

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C., 1985,
c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of the City of Toronto, in the Province of Ontario**

**MOTION RECORD
(Returnable December 24, 2010)**

December 17, 2010

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AUDIO VISUAL SERVICES
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AND TO: CIRCULATION MARKETING INC.
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V3E 2Y7

AND TO: CLASSIFIEDS PLUS INC.
6400 MAIN STREET
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14221

AND TO: COMFORT INN
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KINGSTON, ON
K7K 6Z5

AND TO: COMFORT INN
2 DUNLOP DRIVE
ST. CATHARINES, ON
L2R 1A2

AND TO: COMFORT INN
220 HOLIDAY INN DRIVE
CAMBRIDGE, ON
N3C 1Z4

AND TO: COMFORT INN
16255 VINCENT MASSEY DRIVE
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- AND TO: COMFORT INN**
2899 KING STREET E.
KITCHENER, ON
N2A 1A6
- AND TO: COMFORT INN OTTAWA EAST**
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- AND TO: COMGRAPH PRINT GROUP INC.**
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- AND TO: CREATIVE BAG CO. LTD.**
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M3J 2Z4
- AND TO: CREATIVE INSERTING**
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M1V 4B5
- AND TO: CURRY'S ART STORE**
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- AND TO: DAISY MEDIA LIMITED**
145-157 ST. JOHN STREET - 2ND FLOOR
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EC1V 4PY
- AND TO: DANA HOSPITALITY INC.**
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- AND TO: DIRECT BRANDING FORCE INC.**
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- AND TO: DOW JONES CANADA, INC.**
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M5W 3G4
- AND TO: EIGEN DEVELOPMENT LTD.**
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- AND TO: ENDO NETWORKS INC.**
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- AND TO: FUNDATA CANADA INC.**
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- AND TO: G & A CORPORATE INC.**
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- AND TO: GATEWAY NEWSTANDS**
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L4L 8V1

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H2Y 3X2
- AND TO: INNOVATIVE VISION MARKETING INC.**
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- AND TO: INSA**
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J0J 1J0
- AND TO: INTERCONTINENTAL TORONTO CENTRE**
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M5V 2X3
- AND TO: JEFF LABINE**
233 MCCOMBER CREST
THUNDER BAY, ON
P7A 7G1
- AND TO: JOHN MCVICAR**
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AND TO: JOHN SCHREINER
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AND TO: JOHN WILEY & SONS CANADA LTD
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AND TO: LINDA CAMPBELL
2 - 242 LAKEPORT ROAD
ST. CATHARINES, ON
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AND TO: LYRECO (CANADA) INC.
#200 - 7303 WARDEN AVENUE
MARKHAM, ON
L3R 5Y6

AND TO: MAINLY MAC
34 GEORGE STREET
MARKHAM, ON
L3P 2R7

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AND TO: MINISTER OF FINANCE
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AND TO: MONTE CARLO INN
374 SOUTH SERVICE ROAD
OAKVILLE, ON
L6J 2X6

AND TO: MONTE CARLO INN
81 HART DRIVE
BARRIE, ON
L4N 5M3

AND TO: MONTE CARLO INN
1591420 ONTARIO LIMITED
7045 EDWARDS BLVD.
MISSISSAUGA, ON
L5X 1X2

AND TO: MONTE CARLO INN
1360877 ONTARIO LTD
7045 EDWARDS BLVD
MISSISSAUGA, ON
L5S1X2

- AND TO: MONTE CARLO INN - AIRPORT SUITES**
7045 EDWARDS BOULEVARD - 5TH FL
MISSISSAUGA, ON
L5S 1X2
- AND TO: MONTE CARLO INN - TORONTO WEST**
1249249 ONTARIO LIMITED
7045 EDWARDS BLVD.
MISSISSAUGA, ON
L5S 1X2
- AND TO: NADBANK INC**
890 YONGE ST SUITE 200
TORONTO, ON
M4W 3P4
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511 N. LA CIENAGA BLVD
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- AND TO: NETWORK INNOVATIONS INC.**
4424 MANILLA RD S.E.
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- AND TO: NEWSWORTHY INK**
LESTON PARALEGAL SERVICES LIMITED C.O.B.
86 WEMBLEY ROAD
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M6C 2G4
- AND TO: NOWIRES DIRECT**
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MARKHAM, ON
L3P 8M1
- AND TO: O'DONNELL ROBERTSON & SANFILIPPO**
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ONE QUEEN STREET EAST
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- AND TO: ONLINE BUSINESS SYSTEMS**
200-115 BANNATYNE AVENUE
WINNIPEG, MB
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- AND TO: PETER MORTON**
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58 ROXBOROUGH ST. W
TORONTO, ON
M5R 1T8
- AND TO: PHILIP MATHIAS**
160 MOORE AVENUE
TORONTO, ON
M4T 1V8
- AND TO: PHILIP QUINN**
11 WILEY AVENUE
TORONTO, ON
M4J 3W3
- AND TO: POPMEDIA O/U 6571107 CANADA INC.**
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8601 WARDEN AVENUE
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- AND TO: PUROLATOR COURIER LTD**
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L5R3T8
- AND TO: REUTERS CANADA LIMITED**
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M5W 3N9
- AND TO: ROGERS TELECOM (SCBS)**
P.O. BOX 46153 - STATION A
TORONTO, ON
M5W 4K9
- AND TO: ROGERS WIRELESS INC.**
P.O. BOX 9100
DON MILLS, ON
M3C 3P9
- AND TO: ROYAL TAXI**
100-620 WILSON AVENUE
TORONTO, ON
M3K 1Z3

- AND TO: RUSSELL RENNIE**
50 CALLOWHILL AVENUE
RICHMOND HILL, ON
L4B 3T7
- AND TO: SECURED COURIER LTD.**
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TORONTO, ON
M6P 2A1
- AND TO: SHAW CABLESYSTEMS G.P.**
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- AND TO: SONITA HORVITCH**
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M5P 1H6
- AND TO: STOCKGROUP MEDIA INC.**
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VANCOUVER, BC
V6C 2T7
- AND TO: SUNSHINE REALTY MANAGEMENT INC.**
419 LAFAYETTE STREET - 2ND FLOOR
NEW YORK, NY
10003
- AND TO: SUPER 8 MOTELS**
441 BRYNE DRIVE
BARRIE, ON
L4N 6C8
- AND TO: SUPON ENTERPRISES LTD.**
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L3R 0A9
- AND TO: TAXITAB**
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- AND TO: TELUS COMMUNICATIONS**
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- AND TO: THE DATA GROUP OF COMPANIES**
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- AND TO: THE NEW YORK TIMES SYNDICATION**
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- AND TO: TRIPLE TOUCH MOULDING LTD.**
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CONCORD, ON
L4K 1R4
- AND TO: TRI-W MARKETING**
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WHITBY, ON
L1N 6S1
- AND TO: UNIVERSAL PRESS SYNDICATE**
1130 WALNUT ST.
KANSAS CITY, MO
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- AND TO: VIDEOTRON LTEE**
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AND TO: WINDEMERE MANOR
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INDEX

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C., 1985,
c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of the City of Toronto, in the Province of Ontario**

**MOTION RECORD
(Returnable December 24, 2010)**

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985,
c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of the City of Toronto, in the Province of Ontario**

**NOTICE OF MOTION
(Returnable December 24, 2010)**

FTI Consulting Canada Inc. ("FTI"), in its capacity as Trustee in bankruptcy (the "Legacy NPC Trustee") of Legacy NPC Partnership, formerly National Post Company/La Publication National Post ("Legacy NPC"), will make a motion to a judge presiding over the Commercial List, of the Ontario Superior Court of Justice on Friday, December 24, 2010 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order for, *inter alia*, the following relief:
 - (a) if necessary, abridging the time for service of this Notice of Motion and the Motion Record and validating the form of service effected;
 - (b) providing for the consolidation of the bankrupt estates of 4514858 Canada Inc., formerly National Post Holdings Ltd. ("4514858") and Legacy NPC as follows:

- (i) assigning a single Court file number of 31-1423389 and title of proceeding of "In the Matter of the Bankruptcy of 4514858 Canada Inc. and Legacy NPC Partnership, of the City of Toronto, Province of Ontario" to the proceedings in the bankrupt estates of 4514858 and Legacy NPC;
- (ii) authorizing FTL, in its capacity as trustee in bankruptcy of the consolidated estates of Legacy NPC and 4514858 (the "Trustee"), to administer the bankrupt estates of 4514858 and Legacy NPC as if such bankrupt estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") with respect to the administration of bankrupt estates generally, including without limitation:
 - (A) allowing meetings of creditors and inspectors in the bankrupt estates of 4514858 and Legacy NPC to be convened through one combined advertisement and conducted jointly, provided that the results of any creditors' vote shall be separately tabulated for each bankrupt estate;
 - (B) authorizing the Trustee to issue consolidated reports in respect of the bankrupt estates of 4514858 and Legacy NPC;
 - (C) authorizing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of 4514858 and Legacy NPC required under the BIA;

- (D) providing that the inspector of Legacy NPC, or other inspectors that may be subsequently elected, shall be the inspector(s) for the consolidated bankrupt estates of 4514858 and Legacy NPC;
 - (E) authorizing the Trustee to open a single consolidated estate bank account for the bankrupt estates of 4514858 and Legacy NPC;
 - (F) authorizing and directing the Trustee to conduct all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate; and
- (iii) authorizing and directing the Trustee to file all documents in any of 4514858 and Legacy NPC's bankrupt estates in the Court file for the bankrupt estate of 4514858, being Court file number 31-1423389, and to file a copy of this order in the Court file for each of 4514858 and Legacy NPC's bankrupt estates;
 - (iv) authorizing and directing the Trustee to combine the pool of assets and liabilities of the bankrupt estates of 4514858 and Legacy NPC and to distribute that pool of assets to the creditors of both of the bankrupt estates of 4514858 and Legacy NPC on a *pari pasu* basis;
 - (v) authorizing and directing that the reasonable fees of the Trustee be paid out of the combined estates of 4514858 and Legacy NPC; and
- (c) Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) On October 27, 2010, 4514858 and Legacy NPC filed assignments in bankruptcy and FTI was appointed trustee of the bankrupt estates of 4514858 and Legacy NPC;
- (b) Pursuant to an order of this Honourable Court made on October 6, 2009 (the "**Initial Order**"), under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "**CCAA**"), FTI was appointed the monitor of Canwest Global Communications Corp., Canwest Media Inc. ("**CMI**") and certain of their subsidiaries, including 4514858 and Legacy NPC;
- (c) 4514858 and Legacy NPC are related entities and 4514858 is the general partner of Legacy NPC;
- (d) 4514858 has no assets and *de minimus* liabilities;
- (e) To the extent possible, the Legacy NPC Trustee is seeking to minimize the cost of administering the bankrupt estates of 4514858 and Legacy NPC;
- (f) The consolidation of the bankrupt estates of 4514858 and Legacy NPC, would allow the Trustee to avoid performing, inter alia, the following separate actions in respect of each of 4514858 and Legacy NPC, thereby reducing certain administrative expenses:
 - (i) convening and conducting meetings of creditors and inspectors;
 - (ii) making, filing, advertising and distribution of all filings and notices required under the BIA;
 - (iii) appointing separate groups of inspectors;

- (iv) opening separate bank accounts;
 - (v) conducting all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate; and
 - (vi) determining and advising creditors of distributions and making distributions.
-
- (g) A consolidation of the bankrupt estates of 4514858 and Legacy NPC will enable the Trustee to administer the estates as one without duplicating efforts and incurring additional expenses thereby reducing the costs of the administration of the bankrupt estates;
 - (h) A consolidation of the bankrupt estates of 4514858 and Legacy NPC will not result in prejudice to any of their creditors;
 - (i) In all the circumstances, it is just for this Honourable Court to consolidate the bankrupt estates of 4514858 and Legacy NPC;
 - (j) Rules 1.04, 1.05, 2.03, 3.02, 6.01 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
 - (k) Section 183 of the BIA;
 - (l) Section 138 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and
 - (m) Such further and other grounds as counsel may advise and this Honourable Court may consider.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) Second Report of the Trustee for 4514858 Canada Inc., dated December 16, 2010 ;
- (b) Second Report of the Trustee for Legacy NPC Partnership, dated December 16, 2010;
- (c) Such further and other material as counsel may advise and this Honourable Court permit.

December 17, 2010

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IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP, of in the City of Toronto, in
the Province of Ontario

Court File No: 31-1423385

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION
(RETURNABLE DECEMBER 24, 2010)**

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Lawyers for the Trustee, FTI Consulting
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TAB 2

In the Matter of the Bankruptcy of

Legacy NPC Partnership

Second Report of the Trustee, FTI Consulting Canada Inc.

December 16, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985,
c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of the City of Toronto, in the Province of Ontario**

SECOND REPORT OF THE TRUSTEE

1. This report ("**Report**") is filed by FTI Consulting Canada Inc. ("**FTI**") in its capacity as trustee in bankruptcy ("**Trustee**") in the bankrupt estate of Legacy NPC Partnership., formerly the National Post Company/La Publication National Post ("**Legacy NPC**") pursuant to an assignment in bankruptcy filed on October 27, 2010.

PURPOSE OF THIS REPORT

2. The purpose of this Report is to:
 - (a) provide this Honourable Court with background information on Legacy NPC and 4514858 Canada Inc. ("**4514858**"); and
 - (b) recommend that this Honourable Court make an order consolidating the bankrupt estates of Legacy NPC and 4514858 (the "**National Post Consolidated Estate**").

CURRENCY

3. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

DOCUMENTS FILED IN THESE PROCEEDINGS

4. FTI has posted all documents filed with the Court in the bankruptcy proceedings on its website at: <http://cfcanada.fticonsulting.com/cmi/bank.htm>.

TERMS OF REFERENCE

5. In preparing this report, FTI has relied upon unaudited financial information of Legacy NPC and 4514858, Legacy NPC and 4514858's books and records, certain financial information prepared by, and discussions with, Legacy NPC and 4514858's 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 with respect to the financial accuracy of any financial information presented in this Report, or relied upon by the Trustee in preparing this Report.
6. The background of this proceeding and rationale for this motion are described in greater detail in the Second Report (the "**4514858 Second Report**") of FTI in its capacity as the trustee in bankruptcy of 4514858 (in such capacity, the "**4514858 Trustee**") and are therefore not repeated herein. A copy of the 4514858 Second Report, excluding schedules, is attached to this Report as Schedule "A".

RECOMMENDATION

7. For the reasons outlined in the 4514858 Second Report, neither creditors of Legacy NPC nor 4514858 will be prejudiced as a result of the proposed National Post Consolidated Estate. In addition, the consolidation of the bankrupt estates of Legacy NPC and 4514858 will reduce the costs of the administration of the bankrupt estates and add greatly to its efficiency. Accordingly, the Trustee respectfully recommends that an order be made by

this Honourable Court authorizing and directing a consolidation of the bankrupt estates of Legacy NPC and 4514858 as follows:

- (a) assigning a single Court File number of 31-1423389 and title of proceeding of "In the Matter of the Bankruptcy of 4514858 Canada Inc. and Legacy NPC Partnership, of the City of Toronto, Province of Ontario" to the proceedings in the bankrupt estates of Legacy NPC and 4514858;

- (b) authorizing the Trustee to administer the bankrupt estates of Legacy NPC and 4514858 as if such bankrupt estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the BIA with respect to the administration of bankrupt estates generally, including without limitation:
 - (i) allowing meetings of creditors and inspectors in the bankrupt estates of LP Legacy NPC and 4514858 to be convened through one combined advertisement and conducted jointly;

 - (ii) authorizing the Trustee to issue consolidated reports in respect of the bankrupt estates of Legacy NPC and 4514858;

 - (iii) authorizing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of Legacy NPC and 4514858 required under the BIA;

 - (iv) providing that the inspector of Legacy NPC and any other inspectors that may be subsequently elected, shall be the inspector(s) for the consolidated bankrupt estates of 4514858 and Legacy NPC;

- (v) authorizing the Trustee to open a single consolidated estate bank account for Legacy NPC and 4514858;
- (vi) authorizing the Trustee to conduct all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate;
- (vii) authorizing and directing the Trustee to file all documents in any of Legacy NPC and 4514858's bankrupt estates in the Court file for the bankrupt estate of 4514858, being Court file number 31-1423389, and to file a copy of this order in the Court file for each of Legacy NPC and 4514858 bankrupt estates;
- (viii) authorizing the Trustee to combine the pool of assets and liabilities of Legacy NPC and 4514858 bankrupt estates into one and to distribute that pool of assets to the creditors of both Legacy NPC and 4514858 bankrupt estates on a *pari pasu* basis; and
- (ix) authorizing and directing that the reasonable fees of the Trustee be paid out of the consolidated bankrupt estate of 4514858 and Legacy NPC.

All of which is respectfully submitted this 16th of December, 2010.

FTI Consulting Canada Inc.,

in its capacity as Trustee of Legacy NPC Partnership and not in its personal capacity

Per:



Greg Watson

Senior Managing Director

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

THE HONOURABLE _____) FRIDAY THE 24TH
 _____ JUSTICE _____)
 _____) DAY OF DECEMBER, 2010

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985,
 c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
 of in the City of Toronto, in the Province of Ontario**

O R D E R

THIS MOTION, made by FTI Consulting Canada Inc. ("FTI"), in its capacity as trustee in bankruptcy of Legacy NPC Partnership ("Legacy NPC") seeking, *inter alia*, the consolidation of the bankrupt estates of Legacy NPC Partnership ("Legacy NPC") and 4514858 Canada Inc. ("4514858", and together with Legacy NPC, the "Bankrupt Estates") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of FTI in its capacity as trustee in bankruptcy of 4514858 dated December 16, 2010, the Second Report of FTI in its capacity as trustee in bankruptcy of Legacy NPC dated December 16, 2010, and no one else appearing, although properly served as appears from proof of service, filed.

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged, if necessary, that the motion is properly returnable today, that further service thereof be and is hereby dispensed with and that all parties entitled to receive service of the Notice of Motion have been duly served.

2. THIS COURT ORDERS that FTL, in its capacity as the trustee in bankruptcy of the consolidated bankruptcy estates of 4514848 and Legacy NPC (the "Trustee"), may administer the Bankrupt Estates on a consolidated basis, as follows:

- (a) a single Court file number of 31-1423389 and title of proceeding of "In the Matter of the Bankruptcy of 4514848 Canada Inc. and Legacy NPC Partnership" shall be assigned to the proceedings in the Bankrupt Estates;
- (b) the Trustee is authorized to administer the Bankrupt Estates as if such bankrupt estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") with respect to the administration of bankrupt estates generally, including without limitation;
 - (i) meetings of creditors and inspectors in the Bankrupt Estates may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors' vote shall be separately tabulated for each bankrupt estate;
 - (ii) the Trustee is authorized to issue consolidated reports in respect of the Bankrupt Estates;
 - (iii) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the Bankrupt Estates required under the BIA;
 - (iv) a single inspector elected in the bankrupt estate of Legacy NPC shall be the inspector for the consolidated bankrupt estate of 4514858 and Legacy NPC;

- (v) providing that the inspector of Legacy NPC, or other inspectors that may be subsequently elected, shall be the inspector(s) for the consolidated bankrupt estates of 4514858 and Legacy NPC;
 - (vi) the Trustee is authorized to open a single consolidated estate bank account for the Bankrupt Estates; and
 - (vii) the Trustee is authorized and directed to file all documents in any of 4514858 and Legacy NPC 's bankrupt estates in the Court file for the bankrupt estate of 4514858, being Court file number 31-1423389, and to file a copy of this order in the Court file for each 4514858 and Legacy NPC's bankrupt estates;
 - (c) the Trustee is authorized to combine the pool of assets and liabilities of the Bankrupt Estates into one and to distribute that pool of assets to the creditors of both the Bankrupt Estates on a *pari pasu* basis; and
 - (d) authorizing and directing that the reasonable fees of the Trustee be paid out of the consolidated bankrupt estate of 4514858 and Legacy NPC.
-

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP, of the City of Toronto,
in the Province of Ontario

Court File No: 31-1423385

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

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Lawyers for the Trustee, FTI Consulting
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Schedule "A"

See Attached

In the Matter of the Bankruptcy of

4514858 Canada Inc.

Second Report of the Trustee, FTI Consulting Canada Inc.

December 16, 2010

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST
IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985,
c. B-3, AS AMENDED

AND IN THE MATTER OF BANKRUPTCY OF 4514858 CANADA INC., of the
City of Toronto, in the Province of Ontario

SECOND REPORT OF THE TRUSTEE

1. This report ("**Report**") is filed by FTI Consulting Canada Inc. ("**FTI**") in its capacity as trustee in bankruptcy ("**Trustee**") in the bankrupt estate of 4514858 Canada Inc., formerly the National Post Holdings Ltd. ("**4514858**") pursuant to an assignment in bankruptcy filed on October 27, 2010.

PURPOSE OF THIS REPORT

2. The purpose of this Report is to:
 - (a) provide this Honourable Court with background information on 4514858 and Legacy NPC Partnership ("**Legacy NPC**"); and
 - (b) recommend that this Honourable Court make an order consolidating the bankrupt estates of 4514858 and Legacy NPC (the "**National Post Consolidated Estate**").

CURRENCY

3. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

DOCUMENTS FILED IN THESE PROCEEDINGS

4. FTI has posted all documents filed with the Court in the bankruptcy proceedings on its website at: <http://cfcanada.fticonsulting.com/cmi/bank.htm>.

TERMS OF REFERENCE

5. In preparing this report, FTI has relied upon unaudited financial information of 4514858 and Legacy NPC, 4514858 and Legacy NPC's books and records, certain financial information prepared by, and discussions with, 4514858 and Legacy NPC's 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 with respect to the financial accuracy of any financial information presented in this Report, or relied upon by the Trustee in preparing this Report.

BACKGROUND

The CCAA Proceedings

6. On October 6, 2009, Canwest Global Communications Corp., Canwest Media Inc. ("CMI"), and certain of their subsidiaries, including 4514858 and Legacy NPC (collectively the "CMI Entities") sought and obtained protection from their creditors pursuant to an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). Pursuant to the Initial Order, FTI was appointed Monitor of the CMI Entities. The proceedings commenced by the CMI Entities under the CCAA will be referred to herein as the "CCAA Proceedings".
7. The CMI Entities prepared and filed a consolidated plan of compromise, arrangement and reorganization accepted for filing by this Court on June 23,

2010, as restated on July 16, 2010, as may be amended (the "Plan"). The Plan, without schedules, is attached to this Report as Schedule "A".

8. On July 19, 2010, an excess of the majority in number and two-thirds in value of the Affected Creditors of the Plan Entities with Proven Voting Claims (as these terms are defined in the Plan) present and voting at the creditors' meetings voted in favour of approving the Plan. On July 28, 2010, this Court granted an Order sanctioning the Plan (the "Plan Sanction Order"). The Plan Sanction Order, without schedules, is attached hereto as Schedule "B".
9. Section 5.6 (b) of the Plan and section 88 of the Plan Sanction Order provide that 4514858 and Legacy NPC shall file assignments in bankruptcy under the *Bankruptcy and Insolvency Act (Canada)* ("BIA") on the Plan Implementation Date (as defined in the Plan). Section 5.6 of the Plan and section 88 of the Plan Sanction Order also authorize, direct, and empower the Trustee to apply for the consolidation of and act as trustee in bankruptcy of such entities, including the National Post Consolidated Estate, if any.
10. Section 5.6(c) of the Plan provides that the claims procedure implemented as part of the CCAA Proceedings will apply to all unsecured claims against the bankrupt estates of Legacy NPC and 4514858.

Legacy NPC Partnership

11. Legacy NPC formerly carried on business as the National Post Company/La Publication National Post. Until October 30, 2009, Legacy NPC carried on business publishing *The National Post* national newspaper and operating related online publications.
12. Legacy NPC is a general partnership created on June 27, 2000 and organized under the *Partnership Act* (Ontario), R.S.O. 1990 Chapter P.5. Its units are held by 4514866 Canada Inc. (formerly, CMI) and 4514858, a wholly-owned

subsidiary of CMI. A copy of the organizational chart outlining this relationship is attached to this Report as Schedule "C".

13. In the CCAA Proceedings, pursuant to a court approved transition and reorganization agreement (the "National Post Transition Agreement"), on or about October 30, 2009, the assets and operations of Legacy NPC were transferred to National Post Inc. (a wholly-owned subsidiary of Canwest Publishing Inc./Publications Canwest Inc.). National Post Inc. was subsequently acquired by PostMedia Network Inc. as part of a court-approved plan of compromise and arrangement of Canwest Publishing Inc. and certain related entities in separate CCAA proceedings.
14. Legacy NPC has no employees and has been inactive since the transfer of its assets pursuant to the National Post Transition Agreement.
15. As provided for in the Plan and Plan Sanction Order, on October 27, 2010, 4514858 filed an assignment in bankruptcy and FTI was appointed trustee in bankruptcy. The Certificate of Appointment, appointing FTI as trustee in bankruptcy (in such capacity, the "Legacy NPC Trustee") is attached to this Report as Schedule "D".

4514858 Canada Inc.

16. Until October 30, 2009, 4514858 carried on business as National Post Holdings Ltd., the general partner of Legacy NPC.
17. 4514858 was incorporated on June 27, 2000, pursuant to the *Business Corporations Act* (Canada).
18. 4514858 is currently inactive and has no employees.
19. As provided for in the Plan and Plan Sanction Order, on October 27, 2010, 4514858 filed an assignment in bankruptcy and FTI was appointed trustee in

bankruptcy. The Certificate of Appointment, appointing FTI as Trustee is attached to this Report as Schedule "E".

ASSETS

20. As described in greater detail in the First Report of the Legacy NPC Trustee, dated November 16, 2010, Legacy NPC held a bank account with the Bank of Nova Scotia. The balance of that account, \$1.254 million, was transferred to a trust account set up by the Legacy NPC Trustee.
21. Additionally, Legacy NPC holds 3,456 Canadian Equipment Rental Fund Limited Partnership and 770 Gaz Metro Limited Partnership units. The estimated proceeds from these securities, based on recent market values per Legacy NPC's most recent Bank of Nova Scotia statements, is \$21,250. The Legacy NPC Trustee is in the process of realizing upon the assets of Legacy NPC.
22. The First Report of the Legacy NPC Trustee for Legacy NPC, dated November 16, 2010 and the Statement of Affairs for Legacy NPC are attached to this Report as Schedules "F" and "G", respectively.
23. 4514858 has no assets. It did not have a bank account and did not have any cash at hand.
24. The First Report of the Trustee for 4514858, dated November 16, 2010 and the Statement of Affairs for 4514858 are attached to this Report as Schedules "H" and "I", respectively.

CREDITORS OF THE BANKRUPT ESTATES

25. Legacy NPC and 4514858 have no secured creditors.

26. 4514858 has *di minimis* liabilities totalling only \$1,744.00. More than 37% of those liabilities are due to CMI. A list of creditors of 4514858 is attached to this Report as Schedule "J".
27. More than 99% of Legacy NPC's liabilities are due to CMI. A list of creditors of Legacy NPC is attached to this Report as Schedule "K".
28. CMI has no objections to the proposed National Post Consolidated Estate.

ANTICIPATED REALIZATION BY CREDITORS

29. Based on the estimated realizable value of the assets of Legacy NPC, the Trustee is of the view that the unsecured creditors with proven claims will receive a pro-rata distribution of the available assets.
30. Based on the estimated realizable value of the assets of 4514858, the Trustee is of the view that the unsecured creditors' with proven claims will receive a nil distribution of the available assets.

FIRST MEETING OF CREDITORS

31. On November 16, 2010, the First Meeting of Creditors of Legacy NPC and 4514858 were held. Susan Leston, a representative of the creditor Newsworthy Inc., was appointed as the sole inspector of the bankrupt estate of Legacy NPC. No inspectors were appointed for the bankrupt estate of 4514858.
32. The Report of the Trustee on Preliminary Administration for both Legacy NPC and 4514858, which was reviewed by the Trustee at the meetings, stated that the Trustee intended to bring a motion in bankruptcy Court to consolidate the estates of Legacy NPC and 4514858. The Trustee received no objections from the creditors of Legacy NPC and 4514858 to the proposed National Post Consolidated Estate.

CLAIMS PROCESS

33. The CCAA claims procedure, as set out the Order dated October 14, 2009, continues to apply in respect of the determination of claims against Legacy NPC, 4514858 and the proposed consolidated estate, if any, for voting purposes and distributions in such estates. In addition, neither Legacy NPC nor 4514858 has carried on any business since October 30, 2009. Accordingly, no new claims against Legacy NPC or 4514858 are expected or will be accepted.

RATIONALE FOR CONSOLIDATION

34. The order for the National Post Consolidated Estates, if made by this Honourable Court, would allow the trustee to avoid performing, *inter alia*, the following separate actions in respect of each 4514858 and Legacy NPC, thereby reducing certain administrative expenses:

- (a) convening and conducting meetings of creditors and inspectors;
- (b) issuing the reports of the Trustee;
- (c) making, filing, advertising and distribution of all filings and notices required under the BIA;
- (d) appointing separate groups of inspectors;
- (e) opening separate bank accounts;
- (f) conducting all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate; and
- (g) determining and advising the creditors of distributions and making distributions.

35. Legacy NPC and 4514858 are related entities and the review of their books, records and past transactions will overlap. Similarly, the fraudulent transaction review will overlap due to the close relationship between 4514858 and Legacy NPC.
36. The largest creditor of Legacy NPC, CMI, has no objections of the proposed National Post Consolidated Estate.
37. Accordingly, a consolidation of the bankrupt estates of Legacy NPC and 4514858 will enable the Trustee to administer the estates as one and to take the actions described above only once, thereby significantly reducing the costs of the administration of such bankrupt estates. This will not result in any prejudice to the creditors of the two bankrupt estates.

RECOMMENDATION

38. Creditors of Legacy NPC and 4514858 will not be prejudiced as a result of the proposed National Post Consolidated Estate. In addition, the consolidation of the bankrupt estates of Legacy NPC and 4514858 will reduce the costs of the administration of the estates and add greatly to its efficiency. Accordingly, the Trustee respectfully recommends that an order be made by this Honourable Court authorizing and directing a consolidation of the bankrupt estates of Legacy NPC and 4514858 as follows:
 - (a) assigning a single Court File number of 31-1423389 and title of proceeding of "In the Matter of the Bankruptcy of 4514858 Canada Inc. and Legacy NPC Partnership, of the City of Toronto, Province of Ontario" to the proceedings in the bankrupt estates of Legacy NPC and 4514858;
 - (b) authorizing the Trustee to administer the bankrupt estates of Legacy NPC and 4514858 as if such bankrupt estates were a single bankrupt

estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the BIA with respect to the administration of bankrupt estates generally, including without limitation:

- (i) allowing meetings of creditors and inspectors in the bankrupt estates of LP Legacy NPC and 4514858 to be convened through one combined advertisement and conducted jointly;
- (ii) authorizing the Trustee to issue consolidated reports in respect of the bankrupt estates of Legacy NPC and 4514858;
- (iii) authorizing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of Legacy NPC and 4514858 required under the BIA;
- (iv) providing that the inspector of Legacy NPC and any other inspectors that may be subsequently elected, shall be the inspector(s) for the consolidated bankrupt estates of 4514858 and Legacy NPC;
- (v) authorizing the Trustee to open a single consolidated estate bank account for Legacy NPC and 4514858;
- (vi) authorizing the Trustee to conduct all such other administrative duties and responsibilities to be carried out by a trustee in the administration of a bankrupt estate;
- (vii) authorizing and directing the Trustee to file all documents in any of Legacy NPC and 4514858's bankrupt estates in the Court file for the bankrupt estate of 4514858, being Court file number

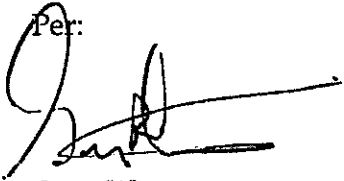
31-1423389, and to file a copy of this order in the Court file for each of Legacy NPC and 4514858 bankrupt estates;

- (viii) authorizing the Trustee to combine the pool of assets and liabilities of Legacy NPC and 4514858 bankrupt estates into one and to distribute that pool of assets to the creditors of both Legacy NPC and 4514858 bankrupt estates on a *pari pasu* basis; and
- (ix) authorizing and directing that the reasonable fees of the Trustee be paid out of the consolidated bankrupt estate of 4514858 and Legacy NPC.

All of which is respectfully submitted this 16th of December, 2010.

FTI Consulting Canada Inc., in its capacity as Trustee of 4514858 Canada Inc. and not in its personal capacity

Per:



Greg Watson

Senior Managing Director

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

THE HONOURABLE) FRIDAY THE 24TH
)
____ JUSTICE _____) DAY OF DECEMBER, 2010

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985,
c. B-3, AS AMENDED**

**AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of in the City of Toronto, in the Province of Ontario**

O R D E R

THIS MOTION, made by FTI Consulting Canada Inc. ("FTI"), in its capacity as trustee in bankruptcy of Legacy NPC Partnership ("Legacy NPC") seeking, *inter alia*, the consolidation of the bankrupt estates of Legacy NPC Partnership ("Legacy NPC") and 4514858 Canada Inc. ("4514858", and together with Legacy NPC, the "Bankrupt Estates") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of FTI in its capacity as trustee in bankruptcy of 4514858 dated December 16, 2010, the Second Report of FTI in its capacity as trustee in bankruptcy of Legacy NPC dated December 16, 2010, and no one else appearing, although properly served as appears from proof of service, filed.

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged, if necessary, that the motion is properly returnable today, that further service thereof be and is hereby dispensed with and that all parties entitled to receive service of the Notice of Motion have been duly served.

2. THIS COURT ORDERS that FTL, in its capacity as the trustee in bankruptcy of the consolidated bankruptcy estates of 4514848 and Legacy NPC (the "Trustee"), may administer the Bankrupt Estates on a consolidated basis, as follows:

- (a) a single Court file number of 31-1423389 and title of proceeding of "In the Matter of the Bankruptcy of 4514848 Canada Inc. and Legacy NPC Partnership" shall be assigned to the proceedings in the Bankrupt Estates;
- (b) the Trustee is authorized to administer the Bankrupt Estates as if such bankrupt estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") with respect to the administration of bankrupt estates generally, including without limitation:
 - (i) meetings of creditors and inspectors in the Bankrupt Estates may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors' vote shall be separately tabulated for each bankrupt estate;
 - (ii) the Trustee is authorized to issue consolidated reports in respect of the Bankrupt Estates;
 - (iii) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the Bankrupt Estates required under the BIA;
 - (iv) a single inspector elected in the bankrupt estate of Legacy NPC shall be the inspector for the consolidated bankrupt estate of 4514858 and Legacy NPC;

- (v) providing that the inspector of Legacy NPC, or other inspectors that may be subsequently elected, shall be the inspector(s) for the consolidated bankrupt estates of 4514858 and Legacy NPC;
 - (vi) the Trustee is authorized to open a single consolidated estate bank account for the Bankrupt Estates; and
 - (vii) the Trustee is authorized and directed to file all documents in any of 4514858 and Legacy NPC 's bankrupt estates in the Court file for the bankrupt estate of 4514858, being Court file number 31-1423389, and to file a copy of this order in the Court file for each 4514858 and Legacy NPC's bankrupt estates;
- (c) the Trustee is authorized to combine the pool of assets and liabilities of the Bankrupt Estates into one and to distribute that pool of assets to the creditors of both the Bankrupt Estates on a *pari pasu* basis; and
- (d) authorizing and directing that the reasonable fees of the Trustee be paid out of the consolidated bankrupt estate of 4514858 and Legacy NPC.
-

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP, of the City of Toronto,
in the Province of Ontario

Court File No: 31-1423385

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF BANKRUPTCY OF LEGACY NPC PARTNERSHIP,
of the City of Toronto, in the Province of Ontario

Court File No: 31-1423385

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

Proceeding commenced at Toronto

**MOTION RECORD
(RETURNABLE DECEMBER 24, 2010)**

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