

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

PRE-FILING REPORT OF THE PROPOSED MONITOR
October 5, 2009

Court File No.

**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"**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as proposed Monitor of the Applicants**

October 5, 2009

INTRODUCTION

1. FTI Consulting Canada Inc. ("FTI" or "Proposed Monitor") understands that Canwest Global Communications Corp. ("Canwest Global") and those of its subsidiaries listed in **Schedule "A"** attached to this report (together with Canwest Global, the "**Applicants**") intend to bring an application before this Honourable Court seeking certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") granting, *inter alia*, a stay of proceedings until November 5, 2009 and appointing FTI as Monitor (the "**Monitor**"). The proceedings to be commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. The Applicants are also seeking to have the stay of proceedings and other relief provided under the CCAA extended to certain partnerships listed in **Schedule “B”** attached to this report, which partnerships carry on operations that are integral to the Applicants’ businesses (collectively, the **“Partnerships”**, and together with the Applicants, the **“CCAA Entities”**).

3. This is the pre-filing report of the Proposed Monitor in the CCAA Proceedings. The purpose of this report is to provide this Honourable Court with information on the following:
 - FTI’s qualification to act as Monitor (if appointed);
 - general information about the CCAA Entities and their businesses;
 - the CCAA Entities’ corporate structure and decision making;
 - the relevant historic and current debt structure and current financial position of the CCAA Entities;
 - the reasons for including the Partnerships and the Foreign Subsidiary Applicants (as defined below) in the request for protection under the Initial Order;
 - the CCAA Entities’ inter-company services;
 - the CCAA Entities’ cash management system;
 - the CCAA Entities’ pension plans and other employee obligations;

- proposed treatment of critical suppliers;
- funding of the CCAA Proceedings, including overview of the 13-week cash flow forecast and proposed DIP financing;
- proposed creditor notification procedures;
- proposed Initial Order, including proposed pre-filing payments, key employee retention plans, charges, approval of financial advisor agreement, and financial thresholds;
- the proposed application for recognition of the CCAA Proceedings as “Foreign Main Proceedings” under Chapter 15 of the United States *Bankruptcy Code* (the “**Bankruptcy Code**”);
- proposed restructuring plan; and
- the Proposed Monitor’s conclusions.

TERMS OF REFERENCE

4. In preparing this report, FTI has relied upon unaudited financial information of the CCAA Entities, the CCAA Entities’ books and records, certain financial information prepared by, and discussions with, the CCAA 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 are used as defined in the affidavit of John E. Maguire sworn October 5, 2009 (the “**Maguire Affidavit**”) filed in support of the Applicants’ application for relief under the CCAA. Where reference is made to the Canwest Global enterprise as a whole, which includes the Applicants, the Partnerships, and Canwest Global’s other subsidiaries which are not applicants in the CCAA Proceedings, the term “**Canwest**” or the “**Company**” will be used.
6. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

FTI’S QUALIFICATION TO ACT AS MONITOR

7. FTI was retained by Canwest Global on January 29, 2009 to provide financial, restructuring and strategic advice to it and certain of its subsidiaries and, if necessary, to assist it and certain of its subsidiaries and its advisors in preparing for a filing under the CCAA.
8. Paul Bishop and Greg Watson, individuals within FTI with primary carriage of this matter, are trustees within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). Neither FTI nor any of its representatives have been at any time in the two preceding years:
 - i. the auditor of any of the CCAA Entities;
 - ii. a director, an officer or an employee of any of the CCAA Entities;

- iii. related to the CCAA Entities or to any director or officer of the CCAA Entities; or
 - iv. trustee (or related to any such trustee) under a trust indenture issued by any of the CCAA Entities or any person related to the CCAA Entities, or the holder of a power of attorney under an act constituting a hypothec within the meaning of the *Civil Code of Quebec* that is granted by the CCAA Entities or any person related to the CCAA Entities.
9. FTI has consented to act as Monitor should this Honourable Court grant the Applicants' request to commence the CCAA Proceedings.

BACKGROUND

10. As more particularly described in the Maguire Affidavit, 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.
11. Canwest has experienced declines in its advertising revenues in 2008 and 2009 which has had a negative impact on the cash flow of the CCAA Entities causing them to default under various credit facilities, note indenture or guarantee obligations. Due to, *inter alia*, such defaults, the CCAA Entities concluded that a restructuring of their balance sheets is required and must be pursued in order to preserve the value of the Canwest enterprise.

12. Following intensive and extended negotiations and given the uncertain future of the CCAA Entities absent a debt restructuring, the CCAA Entities and the ad hoc committee of the holders of the CMI Senior Subordinated Notes (as defined below), have agreed on the terms and conditions of a going concern recapitalization transaction for the CCAA Entities which is intended to form the basis of a plan of arrangement for the CCAA Entities under the CCAA (the “**Recapitalization Transaction**”). If implemented, the Recapitalization Transaction will allow the CCAA Entities to continue to operate as a going concern, preserving enterprise value for stakeholders, saving employees' jobs and providing ongoing revenue to their suppliers. Certain steps to implement the Recapitalization Transaction have already been taken prior to the commencement of the CCAA Proceedings (as described in greater detail below).
13. Relief in the CCAA Proceedings is sought by:
- i. Canwest Global;
 - ii. its principal operating subsidiary Canwest Media Inc. (“**CMI**”);
 - iii. certain subsidiary corporations and partnerships of CMI that own and operate Canwest’s free-to-air television broadcast business and certain subscription-based specialty television channels in Canada¹; and

¹ The following Canwest specialty television channels are not Applicants within the CCAA Proceeding nor is a stay of proceedings sought in respect of them: *TVtropolis*, *MenTV*, and *MysteryTV*.

iv. The National Post Company/La Publication National Post (the “**National Post Company**”).

14. Canwest Global’s other divisions and/or subsidiaries, including:

- i. the entities in Canwest’s newspaper publishing and digital media business in Canada (other than the National Post Company) (the “**Canwest Publishing Entities**”); and
- ii. Canadian subscription-based specialty television channels (acquired from Alliance Atlantis Communications Inc. in August 2007, which are held jointly with Goldman Sachs Capital Partners and operated by CW Investments Co. (“**CW Investments**”) and its subsidiaries (“**CW Media Segment**”))²;

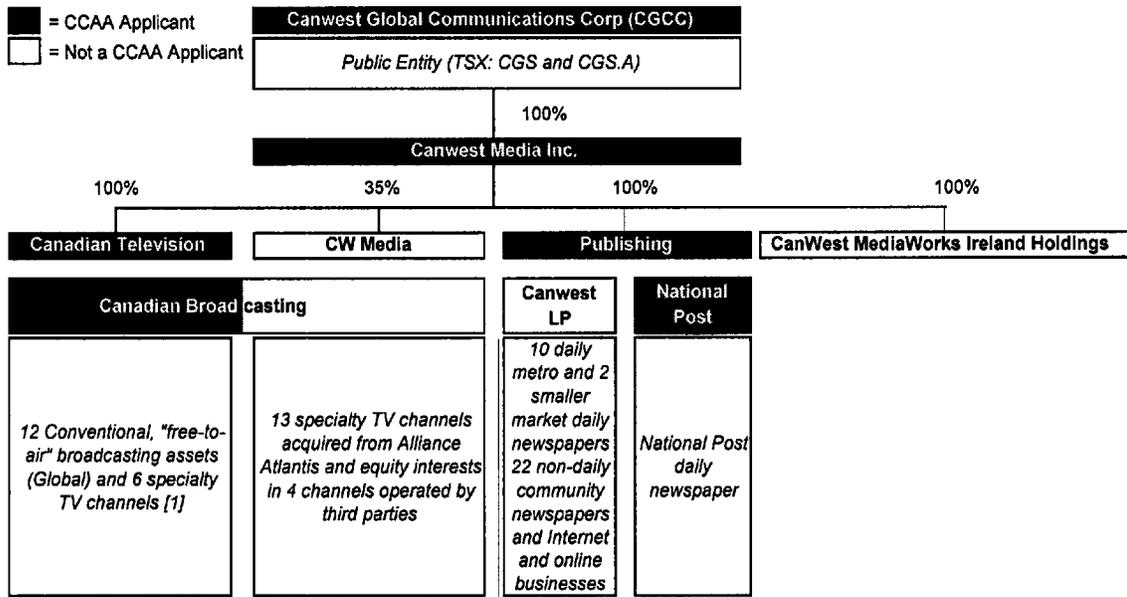
are not Applicants in the CCAA Proceedings nor is a stay of proceedings sought in respect of any of these entities.

CCAA ENTITIES’ CORPORATE STRUCTURE & DECISION MAKING

15. Information regarding the organizational structure of Canwest Global and the CCAA Entities is set forth in detail in the Maguire Affidavit and is therefore described only in summary form in this report.

² FTI is advised by the CCAA Entities that until October 5, 2009, CMI held its interest in CW Investments, consisting of a 67% voting interest and a 35% equity interest, through its 100% ownership interest in 4414616 Canada Inc. (which is not an applicant in the CCAA Proceedings). On October 5, 2009, the shares of CW Investments held by 4414616 Canada Inc. were distributed to CMI pursuant to a liquidation and dissolution of 4414616 Canada Inc.

16. Canwest Global is a public company continued under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended. Canwest Global’s principal subsidiary is CMI and it holds either direct or indirect ownership interests in all of the other Applicants and Partnerships.
17. A simplified corporate structure of Canwest showing all of the CCAA Entities, including the designation of CCAA Entities/segments and non-filing entities/segments, is attached as **Appendix “A”** hereto and is further summarized in the diagram below:



Notes:
 [1] Excluding TVtropolis, MenTV, and MysteryTV.

18. A copy of Canwest’s complete corporate organization chart is attached as Exhibit “A” to the Maguire Affidavit.
19. As described in greater detail in the Maguire Affidavit, Canwest Global and certain of its subsidiaries, including certain of the CCAA Entities, have recently

taken steps to consolidate and streamline corporate decision making in the Canwest enterprise. To do so, Canwest Global and certain of its subsidiaries³ entered into unanimous shareholder declarations which removed the rights, powers and duties of the directors to manage, or supervise the management of, the business and affairs of those subsidiary companies. The CCAA Entities advised FTI that the effect of the various unanimous shareholder declarations was the consolidation of board-level decision making with the directors of Canwest Global.

DETERIORATION OF THE CCAA ENTITIES' FINANCIAL POSITION

20. The CCAA Entities' financial performance and position are detailed extensively in the Maguire Affidavit and are therefore described only in summary form in this report.
21. Canwest Global reports its financial results on a consolidated basis. Canwest Global's audited year-end consolidated financial statements (which include the financial results of the Applicants, the Partnerships and certain non-Applicant subsidiaries of Canwest Global such as the Publishing Entities) for the fiscal year ended August 31, 2008 ("FY2008") and interim consolidated financial statements for the three and nine months ended May 31, 2009 are attached as Exhibits "C" and "B" to the Maguire Affidavit, respectively.

³ CMI, 4501063 Canada Inc., 4501071 Canada Inc., Canwest Television GP Inc., National Post Holdings Ltd., CCI and CPI.

22. As at May 31, 2009, Canwest Global had total consolidated assets with a net book value of \$4.855 billion (\$1.103 billion in current assets, \$3.752 billion in non-current assets) and total consolidated liabilities of \$5.846 billion (\$3.217 billion in current liabilities and \$2.629 billion in non-current liabilities).
23. In fiscal year ended August 31, 2008 (“FY2008”), Canwest Global reported consolidated gross revenue of \$3.146 billion and a consolidated net loss of approximately \$1.04 billion (including discontinued operations and a non-cash impairment charges of \$1.01 billion recorded against goodwill and certain other intangible assets).
24. Commencing in the first quarter of the fiscal year ended August 31, 2009 (“FY2009”), Canwest Global started experiencing a decline in its advertising revenues. For the nine months ended May 31, 2009, Canwest Global’s consolidated:
- i. gross revenues decreased by \$163 million, or 7%, to \$2.243 billion as compared to \$2.406 billion for the same period in FY2008;
 - ii. operating income (before amortization expense) decreased by \$209 million (or 42%) to \$285 million from \$494 million reported for the same period in FY2008; and
 - iii. cash flows from continuing operations were negative \$166.5 million compared to \$45.9 million for the same period in FY2008.

25. In the third quarter of FY2009, Canwest Global suffered a consolidated net loss of \$110 million (including a \$247 million non-cash write down of goodwill) as compared to a consolidated net loss of \$28 million in the same time period in FY2008, which loss amounted to \$0.62 per share as compared to a year-earlier quarterly loss of \$0.16 per share.
26. Below is the chart summarizing Canwest Global's consolidated financial results in FY2008 and the first three quarters of FY2009.

C\$ In millions	FY2008				FY2009		
	Q1 ^[1]	Q2 ^[1]	Q3 ^[1]	Q4 ^[1]	Q1	Q2	Q3
	30-Nov-07	29-Feb-08	31-May-08	31-Aug-08	30-Nov-08	28-Feb-09	31-May-09
Revenue	862.6	697.2	846.2	720.6	881.7	634.5	726.8
Operating income before amortization	222.1	93.8	177.8	60.4	203.8	14.4	66.3
Net earnings (loss) from continuing operations	41.4	(31.8)	(27.2)	(1,005.7)	(32.5)	(1,392.1)	(100.7)
Net earnings (loss)	40.7	(33.9)	(28.4)	(1,018.6)	(32.6)	(1,436.4)	(109.6)
Cash flow from continuing operating activities	(24.5)	44.9	25.5	48.1	(4.3)	(13.8)	(148.4)
Cash flow from operating activities	(26.0)	43.7	25.8	46.2	(2.4)	(12.8)	(134.5)
Net cash flows ^[2]	(32.1)	(17.7)	12.2	(11.6)	(12.9)	6.9	50.8

Notes:

Source: Canwest Global Communications Corp Interim Management and Discussion Analysis for the three months ended May 31, 2009

[1] Revised to reflect the classification of United Kingdom and Turkey radio segments and *The New Republic* as discontinued operations

[2] Net cash flows per the most recently disclosed interim financial statements for each respective quarter.

27. Weak economic conditions in Canada continued through the remainder of FY2009. Canwest Global's management expects such conditions to continue through the fiscal year ending August 31, 2010 and is therefore forecasting a continuing decrease in advertising revenue in the majority of its Canadian operating segments.

CCAA ENTITIES' DEBT STRUCTURE

Debt Prior to the Recapitalization Transaction

28. As described in greater detail in the Maguire Affidavit, as at October 1, 2009 and prior to the sale of Irish Holdco's majority equity interest in Ten Network (as these terms are defined and described below) and the application of proceeds therefrom, CMI reported consolidated indebtedness of approximately \$1 billion⁴ pursuant to the following credit facilities (collectively, the "**CMI Pre-Recapitalization Credit Facilities**"):

- i. CMI Senior Subordinated Notes - US\$823.4 million;
- ii. CMI Secured Notes – US\$94.9 million; and
- iii. CIT Facility – \$23.4 million (excluding outstanding letters of credit under the CIT Credit Agreement in the aggregate face amount of \$10.7 million).

CMI Senior Subordinated Notes

29. Pursuant to a note indenture dated as of November 18, 2004, between the predecessor of CMI, certain guarantors listed in Exhibit "D" to the Maguire Affidavit (including CanWest MediaWorks Ireland Holding ("**Irish Holdco**") which until recently held the majority shares of Ten Network Holdings Limited ("**Ten Network**") and which is not an applicant in the CCAA Proceedings) and The Bank of New York as trustee, CMI issued 8% senior subordinated due 2012

⁴ Calculated using the exchange rate in effect on October 1, 2009.

notes (“**CMI Senior Subordinated Notes**”) in an aggregate principal amount of US\$761,054,211. The holders of the CMI Senior Subordinated Notes are referred to herein as the CMI Senior Subordinated Noteholders.

30. Following CMI’s failure to make interest payments with respect to the CMI Senior Subordinated Notes that were due and payable on March 15, 2009, CMI entered into a series of extension agreements with an *ad hoc* committee (the “**Ad Hoc Committee**”) of certain CMI Senior Subordinated Noteholders representing approximately 72% of the CMI Senior Subordinated Notes, whereby the members of the Ad Hoc Committee agreed not to demand immediate payment of the principal amount outstanding under their CMI Senior Subordinated Notes notwithstanding CMI’s interest payment default.

CMI Secured Notes

31. Pursuant to an agreement dated May 20, 2009 (as amended, the “**CMI Note Purchase Agreement**”) between CMI, Canwest Television Limited Partnership (“**Canwest Television Partnership**”) and certain members of the Ad Hoc Committee, CMI and Canwest Television Partnership issued senior secured notes bearing interest at a rate of 12% per annum and payable monthly in arrears (the “**CMI Secured Notes**”) in an aggregate principal amount of US\$94 million (for net proceeds of US\$89 million).
32. CMI’s and Canwest Television Partnership’s obligations under the CMI Note Purchase Agreement were guaranteed by the guarantors of the CMI Senior Subordinated Notes (including Irish Holdco), Canwest Global and 30109, LLC

(collectively, the “**CMI Secured Notes Guarantors**”) and were secured (subject to certain inter-creditor terms) by first-ranking charges against all of the property of CMI, Canwest Television Partnership and the CMI Secured Notes Guarantors.

33. The CMI Secured Notes were issued to repay CMI’s outstanding obligations under the then existing credit agreement between CMI, certain guarantors and a syndicate of lenders with The Bank of Nova Scotia (“**BNS**”) as administrative agent (the “**2005 CMI Credit Facility**”), which was in default at the time of the CMI Note Purchase Agreements, and to provide the CCAA Entities with the funding necessary to operate in the ordinary course until they were able to negotiate and agree on the terms of a transaction to recapitalize or restructure CMI’s secured and unsecured indebtedness.
34. As described in greater detail below, on October 1, 2009, as a step towards implementing the Recapitalization Transaction, CMI repaid all amounts owing under the CMI Secured Notes from the proceeds of sale of Irish Holdco’s interest in Ten Network.

CIT Facility

35. Pursuant to a credit agreement dated May 22, 2009 (as amended on June 15, 2009, June 30, 2009, July 17, 2009, and July 31, 2009, August 14, 2009, August 28, 2009, September 11, 2009 and September 23, 2009, the “**CIT Credit Agreement**”) between CMI, certain lenders from time to time (the “**CIT Facility Lenders**”) and CIT Business Credit Canada Inc., as agent (“**CIT**”), the CIT

Facility Lenders agreed to provide to CMI a senior secured revolving asset-based loan facility (the “**CIT Facility**”) in the maximum amount of \$75 million.

36. The CIT Facility is guaranteed by Canwest Television Partnership and the CMI Secured Notes Guarantors (collectively, the “**CIT Facility Guarantors**”) and secured by first-ranking charges against all of the property of CMI and the CIT Facility Guarantors (subject to certain inter-creditor terms).
37. The terms of the CIT Credit Agreement include, *inter alia*, as follows:
 - i. Upon a CCAA filing by CMI and the CIT Facility Guarantors and a commencement of proceedings under Chapter 15 of the Bankruptcy Code by CMI, Canwest Global, Canwest Global Broadcasting Inc./Radiodiffusion Canwest Global Inc., and 4501063 Canada Inc., and Canwest Television GP Inc. (collectively, the “**Chapter 15 Entities**”) and satisfaction of certain other conditions, the CIT Facility will convert into a DIP financing arrangement and increase to a maximum of \$100 million;
 - ii. the advances under the CIT Facility bear interest at the greater of prime rate and 2.25%, plus, in either case, a margin of 6%;

- iii. the CIT Facility matures (a) on October 31, 2009 if the Restructuring Event Date⁵ has not occurred; or (b) if the Restructuring Event Date has occurred, the date which is the earliest of (i) the date which is 12 months after the Restructuring Event Date; (ii) the date on which a plan of arrangement under the CCAA has been implemented, having regard to all requisite CRTC approvals being in place; or (iii) the date of termination of the CIT Credit Agreement;
- iv. availability under the CIT Facility is to be calculated based upon the value of the assets that secure the CIT Facility;
- v. the CIT Facility Lenders will be treated as unaffected creditors in any proceeding commenced by CMI under, *inter alia*, the CCAA and any stay of proceedings granted in connection therewith shall not affect the rights of the CIT Facility Lenders under the CIT Credit Agreement or documents related thereto;
- vi. the CCAA Entities will reach agreements in principle and execute definitive documents with respect to a restructuring or recapitalization transaction involving the CCAA Entities by certain deadlines; and
- vii. the Initial Order in any proceeding commenced by CMI or any of the CIT Facility Guarantors under the CCAA must be in form and substance satisfactory to the CIT Facility Lenders.

⁵ Defined in the CIT Credit Agreement as the date on which CMI and the CIT Facility Guarantors apply for

38. As described in greater detail below, on October 1, 2009, utilizing the proceeds of sale of Irish Holdco's interest in Ten Network, CMI repaid all outstanding amounts under the CIT Facility except for certain letters of credit in an aggregate face amount of \$10.7 million which, the CCAA Entities have advised FTI, secure future amounts payable to the beneficiaries of the letters of credit.

Defaults under the CMI Pre-Recapitalization Credit Facilities & Restructuring Efforts

39. The CCAA Entities advised FTI that due to, in part, declining revenues in FY2008 and FY2009, the CCAA Entities breached certain of their financial covenants under the various CMI Pre-Recapitalization Credit Facilities and failed to make certain required payments of interest and principal in FY2009, including two separate US\$30.4 million interest payments on the CMI Senior Subordinated Notes due on March 15, 2009 and September 15, 2009, respectively. The events of default under the CMI Pre-Recapitalization Credit Facilities are described in greater detail in the Maguire Affidavit.
40. The CCAA Entities undertook a number of capital and operating cost cutting initiatives, dispositions of several non-core assets (including Ten Network), and restructuring efforts (all as detailed in the Maguire Affidavit).
41. Despite the CCAA Entities' cost cutting initiatives and restructuring efforts, they remained unable to cure their defaults, including failure to make the requisite payments of interest, under some of the CMI Pre-Recapitalization Credit

relief under the CCAA and the Chapter 15 Entities commence proceedings under Chapter 15 of the Bankruptcy Code.

Facilities. In addition, the CCAA Entities have advised FTI that they were (and continue to be) faced with continued declines in their advertising revenues brought on by the global economic crisis.

42. Accordingly, Canwest Global has concluded that CMI is unable to satisfy its debts as they became due and is thus insolvent. The CCAA Entities concluded that the other Applicants and Partnerships as guarantors under some of the CMI Pre-Recapitalization Credit Facilities are also insolvent.
43. Following intensive and extended negotiations, the CCAA Entities and the Ad Hoc Committee agreed on the terms and conditions of the Recapitalization Transaction.

Recapitalization Transaction – Sale of Irish Holdco’s Interest in Ten Network

44. The recapitalization of the CCAA Entities is planned to occur in the following two stages:
 - i. sale of Irish Holdco’s majority equity interest in Ten Network and application of the net proceeds therefrom to reduce the CCAA Entities’ indebtedness pursuant to the CMI Pre-Recapitalization Credit Facilities prior to the commencement of the CCAA Proceedings; and
 - ii. execution of the Term Sheet (as defined below) and commencement of the CCAA Proceedings and restructuring the capital and debt structure of the CCAA Entities pursuant to the Term Sheet (and as described in greater detail below).

45. On September 23, 2009, Irish Holdco effected a sale of its majority equity interest in Ten Network realizing gross proceeds of approximately \$634 million (the “**Ten Proceeds**”). Due to certain restrictions in the note indenture governing the CMI Senior Subordinated Notes concerning the sale of assets by guarantors of the CMI Senior Subordinated Notes, including Irish Holdco, consents from a majority of CMI Senior Subordinated Noteholders were necessary in order to allow the sale of the Ten Network share. Consents to the applicable amendments to the indenture were received from approximately 92% of the CMI Senior Subordinated Noteholders.
46. Pursuant to the Use of Cash Collateral and Consent Agreement between, *inter alia*, CMI, Irish Holdco and the Consenting Noteholders (as defined below) dated September 23, 2009 (the “**Cash Collateral and Consent Agreement**”), on completion of the sale transaction on October 1, 2009, the Consenting Noteholders agreed to allow Irish Holdco to loan the net amount of the Ten Proceeds to CMI as follows (notwithstanding their direct claims against Irish Holdco on account of the guarantee of the CMI Senior Subordinated Notes):
- i. \$187.3 million pursuant to a demand senior secured promissory note (the “**Irish Holdco Secured Note**”); and
 - ii. \$430.6 million pursuant to a demand unsecured promissory note (the “**Irish Holdco Unsecured Note**”).
47. The Cash Collateral and Consent Agreement imposes certain cash flow restrictions, financial reporting requirements, and certain other restrictions on

actions that can be taken by, *inter alia*, Canwest Global, CMI and CTLP (except with the prior consent of the Ad Hoc Committee). The Cash Collateral and Consent Agreement also provides, among other things, as follows:

- i. Irish Holdco will not amend the Irish Holdco Secured Note or the Irish Holdco Unsecured Note (collectively, the “**Irish Holdco Notes**”);
- ii. If the Irish Holdco Secured Note becomes due and payable, and following request, Irish Holdco will assign the Irish Holdco Notes to the Trustee (as defined below) or a designee of the Ad Hoc Committee (subject to the lien in favour of CIT); and
- iii. the Initial Order in the CCAA Proceedings will be in form and substance acceptable to the Ad Hoc Committee and will provide that the CCAA Entities shall not be permitted to repudiate the Cash Collateral and Consent Agreement and shall continue to perform their obligations thereunder.

Current Debt Structure

48. Following the sale of the shares of Ten Network and application of the Ten Proceeds in accordance with the Cash Collateral and Consent Agreement, the CCAA Entities are indebted in the following amounts pursuant to the following credit facilities:

- i. CMI Secured Notes - \$0

- ii. CMI Senior Subordinated Notes - US\$393.2 million
- iii. CIT Facility - \$10.7 million (in connection with outstanding letters of credit)
- iv. Irish Holdco Secured Note - \$187.3 million
- v. Irish Holdco Unsecured Note - \$430.6 million

Irish Holdco Secured Note

49. Under the terms of, *inter alia*, the Term Sheet and the Irish Holdco Secured Note, CMI was obligated to and did use the funds advanced under this note in the following manner:

- i. US\$94,916,583 to repay all amounts outstanding under the CMI Secured Notes; and
- ii. \$85 million to fund its general liquidity and operating costs, including repaying the full balance outstanding under the CIT Facility in the approximate amount of \$23.4 million except for certain letters of credit in an aggregate face amount of \$10.7 million which, the CCAA Entities have advised FTI, secure future amounts payable to the beneficiaries of the letters of credit.

50. The terms of the Irish Holdco Secured Note include, *inter alia*, the following:

- i. CMI will repay all amounts owing under the Irish Holdco Secured Note on the earlier of (a) demand; and (b) the date that an “Event of Default” (as

defined therein) has been declared under the Cash Collateral and Consent Agreement;

- ii. the Irish Holdco Secured Note bears interest at 3% per annum;
- iii. obligations under the Irish Holdco Secured Note are (a) guaranteed by the CIT Facility Guarantors (except Irish Holdco), and (b) secured by a first-ranking charge on the property of CMI and the CIT Facility Guarantors (subject to certain inter-creditor terms); and
- iv. the Irish Holdco Secured Note is subordinated to the CIT Facility.

Irish Holdco Unsecured Note

- 51. Under the terms of the Irish Holdco Unsecured Note and pursuant to a Cash Deposit Agreement dated September 23, 2009, CMI was obligated to and did use the funds advanced by Irish Holdco under this note to reduce CMI's indebtedness under the CMI Senior Subordinated Notes by depositing US\$399.6 million into a segregated cash collateral account in the name of The Bank of New York Mellon (the "Trustee") for the benefit of and as security for the payment of amounts due under the CMI Senior Subordinated Notes, which are guaranteed by Irish Holdco.
- 52. Pursuant to the Cash Deposit Agreement, following an acceleration of the amounts due under the CMI Senior Subordinated Notes, FTI is advised by the CCAA Entities that the Trustee withdrew the funds deposited in the cash collateral account and applied them in accordance with the instructions it received from the majority of the CMI Senior Subordinated Noteholders.

53. The Irish Holdco Unsecured Note is guaranteed by the CIT Facility Guarantors (except Irish Holdco) and is expressly subordinated to the CIT Facility.
54. The Irish Holdco Unsecured Note is payable on the earlier of demand and the date that an "Event of Default" (as defined therein) has been declared under the Cash Collateral and Consent Agreement. As described in greater detail below, under the Term Sheet, it is contemplated that the CCAA Entities' indebtedness under the Irish Holdco Unsecured Note will be compromised in their plan of arrangement under the CCAA.

Existing Security

55. Pursuant to an inter-creditor and collateral agency agreement (as amended, the "**Collateral Agency Agreement**") dated October 13, 2005, CIBC Mellon Trust Company, as collateral agent (the "**Collateral Agent**") agreed to hold various security granted in its favour by CMI, Canwest Television Partnership and the CMI Secured Notes Guarantors over their respective property and assets (the "**Existing Security**") for the benefit of "Secured Creditors" (as defined therein).
56. Pursuant to credit confirmations and amendments to inter-creditor and collateral agency agreement dated May 22, 2009 and October 1, 2009 (collectively, the "**Confirmation and Amendment**"), CIT Facility Lenders and Irish Holdco, respectively, became "Secured Creditors" (as defined in the Collateral Agency Agreement) and beneficiaries of the security granted by CMI and the CIT Facility Guarantors in favour of the Collateral Agent.

57. FTI is advised by the Collateral Agent and CMI that Irish Holdco and the CIT Facility Lenders are the only beneficiaries of the CMI Security granted in favour of the Collateral Agent and that the Confirmation and Amendment constitutes the only outstanding credit confirmations under the Collateral Agency Agreement.

BNS Security

58. In addition to the Existing Security, CMI has also agreed to maintain not more than \$2.5 million as cash collateral in a deposit account with BNS to secure its cash management obligations owed to BNS as a result of BNS' provision of banking and cash management services to CMI (as described below) (the "**Cash Management Collateral Account**").
59. The Confirmation and Amendment (referred to above) provides that:
- i. BNS holds first-ranking security in connection with the Cash Management Collateral Account and all proceeds thereof;
 - ii. in relation to all other property of CMI and the CIT Facility Guarantors, the CIT Facility Lenders hold first ranking security and Irish Holdco holds second ranking security;
 - iii. BNS holds no security in connection with any property or assets of CMI and/or the CIT Facility Guarantors other than the Cash Management Collateral Account;

- iv. any Court-ordered charge over the CCAA Entities' property must be subject to the relative priorities set out in the Confirmation and Amendment;
- v. the rights, remedies and security of the CIT Facility Lenders, including in their capacity as the DIP Lender (as defined below) and Irish Holdco, in connection with the property of the CCAA Entities, must remain subordinate to those of BNS in relation to the Cash Management Collateral Account;
- vi. no Court-ordered charge over the CCAA Entities' property may attach to the Cash Management Collateral Account while CMI's cash management obligations remain outstanding; and
- vii. BNS will not be stayed from exercising its rights and remedies with respect to the Cash Management Collateral Account, including the right to seize any funds therein in satisfaction of CMI's obligations to BNS in connection with cash management services provided by BNS.

Current Financial Position of the CCAA Entities

60. As described above, with the consent of the requisite majority of CMI Senior Subordinated Noteholders, the net amount of the Ten Proceeds was utilized to repay the CCAA Entities' indebtedness under the CMI Secured Notes and CIT Facility (except for certain outstanding letters of credit as described above) and to accommodate the CCAA Entities' liquidity requirements. The CCAA Entities

advised FTI that without the funds advanced under the Irish Holdco Notes, the CCAA Entities would be unable to meet their liabilities as they become due.

61. Consenting Noteholders' consent to Irish Holdco's use of the Ten Proceeds for the benefit of CMI, notwithstanding the Consenting Noteholders' direct claims against Irish Holdco on account of its guarantee of the CMI Senior Subordinated Notes, is predicated on the CCAA Entities making the within application for relief under the CCAA as a step in the implementation of the Recapitalization Transaction. Failure to make the within application for relief under the CCAA in order to restructure the CCAA Entities' indebtedness and take other steps to implement the Recapitalization Transaction will constitute an event of default under the Term Sheet, the Support Agreement, the Cash Collateral and Consent Agreement and the CIT Facility.
62. The CCAA Entities do not have sufficient funds to satisfy their obligations, including, *inter alia*, under the Irish Holdco Notes and the CMI Senior Subordinated Notes.
63. For the reasons noted above, the Applicants and the Partnerships need protection under the CCAA in order to implement the Recapitalization Transaction and restructure their businesses and financial affairs to preserve their enterprise value for their stakeholders.

INCLUSION OF THE PARTNERSHIPS & THE FOREIGN SUBSIDIARIES IN THE STAY OF PROCEEDINGS

Partnerships

64. The Partnerships are intertwined with the Applicants' ongoing operations as they own, *inter alia*, the following assets and/or carry on, *inter alia*, the following businesses (which constitute a significant portion of the overall enterprise value of the CCAA Entities):

- i. the National Post daily newspaper; and
- ii. Canadian free-to-air television assets and certain of its specialty television channels and certain other television assets.

65. The Applicants have advised FTI that the continued operation of the businesses held by the Partnerships and the protections sought in the Initial Order on behalf of the Partnerships are vital to their, the Applicants' and Canwest's ongoing viability.

Foreign Subsidiaries

66. A number of the Applicants are foreign wholly-owned subsidiaries of CMI (collectively, the "**Foreign Subsidiary Applicants**"). FTI is advised by the CCAA Entities that each of the Foreign Subsidiary Applicants has assets situated in Canada, including, *inter alia*, funds maintained in Canadian dollar bank accounts at BNS in Toronto, Ontario.

67. The Foreign Subsidiary Applicants and the Partnerships are seeking relief under the CCAA because each is a guarantor of CMI's indebtedness under the CMI Senior Subordinated Notes, the Irish Holdco Notes and/or the CIT Credit Agreement (as described above).
68. In addition, the DIP Lender requires that the assets of all of the CCAA Entities, including the Partnerships and the Foreign Subsidiary Applicants, be subject to the DIP Charge (as defined below).
69. It is FTI's view that the extension of the protections provided by the Initial Order to the Partnerships and the Foreign Subsidiary Applicants is necessary to preserve their and Canwest's enterprise values and is appropriate in the circumstances.

INTER-COMPANY SERVICES

70. Canwest's various corporate entities (including those not subject to this application) share certain business critical services. For example, pursuant to a number of inter-company service agreements, CMI and Canwest Limited Partnership (the "**Limited Partnership**") provide each other (in addition to providing certain other Canwest entities) with certain administrative and advisory services and engage in certain cross-promotional activities and inter-company services which are integral to the overall Canwest enterprise.
71. Among others, CMI provides Canwest Television Partnership, CW Media Segment and the Limited Partnership the following services:

- i. advisory and other services based upon various fee and cost allocation agreements and practices;
 - ii. corporate and administrative services related to, *inter alia*, legal matters, tax compliance, and financial reporting; and
 - iii. insurance coverage for which insurance premiums are shared.
72. The Limited Partnership provides the following services to the following entities:
 - i. certain corporate, human resources and infrastructure services to CMI, the Canwest Television Partnership, and CW Media Segment;
 - ii. certain financial, accounting, infrastructure, sales, printing and distribution services to the National Post Company; and
 - iii. management, invoicing and collection of advertising and circulation revenues services on behalf of the National Post Company, CW Media Segment and the Canwest Television Partnership.
73. Canwest Global also grants to CMI and the Limited Partnership a non-exclusive, royalty-free, non-transferable license to use some or all of the Canwest trademarks in Canada and to sublicense the use of the Canwest trademarks to its subsidiaries.
74. FTI reviewed the inter-company agreements which, by their terms, generally provide that the service provider (whether CMI, the Limited Partnership or otherwise) is entitled to reimbursement for all costs and expenses incurred in the

provision of the services. Costs and expenses that are shared between the service provider and the service recipient are allocated between the parties on reasonable basis consistent with past practices. FTI is advised that neither the reimbursement of costs and expenses nor the payment of fees is intended to result in any material financial gain or loss to the service provider. FTI is further advised that amounts payable under the various inter-company agreements are reviewed and, if necessary, adjusted annually.

75. The total amounts received in FY2008 and FY2009 by CMI from the Limited Partnership in connection with the inter-company services it provides were approximately \$6.1 million and \$6.5 million, respectively. The total amounts received in FY2008 and FY2009 by the Limited Partnership were approximately:
- i. \$22.6 million and \$21.5 million, respectively, in connection with the services provided to the National Post Company;
 - ii. \$14.8 million and \$16.2 million, respectively, connection with the services provided to CMI, the Canwest Television Partnership and CW Media Segment.
76. With respect to the collection of advertising and circulation revenues services, the Limited Partnership makes payment to the applicable Canwest entity based on gross actual sales and collections. The CCAA Entities advised that they received approximately \$36.9 million from the Limited Partnership in respect of these services in FY2009.

77. The CCAA Entities have advised FTI that they believe that the services provided by the CCAA Entities and the Limited Partnership greatly benefit each other and the other Canwest entities and are therefore integral to maintaining the enterprise value of Canwest as a whole.
78. Accordingly, the CCAA Entities and the other parties to the inter-company agreements are seeking to continue to provide and receive all inter-company services in the ordinary course during the course of the CCAA Proceedings and are seeking an order prohibiting the CCAA Entities and/or the Limited Partnership from modifying, ceasing to provide or terminating the provision or payment of the inter-company services except with the consent of, *inter alia*, the Monitor and the party receiving such services or further Order of this Honourable Court and except with respect to portions of the CCAA Entities' business which may be shut down in a manner contemplated by the Term Sheet.
79. It is intended that all pre-filing amounts owing by the CCAA Entities to the Canwest Publishing Entities for inter-company services will be paid in the ordinary course following the commencement of the CCAA Proceedings.
80. The CCAA Entities and the Canwest Publishing Entities, with the assistance of, *inter alia*, FTI, are currently reviewing the inter-company agreements and the provision of the inter-company services with a view to identifying what changes, if any, to same are appropriate and/or required.
81. The Proposed Monitor supports the continued provision of the inter-company services after the commencement of the CCAA Proceedings.

82. The proposed Initial Order provides that the Proposed Monitor, if appointed, will monitor and, if necessary, report to this Honourable Court on any matters pertaining to the provision of the inter-company services.

CASH MANAGEMENT SYSTEM

83. CMI and certain other Applicants currently use a centralized cash management system which consists of 55 Canadian and 8 U.S. dollar accounts and which are consolidated daily and maintained at BNS.
84. CMI's cash management system is managed centrally using oversight procedures and controls implemented by CMI's treasury department located in Winnipeg, Manitoba. On a daily basis, the treasury and the accounting departments reviews the account balances and activity, intercompany fund transfers, and availability under the CIT Facility.
85. Until recently, most of CMI's Canadian and U.S. dollar accounts operated under a mirror netting arrangement (the "**CMI Mirror Netting Arrangement**"), which was supported by a swingline facility connected to the 2005 CMI Credit Facility. The CMI Mirror Netting Arrangement allowed the balances in the accounts operating under that arrangement to be automatically (rather than manually) netted on a daily basis. The net position was used to determine the daily surplus or overdraft position. The overdraft position resulted in a swingline facility drawdown.

86. After entering into the CIT Facility in May 2009, CMI moved a significant number of its Canadian and U.S. dollar accounts outside of the CMI Mirror Netting Arrangement. There are some Canadian and U.S. dollar accounts left in the CMI Mirror Netting Arrangement.
87. Under the new arrangement, the deposit accounts are swept into one of two concentration accounts maintained at BNS from which CIT withdraws any surplus funds on a daily basis to reduce the revolving loan balance. The Canwest Business Services Group monitors the account balances on a daily basis and requests fund transfers as required from CMI's treasury department. CMI's treasury department prepares the required drawdown notice and a drawdown from the CIT Facility is made and deposited into CMI's Canadian and U.S. dollar operating accounts. Manual transfers are made from these operating accounts to the different payable accounts as required.
88. The CMI Mirror Netting Arrangement continues to operate, but is no longer supported by a swingline facility. As a result, all accounts remaining in the CMI Mirror Netting Arrangement must be maintained in a net surplus position. The non-mirror netting accounts were, and continue to be, maintained in a surplus position.

Cash Management Post-Filing

89. By centralizing control over its cash management arrangements, CMI is able to facilitate cash forecasting and reporting, monitor collection and disbursement of

funds, and maintain control over the administration of various bank accounts required to effect the collection, disbursement and movement of cash.

90. The CCAA Entities have advised the Proposed Monitor that the cash management system, as outlined above, is critical to the orderly management of the CCAA Entities' business affairs. Accordingly, the CCAA Entities are seeking to continue to operate their cash management systems post-filing in substantially the same manner as before the commencement of the CCAA Proceedings. The Proposed Monitor supports this request.
91. After the commencement of the CCAA Proceedings, CIT will continue to withdraw any surplus funds from CMI's two concentration accounts maintained at BNS on a daily basis and refund all withdrawn funds by way of wire transfer the day following each withdrawal.

EMPLOYEE-RELATED OBLIGATIONS

92. As at October 1, 2009, the CCAA Entities employed approximately 1,700 unionized and non-unionized full-time equivalent employees in Canada, of whom approximately 850 are located in Ontario.

Pension Plans

93. FTI is advised that the CCAA Entities maintain ten federally registered defined benefit ("DB") pension plans⁶, one DB plan registered in Ontario and four defined

⁶ The CCAA Entities advised FTI that one of the DB Plans (maintained for employees of certain divisions that had been recently closed) was terminated effective August 31, 2009 (as is more particularly described in the Maguire Affidavit).

contribution (“DC”) pension plans.

94. According to the CCAA Entities, the aggregate number of active members, deferred vested members and pensioners enrolled in the CCAA Entities’ DB pension plans (the “DB Plans”) as at the last filed actuarial valuation for the DB Plans had approximately 1,237 active members, approximately 121 pensioners and approximately 313 vested and other members (excluding plan participants of the recently terminated DB Plan).
95. The DB Plans are valued regularly as required by their applicable governing legislation. Eight of the ten DB plans that were required to file valuations by September 30, 2009 effective as of either December 31, 2008 or January 1, 2009, filed such valuations in July 2009. FTI is advised that the aggregate solvency deficiency of the DB Plans effective as of either December 31, 2008 or January 1, 2009 was \$13.3 million and the aggregate winding up deficiency was \$32.8 million. The annual service contributions for the DB Plans estimated at the last valuation of the DB Plans totalled \$5.1 million and annual special payments totalled \$5.0 million.
96. Some of the Applicants also contributed to a multi-employer plan providing certain retirement compensation for some of their current and former management employees where the difference between the net assets and estimated settlement liabilities was secured by a letter of credit (as described more particularly in the Maguire Affidavit). FTI is advised by the CCAA Entities that the relevant Applicants terminated this multi-employer plan in May 2009 and payment of the

difference between the net assets and estimated settlement liabilities was partially made from the letter of credit and would be completed from related tax refunds.

97. The CCAA Entities have advised that they also provide certain other post-employment and post-retirement benefits to their employees. In FY2008, the aggregate accrued obligations relating to these benefits totalled \$16.7 million and the aggregate annual cash contribution to provide these post-employment and post-retirement benefits was approximately \$0.4 million.

Other Employee-Related Obligations

98. FTI is advised that in addition to regular payroll obligations, the CCAA Entities also offer benefits to their eligible salaried and hourly employees, including benefits provided through group insurance programs such as employee medical, dental, disability, life insurance and similar benefit plans, share compensation plans, automobile allowances, and employee assistance programs. In FY2008, the CCAA Entities paid approximately \$17.8 million for such group benefits (excluding share compensation plans and employee assistance programs) for their hourly and salaried employees (excluding all statutory withholdings).

Employee-Related Payments Post-Filing

99. The CCAA Entities are seeking this Honourable Court's authorization to honour their payroll obligations to their employees, including all pre-filing wages and employee benefits outstanding as at the date of the commencement of the CCAA

- Proceedings and authorization to continue making all payments in connection with their pension obligations.
100. The Proposed Monitor supports the CCAA Entities' proposed employee-related payments after the commencement of the CCAA Proceedings.
 101. The CCAA Entities do not intend to continue making payments in connection with the post-employment and post-retirement benefits or termination and severance payments or benefits being paid to previously terminated non-unionized employees or retirees after the commencement of the CCAA Proceedings.

CRITICAL SUPPLIERS

Television Programming Producers

102. CMI purchases the majority of the television programming for use by its free-to-air television stations and specialty television channels and also CW Media Segment's specialty television channels from Canadian and foreign, primarily U.S., producers. The CCAA Entities have advised FTI that the going concern value of Canwest Global's television business (including CW Media Segment) is reliant on (i) the continued, uninterrupted supply of popular programming produced and/or distributed by U.S. studios and (ii) programming by Canadian producers and studios in order to meet Canadian content requirements.
103. To ensure continuous supply of programming, the CCAA Entities are seeking this Honourable Court's authority to pay amounts due to certain U.S. and Canadian

studios, distributors and production companies in respect of liabilities for programming arising prior to the commencement of the CCAA Proceedings, if in the opinion of the relevant CCAA Entity, and subject to the consent of the Monitor, the suppliers are determined to be critical to the business and ongoing operations of the relevant CCAA Entity.

Newsprint Suppliers and Distributors

104. The CCAA Entities have also advised FTI that the National Post Company is dependent on an uninterrupted supply of goods and services from certain of its suppliers, including suppliers of newsprint and distributors of newspapers. Therefore, the CCAA Entities are also seeking to be given the ability to pay amounts due to certain newsprint and other suppliers to their newspaper distributors and certain other logistics suppliers in respect of liabilities arising prior to the commencement of the CCAA Proceedings, if in the opinion of the relevant CCAA Entities and subject to the consent of the Monitor, the suppliers are determined to be critical to the business and ongoing operations of the relevant CCAA Entities.

Other Suppliers

105. The CCAA Entities are also seeking the authority to pay other suppliers (including goods and services providers without formal contractual agreements, foreign suppliers, independent contractors and freelancers) that are determined to be critical to the business and ongoing operations of the relevant CCAA Entities

amounts incurred prior to the date of the Initial Order with the consent of the Monitor.

American Express

106. Employees of the Applicants and the Partnerships use the American Express Corporate Card Program and the American Express Central Billed Accounts for business related travel and entertainment. The CCAA Entities' consider the American Express Central Billed Account to be an integral part of Canwest Global's cash management and accounting function and consider the continued ability to reimburse employees for such expenses to be essential to the operation of the Applicants' and Partnerships' businesses.
107. On January 23, 2009, as a condition of allowing ongoing use of its Corporate Card Program and the Central Billed Account, American Express required that the Applicants and Partnerships agree that in the event of a filing under the CCAA, they would seek a provision in the Initial Order allowing for payment of any and all amounts due to American Express at the time of filing. Therefore, the CCAA Entities are seeking the authority to pay all pre-filing amounts due to American Express, which, as at the filing date, totaled approximately \$740,000.

FTI's Recommendation Regarding Proposed Payments to Critical Suppliers

108. FTI agrees that the uninterrupted, timely supply of U.S. network programming, Canadian content programming, newsprint, distribution and certain other goods and services are necessary to preserve the CCAA Entities' enterprise values and

that payment of some pre-filing amounts may be necessary to ensure such uninterrupted supply. Accordingly, the Proposed Monitor supports the Applicants' proposed approach to critical supplier payments as set out in the Maguire Affidavit and draft Initial Order. However, FTI also recognizes that the CCAA Entities' financing is limited and, if appointed Monitor, will work with the CCAA Entities' to ensure that payments to suppliers in respect of pre-filing liabilities are minimized.

KEY EMPLOYEE RETENTION PLANS

109. To ensure retention of key personnel during the CCAA Proceedings, the CCAA Entities have formulated and are seeking this Honourable Court's approval of Key Employee Retention Plans ("**KERPs**") for 20 employees (the "**KERP Participants**"), in particular, three management directors (the "**Management Directors**"), four key executives (the "**Key Executives**") and 13 other key employees (the "**Key Employees**"). Copies of redacted KERPs are attached as Exhibits to the Maguire Affidavit and unredacted versions of same (containing individually identifiable information and compensation information) are attached to a Confidential Supplement to this pre-filing report and requested to be sealed and kept confidential.
110. Half of the amounts payable to the KERP Participants will be paid on the last regular payroll period occurring in December 2009 and the second (and final) payment will be made on the date the CCAA Entities emerge from the CCAA Proceedings (the "**Emergence Date**").

111. The amounts payable to the Key Executives and the Key Employees will be calculated as percentages of the participants' base compensation. The amounts payable to the Management Directors were negotiated and agreed upon by the Management Directors and the CCAA Entities.
112. The existing terms of employment will continue for the Management Directors and the Key Executives during the CCAA proceedings, except for any terms related to, *inter alia*, any incentives which are based upon restructuring transactions, termination and severance entitlements (other than with respect to the Management Directors), bonuses, and any payments pursuant to incentive compensation, supplemental deferred compensation, option or restricted share unit and/or savings plans, and vacation pay.
113. Under the terms of the KERPs, the Management Directors must continue to serve as directors and/or officers of the CCAA Entities, as applicable, until the Emergence Date at which time they will resign and will be provided with full releases in respect of their activities as directors and/or officers and will in turn provide a release of all claims against the CCAA Entities.
114. The KERPs also provide for provision of services by the Management Directors after the Emergence Date if so agreed by the parties on terms described in greater detail in the Maguire Affidavit. The Management Directors may be offered permanent full-time employment following the Emergence Date or consulting agreements for a term of 12 months. Any payments payable to the Management

Directors under the KERPs will be reduced by the aggregate amounts received under such consulting agreements.

115. The KERPs were the subject of extensive negotiations between and were approved in form and substance by, *inter alia*, the Ad Hoc Committee and the Special Committee (as these terms are defined in the Maguire Affidavit). The Restructuring Advisor (as defined in the Maguire Affidavit) facilitated the negotiations between the Applicants and *inter alia*, the Ad Hoc Committee and the Special Committee and is supportive of the terms and conditions of the KERPs as negotiated between the parties.
116. The CCAA Entities have advised FTI that in the months leading up to the CCAA Proceedings, a number of key Canwest employees have left to accept employment elsewhere and that they believe that the KERPs provide appropriate incentives for the participating employees and/or directors to remain in their current positions. FTI assisted with the framework of the proposed KERPs.
117. The CCAA Entities have also advised FTI that some of the KERP Participants are providing restructuring and related advisory services to the Canwest Publishing Entities. Conversely, some of the employees of the Canwest Publishing Entities are providing restructuring and related advisory services to the CCAA Entities. Accordingly, and as part of the agreement between the CCAA Entities and the Canwest Publishing Entities to bear their respective costs and expenses of the restructuring of their operations, the Canwest Publishing Entities established a

trust in favour of the KERP Participants in the amount of approximately \$4 million being the net contributions from the Canwest Publishing Entities.

118. The Proposed Monitor recognizes the need to retain the services of the employees included in the KERPs and is supportive of the terms and conditions of the KERP as negotiated.

FUNDING OF THESE PROCEEDINGS

119. The CCAA Entities, with the assistance of the Proposed Monitor, have prepared consolidated 13-week cash flow forecast of their receipts, disbursements and financing requirements (the “**Cashflow Forecast**”). A copy of the Cashflow Forecast and a report containing the prescribed representations of the CCAA Entities regarding the preparation of the Cashflow Forecast are appended to the Maguire Affidavit and attached hereto collectively as **Appendix “B”**.
120. As shown in the Cashflow Forecast, it is estimated that for the period of October 5, 2009 to January 3, 2010, the CCAA Entities will have total receipts of \$134.9 million, total operating disbursements of \$153.7 million, and total disbursements relating to the restructuring of \$7.8 million for net cash flow outflow of \$26.6 million.
121. It is anticipated that the CCAA Entities’ forecast liquidity requirements during the early stages of the CCAA Proceedings will be met by the funds advanced by Irish Holdco pursuant to the Irish Holdco Secured Note. However, as the Cashflow Forecast demonstrates, the CCAA Entities’ cash position reaches low levels in the

weeks ending December 20, 2009, January 17, 2010, January 29, 2010 and February 21, 2010 and the ability to borrow funds from a Court-approved DIP facility (secured by the DIP Charge (as defined below)) will be crucial to retain the confidence of the CCAA Entities' creditors, employees and suppliers and would enhance the prospects of a viable compromise or arrangement being made in respect of the CCAA Entities.

122. As described above, pursuant to the CIT Credit Agreement, the CIT Facility increases to \$100 million and converts to a DIP facility following, *inter alia*, commencement of proceedings under the CCAA by CMI. Following repayment of all amounts outstanding under the CIT Facility from the Ten Proceeds and satisfaction of certain conditions, as at the date of filing, \$89.3 million⁷ is available under the CIT Facility.
123. It is anticipated that the funds advanced by Irish Holdco pursuant to the Irish Holdco Secured Note and funds available under the CIT Facility will accommodate the CCAA Entities' forecast liquidity requirements during the CCAA Proceedings. The proposed Initial Order requires the CCAA Entities to notify the Monitor and counsel to the Ad Hoc Committee of any requested advances under the CIT Facility.

CREDITOR NOTIFICATION

124. The draft Initial Order requires the CCAA Entities or the Proposed Monitor (if

⁷ Calculated as the maximum amount of the CIT Facility (\$100 million) less the aggregate face amount of the outstanding letters of credit (\$10.7 million).

appointed as Monitor) to:

- i. publish a notice containing the information prescribed under the CCAA without delay; and

within five days of the issuance of the Initial Order to:

- ii. send notice of the Initial Order to every known creditor having a claim in excess of \$5,000;
- iii. make the Order publicly available in the manner prescribed under the CCAA; and
- iv. prepare a list showing the names and addresses of those creditors (except those creditors that are individuals) and the estimated amounts of those claims, and make it publicly available in the prescribed manner.

125. Approval of the higher threshold is sought to reduce the burden and cost of such process. FTI will also post the Initial Order on its website at <http://cfcanada.fticonsulting.com/cmi>. The Proposed Monitor also recognises that the CCAA Proceedings will likely be widely publicized by Canadian media outlets.

126. The Initial Order also provides that with respect to the CMI Senior Subordinated Noteholders, only the name and address of the indenture trustee of such notes and the aggregate amount owing in respect of such notes shall be listed and made publicly available by the Proposed Monitor.

PROPOSED INITIAL ORDER

127. FTI reviewed the proposed Initial Order and provides comments on certain paragraphs thereof below.

Payment of Pre-filing Obligations

128. The proposed Initial Order contemplates the CCAA Entities, subject to availability under the CIT Facility and in accordance with the Cash Collateral and Consent Agreement, having the ability to pay certain pre-filing expenses, including with respect to all amounts owing to:

- i. U.S. and Canadian producers of television programming;
- ii. newsprint suppliers and distributors;
- iii. American Express;
- iv. miscellaneous goods and services providers, including independent contractors and freelancers;
- v. employees in connection with unpaid wages, salaries, benefits, pension, and certain related amounts; and
- vi. Canwest Limited Partnership in connection with the inter-company services.

129. The Proposed Monitor supports the payment of these pre-filing arrears, subject to the consent of the Monitor where required.

Financial Advisor Agreement

130. The CCAA Entities are also seeking approval of the agreement entered into by Canwest Global with RBC Dominion Securities Inc. (“**RBC**”) (as amended) relating to RBC’s provision of investment banking services to Canwest Global and certain of its subsidiaries (the “**RBC Agreement**”). A copy of the redacted RBC Agreement (as amended) is attached as Exhibit “U” to the Maguire Affidavit.
131. The CCAA Entities have advised FTI that they believe (i) that RBC’s services have maximized enterprise value and are essential to the completion of the Recapitalization Transaction, and (ii) that the quantum and nature of the remuneration provided for in the RBC Agreement are fair and reasonable.
132. The terms of the RBC Agreement (as amended) were subject to extensive negotiations between RBC, the CCAA Entities, and the Ad Hoc Committee.

Chief Restructuring Advisor

133. The CCAA Entities are seeking appointment of Hap S. Stephen as Chief Restructuring Advisor of the CCAA Entities (the “**CRA**”) and approval of the terms and conditions of the agreement entered into between Canwest Global and Stonecrest Capital Inc. outlining the terms and conditions of such appointment (the “**CRA Agreement**”). A copy of the CRA Agreement is attached as Exhibit “N” to the Maguire Affidavit.
134. In the event this Honourable Court grants the requested Initial Order, the CRA

will assume primary responsibility for the development and implementation of the Recapitalization Transaction.

Court-Ordered Charges

Administration Charge

135. The proposed Initial Order provides for a first-ranking charge (subject to any purchase money security interests and statutory encumbrances existing on the date of the Initial Order in favour of any person which is a secured creditor, if any, in respect of certain priority payables⁸) in the maximum amount of \$15 million charging the assets of the CCAA Entities (except the Cash Management Collateral Account) to secure the fees and disbursements incurred in connection with services rendered to the CCAA Entities both before and after the commencement of the CCAA Proceedings by counsel to the CCAA Entities, RBC, counsel and financial advisor to the Special Committee, the Monitor, the Monitor's counsel, counsel to the Management Directors (as defined in the Maguire Affidavit), the CRA, and counsel and financial advisors to the Ad Hoc Committee (the "**Administration Charge**").

DIP Charge

136. The terms of the CIT Credit Agreement provide that, this facility will convert into DIP financing arrangements following, *inter alia*, the commencement of the CCAA Proceedings and satisfaction of certain conditions.

⁸ As set out in paragraph 57 of the draft Initial Order.

137. Accordingly, the proposed Initial Order provides for a charge in favour of the CIT Facility Lenders (the “**DIP Lender**”) in the maximum amount of \$100 million charging all of the assets of the CCAA Entities except the Cash Management Collateral Account (the “**DIP Charge**”). The DIP Charge is proposed to rank immediately subsequent to the Administration Charge and the Existing Security to the extent securing existing and future obligations under the CIT Credit Facility (the “**CIT Existing Security**”) as against all property of the CCAA Entities.

Directors & Officers Charge

138. The CCAA Entities are seeking approval of a charge in favour of the directors and officers of the CCAA Entities (the “**D&O Charge**”) over the property of the CCAA Entities (except the Cash Management Collateral Account) in the maximum amount of \$20 million ranking immediately subsequent to the DIP Charge and the CIT Existing Security and *pari passu* with the KERP Charge, but postponed in right of payment to the first \$85 million payable under the Irish Holdco Secured Note.
139. The CCAA Entities, with the assistance of their counsel and FTI have carried out procedures to identify and attempt to quantify the directors’ and officers’ potential liabilities. The amount of the D&O Charge was estimated taking into consideration existing directors’ and officers’ liability insurance and the potential liabilities which may attach to the directors and officers, and is based on the potential liability of the directors and officers for certain employee-related and tax-related obligations.

140. FTI has been advised that due to the potential for personal liability and lack of sufficient directors' and officers' insurance the directors of the CCAA Entities are unwilling to continue their services and involvement in this restructuring without the protection of the D&O Charge. As the Applicants and Partnerships will require the participation of their respective directors and officers and their experience in the Canadian media industry to pursue a successful restructuring, FTI believes that the D&O Charge is required and reasonable in the circumstances.
141. The amount and priority ranking of the D&O Charge have been negotiated and agreed with the DIP Lender and the Ad Hoc Committee. FTI notes that the amount of the D&O Charge will not cover all of the directors' and officers' liabilities in the worst case scenario.

KERP Charge

142. The proposed Initial Order provides for a charge to secure payments under the KERPs (the "**KERP Charge**") over the property of the CCAA Entities (except the Cash Management Collateral Account) in the maximum amount of \$5.9 million ranking immediately subsequent to the DIP Charge and *pari passu* with the D&O Charge, but subordinate in right of payment to the first \$85 million payable under the Irish Holdco Secured Note.

Summary of the Proposed Rankings of the Court-Ordered Charges and Existing Security

143. The effect of the proposed Court-ordered charges in relation to each other and certain other existing security is the following ranking (subject to any purchase money security interests and statutory encumbrances existing on the date of the Initial Order in favour of any person which is a secured creditor, if any, in respect of certain priority payables⁹):
- i. First – the Administration Charge;
 - ii. Second – the CIT Existing Security;
 - iii. Third – the DIP Charge; and
 - iv. Fourth – the D&O Charge and the KERP Charge ranking *pari passu*, except that these Charges shall be postponed in right of payment to the extent of the first \$85 million payable under the Irish Holdco Secured Note.
144. The Cash Management Collateral Account does not form part of any of the property subject to the Court-ordered charges. Upon payment and satisfaction of CMI’s obligations to BNS in connection with the provision of banking and cash management services any remaining funds will be subject to the Court-ordered charges in the priorities outlined above.
145. FTI believes that the above noted proposed Court-ordered charges and rankings are required and reasonable in the circumstances of the CCAA Proceedings in

order to preserve going concern operations of the CCAA Entities and maintain their enterprise value and, accordingly, supports the granting of and the proposed ranking of the charges.

Financial Thresholds

146. The draft Initial Order reviewed by FTI permits the Applicants, subject to the requirements of the CCAA and the terms of, *inter alia*, the Cash Collateral and Consent Agreement and the Term Sheet, to sell or dispose of property not exceeding \$1 million in any one transaction or \$5 million in the aggregate. In the Proposed Monitor's view these thresholds are appropriate.

BNS' Right to Seize the Cash Management Collateral Account

147. The draft Initial Order reviewed by FTI permits BNS, notwithstanding any stay of proceedings imposed by the Initial Order, to seize and dispose of the funds in the Cash Management Collateral Account and apply the proceeds to any of the CCAA Entities' outstanding cash management obligations to BNS. Following payment in full to BNS of all cash management obligations, any excess funds must be returned to the CCAA Entities.

Cash Collateral and Consent Agreement and the Irish Holdco Notes

148. The proposed Initial Order provides that the CCAA Entities are authorized and empowered to comply with all of their obligations under the Cash Collateral and Consent Agreement and the Irish Holdco Notes and that:

⁹ As more particularly set forth in paragraph 57 of the draft Initial Order.

- i. the rights of, *inter alia*, the Consenting Noteholders to terminate the Cash Collateral and Consent Agreement and/or the Support Agreement are not impaired or limited by the CCAA Proceedings; and
 - ii. none of the rights of Irish Holdco under the Irish Holdco Secured Note are impaired or limited by the CCAA Proceedings.
149. The CCAA Entities are also seeking a declaration that the Cash Collateral and Consent Agreement and the Irish Holdco Notes and all payments made thereunder do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct or other voidable or reviewable transactions under any applicable law.

CHAPTER 15 PROCEEDINGS

150. As detailed in the Maguire Affidavit, CMI and Canwest Television Partnership have exclusive, multi-year programming agreements with a number of the major U.S. program production studios and distributors such as Sony, Fox, CBS and NBC Universal. These agreements cover a number of television programs in the current schedules of Canwest Television Partnership's various free-to-air television stations and Canwest Global's specialty television channels including many of their most popular programs. The CCAA Entities expect that a loss of the ability to broadcast these programs would in all likelihood have a severe, negative impact on current and future revenues of these television channels.

151. Canadian producers will be subject to the terms of the Initial Order, if issued by this Honourable Court. However, much of the CCAA Entities' most popular programming, such as *House*, *The Simpsons* and *The Masters*, is produced by entities outside of Canada.
152. In addition, under the terms of the CIT Credit Agreement, commencement of proceedings under Chapter 15 of the Bankruptcy Code to have the CCAA Proceedings recognised as "foreign main proceedings" (the "**Chapter 15 Proceedings**") by the Chapter 15 Entities is a prerequisite to the conversion of the CIT Facility into a DIP facility and increase thereof to a maximum amount of \$100 million.
153. Accordingly, the CCAA Entities are requesting in the Initial Order that the Proposed Monitor (if appointed Monitor) be authorized to commence Chapter 15 Proceedings with respect to the Chapter 15 Entities. It is proposed that the Monitor also be authorized to file additional Chapter 15 Proceedings with respect to any of the other Applicants if such additional proceedings are determined by the CCAA Entities to be necessary to protecting the CCAA Entities and their businesses.
154. FTI agrees that the continued timely supply of U.S. network and other programming is necessary to preserve the going concern value of the CCAA Entities' business and further agrees that the Chapter 15 proceedings should be commenced on an urgent basis. FTI has reviewed the circumstances, including the facts set out in paragraphs 244 to 247 of the Maguire Affidavit, and agrees

with the conclusion of the CCAA Entities that Canada is the centre of main interest (“COMI”) for the Chapter 15 Entities.

155. FTI is willing to act as foreign representative in the Chapter 15 proceedings if so authorised by this Honourable Court.

PROPOSED RESTRUCTURING

156. The terms of the proposed Recapitalization Transaction are set out in the Recapitalization Transaction Term Sheet (the “**Term Sheet**”). The Term Sheet is attached to and forms part of a CCAA Support Agreement (the “**Support Agreement**”) between the CCAA Entities and those CMI Senior Subordinated Noteholders that have consented to the Recapitalization Transaction (the “**Consenting Noteholders**”) and is attached (together with the Term Sheet) as Exhibit “O” to the Maguire Affidavit. As at October 5, 2009, the Consenting Noteholders represented in excess of 70% of the CMI Senior Subordinated Noteholders.

157. The terms of the Recapitalization Transaction (as outlined in the Term Sheet) include:

Restructured Canwest Global

- i. the Class B Subordinated Voting Shares, the Non-Voting Shares (together as a stapled security), and the Class A Subordinated Voting Shares of the restructured Canwest Global (the “**Restructured Canwest Global**”) will be listed on the Toronto Stock Exchange;

- ii. the Restructured Canwest Global will issue Multiple Voting Shares, Non-Voting Shares, Class A Subordinated Voting Shares and Class B Subordinated Voting Shares in the following quantities and to the following entities:
- a) equity interest in the Restructured Canwest Global (represented by a combination of the Class A Subordinated Voting Shares or the Multiple Voting Shares) to one or more Canadians within the meaning of the Direction¹⁰ (the “**New Investors**”) in amounts to be agreed upon by the CMI Senior Subordinated Noteholders and the Ad Hoc Committee;
 - b) the balance of the equity interest in the Restructured Canwest Global will be owned by creditors of the CCAA Entities whose claims will be compromised in the CCAA Proceedings, including the CMI Senior Subordinated Noteholders (the “**Affected Creditors**”), and existing shareholders of Canwest Global;
 - c) 33¹/₃% of the voting interest in the Restructured Canwest Global (represented by the Non-Voting Shares and Class B Subordinated Voting Shares) will be owned by the Affected Creditors and the existing shareholders of Canwest Global that are not Canadians within the meaning of the Direction (the “**Non-Canadian Shareholders**”);

¹⁰ *Direction to the CRTC (Ineligibility of Non-Canadians)* (the “**Direction**”)

- d) 66²/₃% of the voting interest in the Restructured Canwest Global (represented by the Multiple Voting Shares, if any, and the Class A Subordinated Voting Shares) will be owned by the New Investors and, in the case of the Class A Subordinated Voting Shares, by the Affected Creditors that are Canadians within the meaning of the Direction;
- iii. the ownership of the shares of the Restructured Canwest Global is subject to the following additional conditions under the Term Sheet:
 - a) no more than 18.5% of all shares of the Restructured Canwest Global may be issued to the Affected Creditors other than the CMI Senior Subordinated Noteholders;
 - b) the existing shareholders of Canwest Global will receive a maximum of 2.3% of the shares of the Restructured Canwest Global;
 - c) in consideration for their support of the Recapitalization Transaction, those CMI Senior Subordinated Noteholders that enter into the Support Agreements (as defined below) prior to November 2, 2009 will receive additional shares in the Restructured Canwest Global¹¹;

¹¹ The amount of shares to be received by any consenting CMI Unsecured Noteholder is to be calculated as their pro rata share of the Non-Voting Shares, Class B Subordinated Voting Shares or Class A Subordinated Voting Shares of the Restructured Canwest Global, as applicable, equal in value to US\$5 million.

- iv. percentages of the shares of the Restructured Canwest Global will be issued to the creditors of CMI and Canwest Television Partnership based on the percentage of such creditors' claims relative to the total claims proven against CMI or Canwest Television Partnership, as applicable;
- v. the CMI Senior Subordinated Noteholders will be entitled to claim recovery of the full amount of CMI's indebtedness (including accrued interest) from CMI without deduction for amounts recovered from any guarantor of CMI (including the amounts received from the Ten Proceeds) and shall be entitled to claim recovery from each guarantor without deduction for amounts recovered for any other guarantor of CMI; and

Restructuring of Canwest Global's Current Debt

- vi. the current debt of the CCAA Entities will be restructured and the liquidity requirements of the Restructured Canwest Global will be met as follows:
 - a) the New Investors will invest at least \$65 million in the Restructured Canwest Global in consideration for the issuance of shares described above;
 - b) the CIT Facility will be extended or replaced by a similar facility;
 - c) the Irish Holdco Secured Note will be partially repaid from the New Investors' investment; and

- d) the unpaid balance of the CMI Senior Subordinated Notes, the Irish Holdco Unsecured Note and all other debts of the CCAA Entities will be compromised by conversion into shares of the Restructured Canwest Global (as described above).

Additional Conditions

158. In addition to the above terms prescribed by the Term Sheet, the Recapitalization Transaction is subject to a number of conditions, including the following:
- i. a definitive agreement in respect of the transfer of the business operated by the National Post Company to the Limited Partnership will be entered into by October 15, 2009;
 - ii. CRTC approval and other material regulatory approvals required in connection with the Recapitalization Transaction have been obtained and no CRTC tangible benefits will have become assessed or payable in connection with the Recapitalization Transaction;
 - iii. all Court-ordered charges in the CCAA Proceedings must be discharged and released and no recourse will have been made against such charges;
 - iv. all pension, management and consulting arrangements in respect of Restructured Canwest Global must be on terms acceptable to CMI and the Ad Hoc Committee;

- v. each of, *inter alia*, the claims process, claims order, meeting order, and sanction order will be issued in a form agreed in advance by CMI and the Ad Hoc Committee;
- vi. the Restructured Canwest Global will, upon completion of the Recapitalization Transaction, own at least 35.33% of the shares of CW Investments;
- vii. the Amended and Restated Shareholders Agreement relating to CW Investments (which operates the CW Media Segment) with Goldman Sachs Capital Partners must be amended and restated or otherwise addressed in a matter agreed to by CMI and the Ad Hoc Committee and approved by the CRTC (if required); and
- viii. the key elements of the Recapitalization Transaction shall have occurred (and been approved by this Honourable Court) by the following dates:
 - Initial hearing date – no later than October 15, 2009;
 - Claims process hearing date – no later than October 22, 2009;
 - Creditor approval – no later than January 30, 2010; and
 - Plan implementation date – no later than April 15, 2010.

159. The Recapitalization Transaction is supported by the CCAA Entities and FTI has been advised that it has been approved by the Special Committee and the board of directors of Canwest Global. As stated above, over 70% of the CMI Senior

Subordinated Noteholders have agreed to support the Recapitalization Transaction pursuant to the terms of the Support Agreement.

160. The terms of the Recapitalization Transaction were the subject of lengthy and intense arm's length negotiations between the CCAA Entities and the Ad Hoc Committee.

PROPOSED MONITOR'S CONCLUSIONS

161. It is the Proposed Monitor's view that the Applicants are insolvent and should be granted the benefit of protection under the CCAA and that such protections be extended to the Partnerships.
162. The CCAA Entities are also seeking, and the Proposed Monitor supports their request, to continue to operate their cash management system and inter-company services and payments post-filing in substantially the same manner as before the commencement of the CCAA Proceedings (subject to any future modifications to be made with the consent of, *inter alia*, FTI).
163. The Proposed Monitor supports the payment of certain pre-filing arrears (as outlined above), subject to the consent of the Monitor where required.
164. The Proposed Monitor supports the conversion of the CIT Facility to a DIP facility and increase thereof to a maximum amount of \$100 million following the commencement of the CCAA Proceedings.

165. The Proposed Monitor also supports the CCAA Entities' request for authorization to commence the Chapter 15 Proceedings with respect to the Chapter 15 Entities and to authorize FTI (if appointed Monitor) to act as foreign representative in such proceedings.
166. The Proposed Monitor supports the creation of the KERPs as set out in the confidential supplement to this Report.
167. The Proposed Monitor supports the amounts and rankings of the court-ordered charges and the financial thresholds proposed in the draft Initial Order, including:
- i. Administration Charge in the amount of \$15 million;
 - ii. DIP Charge in the amount of \$100 million;
 - iii. D&O Charge in the amount of \$20 million;
 - iv. KERP Charge in the amount of \$5.9 million; and
 - v. asset sale thresholds of \$1 million or \$5 million in the aggregate.
168. The Proposed Monitor also supports the notice to creditors arrangements proposed by the CCAA Entities and the establishment of a \$5,000 threshold for sending of notices of the CCAA Proceedings to creditors.

All of which is respectfully submitted this 5th day of October, 2009

FTI Consulting Canada Inc.,
in its capacity as the proposed Monitor of Canwest Global Communications Corp. and
the other Applicants listed in Schedule "A" and Partnerships listed in Schedule "B"

Per



Paul Bishop
Senior Managing Director

and



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”

APPENDIX “B”

**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"

Report on Cash-flow Statement
(Paragraph 10.2(b) of the CCAA)

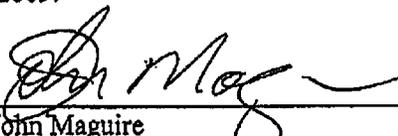
The management of Canwest Global Communications Corp ("Canwest Global" or the "Company") and other applicants listed in Schedule A, has developed the assumptions and prepared the attached statement of projected cash-flow of the Company, as of the 5th day of October 2009, consisting of a 13-week cash-flow dated October 5th, 2009 through to January 3rd, 2010 (the "Projections").

The hypothetical assumptions are reasonable and consistent with the purpose of the Projections described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Projections. All such assumptions are disclosed in Notes 2 - 7.

Since the Projections are based on assumptions regarding future events, actual results will vary from the information presentation, and the variations may be material.

The Projections have been prepared solely for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 - 7. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, ON, this 5th day of October 2009.



John Maguire
Canwest Global Communications Corp

Canwest Media Inc.
13-WEEK CASH FLOW FORECAST

CAD 000s

Beginning (Monday)	5-Oct-09	12-Oct-09	18-Oct-09	26-Oct-09	2-Nov-09	9-Nov-09	16-Nov-09	23-Nov-09	30-Nov-09	7-Dec-09	14-Dec-09	21-Dec-09	28-Dec-09
Ending (Sunday)	11-Oct-09	18-Oct-09	25-Oct-09	1-Nov-09	8-Nov-09	15-Nov-09	22-Nov-09	29-Nov-09	6-Dec-09	13-Dec-09	20-Dec-09	27-Dec-09	3-Jan-10
Operating Cashflow													
Receipts													
Receipts	8,345	4,253	9,174	12,499	6,439	4,037	7,225	14,435	9,489	6,214	4,333	11,816	16,641
Intercompany Receipts	-	-	-	7,973	-	-	-	6,501	-	-	-	1,025	4,517
Total Operating Receipts	8,345	4,253	9,174	20,471	6,439	4,037	7,225	20,936	9,489	6,214	4,333	12,840	21,157
Disbursements													
Operating Disbursements	(8,150)	(19,237)	(7,084)	(13,097)	(8,293)	(14,799)	(7,666)	(9,144)	(14,261)	(12,760)	(9,688)	(6,536)	(12,338)
Capital Expenditures	(347)	(347)	(347)	(347)	(309)	(309)	(309)	(309)	(309)	(233)	(233)	(233)	(233)
Intercompany Disbursements	-	-	-	(3,548)	-	-	-	(1,610)	-	-	-	(1,606)	(52)
Total Disbursements	(8,497)	(19,584)	(7,431)	(16,993)	(8,602)	(15,108)	(7,995)	(11,063)	(14,570)	(12,993)	(9,921)	(8,374)	(12,624)
Net Operating Cashflows	(152)	(15,332)	1,743	3,479	(2,163)	(11,071)	(769)	9,873	(5,081)	(6,779)	(5,587)	4,466	8,533
Restructuring Costs													
Restructuring Costs	(708)	(458)	(458)	(458)	(675)	(458)	(458)	(458)	(675)	(458)	(458)	(458)	(1,206)
DIP Interest/Fees	-	-	-	(128)	-	-	-	-	(128)	-	-	-	(128)
Total Restructuring Costs	(708)	(458)	(458)	(586)	(675)	(458)	(458)	(458)	(803)	(458)	(458)	(458)	(1,335)
Total Net Cashflow	(860)	(15,789)	1,285	2,893	(2,838)	(11,528)	(1,227)	9,416	(5,885)	(7,236)	(6,045)	4,008	7,199
Opening Cash	47,810	48,950	31,161	32,447	35,339	32,501	20,973	19,746	29,161	23,277	16,040	9,995	14,003
DIP Advances (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Advances (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Cash	46,950	31,161	32,447	35,339	32,501	20,973	19,746	29,161	23,277	16,040	9,995	14,003	21,202

Notes:

1. The purpose of these cash flow projections is to determine the liquidity requirements for the CCAA Entities during the CCAA proceedings.
2. Operating receipts have been forecasted in the normal course of business based on Management's historical analysis as well as an understanding of Canwest's customer base under the current economic conditions and present situation.
3. Historical charges for shared services between the CCAA Entities and other Canwest subsidiaries were utilized to estimate the projections for intercompany receipts and disbursements. These amounts are based on a cost recovery basis. The projected amount also reflects expected distributions from TVtropolis, Mystery TV and Men TV to the CCAA Entities.
4. Payments to content providers are based on anticipated programming schedules and under existing program supply contracts.
5. Other operating disbursements have been estimated based on historical analysis, current price levels, and Management's forecasts.
6. Capital expenditure forecasts reflect planned capital projects during the period.
7. Estimated restructuring costs are based on projected costs associated with professional fees and employee retention costs relating to the restructuring.