

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

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

June 10, 2010

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CANWEST PUBLISHING INC./
PUBLICATIONS CANWEST INC., CANWEST BOOKS
INC., AND CANWEST (CANADA) INC.**

**SUPPLEMENT TO THE EIGHTH REPORT
OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

June 10, 2010

INTRODUCTION

1. By Order of this Court dated January 8, 2010 (the “**Initial Order**”) (a copy of which is attached as **Appendix “A”**), 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**”.

2. This report is supplementary to (and should be read in conjunction with) the Eighth Report of the Monitor dated June 3, 2010 (the “**Eighth Report**”) prepared in accordance with section 23(1)(d.1) of the CCAA in advance of the meeting of creditors referred to in section 4 or 5 of the CCAA.
3. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Eighth Report.

PURPOSE OF THIS REPORT

4. On May 17, 2010, the LP Entities obtained an Order (the “**Meeting Order**”) to call, hold and conduct a meeting of certain of the Affected Creditors to consider and vote on a resolution to approve the AHC Plan (the “**Creditors’ Meeting**”). On May 21, 2010, the LP Entities filed a copy of the AHC Plan with the Court and delivered or made it available to the Affected Creditors.
5. The purpose of this supplement to the Eighth Report is to inform the Affected Creditors and the Court on: (a) amendments to the AHC APA and the AHC Plan that have been proposed since the finalization and service of the Eighth Report, and (b) the adjournment of the Creditors’ Meeting to June 14, 2010.

TERMS OF REFERENCE

6. 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.

7. Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

AHC BID & AHC PLAN

8. As reported in greater detail in the Eighth Report, the AHC Bid is structured as an asset purchase in the context of the AHC Plan. The terms of the AHC Transaction are contained in an asset purchase agreement dated May 10, 2010 (the “**AHC APA**”).
9. The AHC APA contemplated that a corporation wholly owned by the Sponsors (as described below) (“**Holdco**”) would effect a transaction through CW Acquisition Limited Partnership (the “**Purchaser**”) whereby the Purchaser will acquire substantially all of the financial and operating assets of the LP Entities and the shares of National Post Inc. on an “as is, where is” basis and assume the Assumed Liabilities (as defined in the AHC APA).
10. Under the AHC APA, the purchase price in the approximate amount of \$1.1 billion¹ (exclusive of all applicable sale and transfer taxes) was to consist of:
 - a) a cash amount equal to the full amount owing to the LP Senior Secured Lenders;
 - b) a cash payment to unsecured creditors with proven claims that elect to receive a cash payment equal to the lesser of the amount of their proven claim and \$1,000;

¹ The purchase price to be paid by the Purchaser under the AHC APA is \$1.075 billion plus the amount of assumed liabilities. The additional \$25 million raised by the Purchaser will be used to pay closing costs.

- c) an unsecured demand promissory note of \$150 million (less the amount payable under (b) above) issued by the Purchaser to the Monitor on behalf of CPI, which would immediately be exchanged for Voting Shares of Holdco pursuant to the AHC Plan; and
 - d) assumption by the Purchaser of the Assumed Liabilities.
11. The AHC Plan contemplated that Affected Creditors (which includes for greater certainty the holders of beneficial interest in the 9.25% Notes (the “**Beneficial Noteholders**”) and the holders of claims under the LP Senior Subordinated Agreement (the “**LP Subordinated Lenders**”)) with proven Claims of greater than \$1,000 that did not make a valid Cash Election would receive their *pro rata* share of the equity pool, which would be comprised of the Voting Shares purchased by CPI on the Plan Implementation Date pursuant to and in accordance with the AHC Plan and the AHC APA. The number of such Voting Shares available for distribution to eligible Affected Creditors was to be approximately equal to the amount of the unsecured demand promissory note to be issued by the Purchaser to the Monitor on behalf of the LP Entities, namely \$150 million, less the aggregate of the Cash Election Amount elected or deemed to have been elected by Affected Creditors and divided by a price per Voting Share of \$13.3333², rounded down to the nearest whole number.

² As stated in the Eighth Report, although the AHC Plan was prepared based upon an organizational value, such valuation was not and should not have been construed as an estimate of the price at which the Shares may have traded in the market, if at all, and the LP Entities did not attempt to make any such estimate in connection with the development of the AHC Plan.

12. Following the distribution of Shares to Affected Creditors, such distributed Shares were expected to account for up to approximately 45% of the issued and outstanding Shares in the capital of Holdco.
13. In connection with the AHC APA, certain Beneficial Noteholders and LP Subordinated Lenders (the “**Sponsors**”) also executed a funding commitment letter in favour of Holdco and the Purchaser (the “**Funding Commitment Letter**”) pursuant to which the Sponsors committed to purchase, in aggregate, \$250 million (the “**Funding Commitment**”) in equity and mezzanine notes to be issued by Holdco on the Acquisition Date. The Funding Commitment was to be comprised of \$100 million worth of equity shares in Holdco (at an issue price of \$10 per share) representing no less than 40% of the equity shares of Holdco on a fully diluted basis and \$150 million worth of mezzanine notes issued by Holdco, provided that the Sponsors could accept equity in lieu of all or part of their entitlement to mezzanine notes, if agreed by the requisite majority of the Sponsors, in certain specified circumstances. The Sponsors agreed that in the event that the Sponsors were required to accept equity in lieu of mezzanine notes, such transaction would be effected so that the value of recovery to the Affected Creditors who are not Sponsors would not materially change.
14. On the Acquisition Date, Holdco was obligated to pay the Sponsors a commitment fee representing, in aggregate, approximately 15% of the Shares of Holdco on a fully diluted basis.

PROPOSED AMENDMENTS TO THE AHC BID & AHC PLAN

15. Following finalization and service of the Eighth Report, the Sponsors requested that certain amendments to the AHC APA and the AHC Plan be made to accommodate revised capital structure and corporate structure of the Purchaser and Holdco. As described in greater detail below, the amendments with respect to the capital structure will have an effect on the value of the recovery to the Affected Creditors.
16. In addition, the LP Entities, the Monitor and the Purchaser determined that certain amendments to the AHC Plan with respect to the share distribution mechanics were desirable and were able to agree on the terms of such amendments following service of the Eighth Report.
17. Lastly, the LP Entities, the Monitor and the Purchaser have agreed on certain other amendments which in the LP Entities' opinion concern matters which are of an administrative nature and are required to better give effect to the implementation of the Plan and/or cure any errors, omissions or ambiguities and are not materially adverse to the financial or economic interest of the Affected Creditors.
18. All of the above amendments are contained in the proposed amended AHC Plan (the "**Amended AHC Plan**") a copy of which, together with a blacklined comparison to the AHC Plan, is (or will shortly be) available on the Monitor's website for these proceedings at <http://cfcanada.fticonsulting.com/clp/>, together with, *inter alia*, the following documents: the AHC Plan, the AHC APA, the Management Proxy Circular with respect to the AHC Plan, the proposed amended AHC APA, and the proposed Amended AHC Plan. An amending and assigning agreement to the AHC APA was

executed by Holdco and the New Purchaser (as defined below) and a form of such amending and assigning agreement will be appended as a Schedule to the Amended AHC Plan. The Monitor expects that the Amended AHC Plan will be tabled at the Creditors' Meeting by a proxy for one or more holders of the 9.25% Notes for a vote by the Affected Creditors.

Amendments Respecting the Capital Structure of the Purchaser and Holdco

19. As permitted under the Funding Commitment, the Sponsors have chosen to accept equity in lieu of all of their entitlement to the mezzanine notes. Accordingly, the Sponsors submitted the Second Amended and Restated Funding Commitment containing the proposed terms of same and requested that the AHC APA and the AHC Plan be amended to reflect the proposed terms and the Amended AHC Plan be tabled for a vote by the Affected Creditors at the Creditors' Meeting.
20. Under the revised structure the Sponsors have committed to purchase 27 million Shares having an aggregate subscription price of \$250 million (or approximately \$9.25926 per Share). The 27 million Shares will be issued in addition to the Shares that are to be issued and allocated for distribution to the Affected Creditors. Under the Second Amended and Restated Funding Commitment, the Sponsors will not be entitled to receive the commitment fee of approximately 15% of the Shares of Holdco; instead, the Sponsors are purchasing the Shares at \$9.25926 (as opposed to the originally contemplated purchase price of \$10 per Share) thereby providing them with an effective fee of 5% of the Shares of Holdco.

21. In addition, the purchase price under the Amended AHC APA will no longer be satisfied in part by an unsecured demand promissory note of \$150 million; rather, in lieu thereof, on Plan Implementation Date, CPI will be issued a number of Shares equal to 13 million Shares less the number of Shares obtained by dividing the aggregate of the Cash Election Amount elected or deemed to have been elected by Affected Creditors by \$11.54³, rounded down to the nearest whole number⁴.
22. Under the revised structure, upon final distribution of the Shares to Affected Creditors, the Sponsors will own approximately 67.5% of the issued and outstanding Shares in the capital of Holdco and Affected Creditors will own 32.5% of the Shares.
23. The LP Entities are advised by the Financial Advisor that the removal of the mezzanine notes decreases Holdco's leverage at emergence, which may result in an improved outlook for Holdco's credit ratings, including the debt to be issued under the AHC Plan. The LP Entities have been further advised by the Financial Advisor that elimination of the mezzanine notes will increase the implied value of Holdco equity under the AHC Plan. This advice is supported by the Monitor's own analysis of the Amended AHC Plan. Accordingly, although under the Amended AHC Plan Affected Creditors will own a smaller percentage of the equity of Holdco (namely, 32.5%), the AHC Plan value of such

³ Although the share price for purposes of allocating shares between the "convenience class creditors" and the Affected Creditors is based upon a price per share of \$11.54 and an organizational value of \$1.1 billion, such valuation was not and should not be construed as an estimate of the price at which the Shares may trade in the market, if at all, and the LP Entities have not attempted to make any such estimate in connection with the development of the AHC Plan. No assurance can be given as to the market price of the Shares that will prevail.

⁴ There is currently no market through which the Shares may be sold and one may never develop. As such, Affected Creditors that are issued Shares pursuant to the AHC Plan may not be able to resell such Shares. Although Holdco intends to apply to the Toronto Stock Exchange for the listing of its Shares following the acquisition of the Acquired Assets (as defined in the AHC APA), to date, no such application has been made and there can be no assurance that the Toronto Stock Exchange will accept the listing of Holdco's Shares.

percentage is greater, on a *pro forma* basis, than the AHC Plan value, also on a *pro forma* basis, of the 45% of Holdco's equity allocated to the Affected Creditors under the original AHC Plan. It should be noted that the actual value of such equity will be determined by the market when (and if) shares in Holdco are publicly traded.

24. The Financial Advisor has advised the LP Entities that in its view, based on the aforementioned amendment, the Amended AHC Plan at the Plan Implementation Date should produce a more favourable result to the Affected Creditors than the original AHC Plan.

Amendments Respecting the Corporate Structure

25. As a result of the change in the capital structure of Holdco and the Purchaser, the Sponsors also requested that certain amendments to the AHC APA and the AHC Plan be made to accommodate a revised corporate structure of the Purchaser and Holdco. Specifically, the Purchaser will assign all of its rights and obligations under the AHC APA to its general partner, 7536321 Canada Inc. ("**New Purchaser**"), and under the revised corporate structure the New Purchaser will be the purchaser under the AHC APA and as such will acquire substantially all of the financial and operating assets of the LP Entities and the shares of National Post Inc. on an "as is, where is" basis and assume the Assumed Liabilities.

Amendments Respecting the Share Distribution Mechanics

26. The LP Entities have determined that it is in the best interests of the Affected Creditors to change the share distribution mechanics under the AHC Plan. Accordingly, the Amended

AHC Plan also contains an amendment such that eligible Affected Creditors will receive their Shares through Computershare Investor Service Inc.'s ("**Computershare**") Direct Registration System ("**DRS**") and will not have the option in the Letter of Instruction to elect to receive share certificates. Computershare will be retained as Holdco's transfer agent. Pursuant to the Amended AHC Plan, if the Monitor does not receive a Letter of Instruction from an Affected Creditor, such Affected Creditor's Shares, if any, would be registered in accordance with the information provided in the Affected Creditor's Proof of Claim.

27. It is anticipated that following the Initial Distribution Date and each subsequent Distribution Date, as applicable, an Affected Creditor will receive a DRS Transaction Advice acknowledging the number of Shares that the Affected Creditor holds in "book-entry" form in his, her or its DRS account.
28. There is no fee to participate in DRS. Affected Creditors that hold Shares in DRS will have all the rights and privileges as holders of securities in certificate form, including voting and dividend rights. If the issuer of the Shares becomes a public company, the DRS system will facilitate liquidity for shareholders as it will simplify the procedures for depositing Shares in brokerage accounts. Affected Creditors may request a share certificate for all or a portion of the Shares held in their DRS account by contacting Computershare at any time following receipt of their DRS Transaction Advice. Further information regarding DRS is available on Computershare's website at [http://corporate.computershare.com/Canada/OurBusiness/cis/OC/Pages/DirectRegistration\(DRS\).aspx](http://corporate.computershare.com/Canada/OurBusiness/cis/OC/Pages/DirectRegistration(DRS).aspx).

29. In accordance with the Amended AHC Plan, the Monitor, on behalf of the LP Entities, will be delivering blank Letters of Instruction to Affected Creditors together with notice of this Supplement. Completed Letters of Instruction must be submitted by eligible Affected Creditors on or before the Plan Sanction Date (currently scheduled for June 18, 2010) or such other date as the Monitor may agree. As stated above, if the Monitor does not receive a Letter of Instruction from an Affected Creditor, such Affected Creditor's Shares, if any, will be registered in accordance with the information provided in the Affected Creditor's Proof of Claim.

ADJOURNMENT OF THE CREDITORS' MEETING

30. In accordance with the provisions of the Creditors' Meeting Order dated May 17, 2010, the LP Entities scheduled the Creditors' Meeting to be held at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. (Toronto time) on June 10, 2010.
31. In anticipation of the amendments to the AHC APA and the AHC Plan, the Monitor adjourned the Creditors' Meeting to Monday, June 14, 2010 at 10:00 a.m. (Toronto time) to allow Affected Creditors to consider in advance of the Creditors' Meeting the proposed amendments to the AHC Plan and the AHC APA that will be tabled for a vote at the Creditors' Meeting. The Creditors' Meeting will now be held at Sutton Place Hotel (Wellesley Room - Lobby Level), 955 Bay Street, Toronto, Ontario.
32. On June 9, 2010 at or about 10:00 a.m., the Monitor sent approximately 650 notices of the adjournment of the Creditors' Meeting to the Affected Creditors by e-mail, 30 notices

by fax and 15 notices by regular mail. A copy of the notice is attached as **Appendix “A”**.

33. In addition, on June 10, 2010, a representative of counsel for the Monitor attended at the originally designated time and location of the Creditors’ Meeting (namely, Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. (Toronto time)), posted a notice of the adjournment of the Creditors’ Meeting and remained at that location until 11:00 a.m. None of the Affected Creditors or their representatives attended at the originally designated time and location of the Creditors’ Meeting.

RECOMMENDATION AND CONCLUSIONS

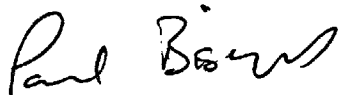
34. As stated in the Eighth Report, the LP Entities, the LP CRA and the Monitor believe that the AHC Plan would produce a more favourable result for the Affected Creditors than the Credit Acquisition or a further sale process or liquidation of the LP Entities’ assets under the CCAA or the BIA.
35. The Monitor and the LP CRA are of the view that the implied value of the percentage of Shares to be allocated to the Affected Creditors under the Amended AHC Plan is greater than the implied value of such Shares that were to be allocated to the Affected Creditors under the original AHC Plan and that the Amended AHC Plan should produce a more favourable result to the Affected Creditors than the original AHC Plan.
36. The Monitor also concurs with the LP Entities’ view that the proposed amendments to share distribution mechanics are in the best interests of the Affected Creditors.

37. The Monitor is also advised that the management of the LP Entities and the LP CRA are supportive of the Amended AHC Plan that will be tabled at the Creditors' Meeting to be voted on, and if desirable, approved by the Affected Creditors at the Creditors' Meeting.
38. Accordingly, the Monitor recommends that Affected Creditors approve the Amended AHC Plan and vote in favour of the resolution approving the Amended AHC Plan.

All of which is respectfully submitted this 10th day of June, 2010.

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

APPENDIX "A"



FTI Consulting
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto ON M5K 1G8

June 9, 2010

To: AFFECTED CREDITORS OF THE LP ENTITIES

RE: Adjournment of the Creditors' Meeting for the purposes of considering and, if deemed advisable by the Affected Creditors, voting in favour of resolution to approve the LP Entities' Plan of Compromise or Arrangement pursuant to the Companies' Creditors Arrangement Act (Canada) (the "Plan")

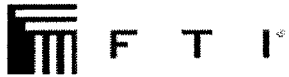
Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

In accordance with the provisions of the Creditors' Meeting Order dated May 17, 2010, the LP Entities scheduled the Creditors Meeting to be held at the Sheraton Centre Toronto (Simcoe Dufferin Room), 123 Queen Street West, Toronto, Ontario at 10:00 a.m. (Toronto time) on June 10, 2010.

It is anticipated that the Asset Purchase Agreement to be implemented by the Plan and the Plan as filed with the Court on May 21, 2010, delivered to the Affected Creditors in accordance with the Creditors' Meeting Order and described in the Eighth Report of the Monitor, will be amended. As such the Creditors' Meeting is being adjourned to permit Affected Creditors to consider any proposed amendments to the Plan and the Asset Purchase Agreement in advance of the Creditors' Meeting.

Accordingly, pursuant to paragraph 35 of the Creditors' Meeting Order, the Creditors' Meeting is being adjourned to Monday, June 14, 2010 at 10:00 a.m. (Toronto time) and will now be held at Sutton Place Hotel (Wellesley Room - Lobby Level), 955 Bay Street, Toronto, Ontario. PLEASE NOTE THE CHANGE IN THE LOCATION OF THE MEETING.

The amended Plan, including a blacklined comparison to the Plan, will be made available on the Monitor's website at <http://cfcanada.fticonsulting.com/clp> as soon as possible. In addition, the Monitor will prepare and post on the Monitor's website a Supplement to its Eighth Report describing the proposed amendments and will deliver a notice to Affected Creditors once these documents are posted on the Monitor's website and available for review.



FURTHER INFORMATION

If you have any questions regarding the process, please contact FTI Consulting Canada Inc. at the following address:

FTI Consulting Canada Inc., Court-Appointed Monitor of the LP Entities
79 Wellington Street West
Suite 2010, P.O Box 104
Toronto, Ontario, M5K 1G8
Attention: Jodi Porepa
Tel: (888) 310-7627
Fax: (416) 649-8101
CanwestLP@fticonsulting.com

You may view copies of the documents relating to this process on the Monitor's website at <http://cfcanada.fticonsulting.com/clp>.

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

Court File No. CV-10-8533-00CL

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.

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

Proceeding commenced at Toronto

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

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

David R. Byers LSUC #: 22992W
Tel: (416) 869-5697
Ashley John Taylor LSUC#: 39932E
Tel: (416) 869-5236
Maria Konyukhova LSUC#: 52880V
Tel: (416) 869-5230
Fax: (416) 861-0445

Lawyers for the Monitor