

**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 PUBLISHING INC./
PUBLICATIONS CANWEST INC., CANWEST BOOKS
INC., AND CANWEST (CANADA) INC.**

**TWENTY-FIRST REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

March 23, 2012

INTRODUCTION

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”), Canwest Publishing Inc. / Publications Canwest Inc. (“**CPI**”), Canwest Books Inc. (“**CBI**”), and Canwest (Canada) Inc. (“**CCI**”, and together with CPI and CBI, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of Canwest Limited Partnership / Canwest Societe en Commandite (the “**Limited Partnership**”, and together with the Applicants, the “**LP Entities**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the LP Entities. The proceedings commenced by the LP Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

TERMS OF REFERENCE

2. In preparing this report, FTI has relied upon unaudited financial information of the LP Entities, the LP Entities' books and records, certain financial information prepared by, and discussions with, the LP 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.
3. Capitalised terms not defined in this report shall have the meanings assigned to them in the AHC Plan (as defined and described below). Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

BACKGROUND

4. Relief in the CCAA Proceedings was obtained on January 8, 2010 by the Canwest entities which carried on, *inter alia*, newspaper and online publishing and digital media businesses.
5. As described in greater detail in the Seventh Report of the Monitor, following review of the bids received during a sale and investor solicitation process, the bid (the "AHC APA") submitted by the *ad hoc* committee of holders of 9.25% senior subordinated notes issued by the Limited Partnership was selected and obtained Court approval on May 17, 2010.

6. As reported in the Tenth Report of the Monitor, on June 14, 2010, affected creditors of the LP Entities voted overwhelmingly in support of the LP Entities' plan of compromise or arrangement, as amended (the "**AHC Plan**") and a majority in number and greater than two-thirds in value of the affected creditors present and voting at the creditors' meeting voted in favour of the AHC Plan.

7. By Order dated June 18, 2010 (the "**AHC Plan Sanction Order**") this Court sanctioned the AHC Plan. The AHC Transaction was successfully closed and all of the operating assets of the LP Entities were transferred to the purchaser, Postmedia Network Inc. ("**Postmedia**"), on July 13, 2010.

8. On July 6, 2010, Justice Pepall granted an Administrative Reserve and Transition Order (the "**Administrative Reserve Order**") which, among other things, established the Administrative Reserve and expanded certain powers of the Monitor following the implementation of the AHC Plan.

9. Further background information regarding the LP Entities and the CCAA Proceedings is provided in, among other things, the Pre-filing Report of the Proposed Monitor dated January 7, 2010 and in the affidavit of Thomas Strike sworn January 7, 2010, copies of which (together with other relevant materials, including a copy of the Initial Order) have been posted on the Monitor's website for the CCAA Proceedings at <http://cfcanada.fticonsulting.com/clp>.

PURPOSE OF THIS REPORT

10. The purpose of this Twenty-First Report of the Monitor (the “**Twenty-First Report**”) is to inform this Honourable Court of the following:
 - a) The status of the CCAA Proceedings and the Claims Procedure;
 - b) The Monitor’s request for an extension of the Stay Period to May 31, 2012; and
 - c) The Monitor’s conclusions and recommendations.

CLAIMS PROCEDURE

11. As described in greater detail in the Seventeenth Report (the “**Seventeenth Report**”) of the Monitor dated May 12, 2011 and the Eighteenth Report (the “**Eighteenth Report**”) of the Monitor dated May 25, 2011, the claims of the Retired Typographers (as defined in the Seventeenth Report) were the only remaining unresolved claims submitted against the LP Entities in the Claims Procedure.
12. Following several hearings before this Court and a Claims Officer in connection with the Claims of the Retired Typographers and negotiations between counsel for Postmedia and the Retired Typographers, on March 22, 2012, counsel for the Retired Typographers confirmed withdrawal of all Claims of the Retired Typographers in the LP Entities’ Claims Procedure.

STATUS OF THE CCAA PROCEEDINGS

13. Final distribution to Affected Creditors of the LP Entities could not have been completed until such time as the claims of the Retired Typographers were resolved. Following receipt of confirmation of withdrawal of the Retired Typographers' Claims, the Monitor commenced the tasks required to distribute the Shares held on reserve in respect of such claims to Affected Creditors. The Monitor anticipates the final distribution to occur on or before April 5, 2012.
14. The Monitor is currently holding certain shares in capital of Postmedia on account of employee claim withholdings, obligations which were subsequently satisfied upon payment in cash of the required withheld amounts to Canada Revenue Agency ("CRA") commencing in January 2011. The Monitor intends to return these shares to Postmedia for cancellation and for no consideration following any additional withholdings that will be made following distribution of Shares currently on reserve in connection with the Retired Typographers' Claims.
15. In addition, the Monitor continues to hold the shares set aside on account of CRA's accepted Claim against the LP Entities.
16. The Monitor commenced discussions with counsel for Postmedia regarding timing and procedure for release of the funds in the Administrative Reserve Account, termination of the CCAA Proceedings and discharge of the Monitor.

REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

17. Pursuant to the Initial Order, Order dated February 2, 2010 and Order dated April 12, 2010, a stay of proceedings was granted and extended until, and including, June 30, 2010 (the “**Stay Period**”). Pursuant to the Sanction Order, the Stay Period was extended until, and including, the Final Distribution Date. By Orders dated December 30, 2010, February 28, 2011, March 21, 2011, May 31, 2011, September 29, 2011, and December 9, 2011, the Final Distribution Date was extended to March 31, 2012.
18. The Monitor requires additional time to administer and attend to distributions to Affected Creditors and complete any additional resulting withholdings. The Monitor also requires additional time to deal with the return of the remaining withheld shares and the possible sale of the shares held by the Monitor in respect of the CRA Claim.
19. The Monitor intends to proceed with the final distribution, as well as return of the withheld shares and possible sale of the share held in respect of the CRA Claim, as soon as possible. The continuation of the stay of proceedings is necessary to provide the stability needed during that time.
20. Accordingly, the Monitor is seeking an extension of the Stay Period until, and including, May 31, 2012.
21. As all of the operating assets were transferred to Postmedia Networks Inc., the LP Entities have ceased operations on the Plan Implementation Date. Accordingly, they do not have liquidity requirements that need to be satisfied during the requested extension of the Stay Period. The costs of administering the AHC Plan and the estates of the LP

Entities continue to be paid out of the Administrative Reserve Account in accordance with the AHC Plan and the Administrative Reserve Order.

22. Based on the information presently available, the Monitor believes that creditors will not be materially prejudiced by an extension of the Stay Period to May 31, 2012.
23. The Monitor believes that the LP Entities have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
24. Accordingly, the Monitor respectfully recommends that the Stay of Proceedings be extended until May 31, 2012.

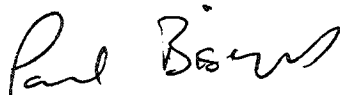
CONCLUSIONS

25. For the reasons described above, the Monitor recommends that the Stay Period be extended to May 31, 2012.

All of which is respectfully submitted this 23rd day of March, 2012.

FTI Consulting Canada Inc.,
in its capacity as the Monitor of Canwest Publishing Inc. / Publications Canwest Inc., Canwest Books Inc., Canwest (Canada) Inc., and Canwest Limited Partnership / Canwest Societe en Commandite

Per



Paul Bishop
Senior Managing Director