

**CANWEST GLOBAL
COMMUNICATIONS CORP.
AND THE OTHER APPLICANTS
LISTED ON SCHEDULE "A"**

**EIGHTH REPORT OF FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS MONITOR
December 3, 2009**

**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 GLOBAL
COMMUNICATIONS CORP. AND THE OTHER
APPLICANTS LISTED ON SCHEDULE "A"**

**EIGHTH REPORT OF FTI CONSULTING CANADA INC.
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INTRODUCTION

1. By Order of this Court dated October 6, 2009 (the "**Initial Order**"), Canwest Global Communications Corp. ("**Canwest Global**") and certain of its subsidiaries listed in **Schedule "A"** hereto (collectively 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 certain affiliated partnerships of the Applicants listed in **Schedule "B"** hereto (collectively, the "**Partnerships**", and together with the Applicants, the "**CMI Entities**") and appointed FTI Consulting Canada Inc. ("**FTI**") as monitor (the "**Monitor**") of the CMI Entities. The proceedings commenced by the CMI Entities under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. The Initial Order grants, *inter alia*, a stay of proceedings until November 5, 2009, or such later date as this Honourable Court may order. On October 30, 2009, the CMI Entities obtained an Order, *inter alia*, extending the stay of proceedings until January 22, 2010.
3. On November 3, 2009, the Monitor obtained an order from the United States Bankruptcy Court (Southern District of New York) under Chapter 15 of the U.S. Bankruptcy Code granting formal recognition of the CCAA Proceedings as “foreign main proceedings” and a permanent injunction for the duration thereof.
4. Canwest carries on business through a number of subsidiaries and is Canada’s largest publisher of English language daily and non-daily newspapers, and 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.
5. Relief in the CCAA Proceedings was obtained by: Canwest Global, its principal operating subsidiary Canwest Media Inc. (“CMI”), certain subsidiary corporations and partnerships of CMI that own and operate Canwest’s free-to-air television broadcast business and certain Canadian subscription-based specialty television channels, and The National Post Company/La Publication National Post. Canwest Global’s other divisions and/or subsidiaries are not Applicants in the CCAA Proceedings.
6. The basis of a plan of arrangement for the CMI Entities under the CCAA (the “**Recapitalization Transaction**”) is a going concern recapitalization transaction, the terms and conditions of which were agreed upon following intensive and extended

negotiations between the CMI Entities and the ad hoc committee (the “**Ad Hoc Committee**”) of the CMI Senior Subordinated Noteholders. The terms of the proposed Recapitalization Transaction are set out in the Recapitalization Transaction Term Sheet.

7. Further background information regarding the CMI Entities and the CCAA Proceedings is provided in, *inter alia*, the affidavit of John E. Maguire sworn October 5, 2009, FTI’s pre-filing report dated October 5, 2009 and subsequent reports of the Monitor, copies of which have been posted on the Monitor’s website for the CCAA Proceedings at <http://cfcanada.fticonsulting.com/cmi>.

PURPOSE OF THIS REPORT

8. The purpose of this Eighth Report is to inform the Court on the CMI Entities’ request for an Order, *inter alia*:
 - (a) approving the sale of the Red Deer Property (as hereinafter defined) and certain related assets (the “**Purchased Assets**”) as provided for in the Offer to Purchase and Interim Agreement (the “**Offer to Purchase**”) between Canwest Television GP Inc. (“**CTGP**”) and Canwest Television Limited Partnership (“**CTLP**” and together with CTGP, the “**Vendors**”) and Jim Pattison Developments Ltd. (the “**Purchaser**”);
 - (b) vesting the Purchased Assets in the Purchaser free and clear of any Encumbrances, save and except for the Title Reservations (as such terms are defined in the Offer to Purchase); and

(c) sealing the Confidential Supplement to the Eighth Report of the Monitor until further Order of this Court.

9. This report should be read in conjunction with the affidavit of John E. Maguire sworn November 27, 2009 (the “**November 27 Affidavit**”) as certain information contained in the November 27 Affidavit has not been included herein in order to avoid unnecessary duplication. A copy of the November 27 Affidavit is available on the Monitor’s website for the CCAA Proceedings.

TERMS OF REFERENCE

10. In preparing this report, FTI has relied upon unaudited financial information of the CMI Entities, the CMI Entities’ books and records, certain financial information prepared by, and discussions with, the CMI Entities’ management, and appraisals prepared by Colliers International Realty Advisors Inc. (“**Colliers**”) and Soderquist Appraisals Ltd. (“**Soderquist**”). FTI has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and accordingly expresses no opinion or other form of assurance on the information contained in this report.
11. Any terms used but not defined herein shall have the meaning ascribed to them in the November 27 Affidavit.
12. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

THE RED DEER PROPERTY

13. CTGP is the current legal owner of the property municipally described as 2840 Bremner Avenue, City of Red Deer, Alberta and legally described as Lot 10A Block 14 Plan 7922866 (excepting all mines and minerals) (the “**Red Deer Property**”) and holds title thereto on behalf of CTLP, which is the sole beneficial owner of the Red Deer Property.
14. CIBC Mellon Trust Company (“**CIBC Mellon**”), as collateral agent for the CIT Facility Lenders and Irish Holdco (as defined and described in greater detail in the Pre-Filing Report of the Proposed Monitor dated October 5, 2009), holds a first and only charge registered against title to the Red Deer Property.
15. A single, two-storied commercial building (the “**Building**”) exists on the Red Deer Property. Until recently, the Vendors occupied the entire main floor of the Building and operated CHCA-TV (one of CTLP’s five free-to-air television stations that delivered entertainment programming under the E! brand (the “**E! Stations**”)) out of the Building.
16. Following a sales and marketing process carried out by Canwest Global and its financial advisors between February and August 2009 in respect of the E! Stations, CTLP sold three of the five E! Stations to third parties and rebranded a fourth into a Global Television Network affiliate. Canwest Global was unable, however, to locate a viable option for the CHCA-TV station in Red Deer which was permanently closed on August 31, 2009.

17. Since the closure of CHCA-TV, the Vendors have ceased regular operations at the Red Deer Property and the entire main floor of the Building has been (and remains) unoccupied.
18. The upper level of the Building is currently occupied by Big 105FM Radio (CHUB), a division of Jim Pattison Industrial Ltd. (the “**Tenant**”), pursuant to a lease agreement with the Vendors (the “**Lease**”) which was set to expire on November 30, 2009 (and, as described in greater detail below, was extended pending closing or termination of the Offer to Purchase).

PROCESS LEADING TO SALE OR DISPOSITION

19. Following Canwest Global’s decision to dispose of the E! Stations in February 2009 and in anticipation of having to dispose of the Red Deer Property, the Vendors commissioned independent property appraisals of the Red Deer Property from Colliers and Soderquist.
20. Copies of the appraisal delivered by Colliers (the “**Colliers Appraisal**”) and the appraisal delivered by Soderquist (the “**Soderquist Appraisal**”) are attached to a Confidential Supplement to this Eighth Report as **Appendices “A”** and **“B”**, respectively. The CMI Entities are requesting that the appraisals be sealed and kept confidential pending a further Order of this Court so that any future sales process for the Red Deer Property is not impaired should the Transaction (as defined below) not close.
21. Both the Colliers Appraisal and the Soderquist Appraisal concluded, *inter alia*, that

the typical purchaser for the Red Deer Property would likely be a single use owner/operator and that the Red Deer Property could be expected to be exposed to the market for a significant length of time (estimated to be 3-6 months by Colliers and 6-12 months by Soderquist) prior to a successful sale.

22. The appraisals differed in their valuations of the Red Deer Property. Specifically, Colliers' valuation of the Red Deer Property's "fair market value" was approximately 25% greater than Soderquist's estimate of same. The difference in valuations is attributable, in part, to the differences in assumptions and comparables utilized by Colliers and Soderquist (as described in greater detail in the November 27 Affidavit).
23. FTI is also advised that since Canwest Global's announcement that it would be disposing of the E! Stations and related assets in February 2009, neither the Vendors nor any of the other CMI Entities received any formal expressions of interest in respect of the Red Deer Property or any of the related assets, save and except for the Purchaser (as described below).

PROPOSED SALE OF THE RED DEER PROPERTY TO THE PURCHASER

24. FTI is advised that in or about July 2009, the Purchaser (an affiliate of the Tenant) contacted the Vendors to inquire about the sales process surrounding CHCA-TV and to express an interest in the Red Deer Property in the event that it would be put up for sale.
25. Following discussions and negotiations, the Purchaser delivered an executed Offer to Purchase to the Vendors on November 26, 2009, which the Vendors accepted on

November 27, 2009. A copy of the Offer to Purchase, redacted to remove the consideration payable by the Purchaser (the “**Purchase Price**”), is attached as Exhibit “F” to the November 27 Affidavit. An unredacted copy of the Offer to Purchase is attached as **Appendix “C”** to the Confidential Supplement to this Eighth Report. The CMI Entities have requested that the unredacted Offer to Purchase be sealed and kept confidential pending a further Order of this Court so that any future sales process for the Red Deer Property is not impaired should the Transaction not close.

26. As described in greater detail in the November 27 Affidavit, the Offer to Purchase provides that the Purchaser offers and agrees to purchase the Red Deer Property, together with all buildings, structures, erections, improvements, appurtenances, and fixtures situated in or upon the Red Deer Property, including, without limitation, the transmitter tower and the Chattels, but excluding the Excluded Improvements on an “as is, where is and with all faults” basis (the “**Transaction**”). Among others, the Offer to Purchase also contains the following terms:

- (a) The Purchaser’s obligation to close is subject to several conditions precedent, including delivery by the Vendors of the transmittal letter of reliance for the Phase 1 Environmental Site Assessment (the “**Reliance Letter**”) and evidence of the disclaimer, termination, or rescission pursuant to the CCAA Proceedings of the service contract between the Vendors and Johnson Controls L.P. (relating to routine HVAC service such as building automation, filter changes and inspections, and life safety system management) (the “**Johnson Service Contract**”).

- (b) The anticipated Closing Date is December 15, 2009 which can be extended by the Vendors, but not beyond January 19, 2010.
 - (c) The Vendors are responsible for the Adjustments prior to and on the Closing Date and the Purchaser shall be responsible for the Adjustments thereafter. These Adjustments are considered typical for a transaction of this nature in Edmonton, Alberta.
 - (d) The Offer to Purchase contains representations and warranties made by the Vendors in favour of the Purchaser, including representations and warranties pertaining to title and the physical condition of the Red Deer Property at closing, which representations and warranties shall merge upon closing of the Transaction.
 - (e) The obligation of the Purchaser to close the Transaction is also subject to this Honourable Court granting an Approval and Vesting Order approving the Transaction and vesting title to the Purchased Assets in the Purchaser.
 - (f) The Lease will be extended to the earlier of the Closing Date and the date of termination of the Offer to Purchase on the same terms and conditions and the Purchaser shall cause the Tenant to execute an amending agreement to the Lease to effect such an extension.
27. The Monitor is advised that the parties have worked diligently to satisfy as many of the conditions precedent to closing the Transaction as possible, including:

- (a) the November 30 Conditions (which were confirmed as satisfied by the Purchaser by letter dated November 30, 2009);
 - (b) delivering evidence of the disclaimer, termination, or resiliation pursuant to the CCAA Proceedings of the Johnson Service Contract (which was served on Johnson Controls L.P. on December 1, 2009); and
 - (c) delivery of the Reliance Letter (which was delivered to the Purchaser on November 19, 2009).
28. Accordingly, FTI is advised that as at the date of this report, all of the conditions to the completion of the Transaction, other than the requirement for court approval, have been satisfied and the sale is scheduled to close immediately following court approval (if obtained).

RECOMMENDATION AND CONCLUSION

29. The Monitor considered the process leading to the proposed sale of and the consideration to be received for the Red Deer Property in light of the requirements of, *inter alia*, s. 36 of the CCAA. For the reasons outlined below, the Monitor is satisfied that the process was fair and reasonable in the circumstances and the consideration to be received for the Red Deer Property is fair and reasonable taking into account its market value.
30. The Vendors obtained independent appraisals of the Red Deer Property. The Purchase Price is within or slightly below the value range of the Red Deer Property estimated by Colliers and is notably higher than the value estimated by Soderquist.

The Offer to Purchase also provides the following additional advantages to further exposing the Red Deer Property to the market (which the Colliers and the Soderquist appraisals estimate to range from 3 to 12 months):

- (a) it avoids incurring additional expenses of listing the Red Deer Property for sale and/or engaging in any other sales process; and
- (b) it provides for an expeditious disposition of the Red Deer Property and continuous rental revenues pending the closing of the Transaction.

31. The CMI Entities also believe that the Red Deer Property is particularly desirable to the Purchaser as it would be costly for the Tenant (which is an affiliate of the Purchaser) to relocate. Accordingly, the CMI Entities believe that the Offer to Purchase represents the best possible transaction in the circumstances.

32. Neither the Colliers Appraisal nor the Soderquist Appraisal included the Chattels in their valuations. However, FTI is advised by the Vendors that that the value of the machinery, equipment and chattels included in the Purchased Assets is nominal, as compared to the value of the Red Deer Property and the Improvements.

33. Accordingly, the Monitor is of the view that the Vendors have acted in good faith to maximize value in attempting to divest the Red Deer Property, made satisfactory efforts to obtain the best price and have not acted improvidently.

34. Based on the valuations of the Red Deer Property provided by Colliers and Soderquist, the Monitor does not believe that the sale of the Red Deer Property under a bankruptcy would be more beneficial to the creditors of the Vendors. Moreover, the

CIT Facility Lenders and Irish Holdco, which are (subject only to Court-ordered charges in the CCAA Proceedings) the senior secured creditors of the Vendors, do not object to and support the Transaction, respectively. FTI is also advised that the Ad Hoc Committee and the CMI CRA (as defined in the Initial Order) support the Transaction.

35. CIBC Mellon and all creditors with registered personal property security interests against CMI, CTLP and CTGP have been served with notice of this motion.
36. FTI is advised that the Vendors and the Purchaser are not related persons within the meaning of the CCAA.
37. FTI is also advised by the Vendors that they can and will make the payments that would have been required under sections 6(5)(a) or 6(6)(a) of the CCAA¹. Therefore, the proposed sale is in compliance with section 36(7) of the CCAA, if this section is applicable to the proposed sale of the Red Deer Property.
38. Accordingly, the Monitor recommends approval of the Offer to Purchase by this Honourable Court. For the reasons described in paragraphs 20 and 25 above, the Monitor also recommends that the Confidential Supplement to this Eighth Report be sealed by this Honourable Court pending further Order of this Court.

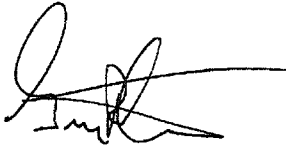
¹ Section 36(7) of the CCAA states that, "The court may grant the authorization only if the court is satisfied that the company can and will make the payments that would have been required under paragraphs 6(4)(a) and (5)(a) if the court had sanctioned the compromise or arrangement." As there is no section 6(4)(a) in the CCAA, it is the respectful submission of the Monitor that the current s. 36(7) of the CCAA contains a typographical error and the intended reference is to sections 6(5)(a) and (6)(a) of the CCAA.

All of which is respectfully submitted the 3rd of December, 2009.

FTI Consulting Canada Inc.,

in its capacity as the Monitor of Canwest Global Communications Corp. and the other Applicants listed in Schedule "A" and Partnerships listed in Schedule "B"

Per

A handwritten signature in black ink, appearing to read 'Greg Watson', with a long horizontal stroke extending to the right.

Greg Watson
Senior Managing Director

Schedule "A"

The Applicants

1. Canwest Global Communications Corp.
2. Canwest Media Inc.
3. 30109, LLC
4. 4501063 Canada Inc.
5. 4501071 Canada Inc.
6. Canwest Finance Inc./Financiere Canwest Inc.
7. Canwest Global Broadcasting Inc./Radiodiffusion Canwest Global Inc.
8. Canwest International Communications Inc.
9. Canwest International Distribution Limited
10. Canwest International Management Inc.
11. Canwest Irish Holdings (Barbados) Inc.
12. Canwest MediaWorks Turkish Holdings (Netherlands) B.V.
13. Canwest MediaWorks (US) Holdings Corp.
14. Canwest Television GP Inc.
15. CGS Debenture Holding (Netherlands) B.V.
16. CGS International Holdings (Netherlands) B.V.
17. CGS NZ Radio Shareholding (Netherlands) B.V.
18. CGS Shareholding (Netherlands) B.V.
19. Fox Sports World Canada Holdco Inc.
20. Global Centre Inc.
21. MBS Productions Inc.
22. Multisound Publishers Ltd.
23. National Post Holdings Ltd.
24. Western Communications Inc.
25. Yellow Card Productions Inc.

Schedule "B"

Partnerships

1. Canwest Television Limited Partnership
2. Fox Sports World Canada Partnership
3. The National Post Company/La Publication National Post