

CANADA
DISTRICT OF ONTARIO
DIVISION NO: 09-Toronto
COURT NO: 31-456313
ESTATE NO: 31-456313

IN THE MATTER OF THE BANKRUPTCY OF
CANWEST ENTERTAINMENT INC.
REPORT OF THE TRUSTEE ON PRELIMINARY ADMINISTRATION
FOR THE FIRST MEETING OF CREDITORS
DECEMBER 9, 2009

Background

The Fireworks Group of Companies ("Fireworks") performed various film and television production and distribution activities.

The organizational structure of Fireworks is set out on page 7 of the Canwest Global Communications Corp. ("CGCC") Organization Chart, a copy of which is attached hereto for ease of reference.

CGCC owns 100% of Fireworks through Canwest Entertainment Inc. ("CEI")

On July 25, 2005 ContentFilm plc. ("Content") completed the purchase of all of Firework's distribution rights (and back-office support) for television programming throughout the world excluding Canada, and for theatrical programming throughout the world including Canada.

On September 30, 2005 Motion Picture Distribution LP ("MPD") completed the purchase of all of Fireworks' distribution rights for television programming in Canada.

Notwithstanding the aforementioned purchase/sale transactions, there are up to a handful of programmes for which distribution rights may still reside within Fireworks.

CEI was incorporated as a holding company for CGCC to hold the Fireworks entities. CEI has no employees and has been inactive ever since the sale transactions in late 2005.

Since there are no employees or assets of CEI, it has been deemed to no longer have the capacity to meet its obligations generally as they become due, and a resolution was passed by the Board of Directors to assign CEI into Bankruptcy pursuant to s.49 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 to clean up the organizational structure of CGCC.

In respect of any conflicts of interest, please note the following disclosure:

On October 6, 2009 FTI Consulting Canada Inc. was appointed as monitor of, inter alia, Canwest Global Communications Corp. and Canwest Media Inc. FTI Consulting Canada Inc. continues to provide financial, restructuring and strategic advice to Canwest Limited Partnership.

On November 26, 2009 CEI filed an assignment in bankruptcy with the Official Receiver at the office of the Superintendent of Bankruptcy, pursuant to s.49 of the *Bankruptcy and Insolvency Act*. FTI Consulting Canada Inc. was appointed as Trustee in Bankruptcy (the "Trustee"), subject to the approval of the creditors of the estate at this meeting.

The purpose of this first meeting of creditors is to elect a board of Inspectors to the estate, affirm the appointment of the Trustee, and receive instructions from the creditors.

For the purpose of preparing this report to the first meeting of creditors, we have reviewed certain information provided by the Directors and Officers of CEI and certain information in the books and records of CEI. It should be noted that this information has been prepared without audit or verification and is presented herein solely for the purpose of assisting the creditors in assessing the financial condition of CEI.

Comments Regarding Assets and Liabilities

The following is a summary of the assets and liabilities of CEI, as reflected in the Statement of Affairs prepared on November 25, 2009, being the date the assignment in bankruptcy was filed with the Official Receiver.

Assets:

Total Assets	\$ <u>0</u>
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Liabilities:

Unsecured creditors	\$63,519,248
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Total Liabilities	<u>\$63,519,248</u>
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Deficiency	<u>\$63,519,248</u>
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100% of CEI's liabilities are due to affiliated entities.

Conservatory and Protective Measures

CEI has virtually no assets to speak of.

Legal Matters, Reviewable Transactions and Preferences

To date, the Trustee has not initiated any legal actions.

The trustee has requested that the books and records of CEI be transferred to its counsel's office for review for the purpose of identifying reviewable transactions, fraudulent

preferences/sales/conveyances and settlements. The Trustee will report to and seek instructions from the Estate Inspector(s) regarding its findings once this review is completed.

Anticipated Distribution to Creditors

Based on the estimated realizable value of the assets of CEI, the Trustee is of the view that the assets of CEI will not generate any nominal realizations.

We will be available at the meeting of creditors should creditors have any questions regarding this report or other related matters.

DATED at the City of Toronto, in the Province of Ontario this 9th day of December, 2009.

FTI Consulting Canada Inc.

Trustee of the Estate of Canwest Entertainment Inc., a Bankrupt

Per:



Jamie Engen
Managing Director

Fireworks Corporate Organization Chart
 All holdings are 100%, unless otherwise noted

