

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

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

**June 15, 2010**

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

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

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

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

**June 15, 2010**

**INTRODUCTION**

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

## **PURPOSE OF THIS REPORT**

2. The purpose of this eleventh report of the Monitor (the “**Eleventh Report**”) is to provide this Honourable Court with the Monitor’s comments in relation to a motion brought by the LP Entities and Heather Robertson, in her personal capacity and as representative plaintiff (“**Representative Plaintiff**”), seeking this Court’s approval of the settlement of court file no. 03-CV-252945CP (the “**Action**”) as against CPI.

## **TERMS OF REFERENCE**

3. 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.
4. 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.

## **RESTRUCTURING BACKGROUND & STATUS**

5. 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.

6. 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.
7. As described in greater detail in the previous reports of the Monitor, following its review of the bids received at the end of Phase 2 of 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**”). By Order dated May 17, 2010 (the “**AHC Bid Approval Order**”), this Court approved the AHC Bid.
8. The LP Entities called for and held a meeting of their affected creditors (the “**Creditors’ Meeting**”) to vote on, and if appropriate, approve a plan of compromise or arrangement, as amended (the “**Amended AHC Plan**”), on June 14, 2010. As reported in the Tenth Report of the Monitor, affected creditors voted overwhelmingly in support of the

Amended AHC Plan and a majority in number and greater than two-thirds in value of the affected creditors present and voting at the Creditors' Meeting voted in favour of the AHC Plan.

9. The LP Entities have brought a motion for an Order, *inter alia*, sanctioning the Amended AHC Plan returnable June 18, 2010. The Monitor has previously prepared and filed its Tenth Report in support of that motion.
10. 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>.

#### **THE ROBERTSON SETTLEMENT**

11. As described in the affidavit of Heather Robertson sworn June 11, 2010 (the "**Robertson Affidavit**") and the affidavit of Anthony Guindon sworn June 14, 2010 (the "**Guindon Affidavit**"), the Representative Plaintiff filed an LP Proof of Claim (as defined in the Amended Claims Procedure Order dated May 17, 2010) in the LP Entities' claims process asserting a \$500 million claim against each of the LP Entities.
12. The Monitor was (and remains ) of the view that a commercially reasonable and mutually satisfactory resolution of the Representative Plaintiff's claim is in the best interests of the LP Entities and engaged with counsel for the LP Entities and the Representative Plaintiff with a view to reaching same.

13. Following intensive negotiations between and the persistent efforts of counsel for the LP Entities and the Representative Plaintiff, a tentative settlement of the Action was reached (the “**Settlement Agreement**”). The Settlement Agreement provides, among other things, that the Representative Plaintiff’s claim is allowed for voting and distribution purposes in the amount of \$7.5 million and that the Representative Plaintiff will provide a license and release in respect of the Freelancer Subject Works (as defined in the Settlement Agreement).
14. The Monitor is of the view that the Settlement Agreement is a fair, reasonable and desirable resolution for the LP Entities and their stakeholders in light of, *inter alia*, an earlier settlement of a similar proceeding commenced by the Representative Plaintiff containing similar allegations to the ones contained in the Action for \$11 million.
15. In its Eight Report, the Monitor appended 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. This summary attributed a quantum of \$7.5 million to the claim of the Representative Plaintiff (described as a “*tentative settlement pending finalizing settlement documentation*”), rather than the \$500 million face value of the claim as filed to reflect the tentative settlement. The Eighth Report was circulated to the affected creditors of the LP Entities in advance of the Creditors’ Meeting to assist them with their consideration of the Amended AHC Plan and their vote in relation thereto.
16. The Settlement Agreement greatly reduced a large claim against the LP Entities and the resulting uncertainty to the CCAA Proceeding and facilitated the approval of the

Amended AHC Plan by the requisite majority of stakeholders at the Creditors' Meeting, which approval is vital to the successful restructuring of the LP Entities.

## **NOTICE PROCEDURE ORDER**

17. By Order dated June 8, 2010 (the “**Notice Procedure Order**”) (a copy of which is attached as Exhibit “B” to the Guindon Affidavit), this Court approved the procedures by which Class Members (as defined in the Robertson Affidavit) were provided notice of the Settlement Agreement and the opportunity to opt out of the settlement contemplated thereby.
18. In compliance with the Notice Procedure Order, a notice in a form approved by the Court was published in each of the *National Post*, the *Globe and Mail* (National Edition) and a French translation of the notice was published in *La Presse* on June 9, 10 and 11, 2010. A copy of the Notice as published in the *Globe and Mail* on June 9, 2010 is attached as Exhibit “C” to the Guindon Affidavit. In addition, the Monitor posted copies of the Settlement Agreement, the Notice Procedure Order, Notice of Hearing and Notice of Appearance on the Monitor's website, [www.cfccanada.fticonsuling.com/clp](http://www.cfccanada.fticonsuling.com/clp) on June 8, 2010. A copy of the Court approved press release was published by the Canadian Newswire Group on June 14, 2010.
19. The Notice Procedure Order established June 15, 2010 as the Notice of Appearance Bar Date. As at the date of this report, no notice of appearances have been received by the Monitor.

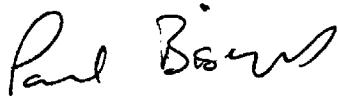
## RECOMMENDATION AND CONCLUSIONS

20. For the reasons set out above, the Monitor supports the LP Entities' and Representative Plaintiff's motion to approve the Settlement Agreement.

All of which is respectfully submitted this 15<sup>th</sup> 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



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**Proceeding commenced at Toronto**

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CANADA INC., IN ITS CAPACITY AS MONITOR  
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