, 2010, and (b) authorized a payment under the lease for the Edmonton Journal Building of that portion of the rent attributable to the period before January 8, 2010.

Claims Procedure Order

The Claims Procedure Order establishes a claims procedure (the "LP Claims Procedure") for the identification and quantification of certain claims (each a "Claim"), against the LP Entities. The LP Claims Procedure includes a call for: (i) claims against the LP Entities that arose on or before the LP Applicants filed for creditor protection under the CCAA on January 8, 2010 (the "Prefiling Claims"), and (ii) claims that arose after January 8, 2010 as the result of the restructuring, disclaimer, resiliation or termination of any agreement by the LP Entities (the "Restructuring Period Claims"). Certain categories of claims are excluded and unaffected for the purposes of the LP Claims Procedure, including, among others, claims against the directors and officers of the LP Entities, intercompany claims, claims of the Senior Lenders against the LP Entities and the majority of employee claims. Pursuant to the LP Claims Procedure, the Monitor must send a claims package (the "LP Claims Package") to each creditor with a Prefiling Claim as evidenced by the books and records of the LP Entities by no later than April 16, 2010. The Monitor must deliver the LP Claims Packages to creditors with Restructuring Period Claims as soon as possible after the LP Entities have knowledge of a Restructuring Period Claim but, in any event, no later than 31 Calendar Days before the date of any meeting of creditors. Creditors that wish to participate in the claims process must file proofs of claim with the Monitor no later than: (i) in the case of a Prefiling Claim, May 7, 2010; or (ii) in the case of a Restructuring Period Claim, no later than 21 days after the LP Claims Package is deemed to have been received by the creditor under the terms of the Claims Procedure Order. The Claims Procedure Order provides a process for the adjudication and resolution of Claims but, after the initial call for Claims, the Court has ordered that no steps shall be taken for the purposes of adjudicating or resolving the Claims unless: (a) Phase 2 of the SISP is completed and the Monitor, the CRA, the LP Entities and the Administrative Agent make a determination that such steps are reasonably required to close a sale or recapitalization transaction (a "Successful Bid"), if one is identified in the SISP; (b) after the closing of the Successful Bid (or such earlier date as may be agreed to by the Monitor, the CRA, the LP Entities and the Administrative Agent), the Monitor, the CRA and the LP Entities make a determination that the resolution of Claims is reasonably required to facilitate a distribution of proceeds from such Successful Bid; or (c) directed by further Order of the Court. The terms of a plan of compromise or arrangement, if any, and the procedures for a meeting of creditors, if any, are not addressed in the Claims Procedure Order.

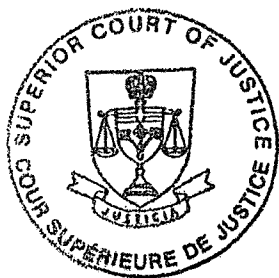
APPENDIX "D"

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MADAM) MONDAY, THE 17th DAY
)
JUSTICE PEPALL) OF MAY, 2010



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 APPROVING THE AHC TRANSACTION AND AMENDING THE CLAIMS
PROCEDURE ORDER AND THE SISP PROCEDURES**

THIS MOTION made by Canwest Publishing Inc./Publications Canwest Inc. ("CPI"), Canwest Books Inc. and Canwest (Canada) Inc. (the "**Applicants**") and Canwest Limited Partnership (the "**Limited Partnership**", collectively and together with the Applicants, the "**LP Entities**", and each an "**LP Entity**"), for the relief set out in the Applicants' Notice of Motion including the approval of a transaction (the "**AHC Transaction**") to sell the Acquired Assets (as defined in the AHC APA) pursuant to an asset purchase agreement dated as of May 10, 2010 (the "**AHC APA**") among 7535538 Canada Inc., CW Acquisition Limited Partnership (the "**Purchaser**") and the LP Entities, the amendment of the Order of this Honourable Court dated April 12, 2010 (the "**Claims Procedure Order**") and the amendment of the procedures for the sale and investor solicitation process (the "**SISP Procedures**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Douglas E. J. Lamb sworn May 10, 2010 (the "**Lamb Affidavit**"), the Seventh Report of FTI Consulting Canada Inc. in its capacity as Court-appointed monitor of the LP Entities (the "**Monitor**") and on hearing from

counsel for the LP Entities, the Monitor, the ad hoc committee of holders of 9.25% senior subordinated notes issued by the Limited Partnership (the “**Ad Hoc Committee**”), 7535538 Canada Inc., The Bank of Nova Scotia in its capacity as Administrative Agent (the “**Agent**”) for the senior lenders to the Limited Partnership (collectively, the “**LP Senior Lenders**”), counsel for the Special Committee of the Board of Directors of Canwest Global Communications Corp., counsel for the court-appointed representatives of certain employees and former employees of the LP Entities and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service, filed,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Seventh Report of the Monitor and the Motion Record is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF AHC OFFER AND AHC TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the AHC Transaction is hereby approved. The execution, delivery and performance of the AHC APA, substantially in the form attached as Exhibit “D” to the Lamb Affidavit, by the LP Entities is hereby authorized and approved, and the LP Entities are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the AHC Transaction and for the conveyance of the Acquired Assets to the Purchaser, including the filing of a related plan of compromise or arrangement and the calling and conduct of a meeting of creditors.

3. **THIS COURT ORDERS** that either Douglas E.J. Lamb or Kevin Bent is hereby authorized and directed to execute the AHC APA and such additional documents as may be necessary or desirable for the completion of the AHC Transaction and for the conveyance of the Acquired Assets to the Purchaser on behalf of the LP Entities. Notwithstanding anything herein or any provision of the AHC APA, the approval and completion of the AHC Transaction pursuant to this Order is conditional upon the Administrative Agent receiving, or escrow arrangements satisfactory to the Administrative Agent being made to ensure that the Administrative Agent receives, from or on behalf of the LP Entities in immediately available funds an amount sufficient to be distributed to the Senior Lenders in indefeasible repayment in

full of all amounts owing under the Credit Agreement, the Hedging Agreements and the Collateral Agency Agreement (as such capitalized terms are defined in the Initial Order dated January 8, 2010, which is referred to herein as the “**Initial Order**”).

AMENDMENTS TO CLAIMS PROCEDURE ORDER

4. **THIS COURT ORDERS** that the Claims Procedure Order made in this proceeding dated April 12, 2010 be and is hereinafter replaced by an amended Claims Procedure Order (the “**Amended Claims Procedure Order**”) that is to be issued substantially in the form attached as Schedule “A” to this Order.

5. **THIS COURT ORDERS** that the LP Entities and the Monitor are hereby authorized and directed to resume the LP Claims Process as contemplated in paragraph 34 of the Amended Claims Procedure Order and to take steps to adjudicate and resolve claims pursuant to the terms of the Amended Claims Procedure Order.

AMENDMENT TO SISP PROCEDURES

6. **THIS COURT ORDERS** that the SISP Procedures, as amended by the Order of this Court dated February 2, 2010, be and are hereby amended so that the first two paragraphs in the section entitled “Superior Cash Offer is Received” on page 11 shall read as follows (with added provisions underlined and in italics):

If the Monitor determines in its reasonable business judgment following consultation with the Financial Advisor and the LP CRA, that one or more of the Qualified Bids is a Superior Cash Offer, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall recommend (the “**Superior Cash Offer Recommendation**”) to the Special Committee that the most favourable Superior Cash Offer be selected and that a definitive agreement be negotiated and settled in respect of that Superior Cash Offer, conditional upon Court approval and conditional on the Superior Cash Offer closing on or before July 29, 2010, or such longer period as shall be agreed to by the Monitor, in consultation with the Financial Advisor and the LP CRA, and consented to by the Agent, acting in consultation with the Steering Committee, or by further Order of the Court.

If the Special Committee accepts the Superior Cash Offer Recommendation, the Monitor, in consultation with the Financial Advisor and the LP CRA, shall negotiate and settle a definitive agreement in accordance with the recommendation but subject to the terms and conditions of the Senior Lenders' CCAA Plan, provided that nothing herein shall prevent the LP Entities or the Monitor from seeking sanction of the Senior Lenders' CCAA Plan, the implementation of which plan will remain conditional upon delivery of a Monitor's Certificate on such terms as may be agreed to by the LP Entities, the Monitor, the Ad Hoc Committee and the Agent or ordered by the Court and, if such sanction is granted, taking such commercially reasonable steps as are required for the LP Entities to remain in compliance with the terms of the Support Agreement and the Senior Lenders' CCAA Plan pending the closing of the Successful Bid (as defined herein).

PRIORITY TO MANAGEMENT TIME


7. **THIS COURT ORDERS** that the AHC Transaction will have priority to management time to close that transaction. However, the LP Entities will also use reasonable efforts to comply with information requests from the Agent in accordance with the email of Alvarez & Marsal Canada ULC to the Monitor dated May 16, 2010 and such other requests in accordance with the LP Support Agreement so long as in each case they do not materially hinder or prejudice the closing of the AHC Transaction within the intended timeline. If any issues arise in relation to access to management time or other closing requirements as between the AHC Transaction and the Credit Acquisition (as defined in the Initial Order), the parties will consult with the Monitor who will seek to resolve them. If the Monitor is unable to resolve any such issues advice and direction will be sought from the Court.

OTHER PROVISIONS

8. **THIS COURT ORDERS** that in the event that the Monitor's Credit Bid Sanction Certificate provided for in the Conditional Credit Acquisition Sanction, Approval and Vesting Order made on the date of this Order is delivered by the Monitor, then this Order shall be of no force or effect.

9. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or

administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



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

MAY 17 2010

PER / PAR: 

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.

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER APPROVING THE AHC TRANSACTION AND
AMENDING THE CLAIMS PROCEDURE ORDER AND
THE SISP PROCEDURES**

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