

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

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

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

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

**March 3, 2010**

**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**".

## PURPOSE OF THIS REPORT

2. The purpose of this Eleventh Report is to inform the Court on the CMI Entities' request for an Order, *inter alia*:
  - (a) approving the Aircraft Sale Agreement (the "**Sale Agreement**") between Canwest Global, First Canadian Aviation Inc. (the "**Purchaser**") and Tribal Councils Investment Group of Manitoba Ltd. ("**TCIGM**") dated March 1, 2010 for the sale of the Corporate Aircraft and the Accessories (as these terms are defined below) (collectively, the "**Purchased Assets**");
  - (b) vesting the Purchased Assets in the Purchaser free and clear of, *inter alia*, any rights, title or interest of any person in the Purchased Assets; and
  - (c) sealing the Confidential Supplement to the Eleventh Report of the Monitor (the "**Confidential Supplement**") until further Order of this Court.
3. This report should be read in conjunction with the affidavit of John E. Maguire sworn March 1, 2010 (the "**March 1 Affidavit**") as certain information contained in the March 1 Affidavit has not been included herein in order to avoid unnecessary duplication. A copy of the March 1 Affidavit is available on the Monitor's website for the CCAA Proceedings.

## BACKGROUND

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., 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, at the time, The National Post Company/La Publication National Post.
6. Canwest Global's other television broadcasting divisions and/or subsidiaries are not Applicants in the CCAA Proceedings. On January 8, 2010, the entities in Canwest's newspaper publishing and digital media business in Canada (other than National Post Inc.) applied for and obtained protection under the CCAA.
7. The Initial Order provided for a stay of proceedings until November 5, 2009 (the "**Stay Period**"). By Orders dated October 30, 2009 and January 21, 2010, the Stay Period was extended until January 22, 2010 and March 31, 2010, respectively.
8. The original basis of a plan of arrangement for the CMI Entities under the CCAA (the "**Original Recapitalization Transaction**") was 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 Original Recapitalization Transaction are set out in the CCAA Support Agreement (the "**Original Recapitalization Support Agreement**") and the term sheet attached thereto (the "**Original Recapitalization Term Sheet**").

9. By Order dated February 19, 2010, Justice Pepall approved, *inter alia*, a Subscription Agreement between Canwest Global and Shaw dated February 11, 2010 (the “**Shaw Subscription Agreement**”) and an amendment to the Original Recapitalization Support Agreement (the “**Support Agreement Amendment**”) attaching an amended and restated recapitalization term sheet (the “**Amended Recapitalization Term Sheet**”). Following approval of the Shaw Subscription Agreement, the Support Agreement Amendment and the Amended Recapitalization Term Sheet, copies of same were circulated to the service list maintained for these proceedings and posted on the Monitor’s website.
  
10. 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 (the “**Pre-filing Report**”) 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>.

#### **TERMS OF REFERENCE**

11. 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. 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.

12. Any terms used but not defined herein shall have the meaning ascribed to them in the March 1 Affidavit.
13. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

#### **THE CORPORATE AIRCRAFT**

14. As described in greater detail in the March 1 Affidavit, Canwest Global is the current legal owner of a 1988 British Aerospace model BAE 125 Series 800A, serial no. 258123, Canadian registration C-GCGS (known in the airline industry as a Hawker 800A) (the “**Corporate Aircraft**”), and the Engines, Propellers and Avionics detailed in Appendix “A” to the Sale Agreement (collectively, the “**Accessories**”).
15. Searches of the personal property registry systems in all Canadian provinces and territories against Canwest Global as well as against the Corporate Aircraft serial number conducted by counsel for the CMI Entities reveal:
  - (a) Numerous provincial registrations over all of Canwest Global’s present and after-acquired property in favour of CIBC Mellon Trust Company (as collateral agent for CIT and Irish Holdco (as defined and described in greater detail in the Pre-filing Report));
  - (b) Registrations in Nunavut and Manitoba against the Corporate Aircraft serial number in favour of TD Bank. The Monitor is advised that these registrations are related to a security interest granted by Perimeter in the Sub-Lease (which relates to assumption of the responsibility for the airworthiness of the

Corporate Aircraft by Perimeter) (as these terms are defined and described in paragraphs 9-10 of the March 1 Affidavit); and

- (c) Other financing statements against Canwest Global in respect of certain specified collateral other than the Corporate Aircraft.
16. The Monitor is advised that CIBC Mellon Trust Company, TD Bank, and all other parties who have registered financing statements against Canwest Global or the Corporate Aircraft have been served with a copy of the CMI Entities' motion record in connection with the within motion.
17. Counsel for the Monitor also conducted a search of the International Registry of Mobile Assets which defines the priority of interests on airframes, aircraft engines and helicopters, which search revealed no international interests registered against the Corporate Aircraft. A copy of the Aircraft Title Report from International Registry Search Certificate issued on February 26, 2010 is attached hereto as **Appendix "A"**.

#### **PROCESS LEADING TO SALE OR DISPOSITION**

18. Due to, *inter alia*, the high fixed and operating costs incurred by Canwest Global in maintaining the Corporate Aircraft (described in greater detail in the March 1 Affidavit), Canwest Global determined that it would be in its best interests to sell the Corporate Aircraft.
19. The steps taken by Canwest Global to market and sell the Corporate Aircraft are described in detail in the March 1 Affidavit and are, therefore, described only in summary form herein.

20. The Monitor is advised that starting in June 2009, Canwest Global engaged in a review of the relevant market statistics and valuations of aircraft similar to the Corporate Aircraft.
21. The Monitor is also advised that prior to accepting the Offer to Purchase (as defined below), Canwest Global received two expressions of interest (one of which eventually culminated in a formal offer) to purchase the Corporate Aircraft, both of which were not accepted by Canwest Global as they contained purchase prices in amounts less than what Canwest Global was willing to accept for the Corporate Aircraft. A copy of the formal offer submitted by one of these potential purchasers on July 17, 2009 and rejected by Canwest Global is attached as **Appendix "A"** to the Confidential Supplement.
22. Subsequently (and following negotiations described in paragraph 20 of the March 1 Affidavit), on January 21, 2010, Canwest Global received and accepted an offer to purchase the Corporate Aircraft on an "as is" basis (the "**Offer to Purchase**") from TCIGM, which chartered the Corporate Aircraft from Canwest Global for several months in 2009. An unredacted copy of the Offer to Purchase is attached as **Appendix "B"** to the Confidential Supplement.
23. On January 23, 2010, following acceptance of the Offer to Purchase, Canwest Global received a formal offer to purchase from the potential purchaser that had submitted an informal expression of interest in early January 2010. This offer, while offering the same purchase price as the Offer to Purchase, contained significantly more conditions than the Offer to Purchase and Canwest Global, therefore, did not pursue this offer.



A copy of the offer to purchase submitted on January 23, 2010 and rejected by Canwest Global is attached as **Appendix "C"** to the Confidential Supplement.

**PROPOSED SALE OF THE PURCHASED ASSETS TO THE PURCHASER**

24. On March 1, 2010, Canwest Global, TCIGM and the Purchaser (which is a nominee of TCIGM) entered into the Sale Agreement. An unredacted copy of the Sale Agreement is attached as **Appendix "D"** to the Confidential Supplement.
25. The CMI Entities have requested that the Confidential Supplement and the documents attached thereto be sealed and kept confidential pending a further Order of this Court so that any future sales process for the Corporate Aircraft is not impaired should the transaction contemplated by the Sale Agreement (the "**Transaction**") fail to close.
26. As described in greater detail in the March 1 Affidavit, the Sale Agreement provides that the Purchaser offers and agrees to purchase the Purchased Assets on an "as is, where is" basis, subject to certain warranties and representations contained in Section 4.5 of the Sale Agreement and described in the March 1 Affidavit.
27. Among others, the Sale Agreement also contains the following terms:
  - (a) The Purchaser's obligation to close is subject to several conditions precedent, including entering into an agreement, satisfactory to the Purchaser in its sole discretion, to lease the Corporate Aircraft to a Person holding a Commercial Operator's Certificate.

- (b) The anticipated closing date is March 8, 2010 which can be extended, but not beyond March 15, 2010.
  - (c) The obligation of the Purchaser to close the Transaction is also subject to this Court granting an approval and vesting order approving the Transaction and vesting title to the Purchased Assets in the Purchaser.
28. 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 obtaining approvals of the Transaction from CIT, the Ad Hoc Committee and the CMI CRA. The Monitor is also advised that the Purchaser has advised the CMI Entities that it is in discussions with respect to entering into an agreement to lease the Corporate Aircraft to a Person holding a Commercial Operator's Certificate and anticipates that the necessary leasing agreement will be in place before March 4, 2010.
29. The Transaction is also conditional on delivery of the Monitor's certificate confirming that all conditions required for closing other than the delivery of the Monitor's certificate have been satisfied or waived.
30. Accordingly, FTI is advised by Canwest Global that it is anticipated that all of the conditions to the completion of the Sale Agreement, will be satisfied upon Court approval (if obtained) and the sale is scheduled to close immediately following same.

#### **RECOMMENDATION AND CONCLUSION**

31. The Monitor considered the process leading to the proposed sale of and the consideration to be received for the Purchased Assets in light of the requirements of,

*inter alia*, s. 36 of the CCAA. For the reasons outlined below, the Monitor supports the proposed Transaction.

32. Canwest Global reviewed, *inter alia*, the relevant market summaries which provide snapshots of the number of aircraft of the same model as the Corporate Aircraft on sale in North America in the periods between (a) June 2008 and May 2009, and (b) July 2009 and December 2009. Based, among other things, on such market summaries and a recent article regarding potential recovery in the aircraft resale market in 2010 by a leading provider of research regarding aircraft operating costs, aircraft performance, and specifications, it is Canwest Global's view that the purchase price to be received by Canwest Global pursuant to the Sale Agreement is fair and reasonable in the circumstances.
33. Canwest Global also identified the following additional advantages of the Sale Agreement instead of further exposing the Corporate Aircraft to the market:
  - (a) it avoids incurring additional expenses of listing the Corporate Aircraft for sale and/or engaging in any other sales process;
  - (b) it provides for an expeditious disposition of the Purchased Assets; and
  - (c) it reduces Canwest Global's expenditures by eliminating the fixed and operating costs being incurred by Canwest Global in connection with the Corporate Aircraft.
34. Accordingly, the Monitor is of the view that Canwest Global has acted in good faith to maximize value in attempting to divest the Purchased Assets, made satisfactory

efforts to obtain the best price and has not acted improvidently.

35. Based on, *inter alia*, the market summaries obtained by Canwest Global, the Monitor does not believe that the sale of the Purchased Assets under a bankruptcy would be more beneficial to the creditors of Canwest Global.
36. The Monitor is advised that CIT and Irish Holdco, which are (subject only to Court-ordered charges in the CCAA Proceedings) the senior secured creditors of Canwest Global, do not object to and support the Transaction, respectively. FTI is also advised that the Ad Hoc Committee and the CMI CRA support the Transaction and Shaw Communications Inc. is not opposed to the Transaction.
37. The Monitor is advised that CIBC Mellon Trust Company and all creditors with registered personal property security interests against Canwest Global and the Corporate Aircraft serial number have been served with notice of this motion.
38. FTI is advised that Canwest, TCIGM and the Purchaser are not related persons within the meaning of the CCAA.
39. FTI is also advised by Canwest Global that there are no payments that would have been required under sections 6(5)(a) or 6(6)(a) of the CCAA<sup>1</sup>. 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 Purchased Assets.

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<sup>1</sup> 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.

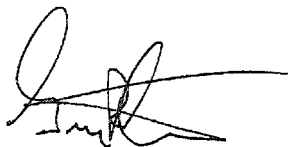
40. Accordingly, the Monitor respectfully recommends approval of the Sale Agreement by this Honourable Court. For the reasons described in paragraph 25 above, the Monitor also recommends that the Confidential Supplement be sealed by this Honourable Court pending further Order of this Court.

All of which is respectfully submitted the 3<sup>rd</sup> of March, 2010.

**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 flourish 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

# APPENDIX "A"

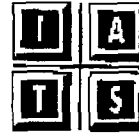


**AIRCRAFT TITLE REPORT FROM INTERNATIONAL REGISTRY SEARCH CERTIFICATE**

Account No. 77179

Phone No. 416-869-5614

For: Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9



**Insured Aircraft Title Service, Inc.**

P. O. BOX 19627 405-681-6663  
OKLAHOMA CITY, OKLAHOMA 73144  
TOLL FREE: PHONE 800-664-4882

**RE: C-GCGS**

Attn: Kenton Rein

**INTERNATIONAL REGISTRY** Records Search revealed the following information on the aircraft herein described.

Registration Marks: C-GCGS  
Country: CANADA  
Make: BRITISH AEROSPACE  
Model: BAE 125 SERIES 800A  
Serial No.: 258123

International Registry Certificate # 1530270

Date Issued: 02/26/2010

Time: 21:15:38 GMT

Type of Interest: No International Interests

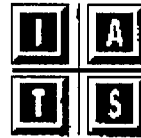
Reliance on this report with respect to the International Registry (IR) is conditioned by the following: 1. This International Registry Report, to the extent applicable, is based on the assumption that the registration in the International Registry for the aircraft object is accurate and discloses all international interests which have been filed and the documents have been duly authorized and are authentic regarding engines of 550 shp or over; and 2. The registerability of the international interest has been validated by the following: A. Both parties to the creation of the international interest have duly registered at the International Registry and paid the requisite fee; and B. Each such party has been designated by the said registry as either a professional user entity or a transactional user entity; and C. Each party has filed with said registry the requisite consent (on the registry form) to the creation of the international interest. Insured Aircraft Title Service, Inc. assumes no responsibility as to the accuracy of said registry, and does

**AIRCRAFT TITLE REPORT FROM INTERNATIONAL REGISTRY SEARCH CERTIFICATE**

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P. O. BOX 19627 405-661-6663  
OKLAHOMA CITY, OKLAHOMA 73144  
TOLL FREE: PHONE 800-854-4882

RE: C-GCGS

Attn: Kenton Rein

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not guarantee, insure, or warrant that said registry is free of error.

Date: 02/26/2010

Time: 7:29 a.m. Central

INSURED AIRCRAFT TITLE SERVICE, INC.

By E. Cotton

Registration Examiner

EC/ts

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

Court File No. CV-09-8396-00CL

.AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST  
GLOBAL COMMUNICATIONS CORP. AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"

**ONTARIO  
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(COMMERCIAL LIST)**

**Proceeding commenced at Toronto**

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

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