CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2010 AND 2009
(UNAUDITED)

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July 14, 2010

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 5, 2009, we have reviewed the accompanying interim statement of net liabilities in liquidation of **Canwest Global Communications Corp.** (the Company) as at May 31, 2010 and the related interim statement of changes in net liabilities in liquidation for the period ended May 31, 2010 (the interim financial statements). These interim financial statements are the responsibility of the Company's management.

We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the interim financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with Canadian generally accepted accounting principles.

This report is solely for the use of the Audit Committee of Canwest Global Communications Corp. to assist it in discharging its regulatory obligation to review these interim financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

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July 14, 2010

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 5, 2009, we have reviewed the interim consolidated statements of earnings (loss), comprehensive earnings (loss), deficit and cash flows of **Canwest Global Communications Corp.** (the Company) for the three and nine month periods ended May 31, 2010 and May 31, 2009 (the interim financial statements). These interim financial statements are the responsibility of the Company's management.

We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the interim financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with Canadian generally accepted accounting principles.

This report is solely for the use of the Audit Committee of Canwest Global Communications Corp. to assist it in discharging its regulatory obligation to review these interim financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

PricewaterhouseCoopers LLP

Chartered Accountants

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 5)
STATEMENT OF NET LIABILITIES IN LIQUIDATION
(UNAUDITED)
(In thousands of Canadian dollars)

	As at May 31, 2010 [1]
ASSETS	
Restricted cash and cash equivalents (note 4)	1,600
Accounts receivable	384
Income taxes receivable (note 4)	1,400
Amounts due from affiliates (note 4)	71
Investment in Canwest Media Inc. (note 4)	-
	3,455
LIABILITIES	
Accounts payable and accrued liabilities	134
Liabilities subject to compromise (note 4)	713
Amounts due to affiliates (note 4)	61,920
	62,767
NET LIABILITIES IN LIQUIDATION	(59,312)
NET LIABILITIES IN LIQUIDATION PER SHARE	
Basic	-
Diluted	-

STATEMENT OF CHANGES IN NET LIABILITIES IN LIQUIDATION
(UNAUDITED)
(In thousands of Canadian dollars)

	For the period ended May 31, 2010 [1]
Shareholders' Deficiency at May 31, 2010 on a Going Concern Basis	(467,271)
Effects of adopting liquidation basis of presentation:	
Adjustment of investment in Canwest Media to estimated net realizable value	407,893
Other	66
Net effect of adopting a liquidation basis of presentation	407,959
Net Liabilities in liquidation at May 31, 2010	(59,312)

[1] Effective May 31, 2010, the Company changed the basis of presenting its financial statements from going concern to liquidation (notes 1 and 4)

The notes constitute an integral part of the financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 5)
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) – GOING CONCERN BASIS
(UNAUDITED)
(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	**2009** (Revised notes 16 and 23)	**2010**	**2009** (Revised notes 16 and 23)
Revenue	557,155	543,071	1,606,500	1,670,849
Operating expenses	406,456	430,405	1,187,775	1,362,703
Restructuring expenses (note 13)	1,149	2,010	2,871	34,705
Broadcast rights write-downs	-	5,026	-	34,646
Retirement plan curtailment expense (note 21)	-	31,300	-	31,300
Settlement of regulatory fees (note 23)	-	-	(29,416)	-
	149,550	74,330	445,270	207,495
Amortization of intangible assets	1,240	1,608	6,356	4,823
Amortization of property and equipment	13,760	18,723	51,805	59,264
Other amortization	78	146	233	334
Operating income	134,472	53,853	386,876	143,074
Interest expense	(34,577)	(79,236)	(140,885)	(215,861)
Accretion of long-term liabilities	(33,356)	(27,995)	(99,199)	(66,057)
Interest income	262	581	1,266	932
Derivative instruments gains (losses)	1,729	(182,093)	6,869	(141,395)
Foreign currency exchange gains	(11,393)	368,270	89,092	284,891
Investment gains, losses and write-downs	(11)	246	659	(3,270)
Impairment loss on property and equipment	-	(44)	-	(10,377)
Impairment loss on intangible assets (note 12)	(39,300)	-	(42,442)	(185,108)
Impairment loss on goodwill (note 12)	-	(246,900)	-	(1,142,010)
	40,612	(113,318)	202,236	(1,335,181)
Reorganization items Canwest Media entities (note 7)	(10,380)	(12,132)	(98,114)	(13,731)
Reorganization items Canwest LP entities (note 8)	(27,971)	(806)	(59,710)	(806)
	2,261	(126,256)	44,412	(1,349,718)
Provision for (recovery of) income taxes (note 14)	(18,681)	(33,667)	(16,438)	140,800
Earnings (loss) before the following	20,942	(92,589)	60,850	(1,490,518)
Minority interest	(5,709)	(5,506)	(17,308)	(15,092)
Interest in earnings of equity accounted affiliates	898	455	992	1,010
Realized foreign currency translation adjustments	-	(609)	-	(825)
Net earnings (loss) from continuing operations	16,131	(98,249)	44,543	(1,505,425)
Gain (loss) from sale of discontinued operations (note 16)	-	(8,950)	578,059	(8,950)
Loss from discontinued operations (note 16)	-	(3,645)	-	(68,927)
Net earnings (loss) from discontinued operations	-	(12,595)	578,059	(77,877)
Net earnings (loss) for the period	16,131	(110,844)	622,593	(1,583,302)
Earnings (loss) per share from continuing operations (note 18)**:**				
Basic	$0.09	($0.55)	$0.25	($8.47)
Diluted	$0.09	($0.55)	$0.25	($8.47)
Earnings (loss) per share (note 18)**:**				
Basic	$0.09	($0.62)	$3.50	($8.91)
Diluted	$0.09	($0.62)	$3.49	($8.91)

The notes constitute an integral part of the financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 5)
CONSOLIDATED BALANCE SHEET – GOING CONCERN BASIS
(UNAUDITED)

(In thousands of Canadian dollars)

	As at August 31, 2009 (Revised notes 3 and 16)
ASSETS	
Current Assets	
Cash and cash equivalents	101,130
Restricted cash	16,402
Accounts receivable	322,591
Inventory	6,618
Future income taxes	16,273
Other current assets	19,221
Assets of discontinued operations (note 16)	268,230
	750,465
Other investments	6,594
Broadcast rights (note 12)	362,502
Property and equipment	557,708
Other assets	36,518
Intangible assets	1,229,447
Goodwill	1,017,975
Assets of discontinued operations (note 16)	705,760
	4,666,969
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	400,066
Income taxes payable	39,112
Broadcast rights payable	95,297
Deferred revenue	34,651
Current portion of long-term debt and obligations under capital leases	2,339,562
Current portion of derivative instruments	21,803
Liabilities of discontinued operations (note 16)	233,305
	3,163,796
Long-term debt	827,410
Derivative instruments	19,788
Obligations under capital leases	3,872
Other long-term liabilities	192,833
Future income taxes	159,827
Puttable interest in subsidiary	645,216
Minority interest	58,007
Liabilities of discontinued operations (note 16)	694,664
	5,765,413
Going concern (note 1)	
SHAREHOLDERS' DEFICIENCY	
Capital stock	852,375
Contributed surplus	17,239
Deficit	(1,927,911)
Accumulated other comprehensive loss (note 17)	(40,147)
	(1,968,058)
	(1,098,444)
	4,666,969

The notes constitute an integral part of the financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 5)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS) – GOING CONCERN BASIS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	**2009**	**2010**	**2009**
Net earnings (loss) for the period	16,131	(110,844)	622,593	(1,583,302)
Other comprehensive income (loss)				
Unrealized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	-	193	469	3,143
Realized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	-	609	(2,999)	825
Foreign currency translation adjustment (note 17)	-	802	(2,530)	3,968
Change in fair value of derivative instruments designated as cash flow hedges net of tax of \$0.2 million and \$0.2 million for the three and nine months ended May 31, 2010, respectively (2009 - \$3.9 and \$6.2 million) (note 17)	1,400	9,129	1,450	(29,145)
Reclassification of change in fair value of derivative instruments designated as cash flow hedges realized in net earnings (loss) net of tax of \$1.5 million and \$3.4 million for the three and nine months ended May 31, 2010, respectively (2009 - \$12.7 million) (note 17)	4,410	43,273	8,787	43,273
	5,810	52,402	10,237	14,128
Unrealized gain (loss) on available-for-sale investment net of tax of nil (2009 – nil) (note 17)	-	-	-	(7,285)
Reclassification of impairment loss on available for sale investments realized in net loss for the period net of tax of nil (2009 – nil) (note 17)	-	-	-	7,285
	-	-	-	-
Comprehensive income (loss) for the period	21,941	(57,640)	630,300	(1,565,206)

CONSOLIDATED STATEMENTS OF DEFICIT – GOING CONCERN BASIS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	**2009** (Revised note 23)	**2010**	**2009** (Revised note 23)
Deficit – beginning of period	(1,321,449)	(1,707,013)	(1,927,911)	(234,555)
Net earnings (loss) for the period	16,131	(110,844)	622,593	(1,583,302)
Deficit – end of period	(1,305,318)	(1,817,857)	(1,305,318)	(1,817,857)

The notes constitute an integral part of the financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 5)
CONSOLIDATED STATEMENTS OF CASH FLOWS – GOING CONCERN BASIS
(UNAUDITED)
(In thousands of Canadian dollars)

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	2009 (Revised notes 16 and 23)	2010	2009 (Revised notes 16 and 23)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	16,131	(110,844)	622,593	(1,583,302)
Reorganization items Canwest Media Entities	10,380	12,132	98,114	13,731
Reorganization items Canwest LP Entities	27,971	806	59,710	806
Net earnings from discontinued operations	-	12,595	(578,059)	77,877
Items not affecting cash				
Amortization	15,078	20,477	58,394	64,421
Net non-cash interest expense	2,373	14,618	20,711	45,025
Accretion of long-term liabilities	33,356	27,995	99,199	66,057
Future income taxes (recovery)	(18,742)	(20,480)	(32,231)	142,166
Realized foreign currency translation adjustments	-	609	-	825
Derivative instrument losses (gains), net of settlements	(1,729)	77,098	(6,869)	20,379
Broadcast rights write-downs	-	5,026	1,737	34,646
Impairment loss on property and equipment, intangible assets, and goodwill	39,300	246,944	42,442	1,337,495
Investment gains, losses and write-downs	11	(246)	(659)	3,270
Pension expense in excess (less than) employer contributions	(3,921)	31,257	(16,561)	24,235
Minority interest	5,709	5,506	17,308	15,092
Earnings of equity accounted affiliates	(898)	(455)	(992)	(1,010)
Foreign exchange (gains) losses	(11,721)	(365,523)	(88,498)	(285,549)
Stock based compensation expense	(442)	960	873	2,318
	112,856	(41,525)	297,212	(21,518)
Changes in non-cash operating accounts	(39,345)	(77,688)	(102,146)	(130,005)
Cash flows from operating activities of continuing operations before Reorganization items	73,511	(119,213)	195,066	(151,523)
Reorganization items Canwest Media Entities (note 7)	(12,222)	(12,132)	(42,105)	(13,731)
Reorganization items Canwest LP Entities (note 8)	(10,124)	(806)	(31,322)	(806)
Cash flows from operating activities of discontinued operations (note 16)	-	(20,833)	-	14,414
Cash flows from operating activities	51,165	(152,984)	121,639	(151,646)
INVESTING ACTIVITIES				
Other investments	12	10,096	(2,722)	9,996
Restricted cash	(1,565)	(46,918)	(9,999)	(46,918)
Hollinger settlement	-	34,000	-	34,000
Proceeds from sale of discontinued operations	-	15,951	617,819	15,951
Proceeds from sales of property and equipment	-	1,096	-	14,079
Purchase of property and equipment	(6,261)	(10,747)	(16,563)	(48,837)
Reorganization items Canwest Media Entities	1,600	-	4,600	-
Investing activities of discontinued operations	-	(4,257)	-	(17,472)
	(6,214)	(779)	593,135	(39,201)
FINANCING ACTIVITIES				
Issuance of long-term debt, net of financing costs	-	98,950	-	98,950
Repayment of long-term debt	(24,145)	(1,188)	(524,080)	(6,063)
Advances (repayments) of revolving facilities, net of financing costs	-	(46,781)	(13,075)	28,121
Settlement of hedging derivative instruments	-	104,827	-	104,827
Swap recouponing receipts	-	-	-	5,000
Payments of capital leases	(1,716)	(1,615)	(3,456)	(3,310)
Payment of distributions to minority interest	(6,228)	(7,990)	(17,408)	(10,801)
Financing activities from discontinued operations	-	38,984	-	19,756
	(32,089)	185,187	(558,019)	236,480
Net change in cash and cash equivalents	12,862	31,424	156,755	45,633
Cash and cash equivalents – beginning of period	245,023	59,524	101,130	45,315
Cash and cash equivalents – end of period	257,885	90,948	257,885	90,948

The notes constitute an integral part of the financial statements.

1. BACKGROUND AND BASIS OF PRESENTATION

Canwest Global Communications Corp. ("Canwest Global" or the "Company") is a Canadian media company with interests in conventional television, specialty television channels, publishing and websites. The Company's operating segments include television and publishing. The television segment includes the operations of Canwest Television Limited Partnership ("CTLP"), which operates the Global Television Network and six Canadian specialty television channels. The CW Media television segment includes CW Investments Co. ("CW Media"), which operates several Canadian specialty television channels. The publishing segment includes the operations of Canwest Limited Partnership ("Canwest LP") which publishes a number of newspapers and magazines, including metropolitan daily newspapers and The National Post, as well as operation of the canada.com web portal and other web-based operations. In September 2009, the Company sold its interest in Ten Network Holdings Limited ("Ten Holdings") and its subsidiaries. The operations that comprised the Australian television and Out-of-home advertising segments have been classified as discontinued operations (see note 16).

Change in Basis of Presentation - Liquidation Basis

In May 2010, as a result of the Company and its subsidiaries entering into agreements to sell both its broadcasting and its publishing businesses, the Company determined that Canwest Global and several of its subsidiaries that will not be acquired in the sales transactions would cease operations and likely be liquidated. Therefore, in accordance with CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", effective May 31, 2010, the Company changed the basis of preparing its financial statements from going concern to liquidation.

The interim consolidated statements of earnings (loss), statements of comprehensive earnings (loss), statements of deficit and statements of cash flows for each of the periods ended May 31, 2010 and May 31, 2009 and the consolidated balance sheet as at August 31, 2009 were prepared on a going concern basis. The going concern basis of presentation assumes continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business and does not reflect the consequences of the Company's intention to sell substantially all of its assets.

The Company has presented a statement of net liabilities in liquidation as at May 31, 2010 and a statement of changes in net liabilities in liquidation has been presented for the period ended May 31, 2010 to reflect the changes from the going concern to liquidation basis. The statement of net liabilities in liquidation as at May 31, 2010 is not comparable with the consolidated balance sheet as at August 31, 2009 and the statement of changes in net liabilities in liquidation for the period ended May 31, 2010 is not comparable to the statement of deficit on a going concern basis for the period ended May 31, 2010. See notes 2 and 4 for further information related to the liquidation basis of presentation.

Creditor Protection

On October 6, 2009, the Company and certain of its subsidiaries filed for and obtained an order (as amended, the “Canwest Media Initial Order”) from the Ontario Superior Court of Justice (Commercial List) (the “Court”), granting creditor protection under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”). The Canwest Media Initial Order applies to Canwest Global, Canwest Media Inc. (“Canwest Media”), CTLP, The National Post Company and certain non-operating subsidiaries (collectively, the “Canwest Media Applicants”). Canwest (Canada) Inc., Canwest LP and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Media and its subsidiaries including CW Media Holdings Inc., are not included in this filing. The Canwest Media Initial Order provided for a general stay of proceedings in respect of the Canwest Media Applicants for an initial period of 30 days, which was subsequently extended to September 8, 2010 and is subject to further extensions by the Court. The Canwest Media Initial Order may be further amended by the Court throughout the CCAA proceedings (the “Canwest Media CCAA Proceedings”) based on motions from the Canwest Media Applicants, their creditors and other interested parties. On October 6, 2009, certain of the Canwest Media Applicants, through their Court-appointed monitor, also made a concurrent petition for recognition and ancillary relief under Chapter 15 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (“US Court”). On November 3, 2009, the US Court granted formal recognition of the Canwest Media CCAA Proceedings. For additional information, see note 2, “Significant Accounting Policies” and note 5, “Canwest Media Creditor Protection and Plan.”

On January 8, 2010, Canwest (Canada) Inc., Canwest Publishing Inc. and Canwest Books Inc. (collectively, the “Canwest LP Applicants and together with Canwest LP, the “Canwest LP Entities”), applied for and obtained an order (as amended, the “Canwest LP Initial Order”) from the Court granting creditor protection under the CCAA. The Canwest LP Initial Order applies to the Canwest LP Entities. National Post Inc. is not included in the filing. For additional information, see note 6, “Canwest LP Creditor Protection and Plan.” The Canwest LP Initial Order initially provided for a general stay of proceedings against the Canwest LP Applicants for a period of 30 days, which was subsequently extended by further orders, most recently to the earlier of December 31, 2010 or the date which is ten business days following the resolution of all disputed claims under the Amended Ad Hoc Committee Plan (as defined below) and as may be further extended by the Court. The Canwest LP Initial Order may be further amended by the Court throughout the CCAA proceedings based on motions from the Canwest LP Applicants, their creditors and other interested parties. For additional information, see note 2, “Significant Accounting Policies” and note 6, “Canwest LP Creditor Protection and Plan.”

Canwest Media Entities Events

In March and September 2009, Canwest Media did not make interest payments totaling in the aggregate US$60.8 million which were due on its 8% senior subordinated unsecured notes (“8% Notes”) and is in default under the terms of the 8% Notes indenture. The guarantors under the Canwest Media debt obligations include Canwest Global, Canwest Media, CTLP, The National Post Company and other wholly owned subsidiaries (collectively, the “Canwest Media Entities”) but exclude Canwest (Canada) Inc., Canwest LP and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Media and its subsidiaries including CW Media Holdings Inc.

In May 2009, Canwest Media entered into a new $75 million senior secured asset based loan facility (the “ABL facility”) and issued $105 million (US$94 million) 12% secured notes for cash proceeds of $100 million to certain holders of its 8% Notes. The proceeds were used to pay, in full, amounts owing under Canwest Media’s previous senior secured credit facilities and certain secured hedging derivatives, as well as to finance operations.

On September 22, 2009, the Canwest Media Entities entered into a Use of Cash Collateral and Consent Agreement with an ad hoc committee of holders of 8% Notes representing over 70% of the 8% Notes (the “Ad Hoc Committee”). On October 1, 2009, the Company sold its interest in Ten Holdings for net proceeds of $618 million (see notes 11 and 16). In accordance with the Use of Cash Collateral and Consent Agreement the proceeds were advanced to Canwest Media by its wholly-owned Irish subsidiary which held the investment in Ten Holdings and were utilized as follows: $102 million to repay obligations under the 12% secured notes, $85 million to repay the ABL facility and to provide operating liquidity and $431 million to reduce its obligations under its 8% Notes indenture.

On October 5, 2009, the Canwest Media Entities entered into a CCAA Support Agreement with the Ad Hoc Committee pursuant to which they are pursuing a proposed reorganization transaction related to the Canwest Media Entities (note 5). The proposed terms of the recapitalization transaction were set out in a Recapitalization Transaction Term Sheet incorporated into the CCAA Support Agreement (together with the CCAA Support Agreement, the “Recapitalization Agreement”).

On October 6, 2009, as set out in the terms of the Recapitalization Agreement, the Canwest Media Applicants filed for and obtained creditor protection under the CCAA and the Court approved the conversion of the ABL facility into a debtor-in-possession (“DIP”) financing arrangement (note 5). On October 14, 2009, the Court approved a claims procedure, which sets out the process for identifying and valuing claims against the Canwest Media Applicants and the directors and officers of the Canwest Media Applicants by the creditors affected by the CCAA filing. The claims procedure was amended on November 30, 2009 by the Court.

On October 30, 2009, the Court granted an order approving the orderly transition and subsequent termination of certain shared services arrangements between the Canwest Media Applicants and other subsidiaries of the Company. That shared services arrangement provided for the orderly termination of shared services on dates ranging from February 28, 2010 to February 28, 2011 and addressed certain employee-related matters including pensions and revises amounts payable for such services. In addition, on October 30, 2009, substantially all of the assets and certain liabilities of the National Post newspaper were transferred from The National Post Company, a subsidiary of Canwest Media, to National Post Inc., a wholly owned subsidiary of Canwest LP for consideration of $2.5 million.

On June 8, 2010 the Court approved an omnibus transition and reorganization agreement which comprised amendments of certain terms of the shared service agreement and to the addition of further provisions to deal with the separation of the affairs of Canwest LP Entities from the affairs of the Canwest Media Entities.

The terms of the Recapitalization Agreement required that an equity investment in a restructured and recapitalized Canwest Global (“Restructured Canwest”) by one or more Canadian investors be completed on or prior to the completion of a restructuring transaction. An extensive equity investment solicitation process was carried out by a financial advisor retained by the Company to identify potential new investors. On February 11, 2010, the Company entered into, among other agreements, a subscription agreement (the “Subscription Agreement”) with Shaw Communications Inc. (“Shaw”) which became effective on February 19, 2010 upon receipt of an order of the Court (the “Shaw Approval Order”). Under the Subscription Agreement, Shaw agreed to acquire a minimum 20% equity interest and an 80% voting interest in Restructured Canwest upon its successful emergence from CCAA protection.

In connection with the Subscription Agreement, the Canwest Media Entities and the Ad Hoc Committee amended the terms of the recapitalization transaction pursuant to an amendment of the Recapitalization Agreement. In addition, Canwest Global, Shaw and the Ad Hoc Committee entered into a related support agreement (the “Shaw Support Agreement”) pursuant to which, among other things, the Ad Hoc Committee members agreed to support the amended terms of the recapitalization transaction including the equity subscription by Shaw.

On May 3, 2010, Shaw entered into a share and option purchase agreement with GS Capital Partners VI Fund L.P. and certain of its affiliates (collectively, the “Goldman Sachs Parties”) which held a 64.7% equity interest in CW Media pursuant to which Shaw indirectly acquired 29.9% of the total voting shares and 49.9% of the total equity shares of CW Media and an option to purchase, subject to the approval of the Canadian Radio-television and Telecommunications Commission (the “CRTC”) the remaining 3.4% of the total voting shares and 14.8% of the total equity shares of CW Media held by the Goldman Sachs Parties. This acquisition was completed on May 3, 2010. As a result of the completion of these transactions on May 3, 2010, Shaw became a party to the CW Media shareholders agreement with Canwest Media and the Goldman Sachs Parties ceased to be parties to the CW Media shareholders agreement with Canwest Media. In addition, the Company, Canwest Media, Shaw and the Goldman Sachs Parties executed a mutual release with respect to the matters that had been the subject of litigation between the parties, including the Goldman Sachs Parties’ application for leave to appeal the Shaw Approval order.

Concurrent with the execution by Shaw and the Goldman Sachs Parties of the above-noted agreements, the Canwest Media Entities, Shaw and the members of the Ad Hoc Committee further amended the terms of the recapitalization transaction by entering into amendments to the Subscription Agreement, the Shaw Support Agreement and the Recapitalization Agreement. As modified by these amendments, the recapitalization transaction now contemplates that Shaw will indirectly acquire all of the Company’s interests in CW Media and in CTLP as well as certain other assets and obligations of the Company for consideration of approximately $38 million (subject to increase for certain restructuring period claims) and US$440 million, such amounts to be allocated to certain affected creditors of certain of the Canwest Media Applicants. The Company and certain entities not acquired by Shaw (the “Remaining Entities”) are expected to be bankrupted, liquidated, dissolved, wound up or otherwise abandoned. Also in connection with the consummation of the recapitalization transaction, the securities of the Company that are listed on the TSX Venture Exchange are expected to be delisted, and the Company intends to apply to cease to be a reporting issuer under applicable Canadian securities laws.

On June 23, 2010, the Company, Shaw, the Ad Hoc Committee and an *ad hoc* group of certain existing shareholders agreed that, subject to certain conditions, Canwest would complete a reorganization of its capital as part of the recapitalization transaction pursuant to which the existing shareholders of Canwest Global would receive a payment of $11 million together with documented costs of the *ad hoc* group of shareholders’ advisors from Shaw upon implementation of the Plan (as defined below). The Canwest Media Entities have agreed, among other things, not to amend or restructure Canwest Global’s reorganization of capital in a manner that eliminates or reduces the $11 million payment to the existing shareholders to be made by Shaw without the written consent of the *ad hoc* group of certain existing shareholders of Canwest Global, and the *ad hoc* group of existing shareholders has agreed, among other things, not to oppose, challenge or contest the Plan or the approval of the Plan by the Court or other governmental entity and to consent to the making of the Meeting order of the Court approving the holding of the creditor meetings and related actions.

The Canwest Media CCAA Proceedings, discussed in note 5, “Canwest Media Creditor Protection and Plan”, provide the Canwest Media Applicants with temporary relief from their creditors by preventing all secured and unsecured creditors from proceeding against the Canwest Media Applicants. The DIP financing arrangement provides funding for operations during the course of the filing.

On June 23, 2010, the Court accepted the filing of a proposed consolidated plan of compromise, arrangement and reorganization pursuant to the CCAA and the *Canada Business Corporations Act* (the “Plan”) for certain of the Canwest Media Applicants (collectively, the “Canwest Media Plan Entities”) which sets out, among other things, how the Canwest Media Plan Entities intend to deal with their creditors affected by the Plan. The Plan is subject to a vote by the affected creditors of the Canwest Media Plan Entities at the creditors meetings, which are scheduled to be held on July 19, 2010 and must be approved by a requisite majority of each class of such affected creditors as well as sanctioned by the Court. The provisions of the Plan are described in more detail in note 5.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed in the preparation of these financial statements is as follows:

Liquidation Basis of presentation

Under the liquidation basis of presentation, the net liabilities in liquidation are presented on a non-consolidated basis. Investments in subsidiaries and other investments of shares are measured at their estimated net realizable values based on their fair value less costs to sell. Other assets are measured at their estimated net realizable value. Financial liabilities are measured at the present value of amounts expected to be paid, except for liabilities subject to compromise which are measured at the best estimate of the expected amounts of the allowed claims and amounts due to affiliates which are measured at their carrying amounts. Future losses related to the operations to be liquidated and future reorganization costs are not accrued and are recorded as incurred. The amounts reported in the statement of net liabilities in liquidation reflect management’s best estimates of amounts as of May 31, 2010 and does not necessarily reflect the amounts that may be realized on ultimate liquidation of the Company. The net realizable value of assets of the Company and the settlement amounts of liabilities will change and such changes may be material. In addition, the Company will incur costs to complete the CCAA proceedings and any subsequent wind down or liquidation of the Company which may utilize resources of the Company, and such costs may be material.

Going Concern Basis of presentation

The interim consolidated financial statements for periods prior to May 31, 2010 were prepared in accordance with accounting principles generally accepted in Canada for interim financial statements applicable to a going concern and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim periods presented. However, these interim consolidated financial statements do not include all of the information and disclosures required for annual consolidated financial statements. The accounting policies used in the preparation of these interim consolidated financial statements are the same as those used in the most recent annual consolidated financial statements except for the accounting changes disclosed below and in note 3. The accounting policies for the recognition, de-recognition and measurement of assets and liabilities have not changed as a result of the CCAA filings by the Canwest Media Applicants and Canwest LP Applicants. These interim consolidated financial statements should be read in conjunction with the most recent annual financial statements of the Company. All amounts are expressed in Canadian dollars unless otherwise noted.

Claims during the CCAA proceedings – going concern basis
All claims that become known during the CCAA proceedings are recognized in accordance with the accounting policies of the Company based on the best estimate of the expected amounts of the allowed claims. If a reasonable estimate of the amount of the claim cannot be made, the amounts claimed by the creditors or potential creditors are disclosed.

The Company accounts for its financial liabilities using the amortized cost method. In light of the CCAA filing, pre-filing liabilities that may be impacted by the reorganization process are classified on the consolidated balance sheets as Liabilities subject to compromise. For all financial liabilities that are subject to compromise, the Company adjusts the carrying amount to the amount allowed under the claim. Any adjustments arising from differences between the carrying amount of the financial liabilities and the allowed claims are presented as operating expenses if the amount relates to a change in estimate for the cost of goods and services received by the companies under the CCAA; otherwise the changes have been presented as Reorganization items.

Interest expense – going concern basis
For periods subsequent to the CCAA filing, interest expense on financial liabilities which have been stayed by the Court is recognized only to the extent the amounts will be paid during the CCAA proceedings or it is probable that the amounts will be allowed as a claim in the CCAA proceedings. Interest expense recognized, including interest and fees related to the DIP financing, are presented as interest expense and not as Reorganization items.

Reorganization items – going concern basis
Incremental costs directly related to the CCAA proceedings are presented as Reorganization items. These costs include professional fees paid to external parties for legal, financial consulting and appraisal services incurred during the period the Canwest Media Applicants were developing their financial reorganization plans and employee related costs for the retention of employees essential to the operations during the CCAA proceedings. Cash flows related to Reorganization items are disclosed in the Consolidated Statements of Cash Flows.

Gains and losses realized on the disposal of any assets approved during the CCAA proceedings and any provisions for losses related to restructuring, exit or disposal activities (including repudiation of contracts) are presented as Reorganization items. Interest income earned that would not have been earned except for the proceeding is recorded as Reorganization items.

These costs, gains, losses and provisions are recognized and measured in accordance with the respective accounting policies for such items.

3. ACCOUNTING CHANGES

Goodwill and Intangible Assets – going concern basis

The Accounting Standards Board (the "AcSB") issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria for recognition of intangible assets that can be recognized. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licencing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Company adopted this new standard effective September 1, 2009 in accordance with the transitional provisions which required application of the standard on a retrospective basis. As a result of adopting this standard, the Company has classified its broadcast rights as intangible assets. As a result of classifying broadcast rights as intangible assets, these assets are classified as non-current assets whereas previously they were classified as current and non-current depending on timing of expected usage of the programs. Amortization of broadcast rights is recorded as operating expenses in the consolidated statement of earnings. As a result of the adoption of this section, total current assets as at August 31, 2009 were reduced by $154.7 million with a corresponding increase in total non-current assets. In addition, other current assets as at August 31, 2009 were reduced by $14.7 million for program advances with a corresponding increase in broadcast rights. Under this section broadcast rights are reviewed and tested for impairment in accordance with the impairment provisions for long-lived assets or assets to be disposed of by other than sale and are no longer carried at the lower of cost and net realizable value. In addition, the Company increased broadcast rights payable by $33.2 million with a corresponding decrease to accounts payable and accrued liabilities.

Proposed Accounting Changes

Business Combinations and Non-Controlling Interests

The AcSB issued CICA Handbook Section 1582, "*Business Combinations*" and entities adopting CICA 1582 will also be required to adopt CICA Handbook Sections 1601, "*Consolidated Financial Statements*", and 1602, "*Non-Controlling Interests*". These sections replace the former CICA Handbook Sections 1581, "*Business Combinations*" and 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 will require additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. CICA 1601 and 1602 will require a change in the measurement of non-controlling interest and will require the change to be presented as part of shareholders' equity. These standards will become effective for business combinations for which the acquisition date is on or after September 1, 2011. The Company is currently considering the impacts of the adoption of such standard.

Multiple Deliverable Revenue Arrangements

In December 2009, the Emerging Issues Committee of the CICA issued EIC 175, "*Multiple Deliverable Revenue Arrangements*". EIC 175 which replaces EIC 142, "*Revenue Arrangements with Multiple Deliverables*" addresses some aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2011 with earlier adoption permitted. The Company is assessing the impact of the new abstract on its consolidated financial statements.

4. NET LIABILITIES IN LIQUIDATION

In May 2010, as a result of the Company and its subsidiaries entering into agreements to sell both its broadcasting and its publishing businesses, the Company determined that Canwest Global and several of its subsidiaries that will not be acquired in the sales transactions would cease operations and likely be liquidated. Therefore, in accordance with CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", effective May 31, 2010, the Company changed the basis of preparing its financial statements from going concern to liquidation. The Company designated May 31, 2010 as the effective date for the change in basis of presentation.

Restricted cash and cash equivalents
Restricted cash includes investments with maturities of three months or less at May 31, 2010.

In March 2010, Canwest Global sold an asset for proceeds of $1.6 million. Pursuant to the terms of the approval and vesting Order granted by the Court in respect of the transaction, the net sale proceeds from the transaction remain subject to the charges, mortgages, liens, claims, liabilities, restrictions, security interests, trusts, deemed trusts and other encumbrances (collectively, the "Claims") that attached to the respective assets disposed of by Canwest Media Applicants, with the same priority as such Claims had with respect to the disposed assets immediately prior to their sale. The Claims include the Claims of CIBC Mellon Trust Company, as collateral agent under the DIP financing arrangement, as well as the various charges provided for in the Canwest Media Initial Order. As at May 31, 2010, the total restricted cash was $1.6 million. On implementation of the Plan and release of the various security interests this cash will become unrestricted.

Income taxes receivable
The recognition and measurement of the current and future tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of future tax assets. Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such differences, which could be significant, will impact the income tax provision in the period in which the determination is made.

Amounts due to/from affiliates
Amounts due to and from affiliates do not bear interest and have no stated terms or conditions of repayment. Amounts due from affiliates are measured at net realizable value. Amounts due to affiliates are measured at their carrying amounts though they may be settled for lesser amounts.

The fair value of amounts due from affiliates approximate their carrying amounts due to the short term nature of these financial assets. The fair value of amounts due to affiliates is estimated to be nominal based on the significant uncertainty surrounding the ultimate settlement amount of the financial liability and the expectation that the Remaining Entities will be bankrupted, liquidated, dissolved, wound up or otherwise abandoned.

Investment in Canwest Media
The Company holds all the common shares of Canwest Media for which management has estimated a net realizable value of nil. The realizable value was estimated based on the fair value of the investment less cost to sell or liquidate.

Liabilities subject to compromise
Liabilities subject to compromise are liabilities incurred prior to the CCAA filing date that may be dealt with as affected claims under the Plan in the Canwest Media CCAA Proceedings, contingent liabilities incurred prior to the CCAA filing that are likely to be accepted as claims in the Canwest Media CCAA Proceedings as well as claims arising on or after the CCAA filing date relating to repudiated or disclaimed leases, contracts, and other arrangements. Generally actions to enforce or cause payment of pre-filing liabilities are stayed by the Canwest Media Initial Order.

Liabilities subject to compromise are based on amounts expected to be allowed for known claims or potential claims to be resolved through the Canwest Media CCAA Proceedings. The Liabilities subject to compromise do not include amounts for contracts repudiated or disclaimed subsequent to May 31, 2010, as such amounts are recognized when the contracts are repudiated or disclaimed, or amounts related to claims for employee benefits which represent actuarial gains or losses which are recognized in accordance with accounting policies for employee benefit plans. It is reasonably possible that the amount of Liabilities subject to compromise will change in the near term due to negotiated settlements, actions of the Courts, further developments with respect to disputed claims, repudiation of contracts, other restructuring plans or other events. Such adjustments may be material.

As of May 31, 2010, a total of 36 claims ("Total Claims") against Canwest Global have been received and either have been accepted, resolved or are pending resolution. The Total Claims filed amount to $62.9 million, including intercompany claims of $61.2 million. Intercompany claims will be unaffected by the Plan except as described in note 5 in "Canwest Reorganization" and have not been recognized for voting or distribution purposes. Of the aggregate claims amount, the Company has recorded $0.7 million as Liabilities subject to compromise on the statement of net liabilities in liquidation as at May 31, 2010. The difference between the recorded Liabilities subject to compromise and the amount of Total Claims less intercompany claims amounts to $1.0 million, and consists of unresolved claims. Additional claims may be recognized by Canwest Global as a result of the resolution of these claims and the claims process and such additional claims may be material. The Plan, if approved, determines how each class of affected claims will be settled, including payment terms, if applicable.

Liabilities subject to compromise do not include: (i) liabilities incurred after the date of the CCAA filing by Canwest Global, except for liabilities related to repudiated or disclaimed contracts or restructuring provisions incurred after the CCAA filing and (ii) liabilities that Canwest Global expects to pay either before or on emergence from the Canwest Media CCAA Proceedings.

The Liabilities subject to compromise as at May 31, 2010 are as follows:

	2010
Trade payables and accrued liabilities	713

Guarantees
Canwest Global, along with other Canwest Media Entities, is a guarantor under the Canwest Media debt obligations, including the 8% Notes and DIP financing arrangement. As at May 31, 2010, $393.2 million was outstanding under the 8% Notes indenture and no amounts were drawn under the DIP financing arrangement. At May 31, 2010, $10.7 million of the availability under the DIP financing arrangement was utilized by letters of credit issued under the facility.

Net liabilities in liquidation per share
As at May 31, 2010, there were 177.6 million issued and outstanding shares (note 18). The amount of net liabilities in liquidation per share has been determined on the basis of the total common shares issued and outstanding as at May 31, 2010. All outstanding options are anti-dilutive and excluded from the calculation of net liabilities in liquidation per share.

Effect of change to liquidation basis accounting

The following table outlines the adjustments made to the Company's consolidated balance sheet prepared on a going concern basis to obtain the Company's statement of net liabilities in liquidation as at May 31, 2010:

	Going Concern Basis	Deconsolidation	Adjustments of net liabilities to liquidation basis	Liquidation Basis
ASSETS				
Current Assets				
Cash and cash equivalents	257,885	(257,885)	-	-
Restricted cash	12,499	(10,899)	-	1,600
Accounts receivable	419,377	(418,993)	-	384
Income taxes recoverable	-	1,400	-	1,400
Inventory	5,200	(5,200)	-	-
Amounts due from affiliates	-	71	-	71
Future income taxes	16,070	(16,070)	-	-
Other current assets	18,846	(18,846)	-	-
	729,877	(726,422)	-	3,455
Other investments	7,612	(7,612)	-	-
Investment in Canwest Media Inc.	-	(407,893)	407,893	-
Broadcast rights	363,257	(363,257)	-	-
Property and equipment	517,350	(517,350)	-	-
Other assets	37,352	(36,955)	(397)	-
Intangible assets	1,181,006	(1,181,006)	-	-
Goodwill	1,015,704	(1,015,704)	-	-
	3,852,158	(4,256,199)	407,496	3,455
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	293,458	(293,324)	-	134
Income taxes payable	31,664	(31,664)	-	-
Broadcast rights payable	84,323	(84,323)	-	-
Deferred revenue	35,616	(35,616)	-	-
Current portion of long-term debt and obligations under capital leases	869,278	(869,278)	-	-
Current portion of hedging derivative instruments	22,478	(22,478)	-	-
	1,336,817	(1,336,683)	-	134
Liabilities subject to compromise Canwest Media entities	547,109	(546,396)	-	713
Liabilities subject to compromise Canwest LP entities	573,037	(573,037)	-	-
			-	-
Long-term debt	757,805	(757,805)	-	-
Hedging derivative instruments	34,533	(34,533)	-	-
Amounts due to affiliates	-	61,920	-	61,920
Obligations under capital leases	983	(983)	-	-
Other long-term liabilities	150,219	(150,219)	-	-
Future income taxes	124,822	(124,359)	(463)	-
Puttable interest in subsidiary	738,161	(738,161)	-	-
Minority interest	55,943	(55,943)	-	-
	4,319,429	(4,256,199)	(463)	62,767
SHAREHOLDERS' DEFICIENCY	(467,271)	-	407,959	(59,312)
	3,852,158	(4,256,199)	407,496	3,455

The deconsolidation adjustments deconsolidate the assets and liabilities of subsidiaries including Canwest Media and presents the Company's investment in Canwest Media using the equity method of accounting.

The adjustments of net liabilities to liquidation basis reflects the following adjustments:

Adjusts the carrying value of the Canwest Media investment accounted for using the equity method of $407.9 million to net realizable value of nil resulting in an adjustment recorded in the statement of changes in net liabilities in liquidation of $407.9 million.

Adjusts the carrying value of certain other long-term assets with a carrying value of $0.4 million to a net realizable value of nil resulting in an adjustment recorded in the statement of changes in net liabilities in liquidation of $0.4 million.

Adjusts the carrying value of future income tax liabilities with a carrying value of $0.5 million to nil based on the Company's estimate that it is not more likely than not that the future assets will be realized resulting in an adjustment recorded in the statement of changes in net liabilities in liquidation of $0.5 million.

5. CANWEST MEDIA CREDITOR PROTECTION AND PLAN

Creditor Protection

As contemplated by the Recapitalization Agreement, on October 6, 2009, the Canwest Media Applicants filed for and obtained an order from the Court providing creditor protection under the CCAA. The Canwest Media Initial Order provided for a general stay of proceedings for an initial period of 30 days, which was subsequently extended to September 8, 2010 and is subject to further extension by the Court. The Canwest Media Initial Order may be further amended by the Court throughout the Canwest Media CCAA Proceedings based on motions from the Canwest Media Applicants, their creditors or other interested parties. On October 6, 2009, certain of the Canwest Media Applicants, through their Court-appointed Monitor, also made a concurrent petition for recognition and ancillary relief under Chapter 15 of the U.S. Bankruptcy Code in the US Court. On November 3, 2009, the US Court granted formal recognition of the Canwest Media CCAA Proceedings.

On October 14, 2009, and amended on November 30, 2009, the Court authorized the Canwest Media Applicants to conduct a claims procedure for the identification, resolution and barring of claims against the Canwest Media Applicants and their directors and officers.

The stay of proceedings generally precludes parties from taking any action against the Canwest Media Applicants for breach of contractual or other obligations. The purpose of the stay is to provide the Canwest Media Applicants with the opportunity to stabilize operations and business relationships with customers, vendors, employees and creditors and to allow the Company to implement an orderly consensual recapitalization transaction while continuing its day-to-day operations.

Under the terms of the Canwest Media Initial Order, FTI Consulting Canada Inc. was appointed as the Monitor for the Canwest Media CCAA Proceedings. The Monitor has been reporting and will continue to report to the Court from time to time on the Canwest Media Applicants' financial and operational position and any other matters that may be relevant to the Canwest Media CCAA Proceedings. In addition, the Monitor has advised the Canwest Media Applicants on their development of the Plan and has assisted the Canwest Media Applicants with their restructuring.

Business Operations

During the Canwest Media CCAA Proceedings, the Canwest Media Applicants continue to operate with the assistance of the Monitor and under the supervision of the Court. Pursuant to the Canwest Media Initial Order, and subject to the conditions set out therein and the requirements set out in the CCAA, the Canwest Media Applicants are required to pay all amounts due to governmental entities related to employee deductions, sales taxes, and other taxes and assessments. The Canwest Media Applicants are permitted to pay outstanding and future employee wages, salaries and employee benefits and other employee obligations; pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the Canwest Media Applicants; and pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest Media Applicants. The Canwest Media Initial Order also allowed the Canwest Media Applicants, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Claims have arisen related to damages of counterparties as a result of such disclaimers. These claims are recognized in accordance with the accounting policies of the Company.

DIP Financing

On October 6, 2009, the Court approved the conversion of Canwest Media's existing asset based loan into a DIP financing arrangement in accordance with the terms set out in the credit facility entered into in May 2009. The DIP financing arrangement increased the maximum borrowings available under the facility from $75 million to $100 million. On October 6, 2009, no amounts were drawn on the facility and $10.9 million of the availability was utilized by letters of credit issued under the facility. The DIP facility bears interest at the greater of prime rate and 2.25% plus an applicable margin. The capacity available under the DIP facility is calculated based upon the value of certain assets that secure the facility including accounts receivable and property and equipment, capped at $100 million. As at May 31, 2010, there was $89 million available under the facility net of letters of credit in the amount of $11 million. The facility is secured by all current and future assets of Canwest Media and its wholly owned Canadian television operations. The DIP financing arrangement is guaranteed by Canwest Global, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media, excluding Canwest LP and its subsidiaries. The facility matures on the earlier of October 6, 2010 and the date on which the Plan is implemented, but is subject to an earlier maturity date under certain circumstances including certain events of default as defined in the agreement. Interest, principal and fees payable under the facility are not affected by the Canwest Media CCAA Proceedings. All cash receipts of the Canwest Media Entities are required to be applied to reduce amounts outstanding under the facility.

Priority of Charges

The Canwest Media Initial Order created a number of new charges against substantially all of the current and future assets of the Canwest Media Applicants which, subject to the terms of the Canwest Media Initial Order, may rank in priority to certain other security interests, trusts, liens, charges and encumbrances. Certain employee and commodity tax obligations are also subject to a super priority claim under bankruptcy legislation. These charges, in order of priority, include an administration charge to secure amounts owing to certain restructuring advisors, up to maximum of $15 million; a DIP Charge to the extent of any obligations outstanding under the DIP financing arrangement described above; a directors' charge to secure the indemnity created under the Canwest Media Initial Order in favour of the directors of the Canwest Media Applicants and a key employee retention plan ("KERP") charge, with equal priority, to a maximum of $20 million and $5.9 million, respectively, and an investor charge to secure the Company's obligation to pay Shaw the termination fee and to reimburse Shaw's costs and expenses in certain circumstances, up to a maximum of $7.5 million. The directors' charge and the KERP charge are postponed in right of payment to the extent of the first $85 million payable under the senior secured promissory note issued to a wholly-owned Irish subsidiary in relation to the receipt of proceeds on the sale of Ten Holdings.

Consolidated Plan of Compromise, Arrangement and Reorganization

The following is a summary description of certain elements of the Plan and is not exhaustive. For further details, specific reference should be made to the text of the Plan. The full text is available on SEDAR at www.sedar.com as well as on the Monitor's website at http://cfcanada.fticonsulting.com/cmi.

The Canwest Media Entities filed the Plan with the Court on June 23, 2010. Under the terms of the Plan, the Canwest Media Plan Entities include: Canwest Global, Canwest Media, Canwest Television GP Inc., CTLP, Canwest Global Broadcasting Inc/Radiodifussion Canwest Global Inc., Fox Sports World Canada Holdco Inc., Fox Sports World Canada Partnership, National Post Holdings Ltd., The National Post Company/La Publication National Post, MBS Productions Inc., Yellow Card Productions Inc., Global Centre Inc. and 4501063 Canada Inc. The purpose of the Plan is, among other things, to effect a compromise and settlement of all affected claims against the Canwest Media Plan Entities and to facilitate the closing of the transactions contemplated in the Subscription Agreement.

There are a number of conditions which must be satisfied in order for the Plan to be implemented including the receipt of regulatory consents or approvals required under the *Competition Act* (Canada) and the *Broadcasting Act* (Canada). If all conditions are met, the Plan will be implemented on or before September 30, 2010, which date may be extended under certain circumstances.

Approvals of the Plan

Prior to the Plan implementation date, the Company is required to hold the meetings of affected creditors of the Canwest Media Plan Entities, obtain the approval of the Plan by the requisite majority of each class of such affected creditors in accordance with the CCAA, and obtain an order of the Court sanctioning the Plan. The meetings of affected creditors of the Canwest Media Plan Entities are currently scheduled to be held on July 19, 2010, and the hearing in respect of the Court order sanctioning the Plan is currently scheduled to take place on July 28, 2010.

Canwest Reorganization

On the Plan implementation date, certain of the Canwest Media Entities will be reorganized. Certain subsidiaries of Canwest Media, including 4501063 Canada, MBS Productions Inc. and Global Centre Inc., will be dissolved and their assets will be transferred to Canwest Media. Pursuant to the Plan, a new wholly owned subsidiary of Canwest Media ("New Canwest") has been formed, and certain of the assets and liabilities that will be acquired by Shaw, including the partnership units of CTLP, will be transferred to New Canwest. The liabilities of CTLP and its subsidiaries (collectively, the "CTLP Entities") subject to compromise will be transferred to Canwest Media. Intercompany accounts will be reorganized such that, after the implementation of the Plan, there will be no amounts due or payable between the entities acquired by Shaw and the Remaining Entities except for those related to the shared services arrangements.

Canwest Global Equity and Reorganization of Capital

As part of the Plan, Canwest Global will complete a reorganization of capital pursuant to which, among other things, each existing outstanding common share of Canwest Global will be changed into (a) one new common share (of an equivalent share class) and (b) one new preference share of the Company, in each case to be created pursuant to articles of reorganization of the Company. The new classes of common shares are expected to have attached to them the terms and conditions that mirror the terms and conditions of the equivalent classes of Canwest Global's existing common shares.

On the implementation of the Plan, an entity to be designated by Shaw will acquire all of the new preference shares then issued to the existing shareholders of the Company pursuant to the reorganization of the Company's capital. The Shaw-designated entity will pay $11 million to the Company's transfer agent for distribution to the holders of the issued and outstanding new preference shares in consideration for the transfer of all of such new preference shares to that entity. The Shaw-designated entity will then donate and surrender to Canwest Global for cancellation all of the new preference shares acquired by it.

In addition, all equity-based compensation plans of the Canwest Media Entities will be extinguished without compensation to the participants in such plans.

The Shaw Acquisition

On Plan implementation Shaw will indirectly acquire New Canwest and all of Canwest Media's interests in CW Media from Canwest Media in exchange for approximately $38 million and US$440 million (the "Subscription Price"). The US$440 million is to be utilized to satisfy the claims of the 8% Notes holders (the "Note Holder Pool") and the $38 million is to be utilized to settle the claims of the other affected unsecured creditors (the "Ordinary Creditors Pool"). The Ordinary Creditors Pool is to be utilized to settle the affected claims against the Canwest Media Plan Entities except for The National Post Company and National Post Holdings Ltd. and comprises the Ordinary Canwest Media Sub-Pool, the Canwest Television Limited Partnership Sub-Pool and the Convenience Class Pool. The Company will direct Shaw to pay the Subscription Price, net of the Noteholder Pool, to the Monitor to establish the Ordinary Creditors Pool for distribution to affected unsecured creditors pursuant to the Plan. Shaw shall pay that portion of the Subscription Price equal to the Noteholder Pool to Canwest Media for distribution to The Bank of New York Mellon, the trustee of the 8% Notes for and on behalf of the beneficial holders of such notes.

National Post

Under the Plan, the holders of the 8% Notes will not receive any distributions from The National Post Company or National Post Holdings Ltd. (collectively, the "National Post Entities"). The National Post Entities will be the subject of separate bankruptcy proceedings for which the Monitor will be named as the trustee in bankruptcy. The trustee in bankruptcy will apply for an order of the Court consolidating the bankruptcy estates of the National Post Entities. Only ordinary creditors having proven distribution claims, if any, against the National Post Entities and their consolidated bankruptcy estate will be entitled to receive distributions from the National Post Entities or such estate. The proceeds of approximately $2.5 million from the sale of the assets of The National Post Company will first be used to repay post-CCAA filing advances made to The National Post Company by Canwest Media and the residual will be vested in the trustee in bankruptcy of the consolidated bankruptcy estate of the National Post Entities.

Status of the Claims Process

As of July 8, 2010, 1,133 claims aggregating $631 million were filed with the Monitor relating to Canwest Media Plan Entities. The claims bar date for pre-CCAA filing obligations was November 19, 2009 or December 17, 2009 in respect of known creditors who received claim packages from the Monitor after October 22, 2009 and the claims bar date for restructuring period claims was July 9, 2010. As of July 8, 2010, 1,047 claims aggregating $599 million have been proven and accepted by the Monitor for distribution purposes (the "Proven Distribution Claims"). As at July 8, 2010, there are 86 claims aggregating $32 million which have not yet been resolved. The Proven Distribution Claims are comprised of an unspecified number of Noteholder Class claims aggregating $439 million and 1,047 Ordinary Creditor Class claims aggregating $160 million. Ordinary Creditor Class claims include 86 claims aggregating $89 million against the Remaining Entities and 961 claims aggregating $71 million against the CTLP Entities. Unresolved claims relating to the Canwest Media Plan Entities as at July 8, 2010, are comprised of 21 claims aggregating $29 million against the Remaining Entities and 65 claims aggregating $3 million against the CTLP Entities. In addition to unresolved claims there are a number of claims against the Remaining Entities and CTLP Entities with unspecified claim amounts ("Marker Claims"). The resolution of unresolved claims and Marker Claims will impact the pro rata distribution available to each ordinary creditor.

On the date of the implementation of the Plan, all affected claims against the Canwest Media Plan Entities are to be released, and the guarantees and security interests granted by all of the Canwest Media Plan Entities are to be released. Obligations which are secured by Court charges are to be satisfied on or before the Plan implementation date and the Court charges are to be released other than the administration charge which shall continue to apply to the Ordinary Creditors Pool and the Plan Implementation Fund (as defined and described below). The $85 million priority charge related to the secured intercompany promissory note payable by Canwest Media to its wholly owned subsidiary is to be released without payment. Intercompany claims will be unaffected by the Plan except as described above in "Canwest Reorganization" and have not been recognized for voting or distribution purposes. The Plan contemplates cash distributions to the holders of Proven Distribution Claims who so elect, up to the lesser of $5,000 and the amount of their proven claim (the "Convenience Class Creditors"). Following the Plan implementation, the Monitor will complete the resolution of any unresolved claims and will make distributions to the affected creditors who hold Proven Distribution Claims. The Noteholder Pool will be distributed to the holders of the 8% Notes and the Ordinary Creditors Pool will be distributed to the Convenience Class Creditors, the ordinary creditors of Canwest Media and the ordinary creditors of CTLP in accordance with the provisions of the Plan and the Sanction Order (as defined below).

Plan Emergence Agreement

On June 25, 2010, the Company, Canwest Media, CTLP, New Canwest, Shaw, 7316712 Canada Inc. (a wholly-owned subsidiary of Shaw) and the Monitor entered into a plan emergence agreement which sets out certain provisions related to the funding of various costs payable on or after the Plan implementation date such as payments presently secured by applicable Court charges, post-filing claims and wind-up costs with respect to the Remaining Entities.

Canwest Media Plan Entities Cash

On Plan implementation the obligations which are protected by the priority charges under the Initial Order are to be settled using cash on hand of the Canwest Media Plan Entities. In accordance with the Plan, after the payment of such costs the Canwest Media Plan Entities will make a payment to the Monitor to establish a fund to be used by the Monitor to carry out its court ordered duties (the "Plan Implementation Fund") and any remaining cash will be paid to New Canwest.

6. CANWEST LP CREDITOR PROTECTION AND PLAN

Prior to the implementation of the Amended Ad Hoc Committee Plan (as defined below) and the transactions contemplated by the APA (as defined below), Canwest LP was in default under the terms of its senior secured credit facilities ("Canwest LP Secured Credit Facilities"), its senior subordinated unsecured credit facility ("Canwest LP Senior Subordinated Credit Facility") and the indenture governing its senior subordinated unsecured notes ("Canwest LP Senior Subordinated Notes") because it failed to make payments of interest and principal on the Canwest LP Secured Credit Facilities and its related hedging derivative instruments, it failed to make interest payments on its Canwest LP Senior Subordinated Credit Facility and the Canwest LP Senior Subordinated Notes and it failed to satisfy the demand for immediate repayment of its obligations related to the hedging derivative instruments (the "Canwest LP Secured Hedge Obligations").

On August 31, 2009, the Canwest LP Entities entered into a forbearance agreement with the Administrative Agent under its Canwest LP Secured Credit Facilities (the "Administrative Agent") under which the lenders under these facilities agreed not to take any steps with respect to the defaults under the Canwest LP Secured Credit Facilities and to work with management of Canwest LP to develop and implement a consensual pre-packaged restructuring, recapitalization, or reorganization. In accordance with the terms of the forbearance agreement the lenders cancelled all undrawn amounts under the revolving credit facility. Canwest LP agreed to pay the interest owing and the continuing interest on its Canwest LP Secured Credit Facilities and the interest amounts due in respect of the Canwest LP Secured Hedge Obligations. The forbearance agreement, as extended, expired on November 9, 2009. Canwest LP continued to pay the interest on the Canwest LP Secured Credit Facilities and the Canwest LP Secured Hedge Obligations. Canwest LP was also in default under the terms of its Canwest LP Senior Subordinated Credit Facility and the Canwest LP Senior Subordinated Notes and did not enter into any forbearance arrangements with these unsecured lenders or the note holders thereunder.

Canwest LP Support Agreement

On January 8, 2010, the Canwest LP Entities entered into a support agreement with the Administrative Agent (the "LP Support Agreement") which was approved by the Court on January 8, 2010. The Administrative Agent acted on behalf of the lenders under the Canwest LP Secured Credit Facilities and the Canwest LP Secured Hedge Obligations (collectively, the "LP Senior Lenders"). The LP Support Agreement, required the Canwest LP Entities among other things, (a) to commence the CCAA proceedings; (b) to implement and make effective a plan of compromise and arrangement under the CCAA (the "LP Senior Lenders CCAA Plan"); (c) to conduct a sale and investor solicitation process ("SISP") with a view to obtaining proposals from prospective purchasers or investors to acquire all or substantially all of the assets of the Canwest LP Entities or to invest in the Canwest LP Entities or their business; (d) if the SISP was not successful, to use their best efforts to implement the agreement for a newly established corporation ("Acquireco") capitalized by the LP Senior Lenders to acquire the operations and substantially all of the assets of the Canwest LP Entities and to assume certain liabilities of the Canwest LP Entities (the "Credit Acquisition"); and (e) to pay interest on Canwest LP Secured Credit Facilities and Canwest LP Secured Hedge Obligations, expenses of the Administrative Agent and its advisors, certain investment banking fees and consent fees to Senior Lenders committing to the Senior Lenders CCAA Plan.

The LP Support Agreement terminated on July 13, 2010 upon the implementation of the Ad Hoc Committee Plan (as defined below).

Creditor Protection

As contemplated by the Canwest LP Support Agreement, on January 8, 2010, the Canwest LP Applicants commenced CCAA proceedings (the “Canwest LP CCAA Proceedings”) by applying for and obtaining the Canwest LP Initial Order. The Canwest LP Initial Order, among other things, provides for a general stay of proceedings that has been extended in subsequent orders, most recently to the earlier of December 31, 2010 or the date which is ten business days following the resolution of all disputed claims under the Amended Ad Hoc Committee Plan (as defined below) and may be further extended by the Court. The Canwest LP Initial Order can be further amended by the Court throughout the CCAA proceedings based on motions from the Canwest LP Entities, their creditors and other interested parties.

The stay of proceedings provided for in the Canwest LP Initial Order generally precludes parties from taking any action against the Canwest LP Entities for breach of contractual or other obligations. The purpose of the stay is to provide the Canwest LP Entities with the opportunity to stabilize operations and business relationships with customers, vendors, employees and creditors and to allow Canwest LP to implement an orderly restructuring while continuing its day-to-day operations.

Pursuant to the Canwest LP Initial Order, and subject to the conditions set out therein and the requirements set out in the LP Support Agreement, the Canwest LP Entities were (a) required to provide and pay for the shared services between the Canwest LP Entities and Canwest Media Entities; (b) permitted to pay outstanding and future employee wages, salaries and employee benefits, employee related obligations and employee incurred expenses; (c) permitted to pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the Canwest LP Entities, sales taxes, certain amounts due to governmental bodies and agencies, and amounts due under sales representation agreements; (d) permitted to pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest LP Entities; and (e) permitted to make available to National Post Inc., secured revolving loans to a maximum of $12.9 million. The Canwest LP Initial Order also allowed the Canwest LP Entities, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Any reference herein to any such agreements or arrangements and to termination rights or a quantification of Canwest LP’s obligations under any such agreements or arrangements is qualified by any overriding disclaimer or other rights the Canwest LP Entities may have as a result of or in connection with the CCAA proceedings. Claims may be allowed related to damages of counterparties arising as a result of such disclaimers.

On January 8, 2010, pursuant to the Canwest LP Initial Order, the Court appointed FTI Consulting Canada Inc. as the monitor of the LP Entities (the “LP Monitor”). The LP Monitor will monitor the activities of the Canwest LP Entities, report to the Court from time to time on the Canwest LP Entities’ financial and operational position and any other matters that may be relevant to the CCAA proceedings, advise the Canwest LP Entities on various matters, assist the Chief Restructuring Advisor to the Canwest LP Entities (the “LP LP CRA”), and supervise the SISP. The Canwest LP Initial Order also approved the appointment of CRS Inc. as the LP CRA. The LP CRA is responsible for formulating and implementing the restructuring and/or recapitalization of all or part of the business and/or capital structure of the Canwest LP Entities. In the Canwest LP Initial Order, the Court also approved the engagement of RBC Dominion Securities Inc. (the “Financial Advisor”) to provide investment banking services to the Canwest LP Entities related to the SISP.

The Canwest LP Initial Order created a number of new charges against substantially all of the current and future assets of the Canwest LP Entities which in accordance with the Canwest LP Initial Order may rank in priority to certain other security interests, trusts, liens, charges and encumbrances. These charges, in order of priority, include (i) an administration charge to secure amounts owing to the LP Monitor and certain restructuring and financial advisors, up to a maximum of $3.0 million; (ii) a DIP charge to the extent of any obligations outstanding under the Canwest LP DIP Facility and the existing security interest granted by the Canwest LP Entities to secure obligations under the Canwest LP Entities' centralized cash management system up to $7.5 million, ranked on *pari passu* basis; (iii) a charge to secure fees payable to the Financial Advisor engaged to conduct the SISP, up to a maximum of $10.0 million; and (iv) a directors' charge to secure the indemnity created under the Canwest LP Initial Order in favour of the directors and officers of the Canwest LP Entities and a management incentive plan ("Canwest LP MIP") charge, each with equal priority, to a maximum of $35.0 million and $3.0 million, respectively (the Canwest LP MIP charge was subsequently increased to $4.3 million on March 26, 2010). Pursuant to the Sanction Order (as defined below), on or before the implementation of the Amended Ad Hoc Committee Plan (as defined below) on July 13, 2010, the charges were released against the acquired assets, subject to the continuation of certain portions of the administrative charge.

DIP Financing

On January 8, 2010, certain of the Senior Lenders agreed to extend the Canwest LP Entities a senior secured super-priority debtor-in-possession revolving credit facility (the "Canwest LP DIP Facility") in the maximum amount of $25 million, including a letter of credit sub-facility of up to $5 million. On January 8, 2010, the Court approved the Canwest LP DIP Facility and authorized the Canwest LP Entities to execute definitive agreements related to the Canwest LP DIP Facility. On February 5, 2010, the Senior Secured Super-Priority Debtor-In-Possession Credit Agreement ("DIP Credit Agreement") was executed. The DIP lenders would not be affected by any plan of compromise or arrangement filed by the Canwest LP Entities under the CCAA or any other restructuring.

Canwest LP did not draw on the Canwest LP DIP Facility and the Canwest LP DIP Facility was terminated on July 13, 2010 upon the implementation of the Amended Ad Hoc Committee Plan (as defined below).

Sales and Investor Solicitation Process

On January 8, 2010, the Court approved the SISP which would determine whether a successful bid could be obtained by the Canwest LP Entities to sell substantially all of their assets or to obtain an investment in the Canwest LP Entities' business that is superior to the Credit Acquisition. If a successful bid was not obtained, the Credit Acquisition, as described above, would proceed. A successful bid was defined as either (a) a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Senior Lenders in an aggregate amount equal to the amount of their claims less a discount of $25 million ("Superior Cash Offer") or (b) either (i) a credible, reasonably certain and financially viable offer for the purchase of substantially all of the property of the Canwest LP Entities (including an offer where the cash component of the offer is less than the discounted amount of Senior Lenders' claims as determined in (a)), or (ii) a reorganization of the Canwest LP Entities, in each of (i) and (ii) as approved by a formal vote of the Secured Lenders in which at least 66.7% in value of the secured debt under the Senior Credit Agreement and the Canwest LP Secured Hedge Obligations and at least an absolute majority in number of the Senior Lenders that participate in such vote approve such transaction ("Superior Alternative Offer").

The SISP commenced on January 11, 2010 and was completed in two phases, with the final phase terminating on April 30, 2010, the date on which binding offers were to be submitted by qualified bidders. Several offers were submitted, including an offer (the "Ad Hoc Committee Offer") from the *ad hoc* committee of holders of the Canwest LP Senior Subordinated Notes and lenders under the Canwest LP Senior Subordinated Credit Facility (the "Ad Hoc Committee"). After reviewing the offers received, the LP Monitor, in consultation with the Financial Advisor and the LP CRA, determined that the Ad Hoc Committee Offer constituted a Superior Cash Offer and recommended its acceptance to the Special Committee. The Special Committee accepted the LP Monitor's recommendation.

On May 17, 2010, the court issued an order approving the Ad Hoc Committee Offer (the "Ad Hoc Committee Approval Order"), amending the SISP Procedures to extend the date for required closing of the transactions contemplated by the Ad Hoc Committee Offer (the "Ad Hoc Committee Transaction") to July 29, 2010 and permitting the Canwest LP Entities to pursue the Ad Hoc Committee Transaction while preserving the option to pursue the Credit Acquisition should the Ad Hoc Committee Transaction not close. The Ad Hoc Committee Approval Order authorized the Canwest LP Entities to enter into an asset purchase agreement (the "APA") with Postmedia Network Canada Corp. (under its former name, 7535538 Canada Inc.) ("Holdco), and CW Acquisition Limited Partnership ("Opco LP") and approved the execution, delivery and performance of the APA by the Canwest LP Entities. Following the issuance of the Ad Hoc Committee Approval Order, the Canwest LP Entities executed the APA, dated effective May 10, 2010. Under the terms of the APA, the transactions contemplated thereby would be implemented pursuant to a plan of compromise with the affected creditors of the Canwest LP Entities (the "Ad Hoc Committee Plan").

Canwest LP Entities Director and Officer Resignations

On March 1, 2010, all of the then directors and officers of the Canwest LP Entities resigned their directorships and offices with the Canwest LP Entities. In addition, the then current president and chief executive officer of CPI announced his resignation effective April 30, 2010. Between March 1 and the implementation of the Amended Ad Hoc Committee Plan, the other senior employees of the Canwest LP Entities carried on the day to day operations of the Canwest LP Entities.

Claims Procedure

On April 12, 2010, the Court granted an Order (the "Claims Procedure Order") which provides for, among other things, the establishment of a claims procedure for the identification and quantification of certain claims against the Canwest LP Entities.

The Claims Procedure Order established a claims procedure (the "LP Claims Procedure") for the identification and quantification of certain claims against the Canwest LP Entities. The LP Claims Procedure included a call for: (i) claims against the Canwest LP Entities that arose on or before the LP Applicants filed for creditor protection under the CCAA on January 8, 2010 (the "Prefiling Claims"), and (ii) claims that arose after January 8, 2010 as the result of the restructuring, disclaimer, resiliation or termination of any agreement by the Canwest LP Entities (the "Restructuring Period Claims"). Certain categories of claims were initially excluded and unaffected for the purposes of the LP Claims Procedure, including, among others, claims against the directors and officers of the Canwest LP Entities, intercompany claims, claims of the Senior Lenders against the Canwest LP Entities and the majority of employee claims. Creditors wishing to participate in the claims process were required to file proofs of claim with the LP Monitor no later than: (i) in the case of a Prefiling Claim, May 7, 2010; or (ii) in the case of a Restructuring Period Claim, three weeks after the creditor was deemed to have received a claims package pursuant to the terms of the Claims Procedure Order. The Canwest LP Entities and the LP Monitor commenced steps to adjudicate and resolve claims on May 10, 2010.

On May 17, 2010, the Court approved amendments to the Claims Procedure Order (the “Amended Claims Procedure Order”) that included a call for certain employee claims (the “Employee Claims”) and claims against the directors and officers of the Canwest LP Entities (the “Director/Officer Claims”). The Amended Claims Procedure Order also established claims bar dates of June 3, 2010 for Restructuring Period Claims, Employee Claims and Director/Officer Claims.

As of June 21, 2010, 1,022 claims totalling $587.3 million (the “Total Claims”) were filed with the Monitor in accordance with the terms of the Amended Claims Procedure Order. As at June 21, 2010, 761 claims totalling $569.0 million had been proven and accepted by the Monitor (the “Proven Claims”). The LP Entities are or will be engaging in discussions with the holders of the remaining unresolved claims which total 261 in number and $18.3 million in value.

On July 12, 2010 an amended claim for $150 million was filed with the Monitor. This Amended Claim is currently in dispute and is subject to adjudication and/or resolution by the LP Entities and the claimant and is not included in the Total Claims. This amended claim is the only material change to the Total Claims described above.

Consolidated Plan of Compromise and Asset Purchase Agreement
The Ad Hoc Committee Transaction was implemented pursuant to an amended plan of compromise (the Ad Hoc Committee Plan). The purpose of the Ad Hoc Committee Plan was to: (i) effect a compromise, settlement and payment of certain Prefiling Claims, Restructuring Claims, Employee Claims and Director/Officer Claims as set forth in the Ad Hoc Committee Plan other than certain unaffected claims (as described in the Ad Hoc Committee Plan (the “Unaffected Claims”)) (the “Affected Claims”) as finally determined for distribution purposes pursuant to the Amended Claims Procedure Order, the Meeting Order and the Ad Hoc Committee Plan; (ii) implement the closing of the transactions contemplated by the APA; (iii) enable Opco LP to continue the business of the Canwest LP Entities as a going concern from and after the date the Ad Hoc Committee Plan was implemented; and (iv) safeguard substantial employment of the employees of the Canwest LP Entities. The claims of the Senior Lenders under the Secured Credit Agreement and the Canwest LP Secured Hedge Obligations were unaffected claims and, on closing, received a cash distribution equal to the full amount owing to them, including accrued interest and reimbursement of costs and expenses to the extent not previously paid by the Canwest LP Entities (the “Senior Secured Claims Amount”). Creditors holding affected claims (the “Affected Creditors”) that were proven claims at the time of closing who elected or were deemed to have elected to receive a cash payment an amount equal to the lesser of the amount of their proven claim and $1,000 (the “Cash Election”) received a cash payment from the Canwest LP Entities. The remaining unsecured creditors with proven claims received their pro rata share of approximately 13 million common shares of Holdco.

Affected creditors with proven claims and disputed claims equal to or less than $1,000 were deemed to vote in favour of the Ad Hoc Committee Plan. Affected creditors with proven claims and disputed claims greater than $1,000 were (i) entitled to vote at the Meeting if a valid Cash Election had not been made, or (ii) deemed to have voted in favour of the Ad Hoc Committee Plan if a valid Cash Election had been made.

On May 17, 2010, the court granted an order (the “Meeting Order”) authorizing the Canwest LP Entities to call the Meeting and establishing the procedures for vote in respect of the Ad Hoc Committee Plan. The Meeting Order authorized the Canwest LP Entities to call the Meeting on June 10, 2010 (which was adjourned by the LP Monitor to June 14, 2010). The Meeting Order also established a process for the determination of the pro rata claims of the Subordinated Lenders and procedures for proxies and balloting. The Ad Hoc Committee Plan required approval of a majority in number of the Affected Creditors having a proven claim representing not less than 66 2/3% in value of the proven claims.

On May 17, 2010 the Ad Hoc Committee Approval Order authorized the Canwest LP Entities to enter into the APA and approved the execution, delivery and performance of the APA by the Canwest LP Entities. The APA contemplated that Holdco would effect a transaction through which the Purchaser would acquire substantially all of the financial and operating assets of the Canwest LP Entities, including the shares of National Post Inc. and assume certain liabilities of the Canwest LP Entities. The consideration to be transferred under the APA was based on the amount owing by the Canwest LP Entities to the Senior Lenders under the Senior Credit Agreement and the Secured Hedge Obligation, the Claims of the lenders under the Canwest LP DIP Facility and 13 million common shares of Holdco to be issued to unsecured creditors of the Canwest LP Entities under the Amended Ad Hoc Committee Plan in satisfaction of their claims.

On or around June 7, 2010, the Ad Hoc Committee proposed certain amendments (the "Ad Hoc Committee Amendments") to the Ad Hoc Committee Transaction and the Ad Hoc Committee Plan, which included:

- Opco LP assigning its rights and obligations under the APA to the Postmedia Network Inc. (formerly 7536321 Canada Inc.) (the "Purchaser");

- Revising the capital structure of Holdco, Opco LP and Purchaser to:

    - replace the previously contemplated $150 million of mezzanine debt of Holdco with a direct equity investment of the same amount by the Ad Hoc Committee; and

    - revise the number of shares to be issued by Holdco in connection with the Ad Hoc Committee Transaction (27 million shares will be issued to the Ad Hoc Committee for consideration of $250 million and up to 13 million shares will be issued to unsecured creditors of the Canwest LP Entities under the Ad Hoc Committee Plan in satisfaction of their claims).

The Canwest LP Entities proposed certain other amendments to the Ad Hoc Committee Plan, including some with regard to the determination of the share distribution. The Ad Hoc Committee Plan, as amended is referred to as the "Amended Ad Hoc Committee Plan".

The Canwest LP Entities, Holdco, Opco LP and the Purchaser entered into an assignment and amending agreement (the "Assignment and Amending Agreement) effective as of June 10, 2010, which was approved by the Court on June 18, 2010. Under the terms of the Assignment and Amending Agreement, all of the rights and obligations of Opco LP under the APA were assigned to the Purchaser and certain provisions of the APA were amended to reflect the Ad Hoc Committee Amendments.

The Meeting, originally scheduled for June 10, 2010, was adjourned by the LP Monitor to June 14, 2010 to allow the Affected Creditors to consider the Ad Hoc Committee Amendments. On June 14, 2010, the Amended Ad Hoc Committee Plan was approved by a majority of Affected Creditors, 97.3% in number and 99.5% in value. Additionally, 400 Cash Elections were received totalling $0.2 million.

On July 6, 2010, the Court granted an order (the "Administrative Reserve Order") authorizing the establishment of an administrative reserve of $9 million (the "Administrative Reserve") on the date of implementation of the Amended Ad Hoc Committee Plan. The Administrative Reserve of $9 million was established out of the Canwest LP Entities' cash and cash equivalents to enable the LP Monitor to satisfy specified categories of administrative costs and claims outstanding on or after the acquisition date. Any cash from the administrative reserve remaining after all costs and claims have been paid out will be transferred to the Purchaser.

On July 13, 2010, the Amended Ad Hoc Committee Plan was implemented and the transaction contemplated by the APA was executed resulting in the transfer of substantially all of the assets and certain of the liabilities of the Canwest LP Entities, including the shares of National Post Inc., to Postmedia Network Inc. in exchange for cash consideration and shares of Postmedia Network Holdings Inc.. The cash was used to settle the debt not subject to compromise and the shares will be used to settle the liabilities subject to compromise.

7. REORGANIZATION ITEMS CANWEST MEDIA APPLICANTS – GOING CONCERN BASIS

These reorganization items represent expenses, gains and losses, and provisions for losses that are directly related to the Canwest Media CCAA Proceedings. Reorganization items that have been included in net earnings (loss) for the three and nine months are as follows:

	For the three months ended May 31,		**For the nine months ended May 31,**	
	2010	**2009**	**2010**	**2009**
Professional fees	11,045	12,132	36,547	13,731
Contract repudiation	-	-	46,276	-
Provisions and Legal claims	803	-	17,135	-
Other expenses	2,375	-	10,491	-
Foreign exchange gains	(3,842)	-	(13,747)	-
Loss (gain) on asset disposals	(1)	-	1,412	-
	10,380	12,132	98,114	13,731

Professional fees are related to developing the Plan and ongoing monitoring and activities related to the Canwest Media CCAA Proceedings.

Contract repudiation includes management's estimate of allowed claims related to provisions for contracts that have been disclaimed.

During the nine months ended May 31, 2010, the Company recorded a provision for $14 million representing the accepted claim amount for certain litigation claims. The provision has been recorded in Reorganization items in the statement of earnings (loss), and is included in Liabilities subject to compromise.

Other expenses include amounts accrued under the Canwest Media KERP and other costs related to the Canwest Media CCAA Proceedings. The cost of the Canwest Media KERP is shared by Canwest LP.

Foreign exchange gains result from changes in currency translation rates on Liabilities subject to compromise.

8. REORGANIZATION ITEMS CANWEST LP ENTITIES – GOING CONCERN BASIS

These reorganization items represent expenses, gains and losses, and provisions for losses that are directly related to the CCAA Proceedings of Canwest LP entities. Reorganization items that have been included in net earnings (loss) for the three and nine months are as follows:

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	**2009**	**2010**	**2009**
Professional fees	10,124	806	29,416	806
Provisions and Legal claims	18,519		18,519	
Other expenses	3,230	-	7,813	-
Foreign exchange gains	(3,902)	-	3,962	-
	27,971	806	59,710	806

Professional fees include amounts paid to advisors relating to the Canwest LP CCAA Proceedings and the ongoing recapitalization process.

During the three and nine months ended May 31, 2010, Canwest LP recorded a provision for $18.5 million for certain contingencies representing Canwest LP's estimate of the probable settlement amount in respect of certain litigation claims. The provision has been recorded in Reorganization items in the statement of earnings (loss), and is included in Liabilities subject to compromise.

Other expenses include amounts accrued under the Canwest Media KERP and Canwest LP MIP.

Foreign exchange (gains) and losses result from changes in currency translation rates on Liabilities subject to compromise. Foreign exchange losses from January 8, 2010 to February 28, 2010 of $8.3 million related to translating the US dollar denominated portions of the secured credit facilities have been transferred from reorganization items to foreign exchange gains in the nine months ended May 31, 2010 as the secured credit facilities are no longer classified as liabilities subject to compromise.

9. CONDENSED COMBINED FINANCIAL INFORMATION CANWEST MEDIA ENTITIES

Presented below is the Condensed Combined Financial Information of the Canwest Media Applicants for the three and nine months ending May 31, 2010. The information relates to the entities included in the Canwest Media CCAA Proceedings, including Canwest Global, Canwest Media, CTLP, The National Post Company and certain non-operating subsidiaries. The information does not include amounts related to Canwest (Canada) Inc., Canwest LP and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Media and its subsidiaries including CW Media Holdings Inc.

CONDENSED COMBINED STATEMENT OF EARNINGS – GOING CONCERN BASIS

	For the three months ended	**For the nine months ended**
	May 31, 2010	
Revenue	155,706	440,673
Operating expenses	114,796	365,026
Restructuring expense	954	211
Settlement of regulatory fees	-	(21,871)
	39,956	97,307
Amortization of property and equipment	4,805	18,894
Other amortization	25	75
Operating income	35,126	78,338
Interest expense, net	(12,568)	(21,205)
Foreign exchange gains (losses)	(504)	13,285
Investment gains, losses and write-downs	1,309	5,117
Reorganization items	(10,380)	(98,114)
	12,983	(22,579)
Recovery of income taxes	(8,270)	(11,526)
Earnings (loss) before the following	21,253	(11,053)
Interest in earnings (loss) of equity accounted affiliates	35	(249)
Net earnings (loss) for the period	21,288	(11,302)

CONDENSED COMBINED STATEMENT OF CASH FLOWS – GOING CONCERN BASIS

	For the three months ended	For the nine months ended
	May 31, 2010	
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings (loss) for the period	21,288	(11,302)
Reorganization items	10,380	98,114
Items not affecting cash		
Amortization	4,830	18,969
Net non-cash interest expense	-	1,301
Future income tax provision (recovery)	116	(3,057)
Broadcast rights write-downs	-	1,737
Investment gains, losses and write-downs	12	(656)
Pension expense less than employer contributions	(2,191)	(4,334)
Losses (earnings) of equity accounted affiliates	(35)	249
Foreign exchange gains	-	(16,844)
Stock based compensation expense (reversal)	(222)	694
	34,178	84,871
Changes in non-cash operating accounts	(56,525)	(77,170)
Reorganization items	(12,222)	(42,105)
Cash flows from operating activities	(34,569)	(34,404)
INVESTING ACTIVITIES		
Other investments	12	223
Reorganization items	1,600	4,600
Restricted cash	(1,565)	(9,999)
Advances from related parties	-	617,819
Purchase of property and equipment	(1,288)	(5,394)
	(1,241)	607,249
FINANCING ACTIVITIES		
Repayment of long-term debt	-	(497,560)
Repayments of revolving facilities, net of financing costs	-	(14,964)
	-	(512,524)
Net change in cash and cash equivalents	(35,810)	60,321
Cash and cash equivalents – beginning of period	115,355	19,224
Cash and cash equivalents – end of period	79,545	79,545

10. CONDENSED COMBINED FINANCIAL INFORMATION CANWEST LP ENTITIES

Presented below are the Condensed Combined Financial Information of the Canwest LP Entities for the three and nine months ending May 31, 2010. The information relates to the entities included in the Canwest LP CCAA Proceedings, including Canwest (Canada) Inc., Canwest Publishing Inc., Canwest Books Inc. and Canwest LP. The information does not include amounts related to National Post Inc.

CONDENSED COMBINED STATEMENT OF EARNINGS – GOING CONCERN BASIS

	For the three months ended	For the nine months ended
	May 31, 2010	
Revenue	253,156	753,907
Operating expenses	199,143	589,258
Restructuring expenses	195	2,660
	53,818	161,989
Amortization of intangibles	1,240	4,456
Amortization of property and equipment	7,173	26,333
Other amortization	48	143
Operating income	45,357	131,057
Interest expense	(10,021)	(60,558)
Foreign exchange gains	4,095	49,617
Investment gains	-	2
Impairment loss on intangible assets	(39,300)	(39,300)
Reorganization items	(27,936)	(59,365)
	(27,805)	21,453
Recovery of income taxes	(20,312)	(26,792)
Net earnings (loss) for the period	(7,493)	48,245

CONDENSED COMBINED STATEMENT OF CASH FLOWS – GOING CONCERN BASIS

	For the three months ended	For the nine months ended
	May 31, 2010	
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings (loss) for the period	(7,493)	48,245
Reorganization items	27,936	59,365
Items not affecting cash		
Amortization	8,461	30,932
Net non-cash interest expense	-	15,462
Future income tax recovery	(20,312)	(26,792)
Investment gains	-	(2)
Impairment loss on intangible assets	39,300	39,300
Pension expense less than employer contributions	(1,730)	(12,227)
Foreign exchange gains	(4,125)	(49,680)
	42,037	104,603
Changes in non-cash operating accounts	6,197	12,504
Reorganization items	(10,124)	(31,322)
Cash flows from operating activities	38,110	85,785
INVESTING ACTIVITIES		
Other investments	-	2
Purchase of property and equipment	(3,799)	(9,154)
	(3,799)	(9,152)
FINANCING ACTIVITIES		
Repayments of revolving facilities, net of financing costs	-	1,889
Payments of capital leases	(1,620)	(3,139)
	(1,620)	(1,250)
Net change in cash and cash equivalents	32,691	75,383
Cash and cash equivalents – beginning of period	85,282	42,590
Cash and cash equivalents – end of period	117,973	117,973

11. DIVESTITURES

On October 1, 2009, the Company sold its controlling interest in Ten Holdings, consisting of the Company's Australian television and Out-of-home operating segments (note 16). The Company recorded a disposition of goodwill, intangible assets, other assets, long-term debt, and other liabilities of $124.5 million, $233.0 million, $616.5 million, $366.4 million, and $561.6 million, respectively.

The net proceeds received from the sale of Ten Holdings were advanced to Canwest Media in the form of a $187.3 million senior secured promissory note secured by all property, assets and undertakings of Canwest Media and certain guarantors, and a $430.6 million unsecured promissory note, in each case by a wholly owned subsidiary (which is not a Canwest Media Applicant) that previously held the shares in Ten Holdings. Advances under the senior secured promissory note were used to repay outstanding principal and interest of the 12% secured notes, repay all outstanding advances and interest on the secured revolving credit facility, and to provide additional operating liquidity. Advances under the unsecured promissory note were deposited with The Bank of New York Mellon, as trustee (the "Trustee") for the 8% Notes, in a cash collateral account for the benefit of the holders of the 8% Notes pursuant to a cash deposit agreement (the "Cash Deposit Agreement") between Canwest Media and the Trustee. Pursuant to the instructions of a majority of the holders of the senior subordinated unsecured notes, amounts outstanding under such notes were accelerated on September 30, 2009, and the funds held by the Trustee pursuant to the Cash Deposit Agreement were applied by the Trustee to a reduction of such outstanding amounts. Following the application of such funds and pursuant to further instructions from a majority of the holders of the senior subordinated unsecured notes, the senior subordinated unsecured notes were reinstated with an aggregate outstanding principal amount of US$393.2 million.

During 2009, the Company completed a review of five television stations that make up the E! Network which was included in the Canadian television segment. As a result of this review, in August 2009, the Company sold certain of the net assets of two of the E! Network television stations, CHCH-TV in Hamilton and CJNT-TV in Montreal and recorded a disposition of assets of $3.5 million and liabilities of $1.2 million. On September 4, 2009, the Company completed the sale of CHEK-TV in Victoria and recorded a disposition of liabilities of $0.2 million and recorded a gain of $0.7 million on the sale of this station. Of the remaining stations, CHBC-TV in Kelowna was rebranded as a Global Television Network affiliate and CHCA-TV in Red Deer was closed effective August 31, 2009. The Company has determined that the E! Network did not meet the criteria for classification as a discontinued operation. The loss from the operations of the E! Network for the three and nine months ended May 31, 2009 is summarized as follows:

	For the three months ended	For the nine months ended
	May 31, 2009	
Revenue	22,267	66,001
Operating expenses	26,824	90,482
Restructuring expenses (reversal)	(132)	3,793
Broadcast rights write-downs	5,026	34,646
	(9,451)	(62,920)
Amortization of property and equipment	171	1,570
Operating loss	(9,622)	(64,490)
Financing expense	(2)	(8)
Impairment loss on property and equipment	-	(10,377)
Net loss	(9,624)	(74,875)

In May 2009, the Company sold its Turkey radio segment (note 16). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $13.3 million, $14.6 million, and $1.0 million, respectively.

In March 2009, the Company sold The New Republic which was included in the Publishing segment (note 16). The Company recorded a disposition of assets of $0.6 million and liabilities of $2.7 million.

12. GOODWILL AND INTANGIBLE ASSETS – GOING CONCERN BASIS

Broadcast Rights

The Company's broadcast rights consist of the following:

	Canadian Television	CW Media Television	Total
Net book value as at August 31, 2008	121,255	229,208	350,463
Additions for the year	367,811	152,459	520,270
Amortization for the year	(348,114)	(121,937)	(470,051)
Impairment	(38,180)	-	(38,180)
Net book value as at August 31, 2009	102,772	259,730	362,502
Additions for the period	229,425	74,250	303,675
Amortization for the period	(208,456)	(92,727)	(301,183)
Impairment	(1,737)	-	(1,737)
Net book value as at May 31, 2010	122,004	241,253	363,257

Goodwill and Intangibles

During the three and nine months ended May 31, 2010 the Company recorded impairment charges for mastheads in its Publishing segment of $39.3 million. During the nine months ended May 31, 2010, the CW Media television segment acquired broadcast licences for $0.3 million and recorded an impairment loss of $3.1 million on brands as a result of the rebranding of a specialty television channel.

During the three months ended May 31, 2009, the Company recorded goodwill impairment charges in its Publishing segment of $246.9 million. During the nine months ended May 31, 2009, the Company recorded goodwill impairment charges in its Publishing segment of $1,142.0 million and impairment charges of $99.1 million for mastheads in its Publishing segment and $86.0 million for broadcast licences in its Canadian television segment.

13. RESTRUCTURING EXPENSES – GOING CONCERN BASIS

The Company has centralized certain functions including development of four state of the art broadcast centres to support the production needs of its local television stations and to enable the transition to high definition. This initiative was conducted in three phases over the period from September 2007 to December 2009 and resulted in a net reduction in its workforce of 277 jobs. The total cost associated with this initiative was $12.1 million of which a reversal of nil and $0.2 million was recorded during the three and nine months ended May 31, 2010, respectively.

During 2009, the Company initiated certain cost containment initiatives in its Canadian television segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a workforce reduction of 149 positions. The total cost associated with this initiative was $7.8 million of which a reversal of nil and $0.5 million was recorded during the three and nine months ended May 31, 2010, respectively.

During 2009, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 632 positions. These current initiatives are expected to be complete by August 31, 2010 with total costs estimated in the range of $30 to $32 million. During the three and nine months ended May 31, 2010, the Company accrued $0.2 and $2.7 million, respectively, related to these initiatives.

During 2009, the Company completed certain cost containment initiatives in its CW Media television segment, with a workforce reduction of 30 positions and total employee termination costs of $0.9 million.

The restructuring liability, which consists of termination benefits, is summarized by operating segment as follows:

	Publishing	Canadian television	CW Media television	Other	Total
Balance – August 31, 2008	2,376	6,088	939	-	9,403
Accrued during the year	28,805	10,662	852	737	41,056
Payments made during the year	(21,758)	(11,324)	(1,736)	-	(34,818)
Balance – August 31, 2009	9,423	5,426	55	737	15,641
Accrued (reversed) during the period	2,660	(768)	-	979	2,871
Payments made during the period	(2,539)	(477)	(55)	(110)	(3,181)
Balance – May 31, 2010	9,544	4,181	-	1,606	15,331

14. INCOME TAXES – GOING CONCERN BASIS

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Canadian statutory rate as follows:

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	2009 (Revised notes 16 and 23)	2010	2009 (Revised notes 16 and 23)
Income taxes at combined Canadian statutory rate of 30.02% (2009 – 31.08 %)	679	(39,240)	13,333	(419,492)
Non-taxable portion of capital (gains) losses	1,729	(25,990)	(10,108)	(11,838)
Increase (decrease) in valuation allowance on future tax assets	(29,476)	(31,644)	(44,721)	175,962
Effect of foreign income tax rates differing from Canadian income tax rates	52	41	87	354
Change in expected future tax rates	(2,450)	(290)	10,655	3,460
Non-deductible accretion expense	9,403	7,948	27,902	18,346
Non-deductible expenses	1,202	1,343	6,651	3,093
Partnership net earnings allocated to minority interests	(348)	(494)	(1,267)	(1,601)
Effect of intangible impairment	-	76,935	-	389,365
Effect of uncertain tax positions	464	(19,873)	(18,526)	(15,523)
Other	64	(2,403)	(444)	(1,326)
Provision for (recovery of) income taxes	(18,681)	(33,667)	(16,438)	140,800

The recognition and measurement of the current and future tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a number of jurisdictions and in the assessment of the recoverability of future tax assets. Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such differences, which could be significant, will impact the income tax provision in the period in which the determination is made.

15. DERIVATIVE INSTRUMENTS – GOING CONCERN BASIS

CW Media has issued US$338 million senior unsecured notes which have a variable prepayment option at a premium of 106.75 in 2011 which declines on a straight line basis to par in 2013. The prepayment option represents an embedded derivative that is to be accounted for separately at fair value. As at May 31, 2010, the estimated fair value of the prepayment option is $5.1 million (August 31, 2009 – nil) and is recorded in long term debt. During the three and nine months ended May 31, 2010, the Company recorded a recovery of nil and $5.1 million, respectively (2009 – nil) in derivative instrument gains (losses) in the statement of earnings (loss) related to the prepayment option.

Effective March 1, 2010, the Company elected to discontinue hedge accounting on its foreign currency interest rate swap related to the CW Media operating segment which was previously designated as a cash flow hedge. As a result, the swap has been classified as held for trading and changes in fair value are recorded in net earnings. During the three months and nine months ended May 31, 2010 the Company recorded a gain of $1.7 million in Derivative instrument gains (losses) in the statement of earnings (loss) related to the swap.

16. DISCONTINUED OPERATIONS – GOING CONCERN BASIS

During May 2010, as discussed in notes 1, 5 and 6, the Company agreed to sell its Canadian television, CW Media and publishing businesses. Under these agreements, the Company would sell substantially all of its businesses and related operating assets. As a result, the long-lived assets consisting of all assets of each business except current assets are classified as held for sale and are measured at fair value less cost to sell and are not amortized. The Canadian television and CW media assets were classified as held for sale on May 3, 2010 and the Publishing assets were classified as held for sale on May 10, 2010. As these disposals will result in all of the business of the Company being discontinued, the Company is not permitted to present the results of operations of these businesses as discontinued based on the guidance in Emerging Issues Abstract 161, Discontinued operations.

Net assets (liabilities) held for sale as at May 31, 2010 and August 31, 2009 are as follows:

	May 31, 2010			
	Canadian television	**CW Media**	**Publishing**	**Total**
Current assets	182,579	193,260	243,118	618,957
Non-current assets	291,889	1,134,033	676,252	2,102,174
Goodwill	-	475,069	540,635	1,015,704
Current liabilities	(97,980)	(169,016)	(129,526)	(396,522)
Liabilities subject to compromise	-	-	(39,446)	(39,446)
Other long-term liabilities	(33,808)	(1,711,676)	(103,630)	(1,849,114)
Net assets (liabilities) held for sale	342,680	(78,330)	1,187,403	1,451,753

	August 31, 2009			
	Canadian television	**CW Media**	**Publishing**	**Total**
Current assets	184,407	257,689	180,403	622,499
Non-current assets	242,683	1,030,959	748,815	2,022,457
Goodwill	-	477,291	540,685	1,017,976
Current liabilities	(121,771)	(165,499)	(231,708)	(518,978)
Other long-term liabilities	(32,024)	(1,674,468)	(167,818)	(1,874,310)
Net assets (liabilities) held for sale	273,295	(74,028)	1,070,377	1,269,644

In November 2009, the Company abandoned its non-operating, former film and entertainment subsidiary, Canwest Entertainment Inc., which was previously reported in discontinued operations, and placed it into bankruptcy proceedings. As of the date of the bankruptcy filing, the Company ceased to have control or significant influence over the subsidiary as the ability to determine strategic, operating, investing and financing policies was transferred to the trustee appointed in the bankruptcy proceeding. Accordingly, the Company ceased consolidation of the subsidiary. The Company recorded a disposition of assets and liabilities of $1 million and $9 million, respectively and gains from discontinued operations of $8 million. The Company had outstanding intercompany loans receivable from Canwest Entertainment Inc. and its subsidiaries in the amount of $421 million. The Company does not expect to receive payments related to these loans which had been previously provided for.

In October 2009, the Company sold its controlling interest in Ten Holdings (note 11). The Company recorded a gain of $570 million on the sale of these shares, including a gain on realization of foreign currency translation adjustments of $3 million. The results of these operations were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of Ten Holdings were reported within the Australian television and Out-of-home operating segments. The classification of Ten Holdings as a discontinued operation increased earnings from continuing operations by $4 million and $25 million for the three and nine months ended May 31, 2009, respectively. Cash flows from operating activities of continuing operations increased by $34 million and $2 million for the three and nine months ended May 31, 2009.

In May 2009, the Company sold its Turkish radio stations. The Company had previously concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $12 million on the sale of these stations. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the Turkish radio stations were reported within the Turkey radio segment. The classification of the Turkey radio stations as a discontinued operation increased earnings from continuing operations by less than one million and $41 million for the three and nine months ended May 31, 2009, respectively. Cash flows from operating activities of continuing operations decreased by $14 million and $18 million for the three and nine months ended May 31, 2009, respectively.

In February 2009, the Company sold *The New Republic*. The Company had previously concluded that the expectations for this asset were not consistent with the Company's long-term growth strategy. The Company recorded a gain of $3 million on the sale of this asset. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of *The New Republic* were reported within the Publishing segment. The classification of *The New Republic* as a discontinued operation increased earnings from continuing operations by $3 million for the nine months ended May 31, 2009. Cash flows from operating activities of continuing operations increased by $1 million for the nine months ended May 31, 2009.

The earnings from discontinued operations excluding the gain on sale of discontinued operations are summarized as follows:

	For the three months ended May 31, 2009		
	Ten Holdings	Other	Total
Revenue	182,519	1,574	184,093
Earnings (loss) from discontinued operations before tax	(7,650)	155	(7,495)
Income tax expense (recovery)	(983)	40	(943)
Minority interest	(2,907)	-	(2,907)
Earnings (loss) from discontinued operations	(3,760)	115	(3,645)
Loss from discontinued operations per share:			
Basic			($0.02)
Diluted			($0.02)

	For the nine months ended May 31, 2009		
	Ten Holdings	Other	Total
Revenue	567,458	8,883	576,341
Loss from discontinued operations before tax	(32,912)	(55,032)	(87,944)
Income tax expense (recovery)	10,929	(10,831)	98
Minority interest	(19,115)	-	(19,115)
Loss from discontinued operations	(24,726)	(44,201)	(68,927)
Loss from discontinued operations per share:			
Basic			($0.39)
Diluted			($0.39)

The carrying value of net assets related to discontinued operations are as follows:

	August 31, 2009
Current assets	268,230
Goodwill	124,456
Non-current assets	581,304
Current liabilities	(233,305)
Long-term debt	(366,372)
Other long-term liabilities	(328,292)
Net assets	46,021

17. ACCUMULATED OTHER COMPREHENSIVE LOSS – GOING CONCERN BASIS

	Foreign currency translation adjustment	Derivative instruments designated as cash flow hedges	Total
Balance – August 31, 2009	2,530	(42,677)	(40,147)
Other comprehensive income (loss)	(2,530)	10,237	7,707
Balance – May 31, 2010	-	(32,440)	(32,440)

During the three and nine months ended May 31, 2010, nil and $18.6 million foreign exchange losses, respectively (2009 – $79.6 million losses and $227.5 million gains, respectively) were reclassified to the statement of earnings (loss) from accumulated other comprehensive loss, representing foreign exchange gains or losses on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange gains (2009 – gains and losses) recognized on the related U.S. dollar denominated long-term debt. During the three months and nine months ended May 31, 2010 and 2009, there were no amounts recorded in the statement of earnings (loss) as a result of the hedge ineffectiveness associated with cash flow hedging instruments.

During the three and nine months ended May 31, 2010, the Company reclassified nil and $11.6 million, respectively (2009 – $3.3 million and $16.5 million, respectively) from accumulated other comprehensive loss to the statement of earnings (loss). These amounts have been recorded as a charge to interest expense and represent the effect of the swaps on the Company's interest expense. Effective March 1, 2010, the Company elected to discontinue hedge accounting on its foreign currency interest rate swap related to the CW Media segment (note 15). As a result the unrealized loss of $36.8 million recognized in accumulated other comprehensive loss is reclassified to net earnings over the remaining term of the CW Media senior secured credit facility. In addition, during the three months ended May 31, 2010, CW Media made a voluntary principal repayment of US$22.6 million on its senior secured credit facility. As a result the related unrealized loss recognized in accumulated other comprehensive loss was reclassified to net earnings when the debt was repaid. During the three months ended May 31, 2010, $4.4 million, net of tax of $1.5 million, was reclassified to interest expense relating to amounts previously recognized in accumulated other comprehensive loss. The unrealized loss on the foreign currency interest rate swap that will be reclassified to interest expense over the next 12 months is approximately $8.0 million, net of tax of $2.7 million.

During the nine months ended May 31, 2010, due to the sale of Ten Holdings (note 16), the Company eliminated gains of $4.4 million, net of tax of $1.9 million from accumulated other comprehensive loss as a result of eliminating the related Ten Holdings' derivatives and reclassified $3.0 million gain from accumulated other comprehensive loss related to deferred foreign currency adjustments.

During the nine months ended May 31, 2009, the Company recorded an unrealized loss of $7.3 million on an available-for-sale investment. The Company concluded that the unrealized loss was other than temporary based on the sale of the investment in March 2009, and accordingly reclassified $7.3 million to net earnings (loss).

18. EARNINGS PER SHARE – GOING CONCERN BASIS

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted earnings per share from continuing operations. No reconciling items in the computation of net earnings (loss) from continuing operations exist:

	For the three months ended May 31,		For the nine months ended May 31,	
	2010	**2009**	**2010**	**2009**
Basic weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,646,539
Dilutive effect of restricted share units	402,900	-	636,810	-
Diluted weighted average shares outstanding during the period	178,049,439	177,646,539	178,283,349	177,646,539
Options outstanding that would have been anti-dilutive	3,522,408	5,335,623	3,288,498	5,335,623

19. OTHER LONG-TERM INCENTIVE PLANS – GOING CONCERN BASIS

The Company has long-term incentive plans for eligible Canadian television and CW Media employees. Under the Broadcast Share Appreciation Rights Plan ("Broadcast SAR Plan") and the Broadcast RSU Plan, a notional share value is computed in accordance with the provisions of the long term incentive plan which is not necessarily representative of the fair value of the respective business. During the quarter ended May 31, 2010, the Company considered the pending sale transaction in the determination of the equity value upon which the notional share value was computed.

Broadcast SAR Plan

Eligible participants receive grants of Broadcast SARs which entitle them to participate in the growth in the notional share value of the broadcast operations. Regular share appreciation rights ("Regular SARs") vest at a rate of 25% per year. Performance threshold share appreciation rights ("Performance Threshold SARs") vest at a rate of 25% per year if certain EBITDA growth rates, as set by the Board, have been met. At the grant date the recipients can opt to have the SARs settled at each vesting date or at the end of the four year term.

In November 2009, the Company issued 66,300 regular SARs and 17,600 Performance Threshold SARs. At the time of issuance, the notional share value was $15.01. In November 2008, the Company issued 66,900 regular SARs and 17,600 Performance Threshold SARs. At the time of issuance, the notional share value was $12.76.

Operating expenses related to the Broadcast SAR plan was a recovery of $1.3 million for the nine months ended May 31, 2010 (2009 – expense of $0.5 million).

Broadcast RSU Plan

Eligible participants receive grants of Broadcast RSUs which are settled at the end of a three year term provided that specified performance goals or other factors as determined by the Board have been met. The vested RSUs are settled through a cash payment equal to the notional share value at the end of the most recently completed quarter prior to the settlement date times the number of RSUs held.

In November 2009, the Company issued 36,200 Broadcast RSUs. At the time of issuance the notional share value was $15.01. In November 2008, the Company issued 37,200 Broadcast RSUs. At the time of issuance the notional share value was $12.76.

Operating expenses related to the Broadcast RSU plan was $0.1 million for the nine months ended May 31, 2010 (2009 – $0.2 million).

20. RELATED PARTY TRANSACTIONS – GOING CONCERN BASIS

A company affiliated with the Company's controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which the Company is a tenant. During the three and nine months ended May 31, 2010, rent paid to this company amounted to $0.2 million and $0.8 million, respectively (2009 - $0.3 million and $0.8 million, respectively) and is included in operating expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and May 2018, respectively.

All related party transactions have been recorded at the exchange amounts, which are representative of market rates.

21. PENSION, POST RETIREMENT AND POST EMPLOYMENT BENEFITS – GOING CONCERN BASIS

The Company has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension, post retirement and post employment benefits to its employees. Its defined benefit pension plans are based on years of service and final average salary.

Information regarding the components of net periodic benefit cost for the Company's defined benefit plans is presented below:

	Pension benefits For the three months ended May 31,		**Post retirement/employment benefits For the three months ended May 31,**	
	2010	**2009**	**2010**	**2009**
Current service cost	3,578	4,399	1,133	590
Accrued interest on benefits	7,550	7,964	1,153	878
Expected return on plan assets	(6,831)	(7,250)	-	-
Amortization of transitional obligation (asset)	(65)	109	75	75
Amortization of past service costs	43	355	169	169
Amortization of net actuarial loss (gain)	1,035	430	(88)	(175)
Curtailment expense	-	31,300	-	-
Changes in valuation allowance	(1)	(9)	-	-
Total pension and post retirement/employment benefit expense	5,309	37,298	2,442	1,537

	Pension benefits For the nine months ended May 31,		Post retirement/employment benefits For the nine months ended May 31,	
	2010	**2009**	**2010**	**2009**
Current service cost	10,734	13,196	3,399	1,769
Accrued interest on benefits	22,650	23,891	3,459	2,635
Expected return on plan assets	(20,493)	(21,751)	-	-
Amortization of transitional obligation (asset)	(195)	329	225	227
Amortization of past service costs	129	1,064	507	508
Amortization of net actuarial loss (gain)	3,105	1,291	(264)	(526)
Curtailment expense	-	31,300	-	-
Settlement loss	1,506	-	-	-
Changes in valuation allowance	(3)	(26)	-	-
Total pension and post retirement/employment benefit expense	17,433	49,294	7,326	4,613

In May 2009, the Company terminated a retirement compensation arrangement. As a result, the Company recorded a curtailment expense of $31.3 million. The obligations under this arrangement of $41.4 million were secured by a letter of credit which was redeemed by the trustee in June 2009. The obligations under the plan were settled using the proceeds of this letter of credit.

22. COMMITMENTS – GOING CONCERN BASIS

In May 2010, the Canadian television segment entered into commitments by renewing program purchase agreements and entering into new program purchase agreements. Management estimates that these new commitments will result in future annual broadcast rights expenditures of approximately $349 million for 2011 and a total of $536 million over the next five years.

23. SEGMENT INFORMATION – GOING CONCERN BASIS

The Company operates primarily within the Canadian publishing and television advertising industries. Segment information has been retroactively revised to reflect the Company's current reportable segment structure due to the sale of Australia television and out-of-home segments, the Turkey radio segment and *The New Republic*.

Each segment operates as a strategic business unit with separate management. Segment performance is measured primarily upon the basis of segment operating profit. The Company accounts for intersegment revenue as if the revenue was to third parties.

Segment information and a reconciliation from segment operating profit to earnings (loss) before income taxes are presented below:

	Revenue[1] [2] For the three months ended May 31,		Segment operating profit For the three months ended May 31,		Revenue[1] [2] For the nine months ended May 31,		Segment operating profit For the nine months ended May 31,	
	2010	2009 (Revised note 16)	2010	2009 (Revised note 16)	2010	2009 (Revised note 16)	2010	2009 (Revised note 16)
Operating Segments								
Publishing	270,345	268,643	51,441	45,789	811,180	861,347	162,595	152,073
Television								
Canada[4]	169,644	173,508	46,874	19,691	466,586	516,202	98,627	47,637
CW Media	117,650	101,144	54,410	53,043	330,676	294,702	168,591	129,156
Total television	287,294	274,652	101,284	72,734	797,262	810,904	267,218	176,793
Intersegment revenue	(484)	(224)	-	-	(1,942)	(1,402)	-	-
Corporate and other	-	-	(2,026)	(5,857)	-	-	(9,351)	(20,720)
	557,155	543,071	150,699	112,666	1,606,500	1,670,849	420,462	308,146
Restructuring expenses	-	-	(1,149)	(2,010)	-	-	(2,871)	(34,705)
Broadcast rights write-downs	-	-	-	(5,026)	-	-	(1,737)	(34,646)
Retirement plan curtailment expense	-	-	-	(31,300)	-	-	-	(31,300)
Settlement of regulatory fees[3]	-	-	-	-	-	-	29,416	-
	557,155	543,071	149,550	74,330	1,606,500	1,670,849	445,270	207,495
Amortization of intangible assets			1,240	1,608			6,356	4,823
Amortization of property and equipment			13,760	18,723			51,805	59,264
Other amortization			78	146			233	334
Operating income			134,472	53,853			386,876	143,074
Interest expense			(34,577)	(79,236)			(140,885)	(215,861)
Accretion of long-term liabilities			(33,356)	(27,995)			(99,199)	(66,057)
Interest income			262	581			1,266	932
Derivative instruments gains (losses)			1,729	(182,093)			6,869	(141,395)
Foreign exchange gains			11,393	368,270			89,092	284,891
Investment gains, losses and write-downs			(11)	246			659	(3,270)
Impairment loss on property and equipment			-	(44)			-	(10,377)
Impairment loss on intangible assets			(39,300)	-			(42,442)	(185,108)
Impairment loss on goodwill			-	(246,900)			-	(1,142,010)
			40,612	(113,318)			202,236	(1,335,181)
Reorganization items Canwest Media entities			(10,380)	(12,132)			(98,114)	(13,731)
Reorganization items Canwest LP entities			(27,971)	(806)			(59,710)	(806)
Earnings (loss) before income taxes and other items			2,261	(126,256)			44,412	(1,349,718)

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Publishing - $0.2 million and $1.1 million for the three and nine months ended May 31, 2010, respectively (2009 – $0.1 million and $0.9 million, respectively) Canadian television – $0.1 million and $0.4 million for the three and nine months ended May 31, 2010, respectively (2009 – nil and nil, respectively), and CW Media television – $0.1 million and $0.4 million for the three and nine months ended May 31, 2010, respectively (2009 – $0.1 million and $0.5 million, respectively).

(2) Revenue consists of advertising revenue of $438 million and $1,254 million for the three and nine months ended May 31, 2010, respectively (2009 – $426 million and $1,321 million, respectively) and subscriber revenue of $119 million and $353 million for the three and nine months ended May 31, 2010, respectively (2009 – $117 million and $350 million, respectively).

(3) On October 7, 2009, the Government of Canada and the Canadian Association of Broadcasters reached a settlement regarding the legal dispute over the validity of the Part II Licence fees payable annually to the CRTC by television and radio broadcasters. As a result of the settlement, during the nine months ended May 31, 2010 the Company reversed into earnings unpaid "Part II Licence fees" of $23.0 million and $6.4 million related to the Canadian television and CW Media television segment, respectively, which were accrued as at August 31, 2009.

(4) Revenue for fiscal 2009 has been restated to reverse accruals related to retransmission fees as the amounts were not determinable. The effect of this restatement for the three months ended May 31, 2009 was to increase segment revenue and segment operating profit by $1.3 million resulting in a $0.8 million decrease in net loss for the Company. The effect of this restatement for the nine months ended May 31, 2009 was to decrease segment revenue and segment operating profit by $4.8 million resulting in a $4.8 million increase in net loss for the Company. The adjustment decreased the loss per share by less than $0.01 and increased the loss per share by $0.03 for the three and nine months ended May 31, 2009, respectively.