CANWEST MEDIA INC.
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2010 AND 2009

JULY 14, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2010 AND 2009

This Management Discussion and Analysis ("MD&A") contains certain comments or forward-looking statements about our objectives, strategies, financial conditions, results of operations and businesses. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on our current expectations about our business and the markets we operate in, and on various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause our results to differ materially from our current expectations are discussed in the section entitled "Risk Factors" contained in our 20-F for the year ended August 31, 2008 filed by Canwest Media Inc. with the Exchange Commission in the United States (available on EDGAR at www.edgar.com) Subject to applicable securities laws, we disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

TABLE OF CONTENTS

OVERVIEW 4
Change in basis of presentation 4
Creditor Protection and Recapitalization 4
KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME 17
Television Broadcast 17
Publishing 18
Seasonality 18
CRITICAL ACCOUNTING ESTIMATES 18
Claims during the CCAA proceedings 18
Interest expense 18
Reorganization items 18
CHANGES IN ACCOUNTING POLICIES 19
Liquidation Basis of presentation 19
Goodwill and Intangible Assets 19
FORTHCOMING CHANGES IN ACCOUNTING POLICIES 19
Business Combinations 19
Multiple Deliverable Revenue Arrangements 20
International Financial Reporting Standards 20
CONTROLS AND PROCEDURES 21
OPERATING RESULTS 21
Introductory Note 21
For the Three Months Ended May 31, 2010 22
Consolidated Results 22
Segment Results 25
For the Nine Months Ended May 31, 2010 26
Consolidated Results 26
Segment Results 29
CONSOLIDATED QUARTERLY FINANCIAL RESULTS 31
LIQUIDITY AND CAPITAL RESOURCES 31
Sources of Funds 32
Uses of Funds 32

INDUSTRY RISKS AND UNCERTAINTIES 32
OFF BALANCE SHEET ARRANGEMENTS AND GUARANTEES 32
RELATED PARTY TRANSACTIONS 33
OCTOBER 6, 2009 NEWS RELEASE: PROJECTED CAPITAL EXPENDITURES AND OTHER FINANCIAL INFORMATION 33
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES 35

OVERVIEW

Canwest Media Inc. ("Canwest Media", we, us or our) is one of Canada's largest media companies. We are Canada's largest publisher of English language daily newspapers, and own, operate and/or hold substantial interests in free-to-air and subscription-based television networks, websites and networks in Canada.

Change in basis of presentation

In May 2010, as a result of Canwest Global Communications Corp. (Canwest Global"), Canwest Media and its subsidiaries entering into agreements to sell both Canwest Media's broadcasting and publishing businesses, it has been determined that Canwest Media 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, we changed the basis of preparing our 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 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 our intention to sell substantially all of Canwest Media's assets.

We have 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.

Creditor Protection and Recapitalization

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, Canwest Television Limited Partnership ("CTLP"), The National Post Company and other wholly owned subsidiaries (collectively, the "Canwest Media Entities"), but exclude Canwest (Canada) Inc., Canwest Limited Partnership ("Canwest LP") and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Investments Co. ("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, we sold our interest in Ten Network Holdings Limited (“Ten Holdings”) for net proceeds of $618 million. In accordance with the Use of Cash Collateral and Consent Agreement, the net 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”).See note 5 to our interim unaudited financial statements for the three and nine months ended May 31, 2010 for further information related to the recapitalization plans of the Canwest Media Entities.

On October 6, 2009, as set out in the terms of the Recapitalization Agreement, Canwest Global 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, 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 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 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.

Under the terms of the Canwest Media Initial Order, FTI Consulting Canada Inc. was appointed as the monitor (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 (as defined below) and has assisted the Canwest Media Applicants with their restructuring.

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 allows the Canwest Media Applicants, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Claims may be allowed related to damages of counterparties arising as a result of such disclaimers. These claims will be recognized in accordance with our accounting policies.

On October 6, 2009, in the Canwest Media Initial Order, the Court approved the conversion of the ABL Facility into a debtor-in-possession ("DIP") financing arrangement. 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 (as defined below) 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.

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 Canwest Global's obligation under the Subscription Agreement (as defined below) to pay Shaw Communications Inc. ("Shaw") a 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.

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 Canwest Global. 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 revised 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 Canwest Global to identify potential new investors. On February 11, 2010, Canwest Global entered into, among other agreements, a subscription agreement (the "Subscription Agreement") with 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, Canwest Global, 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 our interests in CW Media and in CTLP as well as certain of our other assets and obligations 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. Canwest Global and certain entities not acquired by Shaw (the "Remaining Entities") are expected to be bankrupted, liquidated, dissolved, wound up or otherwise abandoned.

On June 23, 2010, Canwest Global, Shaw, the Ad Hoc Committee and an *ad hoc* group of certain existing shareholders of Canwest Global agreed that, subject to certain conditions, Canwest Global 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.

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.

Consolidated Plan of Compromise and 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, we are 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 Global, 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, including New Canwest and the CTLP Entities, and the Remaining Entities except for those related to the shared services arrangements.

Reorganization of Capital
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 will be utilized to satisfy the claims of the 8% Notes holders (the "Note Holder Pool") and the $38 million will be utilized to settle the claims of the other affected unsecured creditors (the "Ordinary Creditors Pool"). The Ordinary Creditors Pool will 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 is comprised of the Ordinary Canwest Media Sub-Pool, the Canwest Television Limited Partnership Sub-Pool and the Convenience Class Pool. We 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 claims 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 $439 million of Noteholder Class claims and 1,047 claims aggregating $160 million of Ordinary Creditor Class claims. 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. Included in unresolved claims 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, Canwest Global, 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 (the “Plan Emergence Agreement), 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.

LP Entities Events
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.

Further information pertaining to the Canwest LP CCAA Proceedings may be obtained through our website at www.canwest.com. Certain information regarding the Canwest LP CCAA Proceedings, including the reports of the Canwest LP Monitor, is available at the Canwest LP Monitor's website at *http://cfcanada.fticonsulting.com/clp*.

Other significant subsidiaries

Our subsidiary, CW Media Holdings Inc., has significant debt obligations. These obligations are subject to financial covenants that are based on operating results, financing expenses and outstanding debt obligations. CW Media Holdings Inc. was in compliance with its financial covenants as of May 31, 2010. The ability of this subsidiary to maintain compliance with its financial covenants in the future is dependent upon various factors, including the advertising markets on which it relies.

KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME

Television Broadcast

We have two television segments. Our Canadian television segment includes our television networks in Canada as well as TVtropolis and five other Canadian specialty television channels. The CW Media television segment includes the operations of Canadian specialty television channels held by CW Media. As at August 31, 2009, our stations which comprised the E! Networks were sold or shut down. For the nine months ended May 31, 2009, revenues and operating expenses and operating loss of that network were $66 million, $90 million and $24 million, respectively.

We generate the majority of our television revenue from the sale of advertising, with the remainder generated from subscriber revenue earned by our specialty channels. Subscriber revenue is recorded monthly based on subscriber levels. Demand for television advertising is driven primarily by advertisers in the packaged goods, automotive, retail and entertainment industries and is strongly influenced by general economic conditions. The attractiveness of our programs to advertisers and the rates we charge are primarily a function of the size and demographics of our viewing audience. The dependence of our advertising revenue on the ratings performance of our television programs makes our television revenue less predictable than our publishing revenue.

For the remainder of fiscal 2010, given current economic conditions we expect stable to modest year over year growth in advertising revenue for our Canadian television and CW Media television operations. In general, we expect to sustain or improve the performance of our television channels as it relates to our audience and that the performance of our specialty television channels will continue to outpace that of our conventional television channels. We expect that subscriber revenue which makes up approximately 5% of our Canadian television revenue and 38% of our CW Media television revenue, will show modest growth.

Publishing
Our publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers as well as the operation of *canada.com* and other internet operations. During the year, we transferred the *National Post* to a subsidiary of Canwest LP. Accordingly, at May 31, 2010, all of our publishing operations are held by Canwest LP. Our publishing revenue is primarily earned from newspaper advertising, circulation revenue from our newspapers and digital advertising revenue from our internet operations. Our newspaper and interactive advertising revenues are a function of the volume or linage of advertising sold and the rates we charge. Circulation revenue is produced from home-delivery subscriptions for our newspapers and single-copy sales at retail outlets and vending machines. Circulation revenue is a function of the number of newspapers we sell and the average per copy prices we charge.

For the remainder of fiscal 2010, we expect to continue to experience some recovery in revenues as a result of continued modest improvements in economic conditions. We expect our expenses to decrease moderately compared to fiscal 2009.

Seasonality
Our advertising revenue is seasonal. Revenue is typically highest in the first and third quarters, while expenses are relatively constant throughout the year.

CRITICAL ACCOUNTING ESTIMATES

Except as noted below and in the changes in accounting policies section of this MD&A, there are no significant changes in our critical accounting policies or estimates since August 31, 2009 as described in the Management's Discussion and Analysis in our 2009 Annual Report.

Claims during the CCAA proceedings
All claims that become known during the CCAA proceedings are recognized in accordance with our accounting policies 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.

We account for our 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, we adjust 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
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
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.

CHANGES IN ACCOUNTING POLICIES

Liquidation Basis of presentation

As described above, we have adopted a liquidation basis of presentation on May 31, 2010. 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, which consists of expected cash distributions on liquidation from the subsidiary and proceeds, if any, from the sale of the subsidiary's shares, less direct and incremental costs expected to be incurred to realize these amounts. Other assets are measured at their estimated net realizable values. Financial liabilities are measured in accordance with going concern accounting policies though they may be settled for lesser amounts. Future losses related to the operations to be liquidated and future reorganization costs are not accrued and are recorded as incurred. The net realizable value of our assets and the settlement amounts of liabilities will change and such changes may be material. In addition, we will incur costs to complete the CCAA proceedings and any subsequent wind down or liquidation of Canwest Global which may utilize our resources and such costs may be material.

Goodwill and Intangible Assets

The Accounting Standards Board ("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. We have applied 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, we have classified our 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. In addition, 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.

FORTHCOMING CHANGES IN ACCOUNTING POLICIES

Business Combinations

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. We are 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 our interim and annual consolidated financial statements commencing September 1, 2011 with earlier adoption permitted. We are assessing the impact of the new standard on our consolidated financial statements.

International Financial Reporting Standards

In 2008, the AcSB confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for publicly accountable profit-oriented enterprises for fiscal years beginning on or after January 1, 2011. After that date, IFRS will replace Canadian GAAP for those enterprises. We will therefore apply IFRS in Fiscal 2012 and will issue our consolidated financial statements in accordance with IFRS, including Fiscal 2011 comparative figures using the same reporting standards, starting in the first quarter of that fiscal year.

In order to prepare for the transition date on September 1, 2010, we are currently evaluating this new requirement and we are in the process of creating a detailed plan to convert to IFRS. The detailed plan will includes an analysis of the appropriate project structure and governance, resources and training, analysis of key GAAP differences and a phased approach to the assessment of current accounting policies and implementation. The current status of the key elements to our detailed plan for adopting IFRS is as follows:

Project Structure and Governance - Each operating segment will be tasked with establishing independent project structure and governance. The transition process will be monitored by management of Canwest Global. We continue to evaluate various governance options including the development of a steering committee and other committees as applicable. Management updates the Audit Committee of the board of directors of Canwest Global quarterly on the status of the project.

Resources and Training – We have identified key finance staff to lead the development of a project team. We continue to evaluate our training needs in order to develop a comprehensive training plan.

Analysis of Significant GAAP Differences - We have performed a preliminary project scoping exercise to identify the more significant differences between Canadian GAAP and IFRS. The detailed plan will cover the IFRS implementation impact on our consolidated financial statements including an analysis of the differences between IFRS and our current accounting policies to prioritize key impact areas. We will also analyze all options permitted under IFRS at the transition date and on an ongoing basis however we have not concluded on these options.

Based on our preliminary project scoping exercise, we have identified the following areas where changes in accounting policies are expected to impact our consolidated financial statements. The

list is only indicative and should not be considered as exhaustive or final as it is subject to changes arising from further review and analyses that would be performed as part of the detailed plan:

1. First-time adoption of IFRS (IFRS 1);
2. Presentation and disclosure of Financial Statements (IFRS 1);
3. Income Taxes (IAS 12);
4. Property, Plant and Equipment (IAS 16);
5. Impairment of Assets (IAS 36);
6. Employee benefits (IAS 19);
7. Interest in Joint Ventures (IAS 31); and
8. Provisions and contingencies (IAS 37).

Information technology and data systems – As part of the identification of significant differences between Canadian GAAP and IFRS, we will evaluate the sufficiency of information technology and data systems. We have not identified any significant changes required to date.

Internal controls over financial reporting and disclosure controls and processes - We will identify all internal procedures and systems that must be updated in order for us to comply with IFRS. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. In the period leading to the changeover, the AcSB will continue to issue new accounting standards that are aligned with IFRS, which will reduce the impact of adopting IFRS on the transition date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period. As a result of the upcoming changes, the final impact of IFRS on our consolidated financial statements can only be determined once all of the IFRS applicable at the transition date are known.

Additional disclosure on the impact of the adoption of IFRS on our consolidated financial statements will be provided in future MD&As.

CONTROLS AND PROCEDURES

There were no changes in our internal control over financial reporting during the three months ended May 31, 2010 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

OPERATING RESULTS

Introductory Note

Segment operating profit

In the discussion that follows, we provide information concerning our segment operating profit. See note 22, Segment Information, to our interim unaudited financial statements. Management utilizes segment operating profit as a measure of segment profitability in making strategic resource allocations.

Operating income before amortization

We also discuss our consolidated operating income before amortization. We provide this measure because we and our lenders and investors use operating income before amortization to measure performance against our various leverage covenants. Operating income before amortization is not a recognized measure of financial performance under GAAP. Investors are cautioned that operating income before amortization should not be construed as an alternative to net earnings

(loss) determined in accordance with GAAP as an indicator of our performance. Our method of calculating operating income before amortization may not be comparable to similarly titled measures used by other companies. A reconciliation of operating income before amortization to net earnings (loss), which is the most closely comparable GAAP measure, is provided in the "Reconciliation of Non-GAAP Financial Measures" section of this MD&A.

For the Three Months Ended May 31, 2010

Following is a table summarizing segment results for the three months ended May 31, 2010 and 2009. See note 22, Segment Information, to our interim unaudited financial statements:

	Revenue[(1)(2)]		**Segment Operating Profit**	
	2010	**2009**[(3)]	**2010**	**2009**[(3)]
	$000	$000	$000	$000
Operating Segments				
Publishing	270,345	268,643	51,441	45,789
Television				
Canada[(4)]	169,644	173,508	46,874	19,691
CW Media	117,650	101,144	54,410	53,043
Total television	287,294	274,652	101,284	72,734
Intersegment revenue	(484)	(224)	-	-
Corporate and other	-	-	(2,026)	(5,857)
	557,155	543,071	150,699	112,666
Restructuring (expenses) reversals	-	-	(1,149)	(2,010)
Broadcast rights write-downs	-	-	-	(5,026)
Retirement plan curtailment expense	-	-	-	(31,300)
Total revenue	557,155	543,071		
Operating income before amortization			149,550	74,330

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Publishing - $0.2 million (2009 - $0.1 million), Canadian television – $0.1 million (2009 – nil), and CW Media television – $0.1 million (2009 – $0.1 million).

(2) Revenue consists of advertising revenue of $438 million (2009 – $426 million) and subscriber revenue of $119 million (2009 – $117 million).

(3) Revised to reflect the classification of our Australian television and Out-of-home segments as discontinued operations.

(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 was to increase segment revenue and segment operating profit by $1.3 million resulting in a $0.8 million decrease in net loss.

Consolidated Results

Revenue. Consolidated revenue increased by $14 million or 3% to $557 million for the three months ended May 31, 2010 as compared to $543 million for the same period in fiscal 2009. The increase reflects a 1% increase in Publishing and a16% increase in CW Media partly offset by a 2% decrease in Canadian television. The decrease in Canadian television reflects the impact of the sale/shut-down of the E! network which contributed $22 million in revenues in the quarter ended May 31, 2009.

Operating expenses. Consolidated operating expenses before amortization decreased by $24 million or 6% to $406 million for the three months ended May 31, 2010 as compared to $430 million for the same period in fiscal 2009. Continued focus on operating expense control and reduction resulted in operating expense decreases in Canadian television of 20% and Publishing of

2% partly offset by a 31% increase in CW Media. For the quarter ended May 31, 2009 we recorded $27 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Restructuring expenses. In fiscal 2009, we announced initiatives to reduce staffing levels in our Canadian television, CW Media television and Publishing operations by 600 positions. During the three months ended May 31, 2010 we accrued $1 million related to these initiatives as compared to $2 million for the same period in fiscal 2009. See note 13 of our interim unaudited consolidated financial statements for additional information.

Broadcast rights write-downs. During the three months ended May 31, 2009, we evaluated the valuation of broadcast rights of our E! Network stations and wrote down broadcast rights by $5 million.

Retirement plan curtailment expense. During the three months ended May 31, 2009, one of the retirement plans was curtailed and as a result we recorded a charge of $31 million. The obligation under this pension was secured by a letter of credit that was called by the plan's trustee in June 2009.

Operating income before amortization. Consolidated operating income before amortization increased by $75 million to $150 million for the three months ended May 31, 2010 as compared to $74 million for the same period in fiscal 2009. The increase in operating income before amortization reflects an increase in revenue in our CW Media television segment, reduced operating expenses in the Canadian television and Publishing segments and the elimination of losses from the E! Network which recorded an operating loss of $5 million in the quarter ended May 31, 2009.

Amortization. Amortization of intangible assets decreased by less than $1 million to $1 million for the three months ended May 31, 2010 as compared to $2 million for the same period in fiscal 2009. Amortization of property and equipment was $14 million for the three months ended May 31, 2010 compared to $19 million for the same period in fiscal 2009. The amounts decreased as we ceased recording amortization on the effective dates of the asset sales of the Canadian television, CW Media and Publishing segments.

Interest expense. Interest expense was $35 million for the three months ended May 31, 2010 compared to $79 million in the same period in fiscal 2009. Upon filing for CCAA protection, we stopped accruing interest on the 8% Notes and the Canwest LP Senior Subordinated Notes. The interest expense for the three months ended May 31, 2009 included charges of $56 million related to the termination of derivative instruments that were previously accounted for as cash flow hedges, partly offset by a recovery of $52 million related to a change in the expected cash flows of the 8% senior subordinated notes. The remaining decrease is due to decreases in outstanding debt and lower effective interest rates.

Accretion of long-term liabilities. For the three months ended May 31, 2010, we have recorded an accretion expense of $33 million compared to $28 million in the same period in fiscal 2009 related to the discounting of certain long-term liabilities which are accreted to their estimated value over the term of these liabilities. The charge is primarily related to the Goldman Sachs puttable interest in CW Media which is classified as a financial liability with an estimated accretion rate of 19%. We estimate the fair value of the puttable interest liability based on management's forecasts.

Derivative instruments gains (losses). For the three months ended May 31, 2010, we recorded a gain of $2 million to adjust the book value of certain swap instruments to fair value related to the

CW Media segment which was previously designated as a cash flow hedge. For the three months ended May 31, 2009, we recorded a loss of $182 million to adjust the book value of certain swap instruments to fair value at the balance sheet date. This related to fair value hedge adjustments and swaps that did not qualify for hedge accounting, primarily because the related debt had been settled or where hedge accounting had been discontinued.

Foreign currency exchange gains. We recorded net foreign exchange gains of $11 million for the three months ended May 31, 2010 primarily related to U.S. dollar denominated debt that is not hedged. For the three months ended May 31, 2009, we recorded foreign exchange gains of $368 million primarily related to U.S. dollar denominated debt that is not hedged.

Investment gains, losses and write-downs. We recorded investment losses of $1 million for the three months ended May 31, 2010, compared to a loss $54 million for the same period in fiscal 2009 primarily due to loan impairments as we determined that Canwest Global, our parent company, did not have the resources to repay the Intercompany advance.

Impairment loss on intangible assets. We recorded impairment losses on intangible assets of $39 million for the three months ended May 31, 2010 due to an impairment of the Mastheads of the Publishing reporting unit.

Impairment loss on goodwill. For the three months ended May 31, 2009, we recorded impairment losses on goodwill of $247 million due to an impairment of the Publishing reporting unit due to lower future profit expectations as a result of the outlook for the advertising market at the time.

Reorganization items. For the three months ended May 31, 2010, we recorded $38 million of incremental costs directly related to our CCAA proceedings compared to $13 million in the same period in fiscal 2009.

Income taxes. For the three months ended May 31, 2010, we recorded an income tax recovery of $19 million. The effective tax rate was different than our statutory rate of 30% as a result of adjustments in the income tax expense including a $29 million decrease related to changes in valuation allowance partly offset by a $9 million increase related to non-deductible accretion expense. See note 14 to the interim unaudited consolidated financial statements for additional information.

Minority interest. For the three months ended May 31, 2010, we recorded minority interest charges of $6 million related to certain specialty television stations not wholly owned by Canadian and CW Media television segments, consistent with the same period in fiscal 2009.

Net earnings (loss) from continuing operations. Our net earnings from continuing operations for the three months ended May 31, 2010 was $16 million, compared to a net loss of $98 million for the same period in fiscal 2009.

Discontinued operations. For the three months ended May 31, 2009 the net loss from discontinued operations was $13 million reflecting earnings from our Australian television and Out-of-home segments which were sold in October 2009, our Turkish radio stations which were sold in May, 2009 and *The New Republic* which was sold in February 2009.

Net earnings (loss). Our net earnings for the three months ended May 31, 2010 was $16 million, compared to a net loss of $164 million for the same period in fiscal 2009.

Segment Results

Publishing

Revenue. Revenue increased by $2 million or 1% to $270 million for the three months ended May 31, 2010 as compared to $269 million for the same period in fiscal 2009. Advertising revenue increased by 2% for the three months ended May 31, 2010 compared to the same period in fiscal 2009 as a result of an increase in online advertising revenue. Circulation revenue for the three months ended May 31, 2010 decreased by 2% as compared to the same period in fiscal 2009 as a 6% decrease in circulation volume was partly offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the Publishing segment remained consistent at 23% for the three months ended May 31, 2010 and 2009.

Operating expenses. Operating expenses decreased by $4 million or 2% to $219 million for the three months ended May 31, 2010 as compared to $223 million for the same period in fiscal 2009. The decreases primarily result from cost containment activities that include reductions in printing and distribution costs. Expense reductions included a 19% decrease in newsprint expense, reflecting a 4% decrease in newsprint consumption and a 24% decrease in newsprint prices.

Segment operating profit. Segment operating profit for the three months ended May 31, 2010 increased by $6 million or 12% to $51 million as compared to $46 million for the same period in fiscal 2009. The increase resulted primarily from decreased operating expenses as discussed above.

Canadian television

Revenue. Revenue from our Canadian television operating segment decreased by $4 million or 2% to $170 million for the three months ended May 31, 2010 as compared to $174 million for the same period in fiscal 2009. This decrease reflects the sale/shut-down of the E! network which contributed $22 million in revenues in the quarter ended May 31, 2009 partly offset by a 12% increase in conventional airtime advertising revenue as a result of strong demand. Subscriber revenue from our specialty channels increased 18% for the three months ended May 31, 2010 as compared to the same period in fiscal 2009 due to increased subscribers.

Operating expenses. For the three months ended May 31, 2010, operating expenses of our Canadian television operations of $123 million were $31 million or 20% lower than the same period in fiscal 2009. For the quarter ended May 31, 2009 we recorded $27 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Segment operating profit. Segment operating profit for the three months May 31, 2010 increased by $27 million or 138%, to $47 million as compared to $20 million for the same period in fiscal 2009. The increase resulted from increase in conventional airtime advertising revenue and the elimination of losses from the E! Network which recorded an operating loss of $5 million, before restructuring expenses and broadcast rights write-downs, in the quarter ended May 31, 2009.

CW Media television

Revenue. Revenue from our CW Media television operating segment increased by $17 million or 16% to $118 million for the three months ended May 31, 2010 as compared to $101 million for the same period in fiscal 2009. This reflected an increase in advertising revenue of 24% due to strong demand as a result of larger audiences and an increase in subscriber revenue of 5% due to growth in subscriber base.

Operating expenses. For the three months ended May 31, 2010, operating expenses of our CW Media operations of $63 million were 31% higher compared to the same period in fiscal 2009, primarily as a result of increased program amortization and advertising and promotion.

Segment operating profit. The CW Media television segment operating income of $54 million for the three months ended May 31, 2010 was $1 million or 3% higher than the same period in fiscal 2009 primarily reflecting the increase in revenue described above.

Corporate and other. Corporate expenses decreased by $4 million or 65% to $2 million for the three months ended May 31, 2010 as compared to $6 million for the same period in fiscal 2009. The reduction is primarily a result of lower payroll and benefit costs and a reduction in discretionary spending.

For the Nine Months Ended May 31, 2010

Following is a table summarizing segment results for the nine months ended May 31, 2010 and 2009. See note 22, Segment Information, to our interim unaudited consolidated financial statements:

	Revenue[1][2]		Segment Operating Profit	
	2010	**2009**[3]	**2010**	**2009**[3]
	$000	$000	$000	$000
Operating Segments				
Publishing	811,180	861,347	162,595	152,073
Television				
Canada[4]	466,586	516,202	98,627	47,637
CW Media	330,676	294,702	168,591	129,156
Total television	797,262	810,904	267,218	176,793
Intersegment revenue	(1,942)	(1,402)	-	-
Corporate and other	-	-	(9,351)	(20,720)
	1,606,500	1,670,849	420,462	308,146
Restructuring expenses	-	-	(2,871)	(34,705)
Broadcast rights write-downs	-	-	(1,737)	(34,646)
Retirement plan curtailment expense	-	-	-	(31,300)
Settlement of regulatory fees	-	-	29,416	-
Total revenue	1,606,500	1,670,849		
Operating income before amortization			445,270	207,495

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Publishing - $1.1 million (2009 - $0.9 million), Canadian television – $0.4 million (2009 – nil), and CW Media television – $0.4 million (2009 – $0.5 million).

(2) Revenue consists of advertising revenue of $1,254 million (2009 – $1,321 million) and subscriber revenue of $353 million (2009 – $350 million).

(3) Revised to reflect the classification of our Australian television and Out-of-home segments as discontinued operations.

(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 was to decrease segment revenue and segment operating profit by $4.8 million resulting in a $4.8 million increase in net loss.

Consolidated Results

Revenue. Consolidated revenue decreased by $64 million or 4% to $1,607 million for the nine months ended May 31, 2010 as compared to $1,671 million for the same period in fiscal 2009. The decrease reflects a 6% decrease in Publishing and a 10% decrease in Canadian television partly offset by a 12% increase in CW Media. The decrease in Canadian television reflects the impact of

the sale/shut-down of the E! network which contributed $66 million in revenues in the nine months ended May 31, 2009.

Operating expenses. Consolidated operating expenses before amortization decreased by $175 million or 13% to $1,188 million for the nine months ended May 31, 2010 as compared to $1,363 million for the same period in fiscal 2009. Included in operating expenses are operating expense decreases in Canadian television of 21%, Publishing of 9% and CW Media of 2%. For the nine months ended May 31, 2009 we recorded $90 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Restructuring expenses. In fiscal 2009, we announced initiatives to reduce staffing levels in our Canadian television, CW Media television and Publishing operations by 600 positions. During the nine months ended May 31, 2010 we accrued $3 million related to these initiatives as compared to $35 million for the same period in fiscal 2009. See note 13 of our interim unaudited consolidated financial statements for additional information.

Broadcast rights write-downs. During the nine months ended May 31, 2009, we evaluated the valuation of broadcast rights of our E! Network stations and wrote down broadcast rights by $35 million.

Settlement of regulatory fees. 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 this settlement, during the nine months ended May 31, 2010 we reversed into earnings unpaid Part II Licence fees of $23 million and $6 million related to the Canadian television and CW Media television segment, respectively, which were accrued as at August 31, 2009.

Operating income before amortization. Consolidated operating income before amortization increased by $238 million or 115% to $445 million for the nine months ended May 31, 2010 as compared to $207 million for the same period in fiscal 2009. The increase in operating income before amortization reflects the increase in revenue in our CW Media television segment, reduced operating expenses in all segments and the elimination of losses from the E! Network which recorded an operating loss of $25 million in the nine months ended May 31, 2009.

Amortization. Amortization of intangible assets increased to $6 million for the nine months ended May 31, 2010 as compared to $5 million for the same period in fiscal 2009 due to the amortization of a broadcast licence of CW Media television which was previously determined to have an indefinite life. Amortization of property and equipment was $52 million for the nine months ended May 31, 2010 compared to $59 million the same period in fiscal 2009. The amortization of property and equipment decreased as we ceased recording amortization on the effective dates of the asset sales of the Canadian television, CW Media and Publishing segments.

Interest expense. Interest expense was $141 million for the nine months ended May 31, 2010 compared to $216 million in the same period in fiscal 2009. Upon the filing for CCAA protection we stopped accruing interest on the 8% Notes and the Canwest LP Senior Subordinated Notes. The interest expense for the nine months ended May 31, 2009 included charges of $56 million related to the termination of derivative instruments that were previously accounted for as cash flow hedges, partly offset by a recovery of $52 million related to a change in the expected cash flows of the 8% senior subordinated notes. The remaining decrease is due to decreases in outstanding debt and lower effective interest rates.

Accretion of long-term liabilities. For the nine months ended May 31, 2010, we have recorded an accretion expense of $99 million compared to $66 million in the same period in fiscal 2009 related to the discounting of certain long-term liabilities which are accreted to their estimated value over the term of these liabilities. The charge is primarily related to the Goldman Sachs puttable interest in CW Media which is classified as a financial liability with an estimated accretion rate of 19%. We estimate the fair value of the puttable interest liability based on management's forecasts.

Derivative instruments gains (losses). For the nine months ended May 31, 2010 we have recorded a gain of $7 million on our foreign currency interest rate swap related to the CW Media segment which was previously designated as a cash flow hedge. For the nine months ended May 31, 2009, we recorded a loss of $141 million to adjust the book value of certain swap instruments to fair value at the balance sheet date. This related to fair value hedge adjustments and swaps that did not qualify for hedge accounting, primarily because the related debt had been settled or where hedge accounting had been discontinued.

Foreign currency exchange gains. We recorded net foreign exchange gains of $89 million for the nine months ended May 31, 2010 compared to foreign exchange gains of $285 million for the same period in fiscal 2009 primarily related to U.S. dollar denominated debt that is not hedged.

Investment gains, losses and write-downs. We recorded investment gains of $1 million for the nine months ended May 31, 2010, compared to a loss of $60 million for the same period in fiscal 2009 primarily due to loan impairments as we determined that Canwest Global, our parent company, did not have the resources to repay the Intercompany advance.

Impairment loss on property and equipment. We recorded impairment losses on property and equipment of $10 million for the nine months ended May 31, 2009 due to an impairment of property and equipment in our E! Network stations.

Impairment loss on intangible assets. We recorded impairment losses on intangible assets of $42 million for the nine months ended May 31, 2010. The loss is due to a rebranding of certain specialty television channels of the CW Media segment and mastheads in the Publishing segment due to lower future profit expectations. For the nine months ended May 31, 2009, we recorded impairment losses on intangible assets of $185 million due to an impairment of broadcast licences of Canadian television and mastheads in Publishing due to lower future profit expectations as result of the outlook for the advertising market for these operations at the time.

Impairment loss on goodwill. We recorded impairment losses on goodwill of $1,142 million for the nine months ended May 31, 2009 due to an impairment of the Publishing reporting unit due to lower future profit expectations as a result of the outlook for the advertising market at the time.

Reorganization items. For the nine months ended May 31, 2010, we recorded $154 million of incremental costs directly related to our CCAA proceedings compared to $15 million in the same period in fiscal 2009.

Income taxes. For the nine months ended May 31, 2010, we recorded income tax recovery of $7 million. The effective tax rate was different than our statutory rate of 30% as a result of adjustments in the income tax expense including: a $45 million decrease in valuation allowance on future tax assets and a $10 million decrease related to uncertain tax positions partly offset by a $28 million increase related to non-deductible accretion expense. See note 14 to the interim unaudited consolidated financial statements for additional information.

Minority interest. For the nine months ended May 31, 2010, we recorded minority interest charges of $17 million related to certain specialty television stations not wholly owned by Canadian and CW Media television segments compared to $15 million for the same period in fiscal 2009.

Net earnings (loss) from continuing operations. Our net earnings from continuing operations for the nine months ended May 31, 2010 was $39 million, compared to a net loss of $1,560 million for the same period in fiscal 2009.

Discontinued operations. For the nine months ended May 31, 2010, the sale transaction for the Australian television and Out-of-home segments and deconsolidation of a non-operating subsidiary resulted in a gain on sale of $578 million. For the nine months ended May 31, 2009 net loss from discontinued operations was $78 million reflecting earnings from our Australian television and Out-of-home segments which were sold in October 2009, our Turkish radio stations which were sold in May, 2009 and *The New Republic* which was sold in February 2009.

Net earnings (loss). Our net earnings for the nine months ended May 31, 2010 was $609 million, compared to a net loss of $1,638 million, for the same period in fiscal 2009.

Segment Results
Publishing
Revenue. Revenue decreased by $51 million or 6% to $811 million for the nine months ended May 31, 2010 as compared to $861 million for the same period in fiscal 2009. Advertising revenue decreased by 7% for the nine months ended May 31, 2010 compared to the same period in fiscal 2009 as a result of declines in all advertising categories except online. Circulation revenue for the nine months ended May 31, 2010 decreased by 2% as compared to the same period in fiscal 2009 as a 7% decrease in circulation volume was partly offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the Publishing segment was 23% for the nine months ended May 31, 2010 compared to 22% for the same period in fiscal 2009.

Operating expenses. Operating expenses decreased by $61 million or 9% to $649 million for the nine months ended May 31, 2010 as compared to $709 million for the same period in fiscal 2009. The decreases primarily result from cost containment activities that include lower wage costs as a result of employee severance, reductions in payroll, printing costs, distribution costs and marketing and promotions expenses. Expense reductions included a 26% decrease in newsprint expense, reflecting a 13% decrease in newsprint consumption and a 23% decrease in newsprint prices.

Segment operating profit. Segment operating profit for the nine months ended May 31, 2010 increased by $11 million or7% to $163 million as compared to $152 million for the same period in fiscal 2009. The increase resulted primarily from decreased operating expenses as discussed above.

Canadian television
Revenue. Revenue from our Canadian television operating segment decreased by $50 million or 10% to $467 million for the nine months ended May 31, 2010 as compared to $516 million for the same period in fiscal 2009. This decrease reflects the sale/shut-down of the E! network which contributed $66 million in revenues for the nine months ended May 31, 2009 partly offset by a 3% increase in conventional airtime advertising revenue as a result of strong demand. Subscriber revenue from our specialty channels increased 7% for the nine months ended May 31, 2010 as compared to the same period in fiscal 2009.

Operating expenses. For the nine months ended May 31, 2010, operating expenses of our Canadian television operations of $368 million were $101 million or 21% lower than the same

period in fiscal 2009. For the nine months ended May 31, 2009 we recorded $90 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Segment operating profit (loss). Segment operating profit for the nine months ended May 31, 2010 increased by $51 million or 107% to $99 million as compared to $48 million for the same period in fiscal 2009. The increase resulted primarily from the elimination of losses from the E! Network which recorded an operating loss of $24 million, before restructuring expenses and broadcast rights write-downs, in the nine months ended May 31, 2009 partially offset by decreased revenue as discussed above.

CW Media television

Revenue. Revenue from our CW Media television operating segment increased by $36 million or 12% to $331 million for the nine months ended May 31, 2010 as compared to $295 million for the same period in fiscal 2009. This reflected an increase in advertising revenue of 16% due to strong demand as a result of larger audiences and subscriber revenue of 5% due to growth in subscriber base.

Operating expenses. For the nine months ended May 31, 2010, operating expenses of our CW Media operations of $162 million were 2% lower compared to the same period in fiscal 2009, primarily as a result of decreased program amortization, payroll costs, and an overall decrease in discretionary spending.

Segment operating profit. The CW Media television segment operating income of $169 million for the nine months ended May 31, 2010 was $39 million or 31% higher than the same period in fiscal 2009 primarily reflecting the increase in revenue and expense decreases described above.

Corporate and other. Corporate expenses decreased by $11 million or 55% to $9 million for the nine months ended May 31, 2010 as compared to $21 million for the same period in fiscal 2009. The reduction is primarily a result of lower payroll and benefit costs and a reduction in discretionary spending.

CONSOLIDATED QUARTERLY FINANCIAL RESULTS

For the three month periods ended (in thousands of dollars, except as noted)
(Unaudited)

	May 31, 2010	February 28, 2010	November 30, 2009	August 31, 2009[1]
Revenue[2]	557,155	478,680	570,665	426,670
Operating income before amortization	149,550	93,813	201,907	28,895
Earnings (loss) from continuing operations	21,007	(43,287)	66,221	(108,830)
Net earnings (loss)	21,007	(43,287)	636,152	(105,293)
Cash flows from operating activities of continuing operations before Reorganization items	73,673	130,725	(8,838)	9,903
Cash flows from operating activities	51,327	101,499	(30,643)	69,755

	May 31, 2009[1]	February 28, 2009[1]	November 30, 2008[1]	August 31, 2008[1]
Revenue[2]	543,071	493,434	634,344	503,644
Operating income before amortization	74,330	11,034	122,131	47,212
Loss from continuing operations	(151,880)	(1,355,316)	(52,781)	(996,942)
Net loss	(164,475)	(1,437,713)	(36,206)	(1,017,412)
Cash flows from operating activities of continuing operations before Reorganization items	(118,553)	11,058	(41,621)	30,056
Cash flows from operating activities	(152,324)	15,449	(12,364)	57,977

(1) Revised to reflect the classification of our Australian television and Out-of-home segments as discontinued operations.
(2) Revenue for fiscal 2009 has been restated to reverse accruals related to retransmission fees as the amounts were not determinable.

LIQUIDITY AND CAPITAL RESOURCES

In May 2010, as a result of Canwest Media and its subsidiaries entering into agreements to sell both its broadcasting and its publishing businesses, we determined that Canwest Media 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, we changed the basis of preparing our financial statements from going concern to liquidation. 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, which consists of expected cash distributions on liquidation from the subsidiary and proceeds, if any, from the sale of the subsidiary's shares, less direct and incremental costs expected to be incurred to realize these amounts. Other assets are measured at their estimated net realizable. Financial liabilities are measured in accordance with going concern accounting policies though they may be settled for lesser amounts. Future losses related to the operations to be liquidated and future reorganization costs are not accrued and are recorded as incurred. The net realizable value of our assets and the settlement amounts of liabilities will change and such changes may be material. In addition, we will incur costs to complete the CCAA proceedings and any subsequent wind down or liquidation of Canwest Media which may utilize our resources and such costs may be material.

Sources of Funds
Our principal sources of liquidity are cash and cash equivalents on hand and cash flow from operations of our Canadian television operations. At May 31, 2010, we had cash on hand of $79 million. In addition, we had cash of $6 million that is restricted to secure banking and cash management services and to segregate proceeds from certain asset sales that were completed during the Canwest Media CCAA proceedings.

Consolidated Plan of Compromise. Arrangement and Reorganization
On June 23, 2010 the Canwest Media Entities filed the Consolidated Plan of Compromise, Arrangement and Reorganization. The plan implementation date is expected to be on or before September 30, 2010, on which date a subsidiary of Shaw will acquire the Canwest Media Entities' Canadian television business and their interest in CWMedia for proceeds of approximately $38 million and US $440 million. The US $440 million is to be utilized to satisfy the claims of the 8% note holders. $38 million of the total Subscription Price paid by Shaw will be utilized to settle the claims of affected unsecured creditors other than the 8% Notes holders (the "Ordinary Creditors Pool"). To the extent claims made against us in the Canwest Media CCAA Proceedings are accepted as Proven Distribution Claims, the Ordinary Creditors Pool will be used to fund the settlement amounts of these claims.

Uses of Funds
Restructuring and Recapitalization
As part of the ongoing restructuring and recapitalization process, we are committed to pay certain professional and other fees incurred by us and the other parties involved in the process. In the first nine months of fiscal 2010, payments of fees amounted to $64 million. For the remainder of fiscal 2010, approximately $7 million per month in such costs are expected to be incurred.

Settlement of Claims
As noted above the Proven Distribution Claims against the Canwest Media Entities excluding the National Post Entities will be settled utilizing the proceeds from Shaw.

Plan Implementation
On Plan implementation the obligations which are protected by the priority charges under the Initial Order are to be settled using cash on hand at Canwest Media Inc. or assumed by New Canwest. In addition, certain costs related to the closing of the transactions are to be paid by Canwest Media and Canwest Media will fund the plan emergence costs as provided in the plan emergence agreement. In accordance with the Plan, any remaining cash of the Canwest Media Plan Entities is to be transferred to New Canwest.

INDUSTRY RISKS AND UNCERTAINTIES

Except as disclosed in this section of our MD&A, our risks and uncertainties have not materially changed from those described in our Management's Discussion and Analysis for the year ended August 31, 2009.

The media industry has recently experienced declines in advertising revenue reflecting a weak economic environment. The outlook for the advertising market remains uncertain and the weakness in the advertising market is likely to continue until the economy improves.

OFF BALANCE SHEET ARRANGEMENTS AND GUARANTEES

In connection with the disposition of assets, we have provided customary representations and warranties that range in duration. In addition, as is customary, we have agreed to indemnify the

buyers of certain assets in respect of certain liabilities pertaining to events occurring prior to the respective sales relating to taxation, environmental, litigation and other matters. We are unable to estimate the maximum potential liability for these indemnifications as the underlying agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined.

RELATED PARTY TRANSACTIONS

We made operating lease payments of $1.3 million to Canwest Global and affiliated companies for the nine months ended May 31, 2010 (2009 – $1.8 million) which are included in operating expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and until May 2018, respectively.

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

OCTOBER 6, 2009 NEWS RELEASE: PROJECTED CAPITAL EXPENDITURES AND OTHER FINANCIAL INFORMATION

In June 2009, Canwest Global and Canwest Media entered into confidentiality, non-disclosure and non-use agreements (the "Confidentiality Agreements") with certain members of the Ad Hoc Committee in order to facilitate the discussion of a possible recapitalization transaction. Pursuant to the Confidentiality Agreements, we disclosed information, including certain non-public information (the "Non-Public Information") to certain members of the Ad Hoc Committee through the Ad Hoc Committee's financial and legal advisors. The Confidentiality Agreements required that we would disclose publicly certain of the Non-Public Information which was done by way of news release on October 6, 2009 (the "News Release"). We do not, as a matter of course, publish our business plans, budgets or strategies or make external projections or forecasts of our anticipated financial position, capital expenditures, capital requirements or results of operations.

In our Management's Discussion and Analysis for the year ended August 31, 2009 for the three months ended November 30, 2009 and for the six months ended February 28, 2010, we provided a comparison of certain of our actual results for those periods against certain of the Non-Public Information contained in our News Release for, and as at, the same periods. The News Release contained projections of the cash flows for the Canwest Media Entities for the three and six months ended February 28, 2010 and expected financing requirements and cash transactions on emergence from the Canwest Media Applicants CCAA filing at the time, projected to be on February 28, 2010. Because the emergence did not take place on February 28, 2010 this information is no longer relevant and should be disregarded. We do not intend to provide an updated projection for emergence financing requirements or cash transactions.

The following provides an updated projection for certain of our fiscal 2010 Canadian television segment cash flows. Management has prepared revised projections for the fiscal year that differed from those provided in the News Release and updated in our Management Discussion and Analysis for the six months ended February 28, 2010.

Please refer to page 2 of this report for our statement related to forward-looking financial information and also to our News Release for comments related to the forward-looking financial information in connection with the Non-Public Information.

The following relates to the financial projection for certain operating results and cash flows of CTLP and Canwest Media. It compares management's current projection of results to the projection

provided in our Management Discussion and Analysis for the six months ended February 28, 2010. This is not a consolidated projection, nor does it capture all elements of cash flows. It is prepared on a normal course basis and as such it excludes Reorganization items.

	Fiscal year ending August 31, 2010		
Canwest Television Limited Partnership	**Revised Projection** $000	**Previous Projection** $000	**Variance** $000
Revenue[1]	569,700	552,400	17,300[3]
Segment operating profit[1]	59,400	43,900	15,500[3]
Corporate and other expenses	(12,000)	(14,263)	2,263
Minority interest[2]	(2,600)	(2,615)	15
Other cash flow items:			
Canwest Television Limited Partnership Capital Expenditures[1]	(14,300)	(19,216)	4,916[4]
Proceeds from sale of property and equipment	7,000	7,000	-
Change in working capital	3,500	10,190	(6,690)[5]
	41,000	24,996	16,004

(1) The Canadian television segment of Canwest.
(2) Minority share of TVtropolis operating profit.

Variance Analysis

(3) The increase in projected segment operating profit as compared to the February 28, 2010 projection reflects an expectation that revenue will increase by approximately 3% due to improved advertising sales reflecting a stronger Canadian economy.
(4) The decrease in projected capital expenditures reflects the deferral of certain capital projects.
(5) The decrease in cash flows from working capital balances reflects increased accounts receivable as a result of the increased revenue and well as an increase in broadcast rights acquisitions.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Following is a reconciliation of operating income before amortization, a non-GAAP measure, to net loss, its most closely comparable GAAP measure:

	For the three months ended May 31 (unaudited)		For the nine months ended May 31 (unaudited)	
	2010	**2009**[(1)]	**2010**	**2009**[(1)]
	$000	$000	$000	$000
Net earnings (loss)	16,196	(164,475)	609,061	(1,637,854)
Amortization	15,078	20,365	58,167	63,984
Interest and other financing expenses	70,288	274,267	288,105	371,793
Accretion of long-term liabilities	33,356	27,995	99,199	66,057
Impairment loss on property and equipment, intangible assets and goodwill	39,300	246,944	42,442	1,337,495
Investment gains, losses, write-downs and interest income	615	52,933	(2,448)	59,492
Foreign currency exchange gains	(11,393)	(368,253)	(89,091)	(284,891)
Loss (Income) from discontinued operations	-	12,595	(569,931)	77,877
Provision for (Recovery of) income tax expense	(18,701)	(33,701)	(6,550)	138,635
Interest in earnings of equity accounted affiliates	(898)	(455)	(992)	(1,010)
Minority interest	5,709	5,506	17,308	15,092
Realized currency translation adjustments	-	609	-	825
Operating income before amortization	149,550	74,330	445,270	207,495

(1) Revised to reflect the classification of our Australian television and Out-of home segments as discontinued operations and to reverse accruals related to retransmission fees. (See notes 16 and 22 to our interim unaudited consolidated financial statements).