Court File No. 09-8396-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT OF CANWEST GLOBAL COMMUNICATIONS CORP. AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"

Applicants

SUPPLEMENTAL RESPONDING MOTION RECORD OF THE AD HOC GROUP OF CANWEST SHAREHOLDERS

June 17, 2010

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto ON M5X 1A4

Robert W. Staley (LSUC# 27115J)
staleyr@bennettjones.com
Derek J. Bell (LSUC# 43420J)
belld@bennettjones.com
Tel: 416.863.1200
Fax: 416.863.1716

Lawyers for the Ad Hoc Group of Canwest Shareholders

TO: THE SERVICE LIST

Court File No. CV-09-8396-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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Applicants

CANWEST SERVICE LIST, JUNE 8, 2010

FIRM	SOLICITORS
FTI CONSULTING CANADA INC. TD Waterhouse Tower 79 Wellington Street West Suite 2010, P.O. Box 104 Toronto, ON M5K 1G8 Fax: (416) 649-8101 **Court-appointed Monitor**	**Paul Bishop** Tel: (416) 649-8053 Email: paul.bishop@fticonsulting.com **Greg Watson** Tel: (416) 649-8077 Email: greg.watson@fticonsulting.com **Jeffrey Rosenberg** Tel: (416) 649-8073 Email: jeffrey.rosenberg@fticonsulting.com **Steven Bissell** Tel: (416) 649-8054 Email: steven.bissell@fticonsulting.com **Jodi Porepa** Tel: (416) 649-8070 Email: jodi.porepa@fticonsulting.com **Jonathan Kay** Tel: (416) 649-8059 Email: jonathan.kay@fticonsulting.com

FIRM	SOLICITORS
STIKEMAN ELLIOTT LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 **Lawyers for the Court-Appointed Monitor, FTI Consulting Canada Inc.**	**David R. Byers** Tel: (416) 869-5697 Email: dbyers@stikeman.com **Daphne MacKenzie** Tel: (416) 869-5695 Email: dmackenzie@stikeman.com **Ashley J. Taylor** Tel: (416) 869-5236 Email: ataylor@stikeman.com **Maria Konyukhova** Tel: (416) 869-5230 Email: mkonyukhova@stikeman.com **Jennifer Imrie** Tel: (416) 869-6853 Email: jimrie@stikeman.com
OSLER, HOSKIN & HARCOURT LLP 100 King Street West 1 First Canadian Place Suite 6100, P.O. Box 50 Toronto, ON M5X 1B8 Fax: (416) 862-6666 **Lawyers for the Applicants**	**Lyndon A.J. Barnes** Tel: (416) 862-6679 Email: lbarnes@osler.com **Edward A. Sellers** Tel: (416) 862-5959 Email: esellers@osler.com **Tracy C. Sandler** Tel: (416) 862-5890 Email: tsandler@osler.com **Jeremy E. Dacks** Tel: (416) 862-4923 Email: jdacks@osler.com **Shawn Irving** Tel: (416) 862-4733 Email: sirving@osler.com **Duncan Ault** Tel: (416) 862-4210 Email: dault@osler.com

FIRM	SOLICITORS
GOODMANS LLP Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7 Fax: (416) 979-1234 **Lawyers for Ad Hoc Committee of 8% Senior Subordinated Noteholders**	**Benjamin Zarnett** Tel: (416) 597-4204 Email: bzarnett@goodmans.ca **Robert J. Chadwick** Tel: (416) 597-4285 Email: rchadwick@goodmans.ca **Logan Willis** Tel: (416) 597-6299 Email: lwillis@goodmans.ca
BLAKE, CASSELS & GRAYDON LLP 199 Bay Street, Suite 2800 Commerce Court West Toronto, ON M5L 1A9 Fax: (416) 863-2653 **Lawyers for CIBC Asset-Based Lending Inc. (formerly CIT Business Credit Canada Inc.)**	**Michael R. Harquail** Tel: (416) 863-2929 Email: michael.harquail@blakes.com **Steven J. Weisz** Tel: (416) 863-2616 Email: steven.weisz@blakes.com **Christopher Burr** Tel: (416) 863-2653 Email: chris.burr@blakes.com
LENCZNER SLAGHT LLP 130 Adelaide Street West Suite 2600 Toronto, ON M5H 3P5 Fax: (416) 865-9010 **Lawyers for the Management Directors and RBC Capital Markets**	**Peter Griffin** Tel: (416) 865-2921 Email: pgriffin@litigate.com **Peter J. Osborne** Tel: (416) 865-3094 Email: posborne@litigate.com **Matthew Lerner** Tel: (416) 865-2940 Email: mlerner@litigate.com
OGILVY RENAULT LLP Royal Bank Plaza, South Tower Suite 3800, P.O. Box 84 200 Bay Street Toronto, ON M5J 2Z4 Fax: (416) 216-3930 **Lawyers for the Special Committee**	**Mario J. Forte** Tel: (416) 216-4870 Email: mforte@ogilvyrenault.com **Alan Merskey** Tel: (416) 216-4805 Email: amerskey@ogilvyrenault.com

FIRM	SOLICITORS
AIRD & BERLIS LLP Brookfield Place Suite 1800, 181 Bay Street Toronto, ON M5J 2T9 Fax: (416) 863-1515 **Lawyers for Twentieth Century Fox/Incendo Television Distribution Inc. as agent for Twentieth Century Fox Film Corporation, c.o.b in Canada as Twentieth Century Fox Television Canada**	**Harry Fogul** Tel: (416) 865-7773 Email: hfogul@airdberlis.com
FASKEN MARTINEAU DUMOULIN LLP 66 Wellington Street West Suite 4200, Toronto Dominion Bank Tower Box 20, Toronto-Dominion Centre Toronto ON, M5K 1N6 Fax: (416) 364-7813 **Lawyers for certain members of the Asper family**	**Jonathan A. Levin** Tel: (416) 865-4401 Email: jlevin@fasken.com **Edmond F.B. Lamek** Tel: (416) 865-4506 Email: elamek@fasken.com
HEENAN BLAIKIE LLP Suite 2900, 333 Bay Street Bay Adelaide Centre P.O. Box 2900 Toronto, ON M5H 2T4 **Lawyers for CBS International Television Canada, a Division of CBS Canada Holdings Co.**	**Kenneth D. Kraft** Tel: (416) 643-6822 Fax: (416) 360-8425 Email: kkraft@heenan.ca
MCCARTHY TÉTRAULT LLP 66 Wellington Street West Suite 5300, TD Bank Tower Toronto Dominion Centre Toronto, ON M5K 1E6 Fax: (416) 868-0673 **Lawyers for GSCP Capital Partners VI Fund, L.P., GSCP VI AA One Holding S.ar.l., GSCP VI AA One Parallel Holding s.ar.l.**	**Kevin P. McElcheran** Tel: (416) 601-7730 Email: kmcelcheran@mccarthy.ca **Malcolm Mercer** Tel: (416) 601-7659 Email: mmercer@mccarthy.ca

FIRM	SOLICITORS
MCMILLAN LLP Brookfield Place, Suite 4400 Bay Wellington Tower 181 Bay Street Toronto, ON M5J 2T3 **Lawyers for the Bank of Nova Scotia in its capacity as cash management services provider to the Applicants**	**Andrew J.F. Kent** Tel: (416) 865-7160 Fax: (647) 722-6715 Email: andrew.kent@mcmillan.ca **Hilary E. Clarke** Tel: (416) 865-7286 Fax: (416) 865-7048 Email: hilary.clarke@mcmillan.ca **Barbara Whyte (Law Clerk)** Tel: (416) 865-7099 Email: barbara.whyte@mcmillan.ca
BRACEWELL & GIULIANI LLP 1177 Avenue of the Americas 19th Floor New York, NY 10036-2714 United States of America Goodwin Square 225 Asylum Street Suite 2600 Hartford CT 06103 United States of America **U.S. Lawyers for the Monitor FTI Consulting Canada Inc.**	**Jennifer Feldsher** Tel: (212) 508-6137 Fax: (212) 938-3837 Email: jennifer.feldsher@bgllp.com **Ilia M. O'Hearn** Tel: (860)256-8536 Fax: (860) 760-6664 Email: ilia.ohearn@bgllp.com
STONECREST CAPITAL INC. Suite 3130, Royal Trust Tower 77 King Street West P.O. Box 33, TD Centre Toronto ON M5K 1B7 Fax: (416) 364-7275 **Chief Restructuring Advisor for the Applicants**	**Harold S. (Hap) Stephen** Tel: (416) 364-0228 Email: hstephen@stonecrestcapital.com
RBC CAPITAL MARKETS Royal Bank Plaza, South Tower 4th Floor, 200 Bay Street, P.O. Box 50 Toronto, ON M5J 2W7 Fax: (416) 842-7700	**Peter L. Buzzi** Tel: (416) 842-7687 Email: peter.buzzi@rbccm.com **Richard M. Grudzinski** Tel: (416) 842-5676 Email: richard.grudzinski@rbccm.com

FIRM	SOLICITORS
CAVALLUZZO HAYES SHILTON MCINTYRE & CORNISH LLP 474 Bathurst Street, Suite 300 Toronto, ON M5T 2S6 Fax: (416) 964-5895 **Lawyers for the CHCH Retirees**	**Hugh O'Reilly** Tel: (416) 964-5514 Email: horeilly@cavalluzzo.com **Amanda Darrach** Tel: (416) 964-5511 Email: adarrach@cavalluzzo.com
LAX O'SULLIVAN SCOTT LLP 145 King Street West, Suite 1920 Toronto, ON M5H 1J8 Fax: (416) 598-3730 **Lawyers for CRS Inc.**	**Terrence O'Sullivan** Tel: (416) 598-3556 Email: tosullivan@counsel-toronto.com **Shaun Laubman** Tel: (416) 360-8481 Email: slaubman@counsel-toronto.com
OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS Department of Justice Canada 255 Albert Street, 12th Floor Ottawa, ON K1V 6N5 Fax: (613) 952-5031	**Carol Taraschuk** Tel: (613) 990-7496 Email: carol.taraschuk@osfi-bsif.gc.ca
CHAITONS LLP 185 Sheppard Avenue West Toronto, ON M2N 1M9 Fax: (416) 218-1849 **Lawyers for E! Entertainment Television Inc.**	**Harvey Chaiton** Tel: (416) 218-1129 Email: harvey@chaitons.com
BLAKE, CASSELS & GRAYDON LLP 199 Bay Street, Suite 2800 Commerce Court West Toronto, ON M5L 1A9 Fax: (416) 863-2653 **CHAPMAN AND CUTLER LLP** 111 West Monroe Street Chicago, IL 60603 Fax: (312) 701-2361 **Lawyers for General Electric Capital Corporation (as Administrative Agent) and GE Canada Finance Holding Company (as Administrative and Collateral Agent)**	**Pamela L.J. Huff** Tel: (416) 863-2958 Email: pamela.huff@blakes.com **Michelle Laniel** Tel: (416) 863-2443 Email: michelle.laniel@blakes.com **Marie C. Oldham** Tel: (312) 845-2967 Email: oldham@chapman.com

FIRM	SOLICITORS
CALEYWRAY **Labour/Employment Lawyers** 1600-65 Queen Street West Toronto, ON M5H 2M5 Fax: (416) 366-3293 **Lawyers for the Communications, Energy and Paperworkers Union of Canada**	**Douglas J. Wray** Tel: (416) 775-4673 Email: wrayd@caleywray.com **Jesse Kugler** Tel: (416) 775-4677 Email: kuglerj@caleywray.com
DEPARTMENT OF JUSTICE ONTARIO REGIONAL OFFICE The Exchange Tower 130 King Street West Suite 3400, Box 36 Toronto, ON M5X 1K6 Fax: (416) 973-0809 **Lawyers for the Attorney General of Canada**	**Jacqueline Dais-Visca** Tel: (416) 952-6010 Email: jacqueline.dais-visca@justice.gc.ca **Diane Winters** Tel: (416) 973-3172 Email: diane.winters@justice.gc.ca **Christopher Lee** Tel: (416) 954-8247 Email: christopher.lee@justice.gc.ca
FINANCIAL SERVICES COMMISSION OF ONTARIO, PENSION DIVISION 5160 Yonge Street P.O. Box. 85, 4th Floor Toronto, ON M2N 6L9 Fax: (416) 590-7556	**Deborah McPhail, Senior Counsel** Tel: (416) 226-7764 Email: deborah.mcphail@fsco.gov.on.ca **Alena Thouin** Tel: (416) 590-7238 Email: alena.thouin@fsco.gov.on.ca **Mark Bailey** Tel: (416) 590-7555 Email: mark.bailey@fsco.gov.on.ca
CHAITONS LLP 500 Yonge Street 10th Floor Toronto, ON M2N 7E9 Fax: (416) 218-1849 **Lawyers for Alfred Haber Distribution, Inc. and affiliates**	**Harvey Chaiton** Tel: (416) 218-1129 Email: harvey@chaitons.com

FIRM	SOLICITORS
THORNTONGROUTFINNIGAN LLP 100 Wellington Street West Suite 3200 Toronto, ON M5K 1K7 Fax: (416) 304-1313 **Lawyers for NBC Universal Television Distribution**	**Robert I. Thornton** Tel: (416) 304-0560 Email: rthornton@tgf.ca **Kyla E.M. Mahar** Tel: (416) 304-0594 Email kmahar@tgf.ca **Danny Nunes** Tel: (416) 304-0592 Email: dnunes@tgf.ca
LANG MICHENER LLP Brookfield Place 181 Bay Street, Suite 2500 Toronto, ON M5J 2T7 Fax: (416) 365-1719 **Lawyers for Columbia Tristar Media Group of Canada**	**Sheryl E. Seigel** Tel: (416) 307-4063 Email: sseigel@langmichener.ca
SONY PICTURES Corporate Distribution, Legal Affairs 10202 West Washington Boulevard Culver City, California 90232-3195 Fax: (310) 244-5774 **Lawyers for Sony Pictures Television**	**Audrey Lee** Tel: (310) 244-4688 Email: Audrey_lee@spe.sony.com
MCCAGUE, PEACOCK, BORLACK, MCINNIS & LLOYD LLP The Exchange Tower Suite 2700, P.O. Box 136 130 King Street West Toronto, ON M5X 1C7 Fax: (416) 860-0003 **Lawyers for Adelt Mechanical Works Ltd.**	**Stephen Barbier** Tel: (416) 860-5243 Email: sbarbier@mwpb.com

FIRM	SOLICITORS
HEENAN BLAIKIE Bay Adelaide Centre 333 Bay Street, Suite 2900 P.O. Box 2900 Toronto, ON M5H 2T4 Fax: (416) 360-8425 **Lawyers for The Dalton Company Ltd.**	**Howard Krupat** Tel: (416) 643-6969 Email: hkrupat@heenan.ca
THORNTONGROUTFINNIGAN LLP 100 Wellington Street West Suite 3200 Toronto, ON M5K 1K7 Fax: (416) 304-1313 **Lawyers for the National Academy of Recording Arts & Sciences, Inc.**	**Leanne M. Williams** Tel: (416) 304-0060 Email: lwilliams@tgf.ca
LAWSON LUNDELL LLP Suite 1600, Cathedral Place 925 West Georgia Street Vancouver, BC V6C 3L2 Fax: (604) 694-1957 **Lawyers for A&E Television Networks**	**Heather M.B. Ferris** Tel: (604) 631-9145 Email: hferris@lawsonlundell.com
SUTTS, STROSBERG LLP 600-251 Goyeau Street Windsor, ON N9A 6V4 Fax: 1-866-316-5308 **Lawyers for Incorporated Broadcasters Limited, Mae Management Corporation, Seymour Epstein and Paul Morton**	**William V. Sasso** Tel: (519) 561-6222 Email: wvs@strosbergco.com **Jacqueline A. Horvat** Tel: (519) 561-6245 Email: jah@strosbergco.com
BOUGHTON LAW CORPORATION 595 Burrard Street, Suite 700 P.O. Box 49290 Vancouver, BC V7X 1S8 Fax: (604) 683-5317 **Lawyers for Starz Media, LLC**	**Alan H. Brown** Tel: (604) 647-6426 Email: abrown@boughton.ca

FIRM	SOLICITORS
AIRD & BERLIS LLP Brookfield Place, Suite 1800 181 Bay Street, Box 654 Toronto, ON M5J 2T9 Fax: (416) 863-1515 **Agents for Vorys, Sate, Seymour and Pease LLP, lawyers for CNN Newsource Sales, Inc.**	**Sam Babe** Tel: (416) 863-1500 Email: sbabe@airdberlis.com
CAVALLUZZO HAYES SHILTON McINTYRE & CORNISH LLP 474 Bathurst Street, Suite 300 Toronto, ON M5T 2S6 Fax: (416) 964-5895 **Lawyers for the Canadian Media Guild**	**Hugh O'Reilly** Tel: (416) 964-1115 Email: horeilly@cavalluzzo.com
MINDEN GROSS LLP 2200-145 King Street West Toronto, ON M5H 4G2 Fax: (416) 864-9223 **Lawyers for Canadian Film & Television Production Association**	**David T. Ullmann** Tel: (416) 369-4148 Email: dullmann@mindengross.com **Melissa J. McCready** Tel: (416) 369-4106 Email: mmccready@mindengross.com
THOMAS GOLD PETTINGILL 150 York Street, Suite 1800 Toronto, ON M5H 3S5 Fax: (416) 507-1853 **Lawyers for Brit Syndicates Limited**	**Thomas Donnelly** Tel: (416) 507-1866 Email: tdonnelly@tgplawyers.com
THORNTONGROUTFINNIGAN LLP 100 Wellington Street West Suite 3200 Toronto, ON M5K 1K7 Fax: (416) 304-1313 **Lawyers for the Chief Restructuring Advisor for Canwest Media Inc.**	**Michael E. Barrack** Tel: (416) 304-1109 Email: mbarrack@tgf.ca **John L. Finnigan** Tel: (416) 304-0558 Email: jfinnigan@tgf.ca

FIRM	SOLICITORS
DAVIES WARD PHILLIPS & VINEBERG LLP 44th Floor 1 First Canadian Place Toronto, ON M5X 1B1 Fax: (416) 863-0871 **Lawyers for Shaw Communications Inc.**	**Robin B. Schwill** Tel: (416) 863-5502 Email: rschwill@dwpv.com **Vincent A. Mercier** Tel: (416) 863-5579 Email: vmercier@dwpv.com **Brett A. Seifred** Tel: (416) 863-5531 Email: bseifred@dwpv.com
BENNETT JONES LLP 3400 One First Canadian Place P.O. Box. 130 Toronto, ON M5X 1A4 Fax: (416) 863-1716 **Lawyers for the Ad Hoc Group of Canwest Shareholders**	**Robert W. Staley** Tel: (416) 777-4857 Email: staleyr@bennettjones.com **Derek J. Bell** Tel: (416) 777-4638 Email: belld@bennettjones.com
CELLA LANGE & CELLA, LLP 1600 South Main Plaza Suite 180 Walnut Creek, CA 94596 **Lawyers for Film Musicians Secondary Markets Fund**	**Brian L. Cella** Tel: (925) 974-1110 Email: blcella@cellalange.net

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Applicants

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TAB "1"

Court File No. 09-8396-00CL

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Applicants

RESPONDING AFFIDAVIT OF LEONARD ASPER
(Sworn June 15, 2010)

I, LEONARD ASPER, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I swore an affidavit dated June 10, 2010, in this matter. I swear this affidavit in response to the affidavit sworn by Thomas Strike ("**Strike**") on June 14, 2010 and Peter Buzzi ("**Buzzi**") sworn June 14, 2010. In their affidavts Strike and Buzzi make two points to rebut my testimony (in my affidavit sworn June 10, 2010) that the estimated earnings before interest, taxes, depreciation and amortization ("**EBIDTA**") of the media assets of Canwest Global Communications Corp. ("**Canwest Global**") for Fiscal 2010 was approximately $225 million. Neither of these criticisms are fair or accurate.

2. Strike states in paragraph 21 that $7 million in corporate costs need to be deducted from Canwest Global's media assets' corporate assets. I agree that corporate costs have to be accounted for, however, $7 million is extremely high. I have worked at the offices of the broadcast group for the last four years and was extensively involved in the transition planning.

As a result, I am aware of the specific needs of the business to operate stand-alone, which would be closer to $2 million. I note as well that any strategic buyer would not incur any of those corporate costs because they would already have the necessary infrastructure in place.

3. The $7 million figure Strike is using is likely based on the historical inter-company charges for corporate services which are not reflective of the actual additional costs that would be incurred at the broadcasting level.

4. Strike and Buzzi state that the appropriate figure to be considered for the purposes of valuating Canwest Global's media assets is proportional EBITDA and not consolidated EBITDA. This is not accurate because when an integrated group controls assets, purchasers will purchase based on the consolidated EBITDA.

5. I also believe that my original estimate of $225 million was already conservative, based on the actual EBITDA figures of Canwest Global's television assets. Based on actual results to date and the other factors already described in my first affidavit, I believe the actual EBITDA for 2010 could be closer to $250 million. As of February 28, 2010, the actual six month EBITDA for Canwest Global's media assets was $165,934,000. Attached as Exhibit **"A"** is a copy of Canwest Global's interim consolidated financial statements for the three and six months ended February 28, 2010. The six month EBITDA figure for Canwest Global's television assets can be found on the second last page of the statements under section 25 (Segment Information). The relevant figure is the segment operating profit for the six months ended February 28, 2010 for "Total television".

6. While we do not yet know the EBITDA of Canwest Global's media assets for the third and fourth quarter of 2010, these numbers can be approximated by reference to the EBITDA of Canwest Global's television assets for the third and fourth quarter of 2009. The EBITDA for

Canwest Global's television assets for the third and fourth quarter of 2009 can be determined by subtracting the EBITDA figure for the first two quarters of 2009 from the total EBITDA figure for 2009.

7. Attached as Exhbit "**B**" is a copy of Canwest Global's consolidated financial statements for the years ended August 31, 2009 and 2008. The EBITDA for Canwest Global's media assets for 2009 was $193,895,000. This number is found on page 66 of the financial statements at Exhibit B under segment operating profit and represents the EBITDA for total telecvision minus Canwest Global's Australian assets which have been sold and which are no longer relevant for current purposes. Attached as Exhibit "**C**" is a copy of Canwest Global's financial statements for the three and six months ended February 28, 2009. The EBITDA for Canwest Global's media assets for the first two quarters of 2009 was $107,570,000. This amount is found on page 26 of these financial statements under the segment operating profit for the six months ended February 28, 2009 for total television minus the Australian assets. By subtracting the EBITDA of Canwest Global's media assets for the first two quarters of 2009 ($107,570,000) from the EBITDA of Canwest Global's media assets for all of 2009 ($193,895,000), I can determine that the EBITDA of Canwest Global's media assets for the last two quarters of 2009 was $86,325,000.

8. Adding this number to the actual EBITDA of Canwest Global's media assets for the first two quarters of 2010 ($165,934,000) creates an actual EBITDA for the last twelve months ending February 2010 of $252,259,000. Using this amount as an estimate of 2010's EBITDA is conservative given that it assumes that there will be no growth in Canwest Global's television assets' EBITDA in the last two quarters of 2010 from the last two quarters of 2009. This in spite of the fact that the EBITDA for the first two quarters of 2010 increased dramatically over the

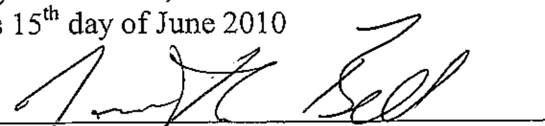
EBITDA of the first two quarters of 2009. Assuming the same rate of growth, one would expect a much higher EBITDA for the last two quarters of 2010 over the same period in 2009, even taking into account the potential for timing differences.

9. Strike and Buzzi also allege that Glen Bowman ("**Bowman**") did not account for minority interests in determining the appropriate EBITDA multiple for the purpose of valuation. The minority interests in question account for less than 10% of the overall business and would not affect value multiples.

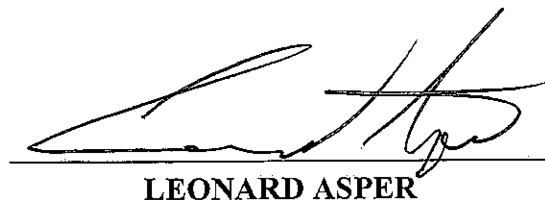
10. I am swearing this affidavit several hours before Bowman is going to be cross-examined and I understand that he has not had a chance to swear an affidavit to this effect but that he can be cross-examined on this point.

11. Strike also refers to 100% of thr "media assets" thoughout his affidavit. I am referring to 100% of the equity in a restructured Canwest Global. Equity versus assets is an important distinction. Canwest Media Inc. always had the ability to sell 100% of itself (equity) in an unrestricted auction. Moreover, given the call rights contained in the Shareholder Agreement with Goldman Sachs (now Shaw), a purchaser of Canwest could also acquire the right to obtain 65% interest owned by Goldman Sachs (now Shaw) beginning in 2011.

SWORN BEFORE ME at the)
City of Toronto, in the Province of Ontario)
this 15th day of June 2010)



A Commissioner for taking Oaths
JONATHAN BELL



LEONARD ASPER

EXHIBIT "A"

CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2010 AND 2009
(UNAUDITED)

This is Exhibit A *referred to in the affidavit of* Leonard Asper
sworn before me, this 15th
day of June *20*10

A COMMISSIONER FOR TAKING AFFIDAVITS
JONATHAN BELL

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

April 13, 2010

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 25, 2009, we have reviewed the accompanying interim consolidated balance sheet of **Canwest Global Communications Corp.** (the Company) as at February 28, 2010 and the related interim consolidated statements of earnings (loss), comprehensive earnings (loss), deficit and cash flows for the three and six month periods ended February 28, 2010 and February 28, 2009 (the interim financial statements). These interim consolidated financial statements are the responsibility of the Company's management.

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

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

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

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(UNAUDITED)

(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009 (Revised notes 19 and 25)	2010	2009 (Revised notes 19 and 25)
Revenue	478,680	493,434	1,049,345	1,127,778
Operating expenses	384,987	434,591	781,319	932,298
Restructuring expenses (reversals) (note 15)	(120)	18,189	1,722	32,695
Broadcast rights write-downs	-	29,620	-	29,620
Settlement of regulatory fees (note 25)	-	-	(29,416)	-
	93,813	11,034	295,720	133,165
Amortization of intangible assets	1,608	1,607	5,116	3,215
Amortization of property and equipment	19,081	21,059	38,045	40,541
Other amortization	77	93	155	188
Operating income (loss)	73,047	(11,725)	252,404	89,221
Interest expense	(48,685)	(66,650)	(101,168)	(136,625)
Accretion of long-term liabilities	(33,091)	(9,829)	(65,843)	(38,062)
Interest income	173	223	1,004	351
Interest rate and foreign currency swap gains (losses)	-	(1,731)	-	40,698
Foreign currency exchange gains (losses) (note 18)	20,604	(15,878)	86,036	(83,379)
Investment gains, losses and write-downs	(43)	(2,353)	670	(3,516)
Impairment loss on property and equipment	-	(10,333)	-	(10,333)
Impairment loss on intangible assets (note 14)	-	(185,108)	(3,142)	(185,108)
Impairment loss on goodwill (note 14)	-	(895,110)	-	(895,110)
	12,005	(1,198,494)	169,961	(1,221,863)
Reorganization items Canwest Media entities (note 6)	(25,713)	(1,599)	(87,734)	(1,599)
Reorganization items Canwest LP entities (note 7)	(30,940)	-	(40,076)	-
	(44,648)	(1,200,093)	42,151	(1,223,462)
Provision for (Recovery of) income taxes (note 16)	(2,023)	150,044	2,243	174,467
Earnings (Loss) before the following	(42,625)	(1,350,137)	39,908	(1,397,929)
Minority interest	(3,647)	(3,644)	(11,599)	(9,586)
Interest in earnings of equity accounted affiliates	194	340	94	555
Realized foreign currency translation adjustments	-	(216)	-	(216)
Net earnings (loss) from continuing operations	(46,078)	(1,353,657)	28,403	(1,407,176)
Gain from sale of discontinued operations (note 19)	-	-	578,059	-
Loss from discontinued operations (note 19)	-	(81,857)	-	(65,282)
Net earnings (loss) from discontinued operations	-	(81,857)	578,059	(65,282)
Net earnings (loss) for the period	(46,078)	(1,435,514)	606,462	(1,472,458)
Earnings (Loss) per share from continuing operations (note 21):				
Basic	($0.26)	($7.62)	$0.16	($7.92)
Diluted	($0.26)	($7.62)	$0.16	($7.92)
Earnings (Loss) per share (note 21):				
Basic	($0.26)	($8.08)	$3.41	($8.29)
Diluted	($0.26)	($8.08)	$3.40	($8.29)

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands of Canadian dollars)

	As at February 28, 2010	As at August 31, 2009 (Revised notes 3 and 19)
ASSETS		
Current Assets		
Cash and cash equivalents	245,023	101,130
Restricted cash (note 13)	10,934	16,402
Accounts receivable	368,954	322,591
Inventory	5,360	6,618
Future income taxes	15,113	16,273
Other current assets	21,118	19,221
Assets of discontinued operations (note 19)	-	268,230
	666,502	750,465
Other investments	6,716	6,594
Broadcast rights (note 14)	384,020	362,502
Property and equipment	526,468	557,708
Other assets	37,563	36,518
Intangible assets (note 14)	1,221,547	1,229,447
Goodwill	1,016,430	1,017,975
Assets of discontinued operations (note 19)	-	705,760
	3,859,246	4,666,969
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	196,730	400,066
Income taxes payable	37,904	39,112
Broadcast rights payable	118,548	95,297
Deferred revenue	31,961	34,651
Current portion of long-term debt and obligations under capital leases (note 17)	8,236	2,339,562
Current portion of hedging derivative instruments	23,280	21,803
Liabilities of discontinued operations (note 19)	-	233,305
	416,659	3,163,796
Liabilities subject to compromise Canwest Media entities (note 8)	547,919	-
Liabilities subject to compromise Canwest LP entities (note 9)	1,489,591	-
Long-term debt (note 17)	788,667	827,410
Hedging derivative instruments	36,860	19,788
Obligations under capital leases	2,925	3,872
Other long-term liabilities	160,280	192,833
Future income taxes	141,814	159,827
Puttable interest in subsidiary	706,839	645,216
Minority interest	56,462	58,007
Liabilities of discontinued operations (note 19)	-	694,664
	4,348,016	5,765,413
Going concern (note 1)		
SHAREHOLDERS' DEFICIENCY		
Capital stock	852,375	852,375
Contributed surplus	18,554	17,239
Deficit	(1,321,449)	(1,927,911)
Accumulated other comprehensive loss (note 20)	(38,250)	(40,147)
	(1,359,699)	(1,968,058)
	(488,770)	(1,098,444)
	3,859,246	4,666,969

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009	2010	2009
Net earnings (loss) for the period	(46,078)	(1,435,514)	606,462	(1,472,458)
Other comprehensive income (loss)				
Unrealized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	-	(441)	469	2,950
Realized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	-	216	(2,999)	216
Foreign currency translation adjustment (note 20)	-	(225)	(2,530)	3,166
Change in fair value of hedging derivative instruments designated as cash flow hedges net of tax of $2.1 million and nil for the three and six months ended February 28, 2010, respectively (2009 - $5.7 and $10.1 million) (note 20)	6,193	1,099	50	(38,274)
Reclassification of change in fair value of hedging derivative instruments designated as cash flow hedges realized in net loss for the period net of tax of $1.9 million (note 20)	-	-	4,377	-
	6,193	1,099	4,427	(38,274)
Unrealized gain (loss) on available-for-sale investment net of tax of nil (2009 – nil) (note 20)	-	3,578	-	(7,285)
Reclassification of impairment loss on available for sale investments realized in net loss for the period net of tax of nil (2009 – nil) (note 20)	-	7,285	-	7,285
	-	10,863	-	-
Comprehensive income (loss) for the period	(39,885)	(1,423,777)	608,359	(1,507,566)

CONSOLIDATED STATEMENTS OF DEFICIT
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009 (Revised note 25)	2010	2009 (Revised note 25)
Deficit – beginning of period	(1,275,371)	(271,499)	(1,927,911)	(234,555)
Net earnings (loss) for the period	(46,078)	(1,435,514)	606,462	(1,472,458)
Deficit – end of period	(1,321,449)	(1,707,013)	(1,321,449)	(1,707,013)

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009 (Revised notes 19 and 25)	2010	2009 (Revised notes 19 and 25)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(46,078)	(1,435,514)	606,462	(1,472,458)
Reorganization items Canwest Media Entities	25,713	1,599	87,734	1,599
Reorganization items Canwest LP Entities	30,940	-	40,076	-
Net earnings from discontinued operations	-	81,857	(578,059)	65,282
Items not affecting cash				
Amortization	20,766	22,759	43,316	43,944
Net non-cash interest expense	11,439	15,062	13,198	30,407
Accretion of long-term liabilities	33,091	9,829	65,843	38,062
Future income taxes (recovery)	(3,956)	144,344	(13,489)	162,646
Realized foreign currency translation adjustments	-	216	-	216
Interest rate and foreign currency swap gains, net of settlements	-	(3,076)	-	(56,719)
Broadcast rights write-downs	-	29,620	1,737	29,620
Impairment loss on property and equipment, intangible assets, and goodwill	-	1,090,551	3,142	1,090,551
Investment gains, losses and write-downs	43	2,353	(670)	3,516
Pension expense less than employer contributions	(3,941)	(6,728)	(12,640)	(7,022)
Minority interest	3,647	3,644	11,599	9,586
Earnings of equity accounted affiliates	(194)	(340)	(94)	(555)
Foreign exchange (gains) losses	(21,113)	14,727	(85,114)	79,974
Stock based compensation expense	575	163	1,315	1,358
	50,932	(28,934)	184,356	20,007
Changes in non-cash operating accounts	79,678	38,441	(62,801)	(52,317)
Cash flows from operating activities of continuing operations before Reorganization items	130,610	9,507	121,555	(32,310)
Reorganization items Canwest Media Entities (note 6)	(14,737)	(1,599)	(29,883)	(1,599)
Reorganization items Canwest LP Entities (note 7)	(14,539)	-	(21,198)	-
Cash flows from operating activities of discontinued operations (note 19)	-	5,990	-	35,247
Cash flows from operating activities	101,334	13,898	70,474	1,338
INVESTING ACTIVITIES				
Other investments	(2,668)	-	(2,734)	(100)
Restricted cash (note 13)	(4,488)	-	(8,434)	-
Proceeds from sale of discontinued operations	-	-	617,819	-
Proceeds from sales of property and equipment	-	12,966	-	12,983
Purchase of property and equipment	(3,886)	(16,292)	(10,302)	(38,090)
Reorganization items Canwest Media Entities	3,000	-	3,000	-
Investing activities of discontinued operations	-	(6,426)	-	(13,215)
	(8,042)	(9,752)	599,349	(38,422)
FINANCING ACTIVITIES				
Repayment of long-term debt (note 17)	(1,187)	(2,437)	(499,935)	(4,875)
Advances (repayments) of revolving facilities, net of financing costs (note 17)	1,889	25,941	(13,075)	74,902
Swap recouponing receipts	-	5,000	-	5,000
Payments of capital leases	(236)	(242)	(1,740)	(1,695)
Payment of distributions to minority interest	(6,580)	(682)	(11,180)	(2,811)
Financing activities from discontinued operations	-	1,417	-	(19,228)
	(6,114)	28,997	(525,930)	51,293
Net change in cash and cash equivalents	87,178	33,143	143,893	14,209
Cash and cash equivalents – beginning of period	157,845	26,381	101,130	45,315
Cash and cash equivalents – end of period	245,023	59,524	245,023	59,524

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2010 AND 2009
(UNAUDITED)
(In thousands of Canadian dollars except as otherwise noted)

1. BASIS OF PRESENTATION AND GOING CONCERN

Creditor Protection

On October 6, 2009, Canwest Global Communications Corp. ("Canwest Global" or the "Company") and certain of its subsidiaries applied for and obtained an order (as amended, the "Canwest Media Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court"), granting creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). The Canwest Media Initial Order applies to Canwest Global, Canwest Media Inc. ("Canwest Media"), Canwest Television Limited Partnership, The National Post Company and certain non-operating subsidiaries (collectively, the "Canwest Media Applicants"). 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., 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 June 15, 2010 and is subject to further extensions by the Court. The Canwest Media Initial Order may be further amended by the Court throughout the CCAA proceedings (the "Canwest Media CCAA Proceedings") based on motions from the Canwest Media Applicants, their creditors and other interested parties. On October 6, 2009, certain of the Canwest Media Applicants, through their Court-appointed Monitor, also made a concurrent petition for recognition and ancillary relief under Chapter 15 of the U.S. Bankruptcy Code in the United States Bankruptcy Court ("US Court"). On November 3, 2009, the US Court granted formal recognition of the Canwest Media CCAA proceedings. For additional information, see note 2, "Significant Accounting Policies" and note 4, "Canwest Media Creditor Protection and Amended Recapitalization Agreement."

On January 8, 2010, Canwest (Canada) Inc., Canwest Publishing Inc. and Canwest Books Inc. (collectively, the "Canwest LP Applicants") together with Canwest LP (the "Canwest LP Entities"), applied for and obtained an order (as amended, the "Canwest LP Initial Order") from the Court granting creditor protection under the CCAA. The Canwest LP Initial Order applies to the Canwest LP Entities. National Post Inc. is not included in the filing. For additional information, see note 5, "Canwest LP Creditor Protection and Plan." The Canwest LP Initial Order provided for a general stay of proceedings against the Canwest LP Applicants for an initial period of 30 days, which was subsequently extended to June 30, 2010 and is subject to further extensions by the Court. The Canwest LP Initial Order may be further amended by the Court throughout the CCAA proceedings based on motions from the Canwest LP Applicants, their creditors and other interested parties. For additional information, see note 2, "Significant Accounting Policies" and note 5, "Canwest LP Creditor Protection and Plan."

Basis of presentation and going concern issues

The Company is a Canadian media company with interests in conventional television, specialty television channels, publishing and websites. The Company's operating segments include television and publishing. The television segment includes the operations of Canwest Television Limited Partnership, which operates the Global Television Network and six Canadian specialty television channels. The CW Media television segment includes CW Media, which operates 18 Canadian specialty television channels. The publishing segment includes the operations of Canwest LP which publishes a number of newspapers and magazines, including metropolitan daily newspapers and The National Post, as well as operation of the canada.com web portal and other web-based operations. In September 2009, the Company sold its interest in Ten Network Holdings Limited ("Ten Holdings") and its subsidiaries. The operations that comprised the Australian television and Out-of-home advertising segments have been classified as discontinued operations (see note 19).

The Company's television broadcast revenue includes advertising revenue from a customer base that is comprised primarily of large advertising agencies, which place advertisements with the Company on behalf of their customers. In addition, the Company's specialty television revenue includes subscription revenue which is derived from subscribers of our specialty television channels. Publishing revenue includes advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenue is seasonal. Revenue and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

Going Concern

During its 2009 fiscal year and the three and six months ended February 28, 2010, the Company's operating results and cash flows were impacted by the effects of the significant and sudden declines in advertising revenue for its operations reflecting the weakened economic environment. The significantly reduced advertising revenue reduced cash flows from operations. These conditions and other factors contributed to the defaults related to certain of the Company's credit facilities, note indentures and derivative financial instruments.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. While the Company, along with the other Canwest Media Applicants, is under creditor protection, it believes a plan of compromise and arrangement can be developed and implemented which will allow it to continue to operate as a going concern (note 4). There is uncertainty as to whether the reorganization transactions will be structured as a reorganization of the Company. The Subscription Agreement (as defined below) between the Company and Shaw Communications Inc. ("Shaw") contemplates that a restructured and recapitalized Canwest Global will emerge or that alternatively, a new company may be created and the restructuring may include transfers of assets or shares of subsidiaries of Canwest Global and Canwest Media. If the transaction involves a newly created company and transfers of assets or shares of subsidiaries of Canwest Global and Canwest Media, the Company may not be able to continue to use the going concern basis of presentation. Because there is a reasonable possibility that the Company will be reorganized, the Company considers the going concern basis of presentation to be appropriate. There is uncertainty related to the completion and implementation of the plans and the outcome of such plans which raise substantial doubt about whether the Company will continue as a going concern.

There can be no assurance that a financial reorganization will be completed such that the Company will continue as a going concern. If the going concern basis is not appropriate, adjustments to the carrying value of assets and liabilities may be required. Such adjustments could be material.

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, the National Post Company and other wholly owned subsidiaries (collectively, the "Canwest Media Entities") but exclude Canwest (Canada) Inc., Canwest LP and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Media and its subsidiaries including CW Media Holdings Inc.

In May 2009, Canwest Media entered into a new $75 million senior secured asset based loan facility (the "ABL facility") (note 17) and issued $105 million (US$94 million) 12% secured notes (note 17) for cash proceeds of $100 million to certain holders of its 8% Notes. The proceeds were used to pay, in full, amounts owing under Canwest Media's previous senior secured credit facilities and certain secured hedging derivatives, as well as to finance operations.

On September 22, 2009, the Canwest Media Entities entered into a Use of Cash Collateral and Consent Agreement with an ad hoc committee of holders of 8% Notes representing over 70% of the 8% Notes (the "Ad Hoc Committee"). On October 1, 2009, the Company sold its interest in Ten Holdings for net proceeds of $618 million (see notes 12 and 19). In accordance with the Use of Cash Collateral and Consent Agreement the proceeds were advanced to Canwest Media by its wholly-owned Irish subsidiary which held the investment in Ten Holdings and were utilized as follows: $102 million to repay obligations under the 12% secured notes, $85 million to repay the ABL facility and to provide operating liquidity and $431 million to reduce its obligations under its 8% Notes indenture.

On October 5, 2009, the Canwest Media Entities entered into a CCAA Support Agreement with the Ad Hoc Committee pursuant to which they are pursuing a proposed recapitalization transaction related to the Canwest Media Entities (note 4). The proposed terms of the recapitalization transaction were set out in a Recapitalization Term Sheet incorporated into the CCAA Support Agreement (together with the CCAA Support Agreement, the "Recapitalization Agreement").

On October 6, 2009, as set out in the terms of the Recapitalization Agreement, the Canwest Media Applicants applied for and obtained creditor protection under the CCAA and the Court approved the conversion of the ABL facility into a debtor-in-possession ("DIP") financing arrangement (notes 4 and 17). On October 14, 2009, the Court approved a claims procedure, which sets out the process for identifying and valuing claims against the Canwest Media Applicants and the directors and officers of the Canwest Media Applicants by the creditors affected by the CCAA filing. The claims procedure was amended on November 30, 2009 by the Court.

On October 30, 2009, the Court granted an order approving the orderly transition and subsequent termination of certain shared services arrangements between the Canwest Media Applicants and other subsidiaries of the Company. The new shared services arrangement provides for the orderly termination of shared services on dates ranging from February 28, 2010 to February 28, 2011 and addresses certain employee-related matters including pensions and revises amounts payable for such services. In addition, substantially all of the assets and certain liabilities of the National Post 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.

The terms of the Recapitalization Agreement required that an equity investment in a restructured and recapitalized Canwest Global ("Restructured Canwest") by one or more Canadian investors be completed on or prior to the completion of a restructuring transaction. An extensive equity investment solicitation process was carried out by a financial advisor retained by the Company to identify potential new investors. On February 11, 2010, the Company entered into, among other agreements, a subscription agreement (the "Subscription Agreement") with Shaw 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. On March 9, 2010, GS Capital Partners VI Fund L.P. and certain of its affiliates (collectively, the "Goldman Sachs Parties") brought a motion in the Ontario Court of Appeal for leave to appeal the Shaw Approval Order, which has yet to be adjudicated and which has been resisted by the Company. In the event that the motion for leave to appeal is granted, the Goldman Sachs Parties' appeal would be permitted to proceed.

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 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. The terms of the Subscription Agreement, the related support agreement and the amended terms of the Recapitalization Agreement are described in more detail in note 4.

The Canwest Media CCAA Proceedings, discussed in note 4, "Canwest Media Creditor Protection and Recapitalization Plan", provide the Canwest Media Applicants with temporary relief from their creditors by preventing all secured and unsecured creditors from proceeding against the Canwest Media Applicants. The DIP financing arrangement provides funding for operations during the course of the filing. Under the Canwest Media CCAA Proceedings, the Canwest Media Applicants intend to prepare and file a formal plan of compromise and arrangement which will set out, among other things, how the Canwest Media Applicants propose to deal with their creditors affected by the plan (the "Recapitalization Plan"). The Recapitalization Plan will be subject to a vote by the affected creditors and must be approved by a requisite majority of affected creditors and sanctioned by the Court.

Upon the implementation of the Recapitalization Plan there may be a substantial realignment of the non-equity and equity interests. The Company may be required to comprehensively revalue its assets and liabilities based on the reorganization value resulting from the Recapitalization Plan, referred to as "fresh-start" accounting. These financial statements do not give effect to any adjustments that may be required as a result of fresh-start accounting.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

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

Claims during the CCAA proceedings

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

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

3. ACCOUNTING CHANGES

Goodwill and Intangible Assets

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

Proposed Accounting Changes

Business Combinations and Non-Controlling Interests

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

Multiple Deliverable Revenue Arrangements

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

4. CANWEST MEDIA CREDITOR PROTECTION AND RECAPITALIZATION PLAN

Recapitalization Agreement and Related Agreements

On October 5, 2009, the Canwest Media Entities entered into the Recapitalization Agreement with the Ad Hoc Committee pursuant to which they intend to pursue a recapitalization transaction related to the Canwest Media Entities. The Recapitalization Agreement was the result of extensive arm's length discussions between the Company and the Ad Hoc Committee. Under the terms of the Recapitalization Agreement, among other things, the Ad Hoc Committee agreed to vote in favour of the Recapitalization Plan and not to transfer their interests in the 8% Notes except to other members of the Ad Hoc Committee and the Canwest Media Entities agreed to use reasonable efforts to complete the Recapitalization Plan upon the terms set out in the Recapitalization Agreement.

The terms of the Recapitalization Agreement require that an equity investment in Restructured Canwest by one or more Canadian investors be completed on or prior to the completion of a restructuring transaction. On February 11, 2010, the Company entered into the Subscription Agreement with Shaw pursuant to which Shaw agreed to make an equity investment in Restructured Canwest, a support agreement with Shaw and the Ad Hoc Committee (the "Shaw Support Agreement"), and an amendment of the Recapitalization Agreement with the Ad Hoc Committee (the "Amended Recapitalization Agreement"). On February 19, 2010, the Court granted an order sanctioning these agreements, upon which they became effective.

Together, these agreements set out the amended terms and conditions of the proposed recapitalization of the Canwest Media Entities. The support of the proposed recapitalization by the Ad Hoc Committee and by Shaw is subject to the satisfaction of a number of conditions, and the agreements may be terminated under certain circumstances.

Under the Subscription Agreement, Shaw has agreed to purchase $95 million in voting shares of Restructured Canwest, representing a 20% equity interest and an 80% voting interest upon its emergence from the Canwest Media CCAA Proceedings.

The amended terms of the Recapitalization Plan, as set out in the Amended Recapitalization Agreement, contemplate that the affected creditors of the Canwest Media Applicants whose claims are compromised under the Recapitalization Plan, including the holders of the 8% Notes, will receive either an equity interest in Restructured Canwest or cash payments in amounts equal to the value of the equity interest that they would otherwise have received. Affected creditors (including members of the Ad Hoc Committee) who would otherwise be entitled to receive at least 5% of the equity of Restructured Canwest may elect to receive equity or cash in full satisfaction of their claims. All other affected creditors, including those eligible to receive shares of Restructured Canwest, but which have elected not to receive shares, will receive cash payments to extinguish their claims, in amounts equal to the value of the equity that they would have otherwise received under the Recapitalization Plan. Existing shareholders of Canwest Global will receive cash payments in exchange for their shares equivalent in the aggregate to 2.3% of the implied equity value of Restructured Canwest. Shaw has agreed to fund certain of these cash payments to affected creditors and shareholders in exchange for additional voting shares of Restructured Canwest which would result in Shaw's equity interest increasing above the initial 20%. Members of the Ad Hoc Committee have the right to participate with Shaw in the funding of this additional commitment.

Based on the Shaw equity subscription, Restructured Canwest has an implied equity value of $475 million. The implied equity value of Restructured Canwest attributable to affected creditors other than the holders of the 8% Notes is not to exceed 18.5% of the total outstanding equity of Restructured Canwest on its emergence from the CCAA protection.

The terms of the Amended Recapitalization Agreement, the Subscription Agreement and the Shaw Support Agreement contemplate that, upon its emergence from the CCAA protection, Restructured Canwest would be a private company and that all existing equity settled stock based compensation plans would be terminated without compensation. Following successful completion of the recapitalization transaction, Restructured Canwest would be de-listed from the TSX Venture Exchange and would apply to cease to be a reporting issuer under Canadian securities laws. Restructured Canwest would be managed and operated as a stand-alone business with its own board of directors.

The Subscription Agreement contains an exclusivity covenant in favour of Shaw and sets out liquidity mechanisms to provide equity holders with the ability to divest of their equity interests in Restructured Canwest. It also sets out the principal terms of a shareholders' agreement to be entered into by the shareholders of Restructured Canwest upon its emergence from the CCAA protection with respect to capital structure, governance, shareholder rights and other matters. The Subscription Agreement may be terminated in certain circumstances, including by Canwest Global in the event that the Shaw Support Agreement between the Company, Shaw and the members of the Ad Hoc Committee is terminated.

Under the Amended Recapitalization Agreement, the Subscription Agreement and the Shaw Support Agreement, there are a number of conditions which must be satisfied in order for the Recapitalization Plan to be completed, including that, among other things, the resulting equity structure of Restructured Canwest must comply with the Canadian ownership and control requirements of the Canadian Radio-television and Telecommunications Commission (the "CRTC"), the amended and restated shareholders' agreement concerning CW Media must be amended and restated or otherwise addressed in a manner agreed to by the Company, Shaw and the Ad Hoc Committee or disclaimed in accordance with the CCAA, the Company must maintain at least a 35.33% ownership interest in the equity of CW Media, the Company must be able to secure financing, the Company must receive the necessary creditor and Court approval of the Recapitalization Plan to be able to emerge from the Canwest Media CCAA Proceedings, and the Company must use $85 million of the proceeds from Shaw's equity subscription to reduce amounts due under the 8% Notes. The Amended Recapitalization Agreement and the Subscription Agreement may be terminated by the Company, Shaw or the members of the Ad Hoc Committee, as applicable, upon the occurrence of certain events, including a material adverse change in the financial condition of the Company, regulatory impediments that would make the completion of the Recapitalization Plan unlikely or unsatisfactory to the parties, a default under the terms of the DIP financing or the CW Media debt, absence of the creditor approval of the Recapitalization Plan by April 15, 2010 (unless such date is extended) and non-completion of the transactions set out in the Recapitalization Plan by August 11, 2010. The Canwest Media Applicants are currently in negotiations with the Ad Hoc Committee with respect to the extension of certain of the milestones set out in the Amended Recapitalization Agreement.

The Subscription Agreement, the Amended Recapitalization Agreement and the Shaw Support Agreement contain a number of representations, warranties and covenants of the parties. In certain circumstances, Canwest would be required to pay Shaw a termination fee in the amount of $5 million and reimburse Shaw for its costs and expenses up to a maximum amount of $2.5 million. On closing, the Company is required to reimburse Shaw for its costs and expenses up to a maximum amount of $2.5 million.

The Recapitalization Agreement, the Amended Recapitalization Agreement, the Subscription Agreement and the Shaw Support Agreement have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and are available at www.sedar.com.

On March 9, 2010, the Goldman Sachs Parties brought a motion in the Ontario Court of Appeal for leave to appeal the Shaw Approval Order, which has yet to be adjudicated and has been resisted by the Company. In the event that the motion for leave to appeal is granted, the Goldman Sachs Parties' appeal would be permitted to proceed.

There is uncertainty related to the completion of the recapitalization transactions as described above as a result of the number and complexity of the conditions that must be satisfied.

Creditor Protection

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

On October 14, 2009, and amended on November 30, 2009, the Court authorized the Canwest Media Applicants to conduct a claims procedure for the identification, resolution and barring of claims against the Canwest Media Applicants. This procedure together with the current status of the claims are described in note 8.

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

Under the terms of the Canwest Media Initial Order, FTI Consulting Canada Inc. was appointed as the monitor (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 may advise the Canwest Media Applicants on their development of a restructuring plan and, to the extent required, assist the Canwest Media Applicants with a restructuring.

Business Operations

During the Canwest Media CCAA Proceedings, the Canwest Media Applicants continue to operate with the assistance of the Monitor and under the supervision of the Court. Pursuant to the Canwest Media Initial Order, and subject to the conditions set out therein and the requirements set out in the CCAA, the Canwest Media Applicants are required to pay all amounts due to governmental entities related to employee deductions, sales taxes, and other taxes and assessments. The Canwest Media Applicants are permitted to pay outstanding and future employee wages, salaries and employee benefits and other employee obligations; pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the Canwest Media Applicants; and pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest Media Applicants. The Canwest Media Initial Order also 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 the accounting policies of the Company.

Financial Restructuring/Recapitalization

The Canwest Media Applicants are undertaking a financial and corporate restructuring and intend to propose a Recapitalization Plan as contemplated by the Amended Recapitalization Agreement which must be approved by the requisite majority of affected creditors and sanctioned by the Court. There can be no assurance that the Recapitalization Plan will be supported by the affected creditors and sanctioned by the Court, or that the Recapitalization Plan will be implemented successfully.

DIP Financing

On October 6, 2009, the Court approved the conversion of Canwest Media's existing secured revolving credit facility (see note 17) into a DIP financing arrangement in accordance with the terms set out in the credit facility entered into in May 2009. The DIP financing arrangement increased the maximum borrowings available under the facility from $75 million to $100 million. The availability under the facility is determined based on the value of the assets which secure the facility measured on a weekly basis. On October 6, 2009, no amounts were drawn on the facility and $10.9 million of the availability was utilized by letters of credit issued under the facility. The facility matures on the earlier of October 6, 2010 and the date on which the Recapitalization Plan is implemented, but is subject to an earlier maturity date under certain circumstances including certain events of default as defined in the agreement. The facility sets out certain milestones including a requirement to have creditor approval of the Recapitalization Plan by April 15, 2010. The Company is currently in discussion with its DIP lender related to the extension of that milestone. Interest, principal and fees payable under the facility are not affected by the Canwest Media CCAA Proceedings. All cash receipts of the Canwest Media Entities are required to be applied to reduce amounts outstanding under the facility.

Priority of Charges

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

5. CANWEST LP CREDITOR PROTECTION AND PLAN

Canwest LP has not been in compliance with the financial covenants of its senior secured credit facilities ("Canwest LP Secured Credit Facilities") since May 31, 2009. From May 2009 to August 2009 Canwest LP did not make interest and principal payments on its senior secured credit facility and the associated hedging derivative instruments or in respect of its senior subordinated unsecured credit facility ("Canwest LP Senior Subordinated Credit Facility") or its senior subordinated unsecured notes ("Canwest LP Senior Subordinated Notes"). These payments were not made in order to preserve cash to fund operations while Canwest LP worked to negotiate a potential recapitalization transaction. As a result of the payment default under the Canwest LP Secured Credit Facilities, the hedging derivative instrument counterparties terminated the hedging arrangements and demanded immediate payment of an aggregate of $68.9 million (the "Canwest LP Secured Hedge Obligations").

Effective August 31, 2009, the Canwest LP Entities entered into a forbearance agreement with the administrative agent under the Canwest LP Secured Credit Facilities (the "Administrative Agent") under which the lenders agreed to not 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 of Canwest LP and its subsidiaries. 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 outstanding under the Canwest LP Secured Hedge Obligations. The forbearance agreement was subject to a number of conditions and required the achievement of certain milestones. 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 Canwest LP Senior Subordinated Notes and did not enter into any forbearance arrangements with these unsecured lenders or 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 "Canwest LP Support Agreement") which was approved by the Court on January 8, 2010. The Administrative Agent acts on behalf of the lenders under the Canwest LP Secured Credit Facilities and the Canwest LP Secured Hedge Obligations (collectively, the "Canwest LP Senior Lenders"). The Canwest LP Support Agreement requires the Canwest LP Entities, among other things, (a) to commence CCAA proceedings; (b) to implement and make effective a plan of compromise and arrangement under the CCAA (the "Canwest 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 is not successful, to use their best efforts to implement the agreement for a newly established corporation ("Acquireco") capitalized by the Canwest 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 Canwest LP Senior Lenders committing to the Canwest LP Senior Lenders CCAA Plan.

The Canwest LP Support Agreement may be terminated by the Administrative Agent if there is a breach by the Canwest LP Entities of any of the terms and conditions of the agreement, or if the following milestones are not met: (a) a sanction order has not been obtained in respect of the Credit Acquisition by May 15, 2010; or (b) the Credit Acquisition has not been completed by June 30, 2010. The Canwest LP Support Agreement automatically terminates upon the closing of the Credit Acquisition or the closing of an offer accepted under the SISP.

The Canwest LP Support Agreement provides that the Canwest LP Senior Lenders CCAA Plan may be amended or extended prior to its completion. There is uncertainty related to its completion as a result of the number and complexity of the conditions that must be satisfied.

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 provisions, provides for a general stay of proceedings that has been extended to June 30, 2010 and may be further extended by the Court. The Canwest LP Initial Order can be further amended by the Court throughout the Canwest LP CCAA Proceedings based on motions from the Canwest LP Applicants, their creditors and other interested parties.

On January 8, 2010, the Court appointed FTI Consulting Canada Inc. as the monitor (the "Canwest LP Monitor"). The Canwest 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 Canwest LP CCAA Proceedings, advise the Canwest LP Entities on various matters, assist the Chief Restructuring Advisor to the Canwest LP Entities (the "CRA"), and supervise the SISP. CRS Inc. was appointed as the CRA. The 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. 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.

Pursuant to the Canwest LP Initial Order, and subject to the conditions set out therein and the requirements set out in the Canwest LP Support Agreement, the Canwest LP Entities are (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 allows the Canwest LP Entities, subject to the provisions of the CCAA, to disclaim any arrangement or agreement.

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.

On April 12, 2010, the Court authorized the Canwest LP Entities to conduct a claims procedure for the identification, resolution and barring of certain specified claims, other than claims of the Canwest LP Senior Lenders, against the Canwest LP Entities. The claims procedure requires trade creditors and other parties wishing to assert a claim against one or more of the Canwest LP Entities for any indebtedness, liability or obligation arising on or before January 8, 2010, to submit a proof of claim with the Monitor on or before May 7, 2010. Claims arising after January 8, 2010, will be required to provide a proof of claim to the Monitor twenty-one business days after being provided a claim notice form.

Canwest LP Senior Lenders CCAA Plan

On January 8, 2010, the Court accepted for filing the Canwest LP Senior Lenders CCAA Plan, authorized the Canwest LP Entities to seek approval of the Canwest LP Senior Lenders CCAA Plan (which approval was obtained at the meeting of Canwest LP Senior Lenders held on January 27, 2010), and established the claims process for Canwest LP Senior Lenders.

The Canwest LP Senior Lenders CCAA Plan does not compromise or affect any claims other than the claims of the Canwest LP Senior Lenders. The Canwest LP Senior Lenders CCAA Plan requires repayment in full of all claims related to the Canwest LP DIP Facility (as defined below) on the implementation date of the Canwest LP Senior Lenders CCAA Plan unless consent is received from the lenders under the Canwest LP DIP Facility for such facility to be assumed in the Credit Acquisition or a transaction under the SISP. The Canwest LP Senior Lenders CCAA Plan also addressed the manner in which certain priority claims would be dealt with as further described under the Credit Acquisition and SISP below. Under the Canwest LP Senior Lenders CCAA Plan, the claims for the Canwest LP Secured Credit Facility and the Canwest LP Secured Hedge Obligations are subject to a discount of $25 million.

Under the Canwest LP Senior Lenders CCAA Plan, Canwest LP Senior Lenders are entitled to (a) receive debt and equity of Acquireco in exchange for their claims less a discount of $25 million and have unpaid interest either paid on the implementation date or assumed by Acquireco or (b) repayment of their claims less a discount of $25 million if a transaction is completed under the SISP.

The claims process under the Senior Lenders CCAA Plan was completed on January 22, 2010 and confirmed the amount of Canwest LP Secured Claims in the amount of $925.4 million as discussed in note 9. The Canwest LP Secured Lenders CCAA Plan was approved by the Canwest LP Senior Lenders in a meeting held on January 27, 2010.

Sales and Investor Solicitation Process

On January 8, 2010, the Court approved the SISP to 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. If a successful bid is not obtained, the Credit Acquisition, as described below, would proceed. A successful bid is either (a) a credible, reasonably certain and financially viable offer that would result in a cash distribution to the Canwest LP Senior Lenders in an aggregate amount equal to the amount of their claims less a discount of $25 million ("Superior Cash Offer") or (b) 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 Canwest LP Senior Lenders' claims as determined in (a)) or a reorganization of the Canwest LP Entities ("Superior Alternative Offer"), in each case as approved by a formal vote of the Canwest LP Secured Lenders in which at least 66.7% in value of the secured debt under the Canwest LP Secured Credit Facilities and the Canwest LP Secured Hedge Obligations and at least an absolute majority in number of the Canwest LP Secured Lenders that participate in such vote approve such transaction.

If a Superior Cash Offer or a Superior Alternative Offer (collectively, the "Superior Offer") is received, the Canwest LP Monitor, after consultation with the financial advisor and CRA, will recommend to the Special Committee of the board of directors of Canwest Global (the "Canwest Global Special Committee") the most favourable Superior Offer be selected and that a definitive agreement be negotiated and settled, conditional upon Court approval and conditional on the Superior Offer closing within 60 days after April 30, 2010. If the Canwest Global Special Committee accepts the Superior Offer, the Canwest LP Monitor, in consultation with the financial advisor and the CRA, will negotiate and settle a definitive agreement. If the Canwest Global Special Committee does not wish to proceed with the Superior Offer, the Canwest LP Monitor will seek advice and direction from the Court with respect to the SISP.

If a Superior Cash Offer is accepted, each of the Canwest LP Senior Lenders will receive its pro rata share of the claims for the Canwest LP Secured Credit Facilities and the Canwest LP Secured Hedge Obligations less a discount of $25 million in aggregate. Certain unaffected claims including the Canwest LP DIP Facility, certain employee benefit claims, cash management obligations and any secured claims ranking in priority will be paid. If a Superior Alternative Offer is accepted, the Canwest LP Senior Lenders CCAA Plan will be terminated unless otherwise provided in such Superior Alternative Offer.

On March 5, 2010, the initial phase of the SISP was completed with potential bidders submitting non-binding indications of interest. In accordance with the SISP procedures, and following a review of the non-binding indications of interest, the Canwest LP Monitor determined that there was a reasonable prospect of obtaining a Superior Offer and on March 12, 2010, made a recommendation to the Canwest Global Special Committee that the SISP continue for a further seven weeks ("Phase 2"). The Canwest Global Special Committee accepted the Canwest LP Monitor's recommendation, and Phase 2 of the SISP commenced on March 12, 2010. During Phase 2, qualified bidders will be able to conduct due diligence and, in accordance with the SISP procedures, may deliver final, binding proposals to the financial advisor on or before April 30, 2010, following which a determination as to whether a Superior Offer has been proposed will be made in accordance with the terms of the SISP.

Acquisition and Assumption Agreement

If a Superior Offer is not obtained through the SISP, then, under the terms of the Canwest LP Senior Secured Plan, the Canwest LP Entities are required to use all commercially reasonable efforts to complete the Credit Acquisition. In connection with the Credit Acquisition, the Canwest LP Senior Lenders would assign their claims under the Canwest LP Secured Credit Facilities and Canwest LP Secured Hedge Obligations to Acquireco for a pro rata share of debt and equity to be issued by Acquireco. Acquireco would enforce its security on the assets of the Canwest LP Entities and acquire substantially all of the assets of the Canwest LP Entities, including the shares of National Post Inc., and assume certain liabilities and claims of the Canwest LP Entities, unpaid fees due to the Administrative Agent and unpaid interest due to the Canwest LP Senior Lenders.

Following the completion of the Credit Acquisition, Acquireco will continue to hold an unsecured claim against the Canwest LP Entities equal to the $25.0 million discount amount described under the SISP. The Credit Acquisition, if approved, does not provide for any recovery for any equity holders of any of the Canwest LP Entities. Prior to the transfer of the assets to Acquireco, the Canwest LP Entities, Acquireco and the Canwest LP Monitor will agree upon (or the Court will determine) the amount of cash to be reserved to pay certain priority charges, post-filing accounts payable, certain employment related obligations of the Canwest LP Entities, certain claims of government entities and the fees and costs of any trustee in bankruptcy of the Canwest LP Entities.

DIP Financing

On January 8, 2010, certain of the Canwest LP Senior Lenders agreed to extend to the Canwest LP Entities a senior secured 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. The definitive agreements were executed on February 5, 2010.

The Canwest LP DIP Facility is secured by substantially all of the current and future assets of the Canwest LP Entities, subject only to a priority as listed in the priority of charges created in the Canwest LP Initial Order. The Canwest LP DIP Facility is guaranteed by the Canwest LP Entities. Under the Canwest LP DIP Facility, the availability of funds is determined by a borrowing base based on accounts receivable of the Canwest LP Entities and the fair value of eligible real property less certain reserves. Canwest LP has not drawn on the Canwest LP DIP Facility, and had the full Canwest LP DIP Facility available to draw on based on the borrowing base calculations as at February 28, 2010.

The Canwest LP DIP Credit Agreement places certain restrictions on the use of the financing and contains certain financial and reporting covenants.

The DIP Facility matures, subject to acceleration under certain circumstances, on the earliest of; (i) July 31, 2010; (ii) the date of a plan of arrangement under CCAA has been implemented by the Canwest LP Entities; or (iii) the date on which the Canwest LP Initial Order expires without being extended or on which the Canwest LP CCAA Proceedings are dismissed or converted into bankruptcy proceedings. In addition, the Canwest LP DIP Facility is to be repaid with the net cash proceeds of assets sales by the Canwest LP Entities. The Canwest LP DIP Facility will not be affected by any plan of compromise or arrangement filed by the Canwest LP Entities under the CCAA or any other restructuring.

Priority of Charges

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 Canwest 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 MIP charge was subsequently increased to $4.3 million on March 26, 2010).

6. REORGANIZATION ITEMS CANWEST MEDIA APPLICANTS

These reorganization items represent revenues, expenses, gains and losses, and provisions for losses that are directly related to the Canwest Media CCAA Proceedings. Reorganization items that have been included in net earnings (loss) for the three and six months ended February 28, 2010 are as follows:

	For the three months ended		For the six months ended	
	February 28, 2010	February 28, 2009	February 28, 2010	February 28, 2009
Professional fees	10,356	1,599	25,502	1,599
Contract repudiation	-	-	46,276	-
Provisions for contingencies	12,460	-	17,838	-
Other expenses	2,808	-	6,610	-
Foreign exchange gains	(1,324)	-	(9,905)	-
Losses on asset disposals	1,413	-	1,413	-
	25,713	1,599	87,734	1,599

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

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

During the three and six months ended February 28, 2010, the Company recorded a provision for $14 million for certain contingencies representing the Company's estimate of the probable settlement amount in respect of certain litigation claims. The provision has been recorded in Reorganization items in the statement of earnings (loss), and is included in liabilities subject to compromise.

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

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

7. REORGANIZATION ITEMS CANWEST LP ENTITIES

These reorganization items represent revenues, expenses, gains and losses, and provisions for losses that are directly related to the CCAA Proceedings of the Canwest LP entities. Reorganization items that have been included in net earnings (loss) for the three and six months ended February 28, 2010 are as follows:

	For the three months ended	For the six months ended
	February 28, 2010	
Professional fees	12,633	19,292
Other expenses	2,106	4,583
Foreign exchange losses	16,201	16,201
	30,940	40,076

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

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

Foreign exchange losses result from changes in currency translation rates on liabilities subject to compromise.

8. LIABILITIES SUBJECT TO COMPROMISE - CANWEST MEDIA APPLICANTS

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

The liabilities subject to compromise are based on amounts expected to be allowed for known claims or potential claims to be resolved through the Canwest Media CCAA Proceedings. The liabilities subject to compromise do not include amounts for contracts repudiated or disclaimed subsequent to February 28, 2010, as such amounts are recognized under generally accepted accounting principles when the contracts are repudiated or disclaimed, or amounts related to claims for employee benefits which represent actuarial gains or losses which are recognized in accordance with accounting policies for employee benefit plans. It is reasonably possible that the amount of liabilities subject to compromise will change in the near term due to negotiated settlements, actions of the Courts, further developments with respect to disputed claims, repudiation of contracts, other restructuring plans or other events. Such adjustments may be material.

Claims Procedure

On October 14, 2009, and as amended on November 30, 2009, the Court authorized the Canwest Media Applicants to conduct a claims procedure for the identification, resolution and barring of claims against the Canwest Media Applicants. The claims procedure contemplated that known creditors and including employees who received claims packages from the Canwest Media Applicants were required to submit disputes or revisions by November 19, 2009 (the "Claims Bar Date") or December 17, 2009 (the "Extended Claims Bar Date") depending on when their claims package was issued. Unknown creditors were required to submit a proof of claim on or before the Claims Bar Date. The Court approved claims procedure provides that claims denominated in a foreign currency are to be translated into Canadian dollars using a ten day average exchange rate for the period preceding the filing of a plan or compromise or arrangement and that interest and penalties that would otherwise accrue during the post filing period would not be allowed. The claims procedure order of the Court sets out certain processes to be followed by the Canwest Media Applicants in disclaiming or resiliating any contracts or agreements and in the resolution of disputed claims.

As part of the Canwest Media CCAA claims process, claims totaling $1.0 billion were filed against Canwest Media by certain senior and subordinate lenders to Canwest LP related to debt owing by Canwest LP to the senior and subordinate lenders. The claim alleges that Canwest Media took part in the control of the business of Canwest LP and is therefore liable for the indebtedness of Canwest LP as a general partner of it. The Company believes that the allegations in the Proof of Claim filed by certain senior and subordinate lenders of Canwest LP are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The outcome of this claim is not currently determinable.

As of February 28, 2010, a total of 1,765 claims ("Total Claims") have been received and either have been accepted, resolved or are pending resolution. The Total Claims filed amount to $17.9 billion including intercompany claims of $0.7 billion ("Intercompany Claims").

The Canwest Media Applicants have identified that certain creditors have filed identical claims against two or more of the Canwest Media Applicants ("Duplicate Claims") when the claimant believes that multiple Canwest Media Applicants are jointly and severally liable for a single obligation or one or more of the Canwest Media Applicants have guaranteed another applicant's indebtedness. The estimated amount of Duplicate Claims is $14.7 billion.

The Total Claims filed less Duplicate Claims and Intercompany Claims amount to $2.4 billion. Of this amount, the Company has recorded $0.5 billion as liabilities subject to compromise on the consolidated balance sheet as at February 28, 2010. The difference between the recorded liabilities subject to compromise and the amount of Total Claims filed less Duplicate Claims and Intercompany Claims amounts to $1.9 billion, and consists of $1.0 billion related to the Canwest LP senior and subordinated lender claim, $0.8 billion related to legal claims for which the Company recorded a provision of $14 million during the three and six months ended February 28, 2010 (note 6), and $0.1 billion of other differences. The Canwest Media Applicants continue to investigate these other differences. Additional claims may be recognized by the Canwest Media Applicants as a result of this process and such additional claims may be material. The Recapitalization Plan, if approved, will determine how each class of affected claims will be settled, including payment terms, if applicable.

Liabilities subject to compromise do not include: (i) any liabilities of the Canwest LP Entities, the National Post Inc., or other entities not subject to the Canwest Media CCAA Proceedings; (ii) liabilities incurred after the date of the CCAA filing by the Canwest Media Applicants, except for liabilities related to repudiated or disclaimed contracts or restructuring provisions incurred after the CCAA filing and (iii) liabilities that the Canwest Media Applicants expect to pay either before or on emergence from the Canwest Media CCAA Proceedings.

The liabilities subject to compromise as at February 28, 2010 are as follows:

	2010
Trade payables and accrued liabilities	94,082
Restructuring liabilities	4,500
Long-term debt and accrued interest	449,337
	547,919

Intercompany assets and liabilities (note 10) are eliminated in the preparation of the consolidated financial statements. Certain intercompany liabilities may be subject to compromise and the related intercompany assets may be impaired. These amounts may be material. The status of these assets and liabilities will be determined in the Recapitalization Plan and is not currently known.

9. LIABILITIES SUBJECT TO COMPROMISE - CANWEST LP ENTITIES

These liabilities subject to compromise are liabilities that have been stayed under the Canwest LP CCAA Proceedings that may be compromised under the Canwest LP CCAA Proceedings. The liabilities subject to compromise are recognized at management's best estimate of the amount expected to be allowed under a claims process, but these amounts may change, and such changes may be material. It is also possible that items not currently classified as liabilities subject to compromise in these interim consolidated financial statements will be added or reclassified to this category of liabilities at a later date. It is also possible that items currently classified as liabilities subject to compromise will be reclassified out of this category should they be proven to be fully secured. Further, under the Canwest LP CCAA Proceedings, certain contracts may be disclaimed and claims may be recognized for such contracts. Any adjustments to this category may prove to be material and, depending on their nature, may be recorded as Reorganization Items.

The liabilities subject to compromise as at February 28, 2010 are as follows:

	2010
Trade payables and accrued liabilities [1]	59,844
Senior secured credit facilities and related hedging obligation [2]	933,747
Senior subordinated unsecured notes [1]	421,000
Senior subordinated unsecured credit facility [1]	75,000
	1,489,591

(1) These liabilities are not affected by the Senior Lenders CCAA Plan. On April 12, 2010 the Court approved a claims process for certain of the unsecured creditors of the Canwest LP Entities see note 5.

(2) As described in note 5, under the Canwest LP Senior Lenders CCAA Plan, the claims under the Canwest LP Secured Credit Facility and Canwest LP Hedging Obligations have been determined to be $925.4 million. The provisions of the SISP and the Credit Acquisition, provide that the Canwest LP Secured Lenders would receive proceeds of $900.4 million plus, in the case of the Credit Acquisition only, an unsecured claim against the Canwest LP Entities of $25 million. Because the Canwest LP Secured Claims are not expected to be fully satisfied due to the $25 million discount, these obligations have been presented as liabilities subject to compromise. The Secured Claim of $925.4 million differs from the recorded amount of $933.8 million due to foreign exchange fluctuations on the US denominated debt from January 8, 2010 to February 28, 2010.

10. CONDENSED COMBINED FINANCIAL INFORMATION CANWEST MEDIA ENTITIES

Presented below is the Condensed Combined Financial Information of the Canwest Media Applicants as at and for the three and six months ending February 28, 2010, including the amount of intercompany receivables and payables between the Canwest Media Applicants and other entities included in the unaudited consolidated financial statements. The intercompany balances have been reflected net of any allowance for non-collectability.

CONDENSED COMBINED STATEMENT OF EARNINGS

	For the three months ended	For the six months ended
	February 28, 2010	
Revenue	114,853	284,967
Operating expenses	114,351	250,230
Restructuring expense (reversal)	(557)	(743)
Settlement of regulatory fees	-	(21,871)
	1,059	57,351
Amortization of property and equipment	6,927	14,089
Other amortization	25	50
Operating income (loss)	(5,893)	43,212
Interest expense, net	214	(8,637)
Foreign exchange gains (losses)	(2,331)	13,789
Investment gains, losses and write-downs	1,777	3,808
Reorganization items	(25,713)	(87,734)
	(31,946)	(35,562)
Provision for (recovery of) income taxes	7,864	(3,256)
Loss before the following	(39,810)	(32,306)
Interest in loss of equity accounted affiliates	(112)	(284)
Net loss for the period	(39,922)	(32,590)

CONDENSED COMBINED BALANCE SHEET

As at February 28, 2010

ASSETS	
Current Assets	
Cash and cash equivalents	115,355
Restricted cash	10,934
Accounts receivable	117,991
Income taxes recoverable	1,260
Other current assets	3,475
	249,015
Other investments	1,318,808
Broadcast rights	103,754
Property and equipment	154,341
Other assets	23,857
	1,849,775
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	41,216
Broadcast rights payable	86,994
Deferred revenue	113
	128,323
Other long-term liabilities	24,859
Future income taxes	16,770
Amounts due to related parties	684,645
Liabilities subject to compromise	547,919
	1,402,516
SHAREHOLDERS' EQUITY	447,259
	1,849,775

CONDENSED COMBINED STATEMENT OF CASH FLOWS

	For the three months ended	For the six months ended
	February 28, 2010	
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net loss for the period	(39,922)	(32,590)
Reorganization items	25,713	87,734
Items not affecting cash		
Amortization	6,952	14,139
Net non-cash interest expense	-	1,301
Future income tax recovery	(856)	(3,173)
Broadcast rights write-downs	-	1,737
Investment gains, losses and write-downs	43	(668)
Pension expense less than employer contributions	(950)	(2,143)
Losses of equity accounted affiliates	112	284
Foreign exchange gains	-	(16,844)
Stock based compensation expense	347	916
	(8,561)	50,693
Changes in non-cash operating accounts	59,940	(20,645)
Reorganization items	(14,737)	(29,883)
Cash flows from operating activities	36,642	165
INVESTING ACTIVITIES		
Other investments	(668)	211
Reorganization items	3,000	3,000
Restricted cash	(4,488)	(8,434)
Advances from related parties	-	617,819
Purchase of property and equipment	(1,484)	(4,106)
	(3,640)	608,490
FINANCING ACTIVITIES		
Repayment of long-term debt	-	(497,560)
Repayments of revolving facilities, net of financing costs	-	(14,964)
	-	(512,524)
Net change in cash and cash equivalents	33,002	96,131
Cash and cash equivalents – beginning of period	82,353	19,224
Cash and cash equivalents – end of period	115,355	115,355

11. CONDENSED COMBINED FINANCIAL INFORMATION CANWEST LP ENTITIES

Presented below are the Condensed Combined Financial Information of the Canwest LP Entities as at and for the three and six months ending February 28, 2010.

CONDENSED COMBINED STATEMENT OF EARNINGS

	For the three months ended	For the six months ended
	February 28, 2010	
Revenue	236,073	500,751
Operating expenses	193,783	390,115
Restructuring expenses (reversal)	(80)	2,465
	42,370	108,171
Amortization of intangibles	1,608	3,216
Amortization of property and equipment	9,815	19,160
Other amortization	47	95
Operating income	30,900	85,700
Interest expense	(29,629)	(50,537)
Foreign exchange gains	19,030	53,859
Investment gains	-	2
Reorganization items	(30,630)	(39,766)
	(10,329)	49,258
Recovery of income taxes	(15,338)	(6,480)
Net earnings for the period	5,009	55,738

CONDENSED COMBINED BALANCE SHEET

As at February 28, 2010

ASSETS	
Current Assets	
Cash and cash equivalents	85,282
Accounts receivable	125,153
Inventory	5,360
Income taxes recoverable	4,756
Other current assets	13,757
	234,308
Property and equipment	354,294
Other assets	8,791
Goodwill and intangible assets	891,268
	1,488,661
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	93,675
Deferred revenue	29,208
Obligations under capital leases	3,345
	126,228
Other long-term liabilities	58,428
Obligations under capital leases	1,969
Future income taxes	64,776
Amounts due to related parties	939
Liabilities subject to compromise	1,489,591
	1,741,931
SHAREHOLDERS' DEFICIENCY	(253,270)
	1,488,661

CONDENSED COMBINED STATEMENT OF CASH FLOWS

	For the three months ended	For the six months ended
	February 28, 2010	
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings for the period	5,009	55,738
Reorganization items	30,630	39,766
Items not affecting cash		
Amortization	11,470	22,471
Net non-cash interest expense	14,885	15,462
Future income tax recovery	(4,039)	(6,480)
Investment gains	-	(2)
Pension expense less than employer contributions	(2,991)	(10,497)
Foreign exchange gains	(20,085)	(53,892)
	34,879	62,566
Changes in non-cash operating accounts	26,559	6,307
Reorganization items	(14,539)	(21,198)
Cash flows from operating activities	46,899	47,675
INVESTING ACTIVITIES		
Other investments	-	2
Purchase of property and equipment	(1,990)	(5,355)
	(1,990)	(5,353)
FINANCING ACTIVITIES		
Repayments of revolving facilities, net of financing costs	1,889	1,889
Payments of capital leases	(1,519)	(1,519)
	370	370
Net change in cash and cash equivalents	45,279	42,692
Cash and cash equivalents – beginning of period	40,003	42,590
Cash and cash equivalents – end of period	85,282	85,282

12. DIVESTITURES

On October 1, 2009, the Company sold its controlling interest in Ten Holdings, consisting of the Company's Australian television and Out-of-home operating segments (note 19). The Company recorded a disposition of goodwill, intangible assets, other assets, long-term debt, and other liabilities of $124.5 million, $233.0 million, $616.5 million, $366.4 million, and $561.6 million, respectively.

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

During 2009, the Company completed a review of five television stations that make up the E! Network which was included in the Canadian television segment. As a result of this review, in August 2009, the Company sold certain of the net assets of two of the E! Network television stations, CHCH-TV in Hamilton and CJNT-TV in Montreal and recorded a disposition of assets of $3.5 million and liabilities of $1.2 million. On September 4, 2009, the Company completed the sale of CHEK-TV in Victoria and recorded a disposition of liabilities of $0.2 million and recorded a gain of $0.7 million on the sale of this station. Of the remaining stations, CHBC-TV in Kelowna was rebranded as a Global Television Network affiliate and CHCA-TV in Red Deer was closed effective August 31, 2009. The Company has determined that the E! Network did not meet the criteria for classification as a discontinued operation. The loss from the operations of the E! Network for the three and six months ended February 28, 2009 is summarized as follows:

	For the three months ended	For the six months ended
	February 28, 2009	
Revenue	18,300	43,734
Operating expenses	28,356	63,658
Restructuring expenses (reversal)	(357)	3,925
Broadcast rights write-downs	29,620	29,620
	(39,319)	(53,469)
Amortization of property and equipment	712	1,399
Operating loss	(40,031)	(54,868)
Financing expense	(4)	(6)
Impairment loss on property and equipment	(10,377)	(10,377)
Net loss	(50,412)	(65,251)

In May 2009, the Company sold its Turkey radio segment (note 19). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $13.3 million, $14.6 million, and $1.0 million, respectively.

In March 2009, the Company sold The New Republic which was included in the Publishing segment (note 19). The Company recorded a disposition of assets of $0.6 million and liabilities of $2.7 million.

13. RESTRICTED CASH

In May 2009, Canwest Media deposited cash of $2.5 million to secure its banking and cash management services with the provider of those services. In November 2009, Canwest LP deposited funds into a trust for the purposes of satisfying its obligation to Canwest Media. for the Canwest Media KERP, the amount remaining as at February 28, 2010 was $2.9 million. In October 2009, Canwest Media transferred the assets and liabilities of the National Post Company, a general partnership, to National Post Inc., a subsidiary of Canwest LP, for cash consideration of $2.5 million. In December 2009, Canwest Television Limited Partnership sold the land and building of CHCA-TV in Red Deer for proceeds of $3.0 million. Pursuant to the terms of the Approval and Vesting Orders granted by the Court in respect of each such transaction, the net sale proceeds from each transaction remain subject to the charges, mortgages, liens, claims, liabilities, restrictions, security interests, trusts, deemed trusts and other encumbrances (collectively, the "Claims") that attached to the respective assets disposed of by the Canwest Media Applicants, with the same priority as such Claims had with respect to the disposed assets immediately prior to their sale. The Claims include the claims of CIBC Mellon Trust Company, as collateral agent under the DIP financing arrangement, as well as the various charges provided for in the Canwest Media Initial Order. As at February 28, 2010, the total restricted cash was $10.9 million.

14. GOODWILL AND INTANGIBLE ASSETS

Broadcast Rights

The Company's broadcast rights consist of the following:

	Canadian Television	CW Media Television	Total
Net book value as at August 31, 2008	121,255	229,208	350,463
Additions for the year	367,811	152,459	520,270
Amortization for the year	(348,114)	(121,937)	(470,051)
Impairment	(38,180)	-	(38,180)
Net book value as at August 31, 2009	102,772	259,730	362,502
Additions for the period	157,156	57,866	215,022
Amortization for the period	(137,294)	(54,473)	(191,767)
Impairment	(1,737)	-	(1,737)
Net book value as at February 28, 2010	120,897	263,123	384,020

Goodwill and Intangibles

During the six months ended February 28, 2010, the CW Media television segment acquired broadcast licences for $0.3 million and recorded an impairment loss of $3.1 million on brands as a result of the rebranding of a specialty television channel.

During the three and six months ended February 28, 2009, the Company recorded goodwill impairment charges in its Publishing segment of $895.1 million. In addition, the Company recorded impairment charges of $99.1 million for mastheads in its Publishing segment and $86.0 million for broadcast licences in its Canadian television segment.

15. RESTRUCTURING EXPENSES

The Company is centralizing certain functions including developing four state of the art broadcast centres to support the production needs of its local television stations and enable the transition to high definition. This initiative was conducted in three phases over the period from September 2007 to December 2009 and resulted in a net reduction in its workforce of 277 jobs. The total cost associated with this initiative was $12.1 million of which a reversal of nil and $0.2 million was recorded during the three and six months ended February 28, 2010, respectively.

During 2009, the Company initiated certain cost containment initiatives in its Canadian television segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a workforce reduction of 149 positions. The total cost associated with this initiative was $7.8 million of which a reversal of nil and $0.5 million was recorded during the three and six months ended February 28, 2010, respectively.

During 2009, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 632 positions. These current initiatives are expected to be complete by August 31, 2010 with total costs estimated in the range of $30 to $32 million. During the three and six months ended February 28, 2010, the Company accrued nil and $2.5 million, respectively, related to these initiatives.

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

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

	Publishing	Canadian television	CW Media television	Other	Total
Balance – August 31, 2008	2,376	6,088	939	-	9,403
Accrued during the year	28,805	10,662	852	737	41,056
Payments made during the year	(21,758)	(11,324)	(1,736)	-	(34,818)
Balance – August 31, 2009	9,423	5,426	55	737	15,641
Accrued (reversed) during the period	2,465	(743)	-	-	1,722
Payments made during the period	(2,539)	(477)	(55)	(110)	(3,181)
Balance – February 28, 2010	9,349	4,206	-	627	14,182

16. INCOME TAXES

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

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009 (Revised notes 19 and 25)	2010	2009 (Revised notes 19 and 25)
Income taxes at combined Canadian statutory rate of 30.02% (2009 – 31.08 %)	(13,386)	(372,990)	12,654	(380,252)
Non-taxable portion of capital (gains) losses	(2,069)	3,274	(11,837)	14,152
Increase (decrease) in valuation allowance on future tax assets	8,689	197,110	(15,245)	207,606
Effect of foreign income tax rates differing from Canadian income tax rates	57	214	35	313
Change in expected future tax rates	1,354	3,830	13,105	3,750
Non-deductible accretion expense	9,204	2,340	18,499	10,398
Non-deductible expenses	2,869	1,054	5,449	1,750
Partnership net earnings allocated to minority interests	(236)	(518)	(919)	(1,107)
Effect of intangible impairment	-	312,430	-	312,430
Effect of uncertain tax positions	(7,267)	3,298	(18,990)	4,350
Other	(1,238)	2	(508)	1,077
Provision for (recovery of) income taxes	(2,023)	150,044	2,243	174,467

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

17. LONG-TERM DEBT

	Maturity (fiscal year)	Principal Outstanding February 28, 2010 (millions)	As at February 28, 2010	As at August 31, 2009
Canwest Media Inc.:				
Secured revolving credit facility[1]	2011	-	-	12,756
Secured notes (net of debt issuance costs of nil (August 31, 2009 - $3 million))[2]	2010	-	-	99,924
Senior subordinated notes (net of debt issuance costs of nil (August 31, 2009 - $1 million))[3]	2012	US$393	413,840	838,507
Canwest LP:				
Senior secured credit facilities – Canwest LP DIP facility [4]	2010	-	-	-
Senior secured credit facilities - revolver	2012	$118	117,889	116,000
Senior secured credit facilities - credit C (net of debt issuance costs of nil (August 31, 2009 -$2 million))	2012	$265	265,000	262,692
Senior secured credit facilities - credit D (net of debt issuance costs of nil (August 31, 2009 - $4 million))	2014	US$458	482,089	497,311
Senior subordinated unsecured credit facility (net of debt issuance costs of nil (August 31, 2009 -$1 million))	2015	$75	75,000	74,235
Senior subordinated unsecured notes (net of debt issuance costs of nil (August 31, 2009 -$8 million))	2015	US$400	421,000	429,856
CW Media Holdings Inc.:				
Senior secured revolving credit facility	2013	-	-	-
Senior secured credit facility (net of debt issuance costs of $9 million (August 31, 2009 - $11 million))	2015	US$436	449,900	469,760
Senior unsecured notes including accrued interest (net of debt issuance costs of $7 million (August 31, 2009 -$8 million))[5]	2015	US$338	343,465	362,538
			2,568,183	3,163,579
Less long-term debt subject to compromise Canwest Media entities (note 8)			(413,840)	-
Less long-term debt subject to compromise Canwest LP entities (note 9)			(1,360,978)	-
			793,365	3,163,579
Less portion due within one year			(4,698)	(2,336,169)
Long-term portion			788,667	827,410

The terms and conditions of the long-term debt are the same as disclosed in the August 31, 2009 audited consolidated financial statements, except as disclosed below.

(1) In October 2009, on commencement of Canwest Media CCAA Proceedings the Canwest Media revolving $75 million secured credit facility was converted to a DIP loan facility and the maximum availability was increased to $100 million. The facility bears interest at the greater of prime rate and 2.25% plus an applicable margin. The capacity available under the 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 February 28, 2010, there was an additional $63 million available under the facility net of letters of credit of $11 million. The facility is secured by all current and future assets of Canwest Media and its wholly owned Canadian television operations but excludes the restricted cash securing its banking and cash management services (see note 13). The facility is guaranteed by Canwest Global, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media, excluding Canwest LP and its subsidiaries. All receipts of the Canwest Media Entities are applied against amounts outstanding under the revolving facility daily. This facility is not subject to compromise.

(2) On October 1, 2009, Canwest Media repaid its US$94 million secured notes for $101 million. The notes carried interest at 12% and were secured by a first charge against the shares held in Ten Holdings and a second charge on all assets that secure the secured revolving credit facility of Canwest Media as described in (1). The notes were guaranteed by the Company, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media excluding Canwest LP and its subsidiaries.

(3) On October 1, 2009, Canwest Media repaid $396 million (US$368 million) senior subordinated notes and accrued interest of $34 million (US$32 million). Canwest Media is in default under the terms of the 8% Notes indenture as a result of not making interest payments that were due in September 2009. Canwest Media and the Ad Hoc Committee agreed to a forbearance agreement and a series of extensions under which the 8% Note holders would not exercise their rights to demand payment thereby allowing sufficient time for a recapitalization of the Company. On October 5, 2009, the Company entered into the Recapitalization Agreement with the Ad Hoc Committee setting out the principal terms of the proposed recapitalization of the Company, which terms were subsequently amended pursuant to the Amended Recapitalization Agreement. The Amended Recapitalization Agreement sets out a number of conditions and milestones and expires in August 2010 or earlier if certain conditions are not met. The 8% Notes are subject to compromise and have been classified as liabilities subject to compromise. The Company ceased accruing interest on these notes effective on the date of the Canwest Media CCAA Proceedings. The interest which would have accrued from October 6, 2009 to February 28, 2010 was $14.4 million (US$13.7 million).

(4) Canwest LP entered into a $25 million senior secured debtor-in-possession credit facility of which nil was drawn at February 28, 2010. The facility is secured by substantially all of the current and future assets of the Canwest LP Entities and matures subject to acceleration under certain circumstances on the earliest of (i) July 31, 2010; (ii) the date on which a plan of arrangement under the CCAA has been implemented by the Canwest LP Entities; or (iii) the date on which the Canwest LP Initial Order expires without being extended or on which the Canwest LP CCAA Proceedings are dismissed or converted into bankruptcy proceedings.

(5) The senior unsecured notes have a variable prepayment option at a premium of 106.75 in 2011 which declines on a straight line basis to par in 2013. The prepayment option represents an embedded derivative that is to be accounted for separately at fair value. As at February 28, 2010, the estimated fair value of the prepayment option is $5.1 million (August 31, 2009 – nil). During the three months and six months ended February 28, 2010 the Company recorded a recovery of $3.7 million and $5.1 million, respectively (2009 – nil) in interest expense in the statement of earnings (loss) related to the prepayment option.

18. FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS RISK MANAGEMENT

The financial instruments and financial instruments risk management are the same as disclosed in the August 31, 2009 audited consolidated financial statements, except as disclosed below.

Foreign exchange risk

The Company has exposure on US dollar denominated debt of US$1,589.5 million. As at February 28, 2010, if the Canadian dollar had weakened or strengthened by 1% against the US dollar with all other variables held constant, after tax net earnings (loss) for the year would have been $13.5 million higher or lower, respectively, as a result of foreign exchange gains (losses) on translation of US dollar denominated debt.

Interest rate risk

The Company's interest rate risk arises from borrowings issued at variable rates which expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Refer to Notes 1, 4 and 5 above for the impacts on the Company's interest rate risk since August 31, 2009 as a result of the CCAA proceedings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities and other contractual obligations. Refer to Notes 1, 4 and 5 above for the impacts on the Company's liquidity risk since August 31, 2009 as a result of the CCAA proceedings.

At February 28, 2010, the Company had cash on hand of $245 million including $87 million of Canwest LP cash, $39 million at CW Media and $119 million of Canwest Media cash.

19. DISCONTINUED OPERATIONS

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

In October 2009, the Company sold its controlling interest in Ten Holdings (note 12). The Company recorded a gain of $570 million on the sale of these shares, including a gain on realization of foreign currency translation adjustments of $3 million. The results of these operations were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of Ten Holdings were reported within the Australian television and Out-of-home operating segments. The classification of Ten Holdings as a discontinued operation increased earnings from continuing operations by $38 million and $21 million for the three and six months ended February 28, 2009, respectively. Cash flows from operating activities of continuing operations decreased by $14 million and $41 million for the three and six months ended February 28, 2009.

In May 2009, the Company sold its Turkish radio stations. The Company had previously concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $12 million on the sale of these stations. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the Turkish radio stations were reported within the Turkey radio segment. The classification of the Turkey radio stations as a discontinued operation increased earnings from continuing operations by $42 million and $41 million for the three and six months ended February 28, 2009, respectively. Cash flows from operating activities of continuing operations decreased by $1 million and $4 million for the three and six months ended February 28, 2009, respectively.

In February 2009, the Company sold *The New Republic*. The Company had previously concluded that the expectations for this asset were not consistent with the Company's long-term growth strategy. The Company recorded a gain of $3 million on the sale of this asset. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of *The New Republic* were reported within the Publishing segment. The classification of *The New Republic* as a discontinued operation increased earnings from continuing operations by $3 million for both the three and six months ended February 28, 2009. Cash flows from operating activities of continuing operations increased by $1 million for both the three and six months ended February 28, 2009.

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

	For the three months ended February 28, 2009		
	Ten Holdings	Other	Total
Revenue	143,561	2,940	146,501
Loss from discontinued operations before tax	(67,654)	(55,342)	(122,996)
Income tax recovery	(1,033)	(11,064)	(12,097)
Minority interest	(29,042)	-	(29,042)
Loss from discontinued operations	(37,579)	(44,278)	(81,857)
Loss from discontinued operations per share:			
Basic			($0.46)
Diluted			($0.46)

	For the six months ended February 28, 2009		
	Ten Holdings	Other	Total
Revenue	384,939	7,309	392,248
Loss from discontinued operations before tax	(25,262)	(55,187)	(80,449)
Income tax expense (recovery)	11,912	(10,871)	1,041
Minority interest	(16,208)	-	(16,208)
Loss from discontinued operations	(20,966)	(44,316)	(65,282)
Loss from discontinued operations per share:			
Basic			($0.37)
Diluted			($0.37)

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

	February 28, 2010	August 31, 2009
Current assets	-	268,230
Goodwill	-	124,456
Non-current assets	-	581,304
Current liabilities	-	(233,305)
Long-term debt	-	(366,372)
Other long-term liabilities	-	(328,292)
Net assets	-	46,021

20. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Foreign currency translation adjustment	Hedging derivative instruments designated as cash flow hedges	Total
Balance – August 31, 2009	2,530	(42,677)	(40,147)
Other comprehensive income (loss)	(2,530)	4,427	1,897
Balance – February 28, 2010	-	(38,250)	(38,250)

The unrealized loss on foreign currency interest rate swaps that is expected to be realized and recognized in interest expense over the next twelve months is approximately $17.5 million, net of tax of $5.8 million.

During the three and six months ended February 28, 2010, $1.3 million and $18.6 million foreign exchange losses, respectively (2009 – gains of $51.4 million and $307.1 million, respectively) were reclassified to net earnings (loss) from accumulated other comprehensive loss, representing foreign exchange losses on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange gains recognized on the related U.S. dollar denominated long-term debt. During the three months and six months ended February 28, 2010 and 2009, there were no amounts recorded in net earnings (loss) which represented hedge ineffectiveness associated with cash flow hedging instruments.

During the three and six months ended February 28, 2010, the Company reclassified $6.0 million and $11.6 million, respectively (2009 – $8.8 million and $13.2 million, respectively) from accumulated other comprehensive loss to net earnings (loss). This amount has been recorded as a charge to interest expense and represents the effect of the hedging derivative instruments on the Company's interest expense.

During the three and six months ended February 28, 2010, due to the sale of Ten Holdings (note 19), the Company eliminated $6.3 million gains from accumulated other comprehensive loss as a result of eliminating the related Ten Holdings' derivatives and reclassified $3.0 million gain from accumulated other comprehensive loss related to deferred foreign currency adjustments.

During the three and six months ended February 28, 2009, the Company recorded an unrealized gain of $3.6 million and unrealized loss of $7.3 million on an available-for-sale investment, respectively. The Company concluded that the net unrealized loss was other than temporary based on the sale of the investment in March 2009, and accordingly reclassified $7.3 million to net earnings (loss).

21. EARNINGS PER SHARE

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

	For the three months ended February 28,		For the six months ended February 28,	
	2010	2009	2010	2009
Basic weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,646,539
Dilutive effect of restricted share units	-	-	547,700	-
Diluted weighted average shares outstanding during the period	177,646,539	177,646,539	178,194,239	177,646,539
Options outstanding that would have been anti-dilutive	4,819,233	5,491,327	4,271,533	5,491,327

22. OTHER LONG-TERM INCENTIVE PLANS

The Company has long-term incentive plans for eligible Canadian television and CW Media employees. Under the Broadcast Share Appreciation Rights Plan ("Broadcast SAR Plan") and the Broadcast RSU Plan, a notional share value is computed based on a formula which is not representative of the fair value of the respective business.

Broadcast SAR Plan

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

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

Operating expenses related to the Broadcast SAR plan was a recovery of $0.4 million for the six months ended February 28, 2010 (2009 – a nominal expense).

Broadcast RSU Plan

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

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

Operating expenses related to the Broadcast RSU plan was $0.6 million for the six months ended February 28, 2010 (2009 – a nominal expense).

23. RELATED PARTY TRANSACTIONS

A company affiliated with the Company's controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which the Company is a tenant. During the three and six months ended February 28, 2010, rent paid to this company amounted to $0.3 million and $0.6 million, respectively (2009 - $0.2 million and $0.5 million, respectively) and is included in operating expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and May 2018, respectively.

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

24. PENSION, POST RETIREMENT AND POST EMPLOYMENT BENEFITS

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

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

	Pension benefits For the three months ended February 28,		Post retirement/employment benefits For the three months ended February 28,	
	2010	2009	2010	2009
Current service cost	3,578	4,398	1,133	589
Accrued interest on benefits	7,550	7,963	1,153	879
Expected return on plan assets	(6,831)	(7,251)	-	-
Amortization of transitional obligation (asset)	(65)	110	75	76
Amortization of past service costs	43	354	169	170
Amortization of net actuarial loss (gain)	1,035	431	(88)	(176)
Settlement loss	989	-	-	-
Changes in valuation allowance	(1)	(8)	-	-
Total pension and post retirement/employment benefit expense	6,298	5,997	2,442	1,538

	Pension benefits For the six months ended February 28,		Post retirement/employment benefits For the six months ended February 28,	
	2010	2009	2010	2009
Current service cost	7,156	8,797	2,266	1,179
Accrued interest on benefits	15,100	15,927	2,306	1,757
Expected return on plan assets	(13,662)	(14,501)	-	-
Amortization of transitional obligation (asset)	(130)	220	150	152
Amortization of past service costs	86	709	338	339
Amortization of net actuarial loss (gain)	2,070	861	(176)	(351)
Settlement loss	1,506	-	-	-
Changes in valuation allowance	(2)	(17)	-	-
Total pension and post retirement/employment benefit expense	12,124	11,996	4,884	3,076

25. SEGMENT INFORMATION

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

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

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

	Revenue[1] [2] For the three months ended February 28,		Segment operating profit For the three months ended February 28,		Revenue[1] [2] For the six months ended February 28,		Segment operating profit For the six months ended February 28,	
	2010	2009 (Revised note 19)	2010	2009 (Revised note 19)	2010	2009 (Revised note 19)	2010	2009 (Revised note 19)
Operating Segments								
Publishing	254,418	257,729	41,358	32,432	540,835	592,704	111,154	106,284
Television								
Canada[4]	125,946	148,795	6,648	2,240	296,942	342,694	51,753	27,946
CW Media	98,928	87,459	49,846	31,830	213,026	193,558	114,181	76,113
Total television	224,874	236,254	56,494	34,070	509,968	536,252	165,934	104,059
Intersegment revenue	(612)	(549)	-	-	(1,458)	(1,178)	-	-
Corporate and other	-	-	(4,159)	(7,659)	-	-	(7,325)	(14,863)
	478,680	493,434	93,693	58,843	1,049,345	1,127,778	269,763	195,480
Restructuring expenses	-	-	120	(18,189)	-	-	(1,722)	(32,695)
Broadcast rights write-downs	-	-	-	(29,620)	-	-	(1,737)	(29,620)
Settlement of regulatory fees[3]	-	-	-	-	-	-	29,416	-
	478,680	493,434	93,813	11,034	1,049,345	1,127,778	295,720	133,165
Amortization of intangible assets			1,608	1,607			5,116	3,215
Amortization of property and equipment			19,081	21,059			38,045	40,541
Other amortization			77	93			155	188
Operating income (loss)			73,047	(11,725)			252,404	89,221
Interest expense			(48,685)	(66,650)			(101,168)	(136,625)
Accretion of long-term liabilities			(33,091)	(9,829)			(65,843)	(38,062)
Interest income			173	223			1,004	351
Interest rate and foreign currency swap gains (losses)			-	(1,731)			-	40,698
Foreign exchange gains (losses)			20,604	(15,878)			86,036	(83,379)
Investment gains, losses and write-downs			(43)	(2,353)			670	(3,516)
Impairment loss on property and equipment			-	(10,333)			-	(10,333)
Impairment loss on intangible assets			-	(185,108)			(3,142)	(185,108)
Impairment loss on goodwill			-	(895,110)			-	(895,110)
			12,005	(1,198,494)			169,961	(1,221,863)
Reorganization items Canwest Media entities			(25,713)	(1,599)			(87,734)	(1,599)
Reorganization items Canwest LP entities			(30,940)	-			(40,076)	-
Earnings (loss) before income taxes and other items			(44,648)	(1,200,093)			42,151	(1,223,462)

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Publishing - $0.4 million and $0.9 million for the three and six months ended February 28, 2010, respectively (2009 – $0.3 million and $0.8 million, respectively) Canadian television – $0.1 million and $0.3 million for the three and six months ended February 28, 2010, respectively (2009 – nil and nil, respectively), and CW Media television – $0.1 million and $0.3 million for the three and six months ended February 28, 2010, respectively (2009 – $0.3 million and $0.4 million, respectively).

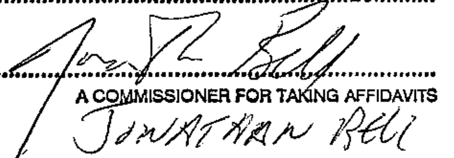
(2) Revenue consists of advertising revenue of $363 million and $816 million for the three and six months ended February 28, 2010, respectively (2009 – $373 million and $896 million, respectively) and subscriber revenue of $116 million and $234 million for the three and six months ended February 28, 2010, respectively (2009 – $114 million and $232 million, respectively).

[3] On October 7, 2009, the Government of Canada and the Canadian Association of Broadcasters reached a settlement regarding the legal dispute over the validity of the Part II Licence fees payable annually to the CRTC by television and radio broadcasters. As a result of the settlement, during the six months ended February 28, 2010 the Company reversed into earnings unpaid Part II Licence fees of $23.0 million and $6.4 million related to the Canadian television and CW Media television segment, respectively, which were accrued as at August 31, 2009.

[4] Revenue for fiscal 2009 has been restated to reverse accruals related to retransmission fees as the amounts were not determinable. The effect of this restatement for the three months ended February 28, 2009 was to increase segment revenue and segment operating profit by $2.5 million and to increase the provision for future income taxes by $1.6 million resulting in a $0.8 million decrease in net loss for the Company. The effect of this restatement for the six months ended February 28, 2009 was to decrease segment revenue and segment operating profit by $3.5 million resulting in a $3.5 million increase in net loss for the Company. The adjustment decreased the loss per share by less than $0.01 and increased the loss per share by $0.02 for the three and six months ended February 28, 2009, respectively.

EXHIBIT "B"

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008


This is Exhibit B referred to in the affidavit of Leonard Asper sworn before me, this 15th day of June 2010

A COMMISSIONER FOR TAKING AFFIDAVITS
Jonathan Bell

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

November 26, 2009

Auditors' Report

To the Shareholders of Canwest Global Communications Corp.

We have audited the consolidated balance sheets of **Canwest Global Communications Corp.** (the "Company") as at August 31, 2009 and 2008 and the related consolidated statements of loss, comprehensive loss, retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Winnipeg, Canada

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF LOSS
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars except as otherwise noted)

	2009	2008 (Revised notes 3 and 21)
Revenue	2,867,459	3,126,582
Operating expenses	2,405,452	2,554,622
Restructuring expenses (note 8)	72,158	20,715
Broadcast rights write-downs	48,756	-
Retirement plan curtailment expense (note 24)	31,327	-
	309,766	551,245
Amortization of intangible assets	7,978	9,040
Amortization of property and equipment	104,590	113,539
Other amortization	412	379
Operating income	196,786	428,287
Interest expense	(324,672)	(328,517)
Accretion of long-term liabilities (note 14)	(109,196)	(67,560)
Interest income (note 7)	2,445	21,946
Interest rate and foreign currency swap losses (notes 12 and 25)	(150,327)	(53,991)
Foreign exchange gains (losses) (note 25)	277,952	(10,219)
Investment gains, losses and write-downs (note 20)	52,512	(31,652)
Impairment loss on property and equipment (note 9)	(32,418)	-
Impairment loss on intangible assets (note 11)	(226,341)	(408,484)
Impairment loss on goodwill (note 10)	(1,158,339)	(596,895)
	(1,471,598)	(1,047,085)
Provision for (recovery of) income taxes (note 19)	165,181	(23,318)
Loss before the following	(1,636,779)	(1,023,767)
Minority interest	3	(42,439)
Interest in earnings of equity accounted affiliates (note 7)	1,181	39,989
Realized currency translation adjustments	(718)	850
Net loss from continuing operations	(1,636,313)	(1,025,367)
Loss from sale of discontinued operations (note 21)	(8,755)	(6,970)
Loss from discontinued operations (note 21)	(44,201)	(9,806)
Net loss from discontinued operations	(52,956)	(16,776)
Net loss for the year	(1,689,269)	(1,042,143)
Loss per share from continuing operations (note 17):		
Basic	($9.21)	($5.77)
Diluted	($9.21)	($5.77)
Loss per share (note 17):		
Basic	($9.51)	($5.87)
Diluted	($9.51)	($5.87)

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED BALANCE SHEETS
AS AT AUGUST 31
(In thousands of Canadian dollars)

	2009	2008 (Revised notes 3 and 21)
ASSETS		
Current Assets		
Cash and cash equivalents	106,051	73,462
Restricted cash (note 6)	16,402	-
Accounts receivable (note 25)	466,232	552,891
Inventory	6,618	10,710
Investment in broadcast rights	266,940	278,194
Future income taxes (note 19)	16,273	52,712
Other current assets	41,316	35,839
Assets of discontinued operations (note 21)	-	10,924
	919,832	1,014,732
Other investments (note 7)	9,152	28,308
Investment in broadcast rights	209,123	191,630
Property and equipment (note 9)	644,108	711,132
Future income taxes (note 19)	241,968	371,281
Other assets	37,868	110,863
Intangible assets (note 11)	1,462,487	1,691,293
Goodwill (note 10)	1,142,431	2,312,939
Assets of discontinued operations (note 21)	-	83,114
	4,666,969	6,515,292
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (notes 8 and 25)	573,944	525,320
Income taxes payable	34,485	29,311
Broadcast rights payable	109,805	130,279
Deferred revenue	36,713	39,755
Future income taxes (note 19)	38,268	39,475
Current portion of long-term debt and obligations under capital leases (notes 12 and 13)	2,339,562	16,738
Current portion of hedging derivative instruments (notes 12 and 25)	24,522	32,737
Current portion of derivative instruments (note 25)	6,497	143,821
Liabilities of discontinued operations (note 21)	-	4,683
	3,163,796	962,119
Long-term debt (note 12)	1,193,782	3,461,942
Hedging derivative instruments (notes 12 and 25)	74,112	237,786
Derivative instruments (note 25)	3,083	12,416
Obligations under capital leases (note 13)	3,872	7,241
Other long-term liabilities	222,561	304,628
Future income taxes (note 19)	159,827	167,814
Deferred gain (note 19)	174,017	171,102
Puttable interest in subsidiary (note 14)	645,216	545,394
Minority interest	125,147	78,149
Liabilities of discontinued operations (note 21)	-	3,555
	5,765,413	5,952,146
Going concern (note 1)		
Commitments, contingencies and guarantees (note 29)		
Subsequent events (note 31)		
SHAREHOLDERS' DEFICIENCY		
Capital stock (note 15)	852,375	852,375
Contributed surplus (note 15)	17,239	14,304
Deficit	(1,927,911)	(238,642)
Accumulated other comprehensive loss (note 18)	(40,147)	(64,891)
	(1,968,058)	(303,533)
	(1,098,444)	563,146
	4,666,969	6,515,292

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars)

	2009	2008 (Revised note 3)
Net loss for the year	(1,689,269)	(1,042,143)
Other comprehensive loss		
Unrealized foreign currency translation gains on net assets of self-sustaining foreign operations	4,844	3,603
Realized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	718	(850)
Foreign currency translation adjustment (note 18)	5,562	2,753
Change in fair value of hedging derivative instruments designated as cash flow hedges net of tax of $4.2 million (2008 - $17.5 million) (note 18)	(24,091)	(40,833)
Reclassification of change in fair value of hedging derivative instruments designated as cash flow hedges realized in net loss for the year net of tax of $12.7 million (notes 18 and 25)	43,273	-
	19,182	(40,833)
Unrealized loss on available-for-sale investment net of tax of nil (2008 – nil) (note 18)	(7,285)	(30,929)
Reclassification of impairment loss on available for sale investments realized in net loss for the year net of tax of nil (2008 – nil) (notes 7 and 18)	7,285	32,716
	-	1,787
Comprehensive loss for the year	(1,664,525)	(1,078,436)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars)

	2009	2008 (Revised note 3)
Retained earnings (deficit) – beginning of year	(238,642)	805,525
Accounting policy change, net of tax of $0.7 million (note 3)	-	(2,024)
	(238,642)	803,501
Net loss for the year	(1,689,269)	(1,042,143)
Deficit – end of year	(1,927,911)	(238,642)

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31
(in thousands of Canadian dollars)

	2009	2008 (Revised notes 3 and 21)
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net loss for the year	(1,689,269)	(1,042,143)
Net loss from discontinued operations	52,956	16,776
Items not affecting cash		
Amortization	112,980	122,958
Net non-cash interest expense	49,172	42,257
Accretion of long-term liabilities	109,196	67,560
Future income taxes	151,060	(64,127)
Realized foreign currency translation adjustments	718	(850)
Interest rate and foreign currency swap losses, net of settlements	29,311	33,551
Broadcast rights write-downs	48,756	-
Impairment loss on property and equipment, intangible assets and goodwill	1,417,098	1,005,379
Investment gains, losses and write-downs	(52,512)	31,652
Pension expense in excess of (less than) employer contributions	(6,758)	7,379
Minority interest	(3)	42,439
Earnings of equity accounted affiliates	(1,181)	(39,989)
Foreign exchange (gains) losses	(277,011)	7,951
Stock based compensation expense (note 15)	2,935	3,420
Repayment of non-cash accrued interest on long-term debt	-	(31,719)
	(52,552)	202,494
Changes in non-cash operating accounts (note 22)	(68,907)	(108,467)
Cash flows from operating activities of continuing operations	(121,459)	94,027
Cash flows from operating activities of discontinued operations (note 21)	16,920	(4,366)
Cash flows from operating activities	(104,539)	89,661
INVESTING ACTIVITIES		
Other investments (note 7)	10,486	(2,580)
Restricted cash (note 6)	(2,500)	-
Hollinger settlement (note 29)	34,000	-
Proceeds from sale of discontinued operations	15,951	-
Payment of acquisition costs	-	(35,921)
Cash from equity accounted affiliates (note 7)	-	45,595
Proceeds from sale of property and equipment	14,062	139
Purchase of property and equipment	(79,330)	(128,013)
Investing activities of discontinued operations	(27)	(1,500)
	(7,358)	(122,280)
FINANCING ACTIVITIES		
Issuance of long-term debt, net of financing costs	98,950	308,978
Repayment of long-term debt (note 12)	(7,250)	(311,822)
Advances (repayments) of revolving facilities, net of financing costs (note 12)	(154,483)	45,412
Settlement of hedging derivative instruments	104,827	-
Swap recouponing payments (note 12)	5,000	(5,000)
Payments of capital leases	(3,651)	(3,182)
Share issuance by Ten Network Holdings Limited, net of costs	120,671	-
Payment of distributions to minority interest	(18,621)	(54,622)
	145,443	(20,236)
Foreign exchange gain (loss) on cash denominated in foreign currencies	(957)	2,463
Net change in cash and cash equivalents	32,589	(50,392)
Cash and cash equivalents – beginning of year	73,462	123,854
Cash and cash equivalents – end of year	106,051	73,462

The notes constitute an integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
(Under Creditor Protection Proceedings as of October 6, 2009 – Notes 1 and 4)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2009 AND 2008
(In thousands of Canadian dollars except as otherwise noted)

1. BASIS OF PRESENTATION AND GOING CONCERN

Creditor Protection

On October 6, 2009, Canwest Global Communications Corp. ("Canwest Global" or the "Company") and certain of its subsidiaries voluntarily applied for and obtained an order (from the Ontario Superior Court of Justice (the "Court") granting creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") ("Initial Order"). The order applies to Canwest Global, Canwest Media Inc. ("Canwest Media"), Canwest Television Limited Partnership, The National Post Company and certain non-operating subsidiaries (collectively, the "Canwest Applicants"). Canwest (Canada) Inc., Canwest Limited Partnership and its subsidiaries including Canwest Publishing Inc., and CW Investments Co. and its subsidiaries including CW Media Holdings Inc., are not included in the filing. The Initial Order provides for a general stay of proceedings for an initial period of 30 days, which was subsequently extended to January 22, 2010 and is subject to further extension by the Court. The Initial Order may be further amended by the Court throughout the CCAA proceedings based on motions from the Canwest Applicants, their creditors and other interested parties. On October 6, 2009, the Canwest 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 of the United States Bankruptcy Court ("US Court"). On November 3, 2009 the US Court granted formal recognition of the CCAA proceedings. For additional information, see note 4, "Creditor Protection and Recapitalization."

Basis of presentation and going concern issues

The Company is an international media company with interests in conventional television, specialty television channels, out-of-home advertising, publishing and websites in Canada and Australia. The Company's operating segments include television, publishing and out-of-home advertising. The Canadian television segment includes the operations of Canwest Television Limited Partnership which operates Global Television Network, E! Network (see note 5), and six Canadian specialty television channels. The CW Media television segment includes CW Investments Co. ("CW Media") which operates 18 Canadian specialty television channels. The Australian television segment includes Ten Network Holdings Limited's ("Ten Holdings") Ten Television Network (subsequent to year end the company sold its interest in Ten Holdings, see note 31). The Publishing segment includes the operations of the Canwest Limited Partnership which publishes a number of newspapers and magazines, including metropolitan daily newspapers, as well as operation of the canada.com web portal and other web-based operations. The National Post operations are also included in the Publishing segment. The Out-of-home advertising segment includes Eye Corp Pty Limited, an out-of-home advertising operation which is indirectly wholly owned by Ten Holdings.

The Company's television broadcast revenue includes advertising revenue from a customer base that is comprised primarily of large advertising agencies, which place advertisements with the Company on behalf of their customers. In addition, the Company's specialty television revenue includes subscription revenue which is derived from a variety of sources. Publishing revenue includes advertising, circulation and subscriptions which are derived from a variety of sources.

The Company's advertising revenue is seasonal. Revenue and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that consolidated Canwest Global (the "Company") will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. However, the commencement of the CCAA proceedings, which are discussed further in note 4, "Creditor Protection and Recapitalization," and other uncertainties discussed below raise substantial doubt about the Company's ability to continue as a going concern.

The Company's operating results and cash flows for the year ended August 31, 2009 reflect the effects of the significant and sudden declines in advertising revenue for its Canadian television, Australian television, Out-of-home and Publishing operations reflecting the weakened economic environment. The significantly reduced advertising revenue has reduced cash flows from operations and caused certain of these operations to be in default of the terms of credit facilities, notes indentures and derivative financial instruments. As at August 31, 2009 the Company's current liabilities significantly exceed its current assets.

Canwest Media Entities Events

In March 2009, Canwest Media did not make an interest payment of US$30.4 million which was due on its 8% senior subordinated unsecured notes and is in default under the terms of that indenture. The guarantors under the Canwest Media debt obligations include Canwest Global, Canwest Media, Canwest Television Limited Partnership, the National Post Company and other wholly owned subsidiaries (the "Canwest Media Entities") but exclude Canwest (Canada) Inc., Canwest Limited Partnership and its subsidiaries including Canwest Publishing Inc., CW Investments Co. and its subsidiaries including CW Media Holdings Inc. and Ten Holdings and its subsidiaries.

In May 2009, Canwest Media entered into a new $75 million senior secured asset based loan facility (the "ABL facility") (note 12) and issued $105 million (US$94 million) secured notes (the "12% Notes") (note 12) for cash proceeds of $100 million to certain holders of its 8% senior subordinated unsecured 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 Cash Collateral and Consent Agreement with an ad hoc committee of 8% senior subordinated unsecured note holders representing over 70% of the 8% senior subordinated unsecured notes issued by Canwest Media (the "Ad Hoc Committee"). On October 1, 2009, the Company sold its interest in Ten Holdings for net proceeds of $618 million (see note 31). In accordance with the Cash Collateral and Consent Agreement the proceeds were advanced to Canwest Media by its wholly-owned Irish subsidiary which held the investment in Ten Holdings and were utilized as follows: $102 million to repay the 12% notes, $85 to repay the ABL facility and to provide operating liquidity and $431 million to reduce its obligations under its 8% senior subordinated unsecured notes indenture. These consolidated financial statements consolidate the operations of Ten Holdings. The disposal of Ten Holdings will have a material impact on the consolidated assets, liabilities, revenues, expenses and cash flows of the Company.

On October 5, 2009 the Canwest Media Entities entered into a CCAA Support Agreement with the Ad Hoc Committee pursuant to which it intends to pursue a proposed recapitalization transaction related to the Canwest Media Entities (note 4). The proposed terms of the recapitalization transaction are set out in a Recapitalization Term Sheet (together with the CCAA Support Agreement, the "Recapitalization Agreement").

On October 6, 2009, as set out in the terms of the Recapitalization Agreement, the Canwest Applicants applied for and obtained creditor protection under CCAA and the Court approved the conversion of the ABL facility into a debtor-in-possession ("DIP") financing arrangement. (notes 4 and 12). On October 14, 2009 the Court approved a claims procedure for the CCAA, which sets out the process for identifying and verifying claims against the Canwest Applicants and the directors and officers of the Canwest Applicants by the creditors affected by the CCAA filing.

On October 30, 2009, the Court granted an order approving the orderly transition and subsequent termination of certain shared services arrangements between the Canwest Applicants and other subsidiaries of the Company together with the transition of substantially all of the assets and certain liabilities of the National Post Company to the Canwest Limited Partnership. This transaction will not have an impact on the consolidated financial statements as it was an intercompany transaction.

The CCAA proceedings, discussed in note 4, "Creditor Protection and Recapitalization" provide the Canwest Applicants with temporary relief from their creditors by preventing all secured and unsecured creditors from proceeding against the Canwest Applicants. The DIP financing arrangements provide funding for operations during the course of the filing. Under the CCAA proceedings the Canwest Applicants will prepare and file a formal plan of arrangement which will set out how the Canwest Applicants propose to deal with their creditors affected by the plan ("Recapitalization Plan"). The Recapitalization Plan will be subject to a vote by the affected creditors and must be approved by a requisite majority of affected creditors and sanctioned by the Court. As the Company is working to restructure to continue to operate as a going concern it believes the going concern basis of presentation to be appropriate. It is not possible to predict the outcome of the CCAA proceedings with certainty.

The completion of the Recapitalization Plan may materially change the carrying amounts of assets, liabilities and equity in future consolidated financial statements. The assets and liabilities in these consolidated financial statements do not reflect any adjustments which may result from the CCAA proceedings which commenced subsequent to August 31, 2009. These consolidated financial statements do not reflect (i) the realizable value of the Company's assets on a liquidation basis or their availability to satisfy liabilities, (ii) the settlement amounts of liabilities that may be approved in the Recapitalization Plan, (iii) the effect of any changes to shareholders' (deficit) equity that may result from the Recapitalization Plan or (iv) the effect on the Company's Consolidated Statements of Loss regarding any changes made to the Company's business which may result from the Recapitalization Plan including the effect of claims that may be unknown to the Company as at August 31, 2009 and arise as a result of the claims process or that may arise as a result of actions taken during the CCAA proceedings such as the disclaimer of contracts. Adjustments resulting from the Recapitalization Plan may be material.

The Company's subsidiary, Canwest Limited Partnership which includes the Canadian publishing segment is pursuing its own financial restructuring, as discussed below, the outcome of which could involve a transfer of ownership interests and a change of control of Canwest Limited Partnership such that the Company would no longer be its controlling shareholder. The transfer of control of Canwest Limited Partnership would have a material impact on the consolidated revenue, operating expenses, net earnings, assets, liabilities and cash flows of the Company. It is not possible to predict the outcome of the Canwest Limited Partnership's financial restructuring, and accordingly, the realization of its assets and discharge of its liabilities are each subject to uncertainty.

For periods subsequent to the initiation of the CCAA proceedings the Company will distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses, realized gains and losses and provisions for losses that are realized or incurred in the CCAA will be recorded as restructuring items on the consolidated statements of earnings. In addition, pre-filing liabilities that may be impacted by the reorganization process will be classified on the consolidated balance sheets as liabilities subject to compromise. These liabilities will be reported at the amounts expected to be allowed by the Court, even if they may be settled for lesser amounts. Interest expense on compromised debt will not be accrued.

Upon the implementation of a recapitalization transaction there may be a substantial realignment of the non-equity and equity interests in the Company and the Company may be required to comprehensively revalue the assets and liabilities of the Company based on the reorganization value resulting from the plan of arrangement, referred to as "fresh-start" accounting. These financial statements do not give effect to any adjustments that may be required during the period in which the company is under CCAA or as a result of fresh start accounting.

Canwest Limited Partnership

Canwest Limited Partnership was not in compliance with the financial covenants of its senior secured credit facilities on May 31, 2009. From May 2009 to August 2009 Canwest Limited Partnership did not make interest and principal payments on its senior secured credit facility and the associated hedging derivative instruments or in respect of its senior subordinated unsecured credit facility or its senior subordinated unsecured notes. These payments were not made in order to preserve liquidity to fund operations while Canwest Limited Partnership worked to effect a recapitalization transaction. As a result of the payment default, the hedging derivative instrument counterparties terminated the hedging arrangements and demanded immediate payment of an aggregate of $68.9 million. Canwest Limited Partnership has not satisfied this demand and does not have adequate liquidity to satisfy this or any other such demand.

Effective August 31, 2009, Canwest Limited Partnership entered into a forbearance agreement with the administrative agent under the senior secured credit facility under which the lenders agreed to not take any steps with respect to the defaults under the senior secured credit facility and to work with management of Canwest Limited Partnership to develop and implement a consensual pre-packaged restructuring, recapitalization, or reorganization of Canwest Limited Partnership and its subsidiaries. In accordance with the terms of the forbearance agreement, the lenders cancelled all undrawn amounts under the revolving credit facility. Canwest Limited Partnership agreed to pay the interest owing and the continuing interest on its senior secured loans and on the amounts outstanding under the terminated hedging arrangements. The forbearance agreement is subject to a number of conditions and requires the achievement of certain milestones. The term of the agreement, originally October 31, 2009, was extended to November 9, 2009. This agreement has expired, however, Canwest Limited Partnership and its lenders under the senior secured credit facilities continue discussions regarding the framework for a potential financial restructuring. These creditors could demand the immediate repayment of the amounts outstanding. As at August 31, 2009 the aggregate carrying value of amounts secured under the senior secured credit facility was $953.4 million. No such forbearance agreement has been entered into with the Canwest Limited Partnership's lenders under its senior subordinated unsecured credit facility or the note holders under its senior subordinated unsecured notes. These creditors could demand the immediate repayment of the amounts outstanding. As at August 31, 2009 the aggregate carrying value of amounts outstanding under the senior subordinated unsecured credit facility and the senior subordinated unsecured notes was $513.0 million. Canwest Limited Partnership would not have adequate liquidity to satisfy a demand for repayment under the senior secured credit facilities, the senior subordinated unsecured credit facility or the senior subordinated unsecured note indenture.

There can be no assurance that the actions taken in the Company's restructuring activities related to the Canwest Media Entities and the Canwest Limited Partnership will result in improvements to the financial condition sufficient to allow the Company to continue as a going concern. If the going concern basis is not appropriate, adjustments may be necessary to the carrying amounts and/or classification of the Company's assets and liabilities. These adjustments may be material.

Other significant subsidiaries
CW Media Holdings Inc. and Ten Holdings have significant debt obligations (see note 12). These obligations are subject to financial covenants that are based on operating results, financing expenses and outstanding debt obligations. Each of these subsidiaries was in compliance with its financial covenants as of August 31, 2009. The ability of these subsidiaries to maintain compliance with their financial covenants in the future is dependent upon various factors, including the advertising markets on which they rely.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation
The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in Canadian dollars unless otherwise noted.

Principles of consolidation
The consolidated financial statements include the accounts of the Company, its subsidiaries, all variable interest entities ("VIE's") for which it is the primary beneficiary with provision for non controlling interests and the Company's pro rata share of the assets, liabilities, and results of operations of three Canadian specialty television channel joint ventures. During 2007, the Company exchanged its economic interest in Ten Group Pty Limited ("Ten Group") into common shares of Ten Holdings resulting in 57% voting equity in Ten Holdings. Prior to the exchange, the Company had determined that it was the primary beneficiary of Ten Group and, as a result, consolidated Ten Group in accordance with CICA Accounting Guideline 15 ("AcG-15").

The Company holds a 67% voting interest and a 35% equity interest in CW Investments Co., the parent of CW Media Holdings Inc., which indirectly holds interests in 13 Canadian specialty television channels. The Company consolidates 100% of CW Media because the 65% equity interest held by Goldman Sachs Capital Partners ("Goldman Sachs") is classified as a financial liability ("Puttable interest in subsidiary"). Certain operations held by CW Media were held in trust and operated by a trustee until the Canadian Radio-television and Telecommunications Commission ("CRTC") approved the transfer of effective control of the trust assets to CW Media on December 20, 2007, subject to certain conditions which were subsequently satisfied. Accordingly, the Company has consolidated the results of these operations since December 21, 2007. While in trust, these entities were accounted for using the equity method of accounting.

Variable Interest Entities
In May 2009 the Company sold its Turkey Radio operations. Prior to the sale it had a 20% equity interest in *Super FM* and no equity interest in *Metro FM, Joy FM* and *Joy Turk FM*. The Company provided interest free financing to a third party, who was unrelated to the Company but provided legal and advisory services to the Company and certain subsidiaries, to acquire 100% of the equity and voting interests in a Turkish Company which in turn owned 80% of the common shares of the company that held the licence of *Super FM* and 100% of the common shares of the companies that held the licences for *Metro FM, Joy FM* and *Joy Turk FM* ("Licence Companies"). The Company issued interest free loans to the companies that held the licences in order for these licence companies to acquire the licences and related assets. The loan arrangements with the third party contained provisions which, subject to compliance with Turkish foreign ownership restrictions, allowed the Company or its designate to acquire the third party's ownership or allowed the third party to put the shares to the Company or its designate for a specified amount which is equivalent to the balance of the third party loan. The third party also agreed not to assign, transfer, sell, encumber or grant any lien or security over the shares. The third party received no compensation for his involvement in the structure, however, the third party did receive fees for the Turkish legal services provided to the Company. The Company through wholly owned subsidiaries entered into agreements to provide operational, sales, and advisory services to each station on a fee for service basis ("Operational Agreements") to the Licence Companies. The Licence Companies record advertising revenue and paid expenses based on the Operational Agreements. The Company, through directly owned subsidiaries, employed all the Turkish employees and provided services in accordance with the Operational Agreements. As a result of the Company's equity interest, financing of the purchase and Operational Agreements, the Company determined that it was the primary beneficiary, as defined by AcG-15, of these radio stations and accordingly, the Company consolidated these radio stations.

The Company identified a VIE of which it is not the primary beneficiary and therefore, the entity has not been consolidated. The Company has a 49% equity interest in and loans receivable from this corporation which operates a specialty television channel. The channel is not operated by the Company and the investment is accounted for using the equity method. The Company's maximum exposure to loss at August 31, 2009 is limited to the carrying amount of its equity interest of $2.9 million and loans receivable of $5.3 million.

The Company and Goldman Sachs each acquired, for nominal consideration a 50% equity interest in 4437691 Canada Inc., which holds interests in a number of limited partnerships. The limited partnerships include various tax shelters which acquired rights, title and interest in certain film and television programs in return for the exclusive right to distribute such productions for an extended period. The Company has determined 4437691 Canada Inc. is a variable interest entity and that the Company is not the primary beneficiary, accordingly the investment is classified as available for sale and is accounted for at cost. In accordance with its agreement with Goldman Sachs, the Company may be required to fund 50% of the entity's cash flow requirements. The Company and Goldman Sachs expect that the funding requirements of 4437691 Canada Inc. will be minimal and have agreed that a funding cap of $7.5 million would apply.

Investments
The Company accounts for investments in which it exercises significant influence, but not control, using the equity method. A provision for loss in value of investments is recorded in net earnings when a decline in fair value is considered other than temporary.

Investment in broadcast rights
Investment in broadcast rights represent licenced rights acquired for broadcast on the Company's television channels. The Company records a liability for broadcast rights and the corresponding asset when the programs are available for telecast. Broadcast rights are charged to operating expenses as programs are telecast over the anticipated use. A loss is recognized when the carrying amount exceeds net realizable value. Effective September 1, 2008, CW Media revised the estimated number of showings attributable to its broadcast rights to reflect their planned usage. The effect of this change in estimate for the year ended August 31, 2009 is not practicable to measure.

Broadcast advances, included in other assets, represent payments for programming prior to the licence window start date and are transferred to broadcast rights on the licence window start date, provided the programming has been delivered.

The investment in broadcast rights are segregated on the balance sheet between current and non-current based on estimated time of usage. The broadcast rights liability is segregated on the balance sheet between current and non-current based on the payment terms.

Foreign currency translation
The Company's operations in self-sustaining foreign operations have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Gains or losses arising from the translation of these accounts are recorded in accumulated other comprehensive income (loss) ("AOCI"). An applicable portion of gains and losses is transferred to net earnings (loss) when there is a reduction of the net investment.

Property and equipment
Property and equipment are recorded at cost. Amortization is provided over the assets' estimated useful lives on a straight-line basis at the following annual rates:

Buildings	2 ½% - 5%
Machinery and equipment	4% - 50%
Leasehold and land improvements	2 ½% - 20%

Asset retirement obligations
The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred. This obligation is subsequently adjusted for the passage of time and for any revisions to the timing or the amount required to settle the obligation. Upon initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of property and equipment. This cost is amortized on the same basis as the related asset. Changes in the asset retirement obligation due to the passage of time are recorded in interest expense.

CRTC benefit obligations
CRTC benefit obligations committed, as part of a business combination, are initially recorded at the present value of amounts to be paid net any expected cash inflows determined using the initial interest rate. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for any revisions to the timing of the amount of cash flows. Changes in the obligation due to the passage of time are recorded in Accretion of long-term liabilities.

Impairment of long-lived assets
Impairment of long-lived assets is recognized when an event or change in circumstances causes the assets' carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is calculated by deducting the fair value of the asset or group of assets from its carrying value.

Disposal of long-lived assets and discontinued operations
Long-lived assets are classified as held for sale when specific criteria are met, in accordance with CICA 3475, "Disposal of Long-Lived Assets and Discontinued Operations". Assets held for sale are measured at the lower of their carrying amounts and fair values less costs to dispose and are no longer amortized. Assets and liabilities classified as held for sale are reported separately on the balance sheet. A component of the Company that is held for sale is reported as a discontinued operation if the operations and cash flows of the component will be eliminated from the ongoing operations as a result of the disposal transaction and the Company will not have a significant continuing involvement in the operations of the component after the disposal transaction. The Company does not allocate interest on the parent company debt to discontinued operations.

Capitalization of interest
Interest is capitalized as part of the cost of certain assets while they are being prepared for use. Interest of nil was capitalized in 2009 (2008 - $5.4 million).

Intangible assets
Broadcast licences, brands, site licences, newspaper mastheads, circulation and other intangible assets are recorded at their cost which, for business acquisitions, represents the fair value at the date of the acquisition.

Circulation, site licences and other finite life intangibles are amortized over periods from 5 to 40 years. Finite life intangibles are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangibles with indefinite lives are not subject to amortization and are tested for impairment annually or when indicated by events or changes in circumstances. Impairment of an indefinite life intangible asset is recognized in an amount equal to the difference between the carrying value and the fair value of the related indefinite life intangible asset. The Company utilizes the Greenfield or relief of royalty approach, as appropriate, in determining the fair value of indefinite life intangible assets.

Goodwill
Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or when indicated by events or changes in circumstances by comparing the fair value of a particular reporting unit to its carrying value. When the carrying value exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying value to measure any impairment loss.

Revenue recognition
Television advertising revenue is recognized at the time commercials are broadcast. Subscriber revenue from specialty television is recognized monthly based on subscriber levels. Subscription and advertising revenue from publishing activities are recognized when the newspaper is delivered. Revenue derived from out-of-home advertising is recognized over the period the advertisement is displayed. Subscription revenue for news, business research and corporate financial information services is recognized on a straight-line basis over the term of the subscription or relevant contract.

Amounts received that do not meet all of the above criteria are recorded as deferred revenue on the balance sheet.

When a sales arrangement includes multiple advertising spots, the revenue is allocated to individual advertising spots under the arrangement based on relative fair values.

Income taxes

The asset and liability method is used to account for future income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of assets and liabilities including equity accounted investments. Future income tax assets and liabilities are measured using substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Future income tax assets are recognized to the extent that realization is considered more likely than not.

Inventory

Inventory, consisting primarily of printing materials, is valued at the lower of cost and net realizable values.

Pension plans and post retirement benefits

The Company maintains a number of defined benefit and defined contribution pension and other post retirement defined benefit plans. For the defined benefit plans, the cost of pension and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's estimate of expected plan investment performance, salary escalation, retirement ages of employees, expected health care costs, and other costs, as applicable. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight line basis over the average remaining service period of employees active at the date of the amendment. For each plan, the excess of the net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets at the beginning of the year is amortized over the average remaining service period of active employees. Transitional obligations are amortized on a straight line basis over the average remaining service life of the employees expected to receive benefits under the plans as of September 1, 2000. When a curtailment arises, any unamortized past service costs are recognized immediately and the increase or decrease in benefit obligations is recognized as a loss or gain, net of unrecognized actuarial gains or losses. Gains or losses arising from the settlement of a pension plan are only recognized when the actuarial and investment risk is eliminated. The average remaining service period of employees covered by the pension plans is 11 years (2008 – 11 years). The average remaining service period of the employees covered by the post retirement defined benefit plans is 12 years (2008 – 12 years). For the defined contribution plans, the pension expense is the Company's contribution to the plan.

Cash and cash equivalents

Cash equivalents are highly liquid investments with an original term to maturity of less than 90 days, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are designated as held for trading, and accordingly, are carried at fair value. Changes to fair value are recorded in net earnings (loss).

Share-based compensation

The Company and certain subsidiaries have share-based compensation plans as described in note 15. The Company utilizes the fair value or intrinsic value approach to account for share-based compensation issued that is equity or cash-settled, respectively. The fair value of share-based compensation is recorded as a charge to net earnings (loss) based on the vesting period with a credit to contributed surplus. Under the intrinsic value approach, the value of the share-based compensation is recorded as a charge to net earnings (loss) with a credit to accrued liabilities.

Other long-term incentive plans
The Company has established long-term incentive plans for eligible Canadian television employees including a Share Appreciation Rights Plan (the "Broadcast SAR Plan") and a Restricted Share Unit (the "Broadcast RSU Plan") (collectively, the "Broadcast Plans").

Compensation cost attributable to the Broadcast Plans are recorded as an expense with a corresponding increase in accrued liabilities and are measured at intrinsic value. Changes in intrinsic value between the grant date and the measurement date result in a change in the compensation cost. Compensation cost is recognized over the vesting period using the graded vesting method for Broadcast Plans. Certain issuances under the Broadcast SAR Plan have performance vesting conditions, accordingly, in such arrangements compensation cost is recognized over the vesting period using the graded vesting method based on the Company's best estimate of the achievement of the performance condition.

The Broadcast plans are based on notional shares and a notional share value. The notional share value is determined based on a notional value of the Canadian broadcast operations, which is determined with reference to segment operating profit and long-term debt, divided by a notional number of shares outstanding.

Financial instruments
All financial instruments are measured at fair value on initial recognition, except for certain related party transactions. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at amortized cost.

Amortized cost related to financial assets classified as held-to-maturity or loans and receivables and other financial liabilities is calculated using the effective interest method with changes recognized as income or expense in net earnings (loss).

Collectability of trade receivables is reviewed on an ongoing basis. An allowance account is used when there is objective evidence that it is impaired. The factors that are considered in determining if a trade receivable is impaired include whether a customer is in bankruptcy, under administration or if payments are in dispute or general business conditions. The offsetting expense is recognized in net earnings (loss) within operating expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in net earnings (loss).

The Company designates financial assets as available-for-sale if it is not a loan and receivable or required to be designated as held-for-trading. Financial assets classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. If a financial asset is classified as available-for-sale, the cumulative unrealized gain or loss is recognized in AOCI and recognized in earnings upon sale or other-than-temporary impairment. The Company assesses whether a financial asset is other-than-temporarily impaired by assessing whether there is a significant or prolonged decline in fair value and objective evidence of impairment exists such as financial difficulty, breach or default of contracts, probability of bankruptcy or other financial reorganization.

Gains and losses related to financial assets and financial liabilities classified as held-for-trading are recorded in net earnings (loss) in the period in which they arise.

The Company applies trade date accounting for its purchases and sales of financial assets.

Derivative financial instruments
All derivative financial instruments including those that are part of an effective hedging relationship are measured at fair value on the consolidated balance sheet. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If certain conditions are met, an embedded derivative is bifurcated from the host contract and accounted for as a derivative in the consolidated balance sheet, and measured at fair value.

Derivative financial instruments are used to reduce foreign currency and interest rate risk on the Company's debt. The Company does not enter into derivative financial instruments for trading or speculative purposes. The Company's policy is to designate each derivative financial instrument as a cash flow or fair value hedge of a specifically identified debt instrument at the time the Company enters into the derivative financial instrument. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of cash flow hedges, in an effective designated relationship, are recorded on the balance sheet as part of hedging derivative instruments. Cash flows related to the hedged item are classified in the same categories as the hedged item. In a cash flow hedge, the effective portion of the change in fair value of foreign currency and interest rate swaps is recognized in other comprehensive income ("OCI") and reclassified to net earnings (loss) during the periods when the variability of the cash flows of the hedged items affects net earnings (loss). The ineffective portion is recognized in net earnings (loss) as interest expense and foreign exchange gains (losses), as appropriate. When payments are made on the underlying instruments, the realized portions of the amounts previously recognized in AOCI are reclassified to interest expense and foreign exchange gains (losses), as appropriate. When the hedging item ceases as a result of maturity, termination or cancellation, then the amounts previously recognized in AOCI are reclassified to net earnings (loss) during the periods when the variability in the cash flows of the hedged items affects net earnings (loss). When the hedged transaction is no longer expected to occur then gains and losses previously recognized in AOCI are recognized in net earnings (loss). Gains and losses on the foreign currency and interest rate swaps are reclassified immediately to net earnings (loss) when the hedged items are extinguished.

The changes in fair value of fair value hedging derivatives are recorded in Interest rate and foreign currency swap gains (losses) in the statement of net earnings (loss). In addition, the changes in the fair value of the hedged risks ("basis adjustment") of the hedged instrument are also recorded in Interest rate and foreign currency swap gains (losses). The Company amortizes the basis adjustment when the hedged item ceases to be subject to a basis adjustment. The fair value of fair value hedges, in an effective designated relationship, are recorded on the balance sheet as Hedging derivative instruments and cash flows are classified in the same categories as the hedged item.

In the event of early extinguishment of the hedged item, the Company may continue to hold the related derivative instruments. Derivative financial instruments not qualifying for hedge accounting are recorded at fair value with changes in fair value recorded in net earnings (loss) as Interest rate and foreign currency swap gains (losses). These cash flows are included in cash flows from operating activities.

Transaction costs
Transaction costs are expensed as incurred for financial instruments classified or designated as held for trading. For other financial instruments, transaction costs are included with the related financial instrument on initial recognition.

3. ACCOUNTING CHANGES

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee issued EIC 173, *"Credit Risk and the Fair Value of Financial Assets and Financial Liabilities"*. The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The accounting treatment for this Abstract should be applied retrospectively without restatement of prior periods to all financial assets and financial liabilities measured at fair value in interim and annual financial statements ending on or after January 20, 2009. The adoption of this Abstract did not significantly impact the audited consolidated financial statements for the year ended August 31, 2009.

Assessing Going Concern
The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, *"General Standards of Financial Statement Presentation"*, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. The Company adopted the new standard effective September 1, 2008.

Inventories
The AcSB issued CICA Handbook Section 3031, *"Inventories"* which prescribes the measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost including allocation of overheads and other costs to inventory. Reversals of previous write-downs to net realizable value are required when there is a subsequent increase in the value of inventories. The Company adopted CICA Handbook Section 3031 as of September 1, 2008 on a retroactive basis without prior period restatement. The adoption of this section did not impact the audited consolidated financial statements for the year ended August 31, 2009.

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in first-out cost formula, and net realizable value. The carrying value of the inventories carried at cost as at August 31, 2009 is $6.6 million (2008 - $10.7 million). As at August 31, 2009 and 2008, there were no inventories carried at net realizable value.

During the year ended August 31, 2009, the amount of inventories expensed was $98.2 million (2008 – $110.1 million). There were no write downs or reversal of write downs for the years ended August 31, 2009 and 2008.

Change in Measurement date for Pension and Post Retirement Benefits
During the year ended August 31, 2009 the Company changed the measurement date it uses to measure its accrued benefit obligation and the fair value of plan assets for accounting purposes to August 31. The Company believes this provides reliable and more relevant information as to the plan assets and obligations at the balance sheet date. Previously the company used June 30 of each year. The impact of the change in measurement date was to increase net loss for the year ended August 31, 2008 by $2.1 million, net of taxes of $0.8 million, decrease other assets $1.0 million, increase other long-term liabilities $4.6 million, decrease future income tax liabilities $1.5 million and increase deficit $2.0 million.

Proposed Accounting Changes

Goodwill and Intangible assets

The AcSB issued CICA Handbook Section 3064, "*Goodwill and Intangible Assets*", which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria for recognition of intangible assets that can be recognized. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licencing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Company plans to, and must, apply this new standard effective September 1, 2009. The Company has determined that broadcast rights are intangible assets under this section and it is currently considering the impacts of the adoption of the standard.

Business Combinations and Non-Controlling Interests

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

4. CREDITOR PROTECTION AND RECAPITALIZATION AGREEMENT

Recapitalization Agreement

On October 5, 2009, Canwest Global and certain subsidiaries entered into the Recapitalization Agreement with members of the Ad Hoc Committee of 8% senior subordinated unsecured noteholders pursuant to which it intends to pursue a recapitalization transaction related to the Canwest Media Entities. The proposed recapitalization transaction is supported by members of the Ad Hoc Committee representing over 70% of the 8% senior subordinated unsecured notes issued by Canwest Media and was the result of extensive arm's length discussions between the Company and the Ad Hoc Committee. A Recapitalization Agreement which contains the terms and conditions of the proposed recapitalization of Canwest Global, Canwest Media and its wholly owned subsidiaries, has been executed by Canwest Media Entities and the Ad Hoc Committee. The support of the proposed recapitalization by the Ad Hoc Committee is subject to the satisfaction of a number of conditions and the Recapitalization Agreement may be terminated under certain circumstances. Certain deadlines required by the Recapitalization Agreement have been extended by the parties to the Recapitalization Agreement.

Under the proposed recapitalization, as set out in the Recapitalization Agreement, the affected creditors of the Canwest Applicants whose claims are compromised under the plan of arrangement, including the holders of the Canwest Media 8% Notes, will receive an equity interest in a restructured Canwest Global. Existing shareholders of Canwest Global will receive a 2.3% equity interest in the restructured Canwest Global or a new public company. During the CCAA proceedings the Company will solicit a new equity investment in the amount of at least $65 million. The percentage of the equity of a restructured Canwest Global to be received by affected creditors will be dependent on the percentage of equity sold to new investors.

Under the Recapitalization Agreement there are a number of conditions which must be satisfied in order for the Recapitalization Plan to be completed including, among others, that the resulting equity structure must comply with the Canadian ownership and control requirements of the CRTC, the shareholders agreement related to CW Media must be amended and the Company must maintain at least a 35% ownership interest in CW Media, the Company must be able to secure financing, the Company must receive the necessary creditor and Court approval of its plan to be able to emerge from the CCAA Proceedings and the Company must raise at least an additional $65 million in equity, and use the proceeds from the new equity, and cash on hand or amounts drawn on its new credit facilities to reduce amounts due under the 8% senior subordinated unsecured notes by $85 million. The Recapitalization Agreement may be terminated by either party on occurrence of certain events including, a material adverse change in the financial condition of the Company, the occurrence of regulatory impediments that would make the completion of the plan unlikely or unsatisfactory to the parties, the occurrence of a default under the terms of the DIP financing or CW Media debt, or the extension of the CCAA proceedings beyond April 15, 2010.

The Recapitalization Agreement provides that the proposed Recapitalization Plan may be amended or extended prior to its completion. There is uncertainty related to its completion as a result of the number and complexity of the conditions that must be satisfied.

Creditor Protection

As contemplated by the Recapitalization Agreement, on October 6, 2009, the Canwest Applicants voluntarily applied for and obtained an order from the Court providing creditor protection under the CCAA. The Initial Order provides for a general stay of proceedings for an initial period of 30 days, which was subsequently extended to January 22, 2010 and is subject to further extension by the Court. The Initial Order may be further amended by the Court throughout the CCAA proceedings based on motions from the Canwest Applicants, their creditors and other interested parties. On October 6, 2009, the Canwest 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.

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

Under the terms of the Initial Order, FTI Consulting Canada Inc. was appointed as the monitor (the "Monitor") under the CCAA proceedings. The Monitor will report to the Court from time to time on the Canwest Applicants' financial and operational position and any other matters that may be relevant to the CCAA proceedings. In addition, the Monitor may advise the Canwest Applicants on their development of a restructuring plan and, to the extent required, assist the Canwest Applicants with a restructuring.

Business Operations
During the CCAA proceedings, the Canwest Applicants continue to operate with the assistance of the Monitor and under the supervision of the Court. Pursuant to the Initial Order, and subject to the conditions set out therein and the requirements set out in the CCAA, the Canwest 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 Applicants; and pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest Applicants. The Initial Order also allows the Canwest Applicants, subject to the provisions of the CCAA, to disclaim any arrangement or agreement, including real property leases. Any reference herein to any such agreements or arrangements and to termination rights or a quantification of Canwest's obligations under any such agreements or arrangements is qualified by any overriding disclaimer or other rights the Canwest Applicants 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.

Financial Restructuring/Recapitalization
The Canwest Applicants are undertaking a financial and corporate restructuring and intend to propose a plan of arrangement as contemplated by the Recapitalization Agreement which must be approved by the requisite majority of affected creditors and sanctioned by the Court. There can be no assurance that the Recapitalization Plan will be supported by the affected creditors and sanctioned by the Court, or that the Recapitalization Plan will be implemented successfully.

DIP Financing
On October 6, 2009, the Court approved the conversion of Canwest Media's existing secured revolving credit facility (see note 12) into a DIP financing arrangement in accordance with the terms set out in the credit facility entered into in May 2009. The DIP financing arrangement increased the maximum borrowings available under the facility from $75 million to $100 million. The availability under the facility is determined based on the value of the assets which secure the facility measured on a weekly basis. On October 6, 2009 no amounts were drawn on the facility and $10.9 million of the availability was utilized by letters of credit issued under the facility. The facility matures on the earliest of October 6, 2010 and the date on which the Recapitalization Plan is implemented, but is subject to an earlier maturity date under certain circumstances including certain events of default as defined in the agreement. The facility will be unaffected by the CCAA proceedings.

Priority of Charges
The Initial Order created a number of new charges against substantially all of the current and future assets of the Canwest Applicants which subject to the terms of the 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; and a directors' charge to secure the indemnity created under the Initial Order in favour of the directors of the Canwest Applicants and a key employee retention plan ("KERP") charge, with equal priority, to a maximum of $20 million and $5.9 million, respectively. 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 an Irish subsidiary in relation to the receipt of proceeds on the sale of Ten Holdings (see note 31).

Listing and trading of the Company's stock
On November 13, 2009, the Toronto Stock Exchange ("TSX") delisted Canwest Global's subordinate voting and non voting shares. On November 16, 2009 these shares were listed for trading on the TSX Venture Exchange.

5. ACQUISITION AND DIVESTITURES

Acquisition

On August 15, 2007, the Company and Goldman Sachs completed the acquisition of CW Media's specialty television operations. The acquisition was accounted for using the purchase method. The regulated assets acquired were held in trust from the date of acquisition to December 20, 2007 when conditional approval was received from the CRTC. The results of operations reflect revenue and expenses of the non-regulated assets since the date of acquisition and the regulated assets from December 21, 2007. The Company's equity earnings include the net earnings of the regulated assets of the acquired operations from the date of acquisition to December 20, 2007.

The Company has, subject to regulatory approval, committed to combine its Canadian television operations with CW Media's operations (together the "Combined Operations") prior to August 2011. In 2011, the Company's and Goldman Sachs' economic interest in the Combined Operations will be determined based on a formula which is based on the combined segment operating profit of CW Media and Canwest Global's Canadian television operations.

A summary of the adjusted fair value of the assets and liabilities acquired at August 15, 2007 combining in trust and out-of-trust operations is as follows:

Cash and cash equivalents	32,906
Future income taxes	7,413
Current assets	201,597
Property and equipment	39,263
Other investments in equity investments	46,506
Non-current assets	128,708
Goodwill	599,908
Intangible assets	868,900
Current liabilities	(186,121)
Long-term debt	(303,906)
Future income taxes	(92,409)
Non-current liabilities	(159,846)
	1,182,919
Funding provided by:	
Cash	262,300
Puttable interest in subsidiary	480,787
Debt, net of debt issuance costs	766,668
Less financing raised in excess of purchase price[1]	(326,836)
	1,182,919

[1] The investors provided funding in excess of the purchase price to repay the assumed long-term debt and to fund costs related to acquisition and restructuring.

Divestitures

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

	2009	2008
Revenue	76,979	94,296
Operating expenses	106,659	137,312
Restructuring expenses	5,049	1,220
Broadcast rights write-downs	38,180	-
	(72,909)	(44,236)
Amortization of property and equipment	1,761	2,706
Operating loss	(74,670)	(46,942)
Financing expense	(10)	(13)
Loss on sale of assets	(2,264)	-
Impairment loss on property and equipment	(10,377)	-
Net loss	(87,321)	(46,955)

In May 2009, the Company sold its Turkey radio segment (note 21). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $13.3 million, $14.6 million, and $1.0 million, respectively.

In March 2009, the Company sold *The New Republic* which was included in the Publishing segment (note 21). The Company recorded a disposition of assets of $0.6 million and liabilities of $2.7 million.

In July 2008, the Company sold its United Kingdom radio segment (note 21). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $2.0 million, $4.9 million, and $16.5 million, respectively.

6. RESTRICTED CASH

In May 2009, Canwest Media deposited cash of $2.5 million to secure its banking and cash management services with the provider of those services. Canwest Limited Partnership entered into a forbearance agreement with its lenders (note 1). Effective August 31, 2009, under the terms of this agreement, Canwest Limited Partnership agreed to pay interest due to its lenders under its senior secured credit facilities and deposited cash of $13.9 million to a restricted bank account. Subsequent to year end, this cash was used to settle the accrued interest due to these lenders. As at August 31, 2009 the total restricted cash held in these accounts was $16.4 million.

7. OTHER INVESTMENTS

	2009	2008
Equity accounted investments[1]	6,311	5,621
Other investments in equity instruments		
Investment in publicly traded companies[2]	-	17,381
Investment in private companies	2,841	5,306
	9,152	28,308

[1] Certain operations acquired as part of the purchase of CW Media's specialty television operations had been placed into trust until the CRTC approval of the change of control of the broadcast licences was obtained on December 20, 2007.

The following sets out condensed financial information for the regulated entities held in trust for the period from September 1, 2007 to December 20, 2007.

Summary condensed statement of earnings	**September 1 to December 20, 2007**
Revenue	108,767
Operating expenses	64,327
Operating income before amortization	44,440
Amortization	(2,083)
Interest expense, net	(20,007)
Foreign exchange gains	16,163
Recovery for income taxes	5,618
Interest in earnings of equity accounted affiliates	163
Minority interest	(4,904)
Net earnings of regulated entities	39,390

Summary condensed statement of cash flows	**September 1 to December 20, 2007**
Cash flows – operating activities	28,890
Cash flows – investing activities	(1,521)
Cash flows – financing activities	-
Net change in cash	27,369
Cash – beginning of period	18,226
Cash – end of period	45,595

During the trust period from September 1, 2007 to December 20, 2007, the Company recorded interest income of $16.8 million and a foreign exchange loss of $11.8 million related to advances to the regulated assets held in trust. Net earnings of the regulated entities include interest expense of $16.8 million and a foreign exchange gain of $11.8 million related to the inter-company debt. In addition, the Company recovered corporate costs from the regulated entities held in trust and has recorded cost recoveries in the amount of $4.6 million. The cost recoveries have reduced selling, general and administrative expenses of the Company and are included in operating expenses of the regulated entities. Net earnings of the regulated entities also include agency fees of $8.8 million, which have been recorded as revenue by the Company. Since December 21, 2007, these inter-company balances and transactions are eliminated on consolidation.

[2] During the year ended August 31, 2009 the company sold its shares in Score Media Inc. and recorded a loss on the sale of $7.3 million. During the year ended August 31, 2008 the Company recorded an impairment loss related to this investment of $32.7 million after concluding that the significant decrease in the trading value of the investment from the historical carrying value was other than temporary.

8. RESTRUCTURING EXPENSES

The Company is centralizing certain functions including developing four state of the art broadcast centres to support the production needs of its local television stations and enable the transition to high definition. This initiative was conducted in three phases over the period from September 2007 to December 2009 and will result in a net reduction in its workforce of 277 jobs. The total cost associated with this initiative was $12.3 million of which $2.4 million was accrued during the year ended August 31, 2009.

During the year ended August 31, 2009, the Company initiated certain cost containment initiatives in its Canadian television segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a workforce reduction of 149 positions. During the year ended August 31, 2009, the Company accrued $8.3 million, the total cost associated with these initiatives.

During the year ended August 31, 2008, the Company's Publishing segment initiated and completed certain changes in its work flow processes which resulted in the centralization of certain functions. The total cost associated with this initiative of $10.7 million was accrued in fiscal 2008.

During the year ended August 31, 2009, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 533 positions. These current initiatives are expected to be complete by May 31, 2010. During the year ended August 31, 2009, the Company accrued $28.8 million, the total expected cost related to these initiatives.

In connection with the acquisition of CW Media's operations in August 2007, the Company accrued termination benefits of $18.6 million. This accrual was set up as part of the purchase equation related to the acquisition of CW Media and was reduced by payments made during the period to August 31, 2007 of $3.3 million. During the year ended August 31, 2009, the Company initiated certain initiatives in its CW Media television segment, which will result in a workforce reduction of 30 positions. These initiatives were completed at August 31, 2009 with total employee termination costs of $0.9 million.

During the year ended August 31, 2009 the Company incurred $31.1 million related to the cost of pursuing the recapitalization transactions (note 1). In addition, the Company accrued $0.7 million related to workforce reductions in its corporate office.

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

	Publishing	Canadian television	CW Media television	Other	Total
Balance – August 31, 2007	-	-	15,277[1]	-	15,277
Accrued during the year	10,708	10,007	1,013[1]	-	21,728
Payments made during the year	(8,332)	(3,919)	(15,351)	-	(27,602)
Balance – August 31, 2008	2,376	6,088	939	-	9,403
Accrued during the year	28,805	10,662	852	31,839	72,158
Payments made during the year	(21,758)	(11,324)	(1,736)	(31,102)	(65,920)
Balance – August 31, 2009	9,423	5,426	55	737	15,641

(1) The accrual for CW Media in fiscal 2007 was made in connection with the acquisition of CW Media and accordingly was recorded in the purchase equation.

9. PROPERTY AND EQUIPMENT

	2009		
	Cost	Accumulated Amortization	Net
Land	56,860	-	56,860
Buildings	202,554	56,639	145,915
Machinery and equipment	878,742	466,910	411,832
Leasehold and land improvements	56,365	26,864	29,501
	1,194,521	550,413	644,108

	2008 (Revised note 21)		
	Cost	Accumulated Amortization	Net
Land	60,525	-	60,525
Buildings	212,869	60,176	152,693
Machinery and equipment	916,099	452,394	463,705
Leasehold and land improvements	55,827	21,618	34,209
	1,245,320	534,188	711,132

The net book value of property and equipment located in Canada was $557.7 million (2008 - $592.9 million), in Australia $86.4 million (2008 - $112.6 million) and in other foreign jurisdictions was nil (2008 - $5.6 million).

During 2009 and 2008, the Company had no additions related to assets under capital leases.

The Company has assets under capital leases with original cost of $15.4 million (2008 – $18.5 million) and accumulated amortization of $2.6 million (2008 – $2.8 million).

During 2009, the Company completed a review of the E! Network and certain operations within Ten Holdings. Due to a decline in operating results and lower future profit expectations it was determined that the value of certain property and equipment was impaired and an impairment loss of $10.4 million related to the E! Network and $22.0 million related to Eye Corp was recorded. These impairments impact the Canadian television and Out-of-home segments.

10. GOODWILL

	August 31, 2008 (Revised note 21)	Additions	Impairments	Other	August 31, 2009
Publishing	1,697,405	100[1]	(1,142,010)	(14,810)[2]	540,685
CW Media television	478,908	-	-	(1,618)[3]	477,290
Australian television	32,149	-	-	640[4]	32,789
Out-of-home	104,477	-	(16,329)	3,519[4]	91,667
Total[5]	2,312,939	100	(1,158,339)	(12,269)	1,142,431

	August 31, 2007 (Revised note 21)	Additions	Impairments	Other	August 31, 2008 (Revised note 21)
Publishing	1,694,793	2,612[5]	-	-	1,697,405
Canadian television	475,896	121,000[6]	(596,896)	-	-
CW Media television	19,866	459,042[7]	-	-	478,908
Australian television	30,154	-	-	1,995[4]	32,149
Out-of-home	99,152	-	-	5,325[4]	104,477
Total[5]	2,319,861	582,654	(596,896)	7,320	2,312,939

(1) Increase related to contingent consideration paid on previous year's acquisitions.
(2) Decrease related to the settlement of the Hollinger arbitration (note 29).
(3) Decrease related to an adjustment to the valuation allowance on tax losses acquired.
(4) Increase related to fluctuations in foreign currency translation rates.
(5) Increase related to a small publishing acquisition.
(6) For goodwill impairment testing, the Company allocated goodwill of $121.0 million related to expected merger synergies resulting from the acquisition of CW Media to the Canadian television segment.
(7) Increase related to the consolidation of the regulated assets of CW Media (note 5).

Goodwill Impairments

For determining the fair value of its reporting units, the Company uses both the income and market approaches. Under the income approach, management estimates the discounted future cash flows for three to five years and a terminal value for each of the reporting units. The future cash flows are based on management's best estimates considering historical and expected operating plans, marketing, content procurement and development strategy, economic conditions, and general outlook for the industry and markets in which the reporting unit operates. The discount rates used by the Company are based on an optimal debt to equity ratio and considers the risk free rate, market equity risk premium, size premium and operational risk premium for possible variations from management's projections. The terminal value is the value attributed to the reporting unit's operations beyond the projected period of 5 years using a perpetuity growth rate based on industry, revenue and operating income trends and growth prospects. Under the market approach, the Company estimates fair value by multiplying maintainable earnings before interest, income taxes, depreciation, amortization and other non-recurring costs by multiples based on market comparables adjusted for a control premium. The estimation process results in a range of values for which management uses the simple average of the mid-points under each approach.

The Company's assumptions are affected by current market conditions which may affect expected revenue, particularly advertising revenue and, to a lesser extent, subscriber revenue. In addition, while the Company continues to implement cost savings initiatives, operating costs may increase more significantly than expected. The Company also has significant competition in the markets in which it operates which may impact its revenue, procurement of content and operating costs. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific reporting units or specific intangibles assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and the Company would be required to recognize further impairment losses. As at August 31, 2009, our estimates of fair values of all reporting units, except for CW Media television and Publishing, exceeded their respective carrying values by at least 20%. Accordingly, the goodwill of CW Media television and Publishing are at greater risk of impairment should future valuations result in lower enterprise values.

During the year ended August 31, 2009, the Company recorded goodwill impairment charges in its Publishing and Out-of-home segments of $1,142.0 million and $16.3 million, respectively. The fair value of these reporting units declined due to a decline in operating results and lower future profit expectations. During the year ended August 31, 2008, the Company recorded goodwill impairment charges in its Canadian television segment of $596.9 million. The fair value of this reporting unit declined primarily as a result of the decrease in the future profit expectations as a result of the expectations related to Canadian conventional television advertising market growth.

11. INTANGIBLE ASSETS

		2009	
	Cost	**Accumulated Amortization**	**Net**
Finite life:			
Circulation, subscribers and other customer relationships	95,477	24,273	71,204
Site licences	33,796	11,908	21,888
	129,273	36,181	93,092
Indefinite life:			
Broadcast licences			1,049,052
Brands			31,000
Newspaper mastheads			289,343
			1,369,395
Total intangible assets			1,462,487

	Cost	2008 (Revised note 21) Accumulated Amortization	Net
Finite life:			
Circulation, subscribers and other customer relationships	95,477	17,842	77,635
Site licences	44,683	10,053	34,630
	140,160	27,895	112,265
Indefinite life:			
Broadcast licences			1,131,327
Brands			31,000
Newspaper mastheads			416,701
			1,579,028
Total intangible assets			1,691,293

Indefinite life intangible assets by operating segment include Publishing of $289.3 million (2008 - $416.7 million), Canadian television of nil (2008 - $86.0 million), CW Media television $868.9 million (2008 – 868.9 million), and Australian television of $211.2 million (2008- $207.4 million).

	August 31, 2008 Net Book Value (Revised note 21)	**Amortization**	**Impairments**	**Other[1]**	**August 31, 2009 Net Book Value**
Circulation, subscribers and other customers relationships	77,635	(6,431)	-	-	71,204
Site licences	34,630	(1,547)	(12,983)	1,788	21,888
Broadcast licences	1,131,327	-	(86,000)	3,725	1,049,052
Brands	31,000	-	-	-	31,000
Newspaper mastheads	416,701	-	(127,358)	-	289,343
Total	1,691,293	(7,978)	(226,341)	5,513	1,462,487

	August 31, 2007 Net Book Value (Revised note 21)	**Additions**	**Amortization**	**Impairments**	**Other[1]**	**August 31, 2008 Net Book Value** (Revised note 21)
Circulation, subscribers and other customers relationships	84,067	-	(6,432)	-	-	77,635
Site licences	36,340	-	(2,608)	-	898	34,630
Broadcast licences	688,810	839,533	-	(408,484)	11,468	1,131,327
Brands	-	31,000	-	-	-	31,000
Newspaper mastheads	416,236	465	-	-	-	416,701
Total	1,225,453	870,998	(9,040)	(408,484)	12,366	1,691,293

(1) Increase related to fluctuations in foreign currency translation rates.

There were no additions to intangible assets for the year ended August 31, 2009

Intangible Asset Impairments
During 2009, due to a decline in operating results, and lower expectations for advertising revenue growth the Company recorded impairment charges of $127.4 million (2008 – nil) for mastheads in its Publishing segment, $86.0 million (2008 – $408.5 million) for broadcast licences in its Canadian television segment and $13.0 million (2008 - nil) for site licences in its Out-of-home segment.

The fair value of mastheads for each publication is estimated using a relief-from-royalty approach using the present value of expected after-tax royalty streams through licencing agreements. The key assumptions under this valuation approach are royalty rates, expected future revenue and discount rates. The fair values of broadcast licences are determined individually or based on a group of licences that operate together using a Greenfield discounted cash flow approach. This approach hypothetically re-measures the broadcast licences assuming the business is commencing its operations on August 31, 2009. The key assumptions under this valuation approach are future revenue, costs of a hypothetical start-up broadcast operation and discount rates. The fair value of site licenses are determined individually or based on a group of licenses that operate together using a discounted cash flow approach using the present value of expected after tax cash flows through the licensing agreements. The key assumptions under this valuation approach are expected future cash flows and discount rates.

The Company's assumptions are affected by current market conditions which may affect expected revenue, particularly advertising revenue and, to a lesser extent, subscriber revenue. In addition, while the Company continues to implement cost savings initiatives, operating costs may increase more significantly than expected. The Company also has significant competition in the markets in which it operates which may impact its revenue, procurement of content and operating costs. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific reporting units or specific intangible assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of indefinite life intangibles and the Company would be required to recognize further impairment losses. As at August 31, 2009, the Company's estimates of fair values of indefinite life intangibles for all operating segments, except for certain Publishing mastheads, exceeded their respective carrying values by at least 20%. Accordingly, these Publishing mastheads are at greater risk of impairment should future valuations result in the determination of lower values.

During 2008, the Company finalized the CW Media purchase price allocation and, as a result, recorded an increase in broadcast licences and brands of $837.9 million and $31.0 million, respectively (note 5). The Company also completed a small publishing acquisition and recorded a masthead on the acquisition of $0.5 million. In addition, site licences of $1.2 million were recorded on the Eye Corp acquisitions.

12. LONG-TERM DEBT

	Maturity (fiscal year)	Principal Outstanding August 31, 2009 (millions)	As at August 31, 2009	As at August 31, 2008
Canwest Media Inc.:				
Secured revolving credit facility[1]	2009	$13	12,756	-
Secured notes (net of debt issuance costs of $3 million)[2]	2010	US$94	99,924	-
Senior secured revolving credit facility[3]	2011	-	-	-
Senior subordinated notes (net of debt issuance costs of $1 million (2008 - $11 million))[4]	2012	US$761	838,507	828,755
Canwest Limited Partnership:				
Senior secured credit facilities - revolver[5]	2012	$116	116,000	96,000
Senior secured credit facilities - credit C (net of debt issuance costs of $2 million (2008 -$3 million))[5]	2012	$265	262,692	262,028
Senior secured credit facilities - credit D (net of debt issuance costs of $4 million (2008 - $5 million))[5]	2014	US$458	497,311	483,999
Senior subordinated unsecured credit facility (net of debt issuance costs of $1 million (2008 -$1 million))[6]	2015	$75	74,235	74,152
Senior subordinated unsecured notes (net of debt issuance costs of $8 million (2008 -$9 million))[7]	2015	US$400	429,856	415,766
CW Media Holdings Inc.:				
Senior secured revolving credit facility[8]	2013	-	-	8,000
Senior secured credit facility (net of debt issuance costs of $11 million (2008 - $13 million))[8]	2015	US$439	469,760	457,688
Senior unsecured notes including accrued interest (net of debt issuance costs of $8 million (2008 -$9 million))[9]	2015	US$338	362,538	329,630
Ten Network Holdings Limited:				
Bank loan – revolver[10]	2011	A$90	83,277	250,195
Senior unsecured notes[11]	2013	US$125	144,300	132,322
Senior unsecured notes[12]	2016	A$150	138,795	136,470
			3,529,951	3,475,005
Less portion due within one year			(2,336,169)	(13,063)
Long-term portion			1,193,782	3,461,942

(1) Canwest Media entered into a revolving $75 million secured credit facility bearing interest at the greater of prime rate and 2.25% plus an applicable margin. The capacity available under the facility is calculated based upon the value of certain assets that secure the facility including accounts receivable and property and equipment, capped at $75 million. As at August 31, 2009 there was an additional $51 million available under the facility net of letters of credit of $11 million. The facility is secured by all current and future assets of Canwest Media, its wholly owned Canadian television operations and the National Post (until it was transitioned to Canwest Limited Partnership in November 2009) and by a second charge on the shares held in Ten Holdings (until these shares were sold in October 2009) but excludes the restricted cash securing its banking and cash management services (see note 6). The facility is guaranteed by the Canwest Global, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media, excluding Canwest Limited Partnership and its subsidiaries. All deposits of Canwest Media and the guarantor subsidiaries are applied against amounts outstanding under the revolving facility daily. The facility is subject to a number of affirmative and negative covenants. Subsequent to year end, on commencement of CCAA proceedings, this facility was converted to a DIP loan facility and the maximum availability was increased to $100 million (see note 4).

(2) Canwest Media issued $105 million (US$94 million) of notes and received cash of $100 million (US$89 million). The notes bear interest at 12%. The notes were secured by a first charge against the shares held in Ten Holdings and a second charge on all assets that secure the secured revolving credit facility of Canwest Media as described in (1).The notes were guaranteed by the Company, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media excluding Canwest Limited Partnership. Subsequent to year end the Company repaid this facility in full (US$94 million) utilizing proceeds from the sale of its shares in Ten Holdings (see note 31).

(3) The amounts due under the senior credit facilities were fully repaid using the cash and the proceeds of the new financings described in notes (1) and (2) in May 2009.

(4) Consists of $833 million (US$761 million) (2008 - $808 million (US$761 million)) senior subordinated notes which are due in 2012 and bear interest at 8.0%. Canwest Media is in default under the terms of its senior subordinated notes indenture as a result of not making interest payments that were due in September 2009. Canwest Media and an Ad Hoc Committee of holders of the senior subordinated notes, representing over 70% of the aggregate principal amount of the notes, agreed to a forbearance agreement and a series of extensions under which the note holders would not exercise their rights to demand payment thereby allowing sufficient time for a recapitalization of the Company. On October 5, 2009 the Company entered into the Recapitalization Agreement with the Ad Hoc Committee which sets out the principal terms of the proposed recapitalization of the Company. The Recapitalization Agreement sets out a number of conditions and milestones and expires in April 2010 or earlier if the conditions are not met. In 2008, the Company had entered into a US$761 million foreign currency and interest rate swap until September 2012 resulting in a fixed currency exchange rate of US$1:$1.1932 and a floating interest rate based on banker's acceptance plus a margin. In June 2008 the Company amended the swap resulting in a floating interest rate based on banker's acceptance rates plus a margin on a notional amount of US$601 million and a fixed interest rate of 7.9% on a notional amount of US$160 million. The portion of the swap related to the notional amount of US$601 million was designated as a fair value hedge and its fair value of $86 million was recorded on the consolidated balance sheet in Hedging derivative instruments as at August 31, 2008. The portion of the swap related to the notional amount of US$160M was designated as a cash flow hedge and its fair value of $26 million (current portion of $2 million) was recorded on the consolidated balance sheet in Hedging derivative instruments as at August 31, 2008. As at August 31, 2009, the Company no longer has a foreign currency and interest rate swap on this debt (see note 25). Subsequent to year end, amounts outstanding under these notes were accelerated and partially reduced. Following the

reduction in such outstanding amounts, the notes were reinstated with an aggregate principal amount of US$393 million (see note 31).

The carrying value of this debt includes a premium of $2 million (2008 - $21 million) and a basis adjustment to reflect changes in the fair value of the hedged risks of $4 million (2008 - $11 million). On termination of the hedging derivative instruments, the Company began amortizing the basis adjustment included in long-term debt using an effective interest rate of 5.8%. The Company has changed its estimate of expected future cash flows and corresponding amortized cost carrying value related to the notes which resulted in a recovery to interest expense of $64.6 million.

(5) From May 2009 to August 2009, Canwest Limited Partnership did not make interest or principal payments that were due under the terms of its senior secured credit facilities. Effective August 31, 2009, Canwest Limited Partnership entered into a forbearance agreement with the administrative agent under its senior secured credit facilities. Under this agreement the senior lenders agreed to not take any steps with respect to the defaults under the senior secured credit facilities and to work with Canwest Limited Partnership to develop and implement a financial recapitalization. Canwest Limited Partnership agreed to pay the interest owing and continuing on its senior secured credit facilities and its secured obligations in respect of the terminated hedging obligations (see note 1) in accordance with their contractual terms. The senior secured credit facility includes:

(a) a $250 million revolving term loan. As at August 31, 2009, Canwest Limited Partnership had drawn $116 million (2008 - $96 million) and of letters of credit of $2 million (2008 - $2 million) on its revolver and had no further availability (note 1) and is in default of the terms of the revolving credit facility. This facility matures in July 2012 and is subject to certain restrictions. This facility bears interest at prime plus a margin or banker's acceptance rates plus a margin. This facility had an interest rate of 3.8% as at August 31, 2009 (2008 – 6.6%).

(b) a $265 million (2008 - $265 million) non-revolving term loan which is subject to minimum principal payment reductions of a minimum of 5% beginning in fourth quarter 2009 and 10% in each of years beginning in fourth quarter 2010. Canwest Limited Partnership is in default under the terms of this credit facility. This facility which matures in July 2012 is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. This facility had an interest rate of 3.8% as at August 31, 2009 (2008 – 6.2%)

(c) a $502 million (US$458 million) (2008 - $489 million (US$460 million)) term loan which is subject to principal repayments of $5 million (US$4.8 million) per year. Canwest Limited Partnership is in default under the terms of this credit facility. This facility matures on July 13, 2014 and is subject to certain restrictions and bears interest at floating interest rates based on LIBOR rates plus a margin. This facility had an interest rate of 4.8% at August 31, 2009. In 2008 Canwest Limited Partnership had a foreign currency and interest rate swap to fix the interest and principal payment on a notional amount of US$466 million which reduced with principal payments on the debt at a fixed currency exchange of US$1:$1.0725 until July 2014, resulting in a swap adjusted effective interest rate of 7.5%. This swap was designated a cash flow hedge and its fair value of $46 million (current portion of $12 million) was recorded on the consolidated balance sheet in Hedging derivative instruments as at August 31, 2008. As at August 31, 2009, Canwest Limited Partnership no longer has a foreign currency and interest rate swap on this debt (note 25).

[6] Canwest Limited Partnership has a $75 million senior subordinated unsecured credit facility. This unsecured facility ranks junior to the Canwest Limited Partnership's senior credit facilities and is guaranteed by certain subsidiaries of the Canwest Limited Partnership. This facility which matures in July 2015 is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. This facility had an interest rate of 9.0% as at August 31, 2009 (2008 – 11.1%). Canwest Limited Partnership did not make interest payments due under this facility in August 2009 and, accordingly, is in default under the terms of this facility.

[7] Canwest Limited Partnership has senior subordinated unsecured notes of $438 million (US$400 million) (2008 – $425 million (US$400 million)) which are due in August 2015 and bear interest at 9.3%. These notes rank junior to Canwest Limited Partnership's senior secured credit facility and are guaranteed by certain subsidiaries of Canwest Limited Partnership. The senior subordinated unsecured notes have a variable prepayment option at a premium. The prepayment option represents an embedded derivative that is accounted for separately at fair value. As at August 31, 2009 and 2008 the estimated fair value of the prepayment option is nominal. Canwest Limited Partnership did not make interest payments due under the indenture in August 2009 and, accordingly, is in default under the terms of this indenture. In 2008 Canwest Limited Partnership had a US$400 million swap resulting in a fixed currency exchange rate of US$1:$1.0725 until July 2015 and a fixed interest rate of 9.1%. The swap adjusted effective interest rate was 9.1%. This swap was designated a cash flow hedge and its fair value of $9 million (current portion – nil) was recorded on the consolidated balance sheet in Hedging derivative instruments. As at August 31, 2009, Canwest Limited Partnership no longer has a foreign currency and interest rate swap on this debt (note 25).

[8] CW Media Holdings Inc. has a senior secured credit facility that is secured by substantially all of the assets of CW Media and, subject to certain limitations, by each of its existing and each subsequently acquired or organized wholly owned subsidiaries. The senior secured credit facility consists of the following:

(a) a $50 million revolving term loan. As at August 31, 2009, no amount was drawn under the revolving term loan (2008 - $8 million). This facility matures in August 2013 and is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. Principal amounts outstanding under the revolving term loan are due and payable in full at maturity. The facility had an interest rate of 7.0% as at August 31, 2008.

(b) a $480 million (US$439 million) (2008 – $471 million (US$443 million)) term loan which is subject to principal repayments of $4.8 million (US$4.4 million) per year with the balance payable on maturity. The term loan may be repaid at any time without penalty, subject to certain conditions. The term loan bears interest at LIBOR plus a margin. At August 31, 2009 the interest rate on the term loan was 3.8%. CW Media Holdings Inc. may be required to prepay a portion of the term loan facility based on excess cash flows as defined by the credit agreement. This facility matures in February 2015 and is subject to certain restrictions. CW Media Holdings Inc. has entered into a foreign currency interest rate swap, which expires in February 2015, to fix the interest rate and principal payments on an initial notional amount of US$446 million, reduced accordingly as the principal portion of the debt is repaid, resulting in a swap adjusted interest rate of 8.7% and a fixed currency exchange of US$1:1.064 Canadian dollars until February 2015. The swap was designated as a cash flow hedge and its fair value of $42 million (current portion of $22 million) is recorded on the consolidated balance sheet in Hedging derivative instruments. The foreign currency and interest rate swap relating to the senior secured credit facility is secured by substantially all the assets of CW Media and, subject to certain limitations by each of its existing and each subsequently acquired or organized wholly owned subsidiary.

[9] CW Media Holdings Inc. has issued $370 million (US$338 million) (2008 – $338 million (US$319 million) senior unsecured notes maturing on August 15, 2015. The senior unsecured notes bear interest at 13.5% per annum, compounded semi-annually. Interest is accrued from the date of issue to August 15, 2011 (the "Cash Interest Date"), however is not payable until maturity, unless CW Media Holdings Inc. elects to pay interest in cash with respect to any interest period before the Cash Interest Date. After August 15, 2011, interest will accrue on and be paid in cash commencing on February 15, 2012. Interest is payable or compounded, as applicable, each February 15 and August 15. At August 31, 2009 accrued interest of $29 million (US$26 million) (2008 - $7.1 million (US$6.7 million)) was outstanding and included in long-term debt. CW Media made a voluntary interest payment on August 15, 2009 for $25 million (US$23 million) representing accrued interest for the period from February 16, 2009 to August 15, 2009. These notes are guaranteed by CW Media and its wholly owned subsidiaries. The senior unsecured notes have a variable prepayment option at a premium of 106.75 in 2011 which declines on a straight line basis to par in 2013. The prepayment option represents an embedded derivative that is to be accounted for separately at fair value. As at August 31, 2009 and 2008, the estimated fair value of the prepayment option is nominal.

[10] Ten Holdings has an unsecured credit facility that provides for a maximum of $583 million (A$630 million) (2008 - $573 million (A$630 million)) in advances. At August 31, 2009, Ten Holdings had drawn $83 million (2008 - $250 million) against this facility. This facility matures in April 2011 and bears interest at floating rates plus a margin. This facility had an interest rate of 4.5% as at August 31, 2009 (2008 – 8.4%).

[11] Ten Holdings has $138 million (US$125 million) (2008 - $132 million (US$125 million)) of senior unsecured notes which mature in March 2013. Ten Holdings has entered into a US$125 million foreign currency interest rate swap resulting in floating rates and a fixed currency exchange rate of US$1:A$1.6807 until March 2013. This swap is designated as a fair value hedge and its fair value of $57 million (current portion of $3 million) is recorded on the consolidated balance sheet in Hedging derivative instruments. The notes had a swap adjusted effective interest rate of 4.5% as at August 31, 2009 (2008 – 9.2%).

[12] Ten Holdings has $139 million (2008 - $136 million) of senior unsecured notes which bear interest at floating rates plus a margin and mature in December 2015. The notes had an interest rate of 3.9% as at August 31, 2009 (2008 – 8.5%)

The Company is subject to covenants under certain of the credit facilities referred to above, including thresholds for leverage and interest coverage, and is also subject to certain restrictions under negative covenants.

Principal payments of long-term debt, based on terms existing at August 31, 2009 over the next five years, are:

Year ending August 31,		
	2010[1]	2,349,439
	2011	88,165
	2012	4,888
	2013	149,188
	2014	4,888

[1] All debt which is in default has been classified as payable in 2010 though there is significant uncertainty as to when this debt will be settled. See note 4, "Creditor Protection and Recapitalization".

13. OBLIGATIONS UNDER CAPITAL LEASES

The Company has entered into capital leases with future minimum lease payments for the years ended August 31 as follows:

2010	3,909
2011	3,984
2012	-
2013	-
2014	-
Thereafter	1,560
Total minimum lease payments	9,453
Amount representing interest (at rates of 8.5%)	(2,188)
Present value of minimum capital lease payments	7,265
Less current portion of obligations under capital leases	(3,393)
	3,872

For the year ended August 31, 2009 the Company recorded interest expense on the obligations under capital leases of $0.7 million (2008 – $1.1 million).

14. PUTTABLE INTEREST IN A SUBSIDIARY

The Company and Goldman Sachs have agreed to certain put rights and call rights with respect to Goldman Sachs' interest in the common shares of CW Investments Co., which are exercisable in 2011, 2012 and 2013 subject to certain restrictions. Under this agreement, the value of the Goldman Sachs interest under the put and call provisions is determined by a formula which varies based upon the adjusted combined segment operating profit ("Combined Segment Operating Profit") of the Company's Canadian television segment plus the CW Media specialty television operations. In 2011, subject to any necessary regulatory approvals, the Company shall effect the combination of CW Media and its Canadian television segment. The relative ownership interests in the combined company will be calculated based upon an enterprise value which is determined based on a multiple of twelve times the Combined Segment Operating Profit for the twelve months ended March 31, 2011 less the consolidated net indebtedness of CW Investments Co. at that time. The Goldman Sachs share is determined based upon a rate of return which varies based on the Combined Segment Operating Profit.

In each of 2011, 2012 and 2013 the Company will have the right to cause CW Investments Co. to purchase (or it may purchase itself) up to 100% of Goldman Sachs' interest in CW Investments Co., subject to CW Investments Co. remaining below a maximum consolidated leverage ratio if less than 100% of the Goldman Sachs interest is acquired (the "call right"). In the event that the Company or CW Investments Co. does not exercise its call right with respect to at least 50% of Goldman Sachs' interest in 2011, Goldman Sachs has the right to require CW Investments Co. to acquire interests, which, together with any interests purchased pursuant to the Company's call in 2011, would equal up to 50% of Goldman Sachs' interest, subject to CW Investments Co. remaining below a maximum consolidated leverage ratio. Goldman Sachs also has the right to require CW Investments Co. to purchase any remaining interests that it holds in 2013. In the event that the Company or CW Investments Co. has not acquired 100% of the Goldman Sachs' interest by the expiry date of the last put right in 2013, then Goldman Sachs will be entitled to sell CW Investments Co., subject to a right of first offer in favour of the Company, failing which Goldman Sachs will have the right to require CW Investments Co. to effect an initial public offering of CW Investments Co. to effect its exit.

For purposes of determining the value of the put and call rights, regardless of actual results, the Company and Goldman Sachs have agreed to certain minimum amounts of Combined Segment Operating Profits of $230 million, $250 million and $280 million in each of 2011, 2012 and 2013, respectively. This minimum will not apply for purposes of determining the value applicable on exercise of Goldman Sachs' put rights, except that if the put is exercised in 2011, the value will be based upon an agreed total enterprise value of no less than $2.5 billion less the consolidated net indebtedness of CW Investments Co. as at March 31, 2011.

If an "Insolvency Event" (defined to include the commencement of proceedings under the CCAA) occurs in respect of Canwest Media and is continuing, Goldman Sachs is entitled to sell all of their shares in CW Investments Co. to a bona fide arm's length third party at a price and on other terms and conditions negotiated by Goldman Sachs in its discretion provided that such third party acquires all of the shares of CW Investments Co. held by the Company at the same price and on the same terms and conditions. If Goldman Sachs causes such a sale prior to the combination of Canwest Media's Canadian television operations with CW Media's television operations, the entitlement of Goldman Sachs and the Company to the net proceeds of such sale would be established by a formula set out in the CW Investments Co. Shareholders Agreement.

The Goldman Sachs puttable interest in CW Investments Co. is classified as a financial liability. It was initially recorded based on the amount invested by Goldman Sachs on August 15, 2007. The puttable interest in CW Investments Co. is carried at amortized cost using the effective interest method. Under this method the carrying amount of the liability is measured by computing the present value of the estimated future cash flows at the original effective rate of 19.4% which was determined based on the initial estimated amounts to settle the liability in 2011 and 2013. The liability will accrete to the estimated amount to settle the liability through charges to net earnings (loss) which are recorded as Accretion of long-term liabilities. During 2009, the puttable interest liability was re-measured, based on management's current expectations of the amounts required to settle the put options which represent a decrease compared to the prior year's estimates. The present value of the effect of the decrease of $5.7 million (2008 - $32.8 million) has been recorded as a reduction of the liability and a reduction of the accretion expense for the year then ended. As at August 31, 2009, if forecast Combined Segment Operating Profit increased or decreased by 10% and consolidated net indebtedness remained unchanged, the amortized cost of the puttable interest would increase or decrease by $12.2 million or $30.2 million, respectively.

Amortized cost - August 31, 2007	483,568
Accretion expense	94,589
Accretion expense adjustment due to change in cash flows	(32,763)
Amortized cost - August 31, 2008	545,394
Accretion expense	105,571
Accretion expense adjustment due to change in cash flows	(5,749)
Amortized cost - August 31, 2009	645,216

The future estimated cash flows are calculated based the formula described above and will vary based on changes in expected and actual Combined Segment Operating Profit of the CW Media and Canadian television segments and based on changes in actual and expected CW Investments Co. consolidated debt. While management has computed the carrying amount using estimates of the Combined Segment Operating Profit and debt including expected future advertising and subscriber revenue, expected future operating expenses, expected components of cash flows which will affect CW Investments Co. debt that are reasonable and supportable, it is reasonably possible that the carrying value may increase or decrease by a material amount based on changes in future estimates of or actual Combined Segment Operating Profit and CW Investments Co. net debt.

15. CAPITAL STOCK

Authorized

Authorized capital consists of an unlimited number of preference shares issuable in series, multiple voting shares, subordinate voting shares and non-voting shares.

The multiple voting shares, the subordinate voting shares and the non-voting shares rank equally on a per share basis in respect of dividends and distributions of capital, and are subordinate to the preference shares. Subordinate voting shares carry one vote per share, and multiple voting shares carry ten votes per share. Non-voting shares do not vote, except at meetings where the holders of such shares would be entitled, by law, to vote separately as a class.

Multiple voting shares are convertible into subordinate voting shares and non-voting shares on a one-for-one basis at any time at the option of the holder. Subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. Non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided the holder is Canadian.

Series 1 preference shares carry 19 votes per share with certain limitations. Under certain conditions, the series 1 preference shares carry preferential voting rights pertaining to the election of up to two directors of the Company. Each series 1 preference share is convertible, at the option of the holder, into 0.15 subordinate voting or non-voting shares.

Series 2 preference shares are not eligible to vote, and at the option of the Company, are redeemable for cash, or convertible to subordinate voting or non-voting shares based on the market value of the subordinate voting or non-voting shares at the date of conversion.

The series 1 and 2 preference shares are not entitled to dividends and distributions in the normal course or in respect of a liquidation or wind-up and have no right to vote separately as a class.

At August 31, 2009 and 2008, there were no series 1 or series 2 preference shares outstanding.

	2009	2008
Issued		
76,785,976 (2008 – 76,785,976) multiple voting shares	3,199	3,199
99,250,614 (2008 – 99,619,256) subordinate voting shares	831,533	834,465
1,609,949 (2008 – 1,241,307) non-voting shares	17,643	14,711
	852,375	852,375

Changes in outstanding share capital during the two years ended August 31, 2009 were as follows:

	Number of shares	$ 000's
Multiple voting share capital		
Balance – August 31, 2008 and 2009	76,785,976	3,199
Subordinate voting share capital		
Balance – August 31, 2007	99,327,878	830,827
Conversion from non-voting shares - net	291,378	3,638
Balance – August 31, 2008	99,619,256	834,465
Conversion to non-voting shares - net	(368,642)	(2,932)
Balance – August 31, 2009	99,250,614	831,533
Non-voting share capital		
Balance – August 31, 2007	1,532,685	18,349
Conversion to non-voting shares - net	(291,378)	(3,638)
Balance – August 31, 2008	1,241,307	14,711
Conversion from non-voting shares - net	368,642	2,932
Balance – August 31, 2009	1,609,949	17,643

Share Compensation Plans

The Company utilizes share compensation plans in order to provide employees of the Company and its subsidiaries the opportunity to participate in the growth and development of the Company. At any time the number of shares reserved for issuance to any individual under the share compensation plans may not exceed 5% of the outstanding share capital of all classes and the total number of shares issued or issuable under the plans may not exceed 10% of outstanding share capital of all classes.

In November 2007, the Board of Directors ("Board") of the Company approved a new Stock Option Plan (the "Option Plan") and Restricted Share Unit Plan (the "RSU Plan") for its eligible non-broadcast employees. These plans replace the Amended and Restated Share Compensation Plan (the "Discontinued Share Compensation Plan"). The options issued under the Discontinued Share Compensation Plan have not been modified and remain outstanding.

Stock Option Plan

The Option Plan provides for grants of options to employees of the Company and its affiliates and the issuance of Subordinate Voting Shares and Non-Voting Shares (together being "Shares") upon the exercise of options or vesting of restricted share units.

The Board has the authority to determine the manner in which the options granted pursuant to the Option Plan shall vest and other vesting terms applicable to the grant of options. Options may vest over a period of time ("Regular Options") and/or may vest conditionally upon the attainment of specified market thresholds ("Market Threshold Options") as determined by the Board. The Company utilizes the fair value approach to account for stock based compensation.

The Regular Options vest over a four year period and expire seven years after issuance. The Market Threshold Options vest on achievement of both four years service and a pre-defined price hurdle of closing prices during their seven year term. The exercise price represents the market trading price on the date on which the options were granted.

In November 2008, the Company granted 601,300 Regular Options and 355,700 Market Threshold Options to employees. All of these options expire in November 2015 and were granted at an exercise price of $0.76 per option. In November 2007, the Company granted 528,900 Regular Options and 353,300 Market Threshold Options to employees. All of these options expire in November 2014 and were granted at an exercise price of $7.50 per option. The fair value of both the Regular Options and Market Threshold Options granted was estimated using a binomial option pricing model with the assumptions of dividend yield of nil (2008 – nil), an expected volatility of 47% (2008 - 28%), risk free interest rates of 3.1% (2008 - 4.2%) and an expected life of six years (2008 - six years). The total fair value of the Regular Options issued was $0.2 million (2008 - $1.4 million), an average of $0.34 (2008 - $2.61) per option. The total fair value of the Market Threshold Options was $0.1 million (2008 - $0.9 million), an average of $0.33 (2008 - $2.44) per option.

The Company has recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2009 of $0.5 million (2008 - $0.5 million) related to the Option Plan.

Restricted Share Unit Plan
Eligible participants receive grants of Restricted Share Units ("RSU"), under the RSU Plan, which are settled by the issuance of an equivalent number of Shares for nil consideration at the end of the three year term if the attainment of specified performance goals as determined by the Board have been met. Additional RSU's are granted if the Company declared dividends prior to the settlement date.

In November 2008, the Company granted 330,700 restricted share units (2008 – 305,200) under the RSU Plan. The fair value at the time of issuance was $0.76 (2008 - $7.50) per RSU. During the year ended August 31, 2009, 46,600 RSU's (2008 -13,600) were forfeited leaving 575,700 outstanding (291,600) with an average remaining life of 1.7 years (2.2 years).

The Company recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2009 of $0.7 million (2008 -$0.5 million) related to the Restricted Share Unit Plan.

Deferred Share Unit Plan
The Company utilizes a Deferred Share Unit Plan ("DSU") as a component of its compensation plan for Directors. Under the DSU Plan, directors may elect to receive their compensation in cash, DSUs or a combination thereof. DSUs are issued at the quoted market price of the Company's subordinate voting shares on the grant date. DSUs vest immediately and are only redeemable after the participant ceases to be a director. DSUs are redeemable for cash based on the value of the Company's subordinate voting shares at the redemption date.

The Company records the issuance of DSUs as compensation expense when issued with a corresponding credit to accrued liabilities. The liability is adjusted to its intrinsic value at each balance sheet date with a charge or credit to compensation expense.

Compensation expense related to the DSU plan was a recovery of $0.8 million for the year ended August 31, 2009 (2008 – $0.3 million).

Changes in outstanding DSUs for the two years ended August 31, 2009 are as follows:

	Number of DSUs	Average transaction value ($ per DSU)	Value at year end ($ 000's)
Balance – August 31, 2007	169,448	7.89	1,337
DSUs redeemed	-	-	
DSUs granted	176,423	5.90	
Balance – August 31, 2008	345,871	3.03	1,048
DSUs redeemed	(180,364)	(0.32)	
DSUs granted	1,353,193	0.64	
Balance – August 31, 2009	1,518,700	0.12	182

Discontinued Share Compensation Plan
In November 2007, the Company made a final grant of options under the Discontinued Share Compensation Plan. The options under the Discontinued Share Compensation Plan vest over 5 years and expire in ten years. The fair value of the options granted during the year ended August 31, 2008 was estimated using a binomial option pricing model with the assumptions of no dividend yield, an expected volatility of 28%, risk free interest rates of 4.3% and an expected life of seven years. The total fair value of the 629,000 options granted by the Company in the year ended August 31, 2008 with an average exercise price of $7.50 per option was $1.8 million, a weighted average fair value per option of $2.94.

The Company has recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2009 of $1.7 million (2008 - $2.4 million) related to the Discontinued Share Compensation Plan.

For the year ended August 31, 2009, the Company has recorded total compensation expense of $2.1 million (2008 - $3.1 million), a credit to Contributed surplus of $2.9 million (2008 - $3.4 million) and a debit to Accounts payable and accrued liabilities of $0.8 million (2008 - $0.3 million credit to Accounts payable and accrued liabilities) related to all its share-based compensation plans.

Changes in outstanding options to purchase subordinate voting shares or non-voting shares for the two years ended August 31 were as follows:

	2009		2008	
	Options	Average exercise price $	Options	Average exercise price $
Options outstanding – beginning of year	4,295,204	10.09	3,242,244	11.85
Options granted	957,000	0.76	1,511,200	7.50
Options exercised	-	-	-	-
Options expired	(307,405)	10.76	(318,590)	16.32
Options forfeited	(344,200)	8.19	(139,650)	8.88
Options outstanding – end of year	4,600,599	8.24	4,295,204	10.09
Options exercisable as at August 31	1,938,899	11.47	1,601,204	11.98

The following options to purchase subordinate voting shares or non-voting shares were outstanding and exercisable as at August 31, 2009:

Range of exercise prices $	Number outstanding	Weighted average remaining life years	Weighted average exercise price $	Number exercisable	Weighted average exercise price $
0.01 - 4.99	905,600	6.2	0.76	-	-
5.00 - 9.99	1,403,350	5.9	7.46	268,350	7.31
10.00 - 14.99	2,033,289	5.8	11.11	1,412,189	11.40
15.00 and over	258,360	1.0	16.14	258,360	16.14
	4,600,599	5.6	8.24	1,938,899	11.47

16. OTHER LONG-TERM INCENTIVE PLANS

In November 2007, the Board of the Company approved new long-term incentive plans for eligible Canadian television and CW Media employees, the Broadcast Share Appreciation Rights Plan "Broadcast SAR Plan" and the Broadcast RSU Plan. These plans replace the Discontinued Share Compensation Plan for Canadian broadcast employees.

Broadcast SAR Plan

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

Certain employees also received SARs which vest only if the "Combined EBITDA", as defined by the plan, of the Canadian television and CW Media television segments reaches a prescribed threshold by 2011 ("Special Performance SARs"). The Special Performance SARs vest 50% in March 2011 and 50% in March 2012.

In November 2008, the Company issued 66,900 Regular SARs and 17,600 Performance Threshold SARs (2008 – 76,000 and 17,600, respectively). At the time of issuance, the notional share value was $12.76 per SAR (2008 -$10.00). During the year ended August 31, 2009, 1,550 SARs were exercised (2008 – nil), 16,750 were expired (2008 – nil), and 19,350 were forfeited (2008 – 7,100), leaving 133,350 outstanding (2008 – 86,500) with an average remaining life of 2.8 years (2008 – 3.2 years).

In January 2008, the Company issued 565,472 Special Performance SARs. At the time of issuance, the notional share value was $10.00 per Special Performance SAR. During the year ended August 31, 2009, there were no Special Performance SARs forfeited (2008 – 2,380), leaving 563,092 outstanding (2008 – 563,092) with an average remaining life of 2.1 years (2008 – 3.1 years).

The vested SARs are settled through a cash payment which is calculated based on the increase in the notional share value at the end of the most recently completed quarter prior to the settlement date over the notional share value at the grant date.

The value of the outstanding SARs is recorded as a financial liability with changes in the intrinsic value recorded in operating expenses. Operating expenses related to the Broadcast SAR plan was $1.2 million for the year ended August 31, 2009 (2008 – $0.2 million).

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

In November 2008, the Company issued 37,200 Broadcast RSUs (2008 – 46,000). The value of the RSUs at the time of issuance was $12.76 (2008 -$10.00) per RSU. During the year ended August 31, 2009, 700 RSUs expired (2008 – nil) and 8,900 were forfeited (2008 – 5,100), leaving 68,500 outstanding (2008 – 40,900) with an average remaining life of 1.7 years (2008 – 2.2 years).

The RSUs are accounted as a financial liability and are accrued and adjusted to intrinsic value over the vesting period. Operating expenses related to the Broadcast RSU plan was $0.3 million for the year ended August 31, 2009 (2008 – $0.2 million).

17. EARNINGS PER SHARE

Basic earnings per share are calculated using the daily weighted average number of shares outstanding.

Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year, or when the underlying options were granted or issued, if later. The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of the options to acquire shares provided the shares are not anti-dilutive.

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

	2009	**2008** (Revised note 3)
Net loss from continuing operations	(1,636,313)	(1,025,367)
Loss on sale of discontinued operations	(8,755)	(6,970)
Loss from discontinued operations	(44,201)	(9,806)
Net loss for the year	(1,689,269)	(1,042,143)
Basic weighted average shares outstanding during the year	177,646,539	177,646,539
Dilutive effect of options	-	-
Diluted weighted average shares outstanding during the year	177,646,539	177,646,539
Options outstanding that would have been anti-dilutive	5,176,299	4,586,806

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Foreign currency translation adjustment	Available for sale investments	Hedging derivative instruments designated as cash flow hedges	Total
Balance – August 31, 2007	(5,785)	(1,787)	(21,026)	(28,598)
Other comprehensive income (loss)	2,753	1,787	(40,833)	(36,293)
Balance – August 31, 2008	(3,032)	-	(61,859)	(64,891)
Other comprehensive income	5,562	-	19,182	24,744
Balance – August 31, 2009	2,530	-	(42,677)	(40,147)

The unrealized loss on foreign currency interest rate swaps that will be reclassified to interest expense over the next twelve months is approximately $15.5 million, net of tax of $6.3 million.

During the year ended August 31, 2009, $228.9 million foreign exchange gains (2008 – $18.7 million) were reclassified to net earnings (loss) from accumulated other comprehensive loss, representing foreign exchange gains on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange losses recognized on the related U.S. dollar denominated long-term debt. During the years ended August 31, 2009 and 2008, there were no amounts recorded in net earnings (loss) which represented hedge ineffectiveness associated with cash flow hedging instruments.

During the year ended August 31, 2009, the Company reclassified $20.7 million (2008 – $15.2 million) from accumulated other comprehensive loss to net earnings (loss). This amount has been recorded as a charge to interest expense and represents the effect of the hedging derivative instruments on the Company's interest expense.

Discontinuance of hedge accounting

During the year ended August 31, 2009, the Company reclassified $56.0 million from accumulated other comprehensive loss to net earnings (loss), representing the amounts deferred on certain Canwest Media and Canwest Limited Partnership derivatives that no longer qualify as cash flow hedges because the derivatives have been terminated and the anticipated cash flows are no longer expected to occur (note 29).

19. INCOME TAXES

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

	2009	2008 (Revised notes 3 and 21)
Income taxes at combined Canadian statutory rate of 31.04% (2008 – 32.53 %)	(456,784)	(340,617)
Non-taxable portion of capital (gains) losses	(12,026)	5,358
Increase (decrease) in valuation allowance on future tax assets	221,638	8,897
Effect of foreign income tax rates differing from Canadian income tax rates	408	(6,625)
Change in expected future tax rates	12,702	5,923
Non-deductible accretion expense	30,985	20,100
Non-deductible expenses	6,851	7,674
Partnership net earnings allocated to minority interests	(1,389)	(1,681)
Effect of uncertain tax positions	(20,828)	(369)
Effect of partnership earnings from equity accounted affiliates	-	1,332
Effect of goodwill and intangible asset impairments	403,551	270,638
Dilution gain	(19,270)	-
Other	(657)	6,052
Provision for (recovery of) income taxes	165,181	(23,318)

An analysis of net earnings (loss) from continuing operations before tax by jurisdiction follows:

	2009	2008 (Revised notes 3 and 21)
Canada	(1,492,719)	(1,155,922)
Foreign	21,121	108,837
Net loss before tax	(1,471,598)	(1,047,085)

An analysis of the provision for current and future income taxes by jurisdiction follows:

	2009	2008 (Revised notes 3 and 21)
Current income taxes		
Canada	(1,029)	2,462
Foreign	15,150	38,347
	14,121	40,809
Future income taxes		
Canada	153,445	(59,506)
Foreign	(2,385)	(4,621)
	151,060	(64,127)
Provision for (recovery of) income taxes	165,181	(23,318)

Significant components of the Company's future tax assets and liabilities are as follows:

	2009	2008 (Revised notes 3 and 21)
Future tax assets		
Non-capital loss carryforwards	347,332	308,170
Provision for write down of investments	392	5,239
Accounts payable, other accruals and interest rate and foreign currency swap liability	102,248	143,352
Pension and post retirement benefits	23,403	23,228
Intangible assets	47,011	8,882
Less: Valuation allowance	(385,460)	(175,117)
Total future tax assets	134,926	313,754
Future tax liabilities		
Capital cost allowances in excess of book amortization	42,882	44,303
Pension assets - net	6,740	4,461
Broadcast rights	29,508	42,101
Other assets	(4,350)	6,185
Total future tax liabilities	74,780	97,050
Net future tax asset	(60,146)	(216,704)
Current portion of future tax asset	16,273	52,712
Long-term future tax asset	241,968	371,281
Current portion of future tax liability	(38,268)	(39,475)
Long-term future tax liability	(159,827)	(167,814)
	(60,146)	(216,704)

As at August 31, 2009, the Company had non-capital loss carry forwards for income tax purposes of $1,345.8 million, that expire as follows: 2010 – $39.2 million, 2011 – nil, 2012 – nil, 2013 – $31.9 million, 2014 – $125.5 million and thereafter – $1,149.2 million.

The recognition and measurement of the current and future tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a number of jurisdictions and in the assessment of the recoverability of future tax assets. Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such differences, which could be significant, will impact the income tax provision in the period in which the determination is made. described in note 1, Canwest Media is in default of its senior subordinated unsecured notes. Canwest Limited Partnership is in default on its senior secured credit facilities, its senior subordinated unsecured credit facility, and its senior subordinated unsecured notes. As this constitutes significant unfavourable evidence about Canwest Media's ability to more likely than not realize the benefits associated with its future tax assets. The Company has recognized a valuation allowance of $385.5 million related to future tax assets.

During 2008, the minority shareholders in Ten Group exchanged their shares into common shares of Ten Holdings. Under Australian tax legislation, this created a new tax consolidation group that required Ten Holdings, for income tax purposes, to fair value its consolidated assets and liabilities. This resulted in Ten Holdings recording a future tax asset of $174.0 million (A$188.1 million) (2008 - $171.1 million (A$188.1 million)). The Company will not recognize the benefit associated with this future tax asset in earnings until it is realized and accordingly, has recorded the amount as a deferred gain.

20. INVESTMENT GAINS, LOSSES AND WRITE-DOWNS

The Company has recorded the following investment gains, losses and write-downs.

	2009	2008
Loss on available for sale investments (note 7)	(7,285)	(32,716)
Dilution gain[1]	61,427	-
Loss on sale of E! Network stations (note 5)	(2,264)	-
Other	634	1,064
	52,512	(31,652)

[1] During August 2009, Ten Holdings completed an equity offering for net proceeds of $120.7 million. As a result the Company's ownership interest in Ten Holdings declined from 57% to 50%.

21. DISCONTINUED OPERATIONS

In May 2009, the Company sold its Turkish radio stations. The Company had previously concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $12 million on the sale of these stations. The results of this operation were classified as a discontinued operation in the consolidated statements of loss, the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the Turkish radio stations were reported within the Turkey radio segment. During, the year ended August 31, 2009 the Company recorded goodwill and broadcast licence impairment charges of $11.7 million and $40.8 million respectively. The classification of the Turkey radio stations as a discontinued operation increased earnings from continuing operations by $41 million for the year ended August 31, 2009 (2008 – decreased earnings $4 million). Cash flows from operating activities of continuing operations decreased by $16 million for the year ended August 31, 2009 (2008 – $4 million).

In February 2009, the Company sold *The New Republic*. The Company had previously concluded that the expectations for this asset were not consistent with the Company's long-term growth strategy. The Company recorded a gain of $3 million on the sale of this asset. The results of this operation were classified as a discontinued operation in the consolidated statements of loss, the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of *The New Republic* were reported within the Publishing segment. During, the year ended August 31, 2009 the Company recorded a masthead impairment charge of $2.0 million. During, the year ended August 31, 2008 the Company recorded a goodwill impairment charge of $4.5 million. The classification of *The New Republic* as a discontinued operation increased earnings from continuing operations by $3 million for the year ended August 31, 2009 (2008 – $7 million). Cash flows from operating activities of continuing operations increased by $1 million for the year ended August 31, 2009 (2008 – $3 million).

In July 2008, the Company sold its United Kingdom radio stations. The Company previously concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $7 million on the sale of these stations. The results of these operations were classified as a discontinued operation in the consolidated statements of loss, the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the United Kingdom radio stations were reported within the United Kingdom radio segment. The classification of the United Kingdom radio stations as a discontinued operation increased earnings from continuing operations by $7 million for the year ended August 31, 2008. Cash flows from operating activities of continuing operations increased by $6 million for the year ended August 31, 2008.

The loss from discontinued operations excluding the gain (loss) on sale of discontinued operations are summarized as follows:

	2009	2008
Revenue	8,883	20,940
Loss from discontinued operations before tax	(55,032)	(8,699)
Income tax expense (recovery)	(10,831)	1,107
Loss from discontinued operations	(44,201)	(9,806)
Loss from discontinued operations per share:		
Basic	($0.25)	($0.06)
Diluted	($0.25)	($0.06)

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

	2009	2008
Current assets	-	10,924
Goodwill	-	13,622
Non-current assets	-	69,492
Current liabilities	-	(4,683)
Long-term debt	-	-
Other long-term liabilities	-	(3,555)
Net assets	-	85,800

22. STATEMENTS OF CASH FLOWS

The following amounts comprise the net change in non-cash operating accounts included in the statements of cash flows excluding non-cash operating accounts related to discontinued operations:

	2009	2008 (Revised note 21)
Cash generated (utilized) by:		
Restricted cash	(13,902)	-
Accounts receivable	67,469	20,204
Investment in broadcast rights	(54,995)	(47,771)
Inventory	4,092	(1,803)
Other current assets	(5,477)	7,023
Other assets	2,006	1,947
Accounts payable and accrued liabilities	(49,543)	(53,221)
Income taxes recoverable and payable	5,174	(40,973)
Deferred revenue	(3,042)	(1,995)
Broadcast rights payable	(20,689)	8,122
Net assets	(68,907)	(108,467)

The following amounts were paid on account of interest and income taxes:

	2009	2008
Interest	204,325	315,895
Income taxes	12,093	91,041

23. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations arise from legal obligations that exist for the removal of equipment or the restoration of sites upon termination of certain agreements. Asset retirement obligations are primarily associated with transmission facilities and related structures. Additional liabilities incurred in 2009 were nil (2008 – $1.0 million). No liabilities were settled during 2009 and 2008. During 2009, due to the sale of its E! Network television stations (note 5) the liabilities were reduced by $0.2 million. The asset retirement obligations, which are calculated based on the discounted future cost of the estimated cash flows required to settle the obligations, of $12.1 million (2008 – $11.3 million) are recorded in accrued liabilities. The undiscounted amount of the estimated cash flows is approximately $19.9 million (2008 – $19.8 million). Discount rates of 8.5% to 9.0% were used to calculate the present value of the asset retirement obligations over a period of 5 to 99 years. Accretion expense of $0.7 million (2008 - $0.9 million) was recorded in the statement of loss in Accretion of long-term liabilities.

24. PENSION, POST RETIREMENT, AND POST EMPLOYMENT BENEFITS

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

	Pension benefits (1)		Post retirement/employment benefits (2)	
	2009	2008 (Revised note 3)	2009	2008 (Revised note 3)
Plan assets				
Fair value – beginning of year	408,495	404,185	-	-
Actual return on plan assets	(17,259)	(6,025)	-	-
Employer contributions	77,463	30,756	4,125	1,928
Employee contributions	7,164	7,230	-	-
Benefits paid and administrative expenses	(30,269)	(20,350)	(4,125)	(1,928)
Reclassification (3)	-	(7,301)	-	-
Fair value – end of year	445,594	408,495	-	-
Plan obligations				
Accrued benefit obligation – beginning of year	514,638	531,706	57,730	51,804
Amendment to plan	-	-	-	5,952
Accrued interest on benefits	31,998	29,890	4,116	3,548
Current service costs	24,485	26,048	5,308	2,716
Benefits paid	(30,269)	(20,350)	(4,125)	(1,928)
Actuarial losses (gains)	(15,873)	(45,355)	10,119	(4,362)
Curtailment expense (gain)(4)	9,957	-	(1,103)	-
Reclassification (3)	-	(7,301)	-	-
Accrued benefit obligation – end of year	534,936	514,638	72,045	57,730
Accrued benefit obligation	534,936	514,638	72,045	57,730
Fair value of plan assets	445,594	408,495	-	-
Plan deficits	(89,342)	(106,143)	(72,045)	(57,730)
Unamortized net actuarial losses (gains)	94,035	70,334	(12,180)	(12,350)
Unamortized transitional obligations (assets)	(1,686)	3,981	1,461	1,764
Unamortized past service costs	1,193	13,247	5,140	5,818
Accrued plan liability	4,200	(18,581)	(77,624)	(62,498)
Valuation allowance	(202)	(307)	-	-
Accrued net plan liability, net of valuation allowance	3,998	(18,888)	(77,624)	(62,498)

The accrued pension plan asset of $26.3 million (2008 - $16.1 million) is included in long-term other assets and the accrued pension plan liability of $22.3 million (2008 - $35.0 million) and the accrued post retirement and post employment plan liability is included in other long-term liabilities in the consolidated balance sheet.

	Actual	Target
Plan assets consist of:		
Equity securities	55.7%	60.0%
Debt securities	31.3%	40.0%
Other	13.0%	0.0%
	100.0%	100.0%

The pension plans have no investment in equity or debt securities of the Company.

The most recent actuarial valuations of the Company's pension plans were between December 31, 2006 and December 31, 2008. The valuations indicated that the plans had deficiencies. As a result, the Company is currently required to make total annual special payments of $23.1 million. The next required valuations will be completed between December 31, 2009 and December 31, 2010. The investment strategy for pension plan assets is to utilize a balanced mix of equity and fixed income portfolios, with limited additional diversification, to earn a long-term investment return that meets the Company's pension plan obligations. Active management strategies and style diversification strategies are utilized in anticipation of realizing investment returns in excess of market indices.

Total cash payments for 2009, consisting of cash contributed by the Company to its funded pension plans, cash payments to beneficiaries for its post retirement plans, and cash contributed to its defined contribution plans, was $92.9 million (2008 - $44.2 million)

The Company's pension benefit expense is determined as follows:

	2009			2008 (Revised note 3)		
	Incurred in year	Matching adjustments [5]	Recognized in year	Incurred in year	Matching adjustments [5]	Recognized in year
Current service cost	24,485	-	24,485	26,048	-	26,048
Employee contributions	(7,164)	-	(7,164)	(7,230)	-	(7,230)
Accrued interest on benefits	31,998	-	31,998	29,890	-	29,890
Return on plan assets	17,259	(46,260)	(29,001)	6,025	(35,051)	(29,026)
Curtailment expense[4]	9,957	21,370	31,327	-	-	-
Transitional obligation	-	239	239	-	433	433
Past service costs	-	1,077	1,077	-	1,419	1,419
Net actuarial loss (gain)	(15,873)	17,594	1,721	(45,355)	49,435	4,080
Changes in valuation allowance	-	(105)	(105)	40	(142)	(102)
Benefit expense	60,662	(6,085)	54,577	9,418	16,094	25,512
Employer Contribution to the defined contribution plan	11,318	-	11,318	11,549	-	11,549
Total pension benefit expense	71,980	(6,085)	65,895	20,967	16,094	37,061

The Company's post retirement and post employment benefit expense is determined as follows:

	2009			2008 (Revised note 3)		
	Incurred in year	Matching adjustments [5]	Recognized in year	Incurred in year	Matching adjustments [5]	Recognized in year
Current service cost	5,308	-	5,308	2,716	-	2,716
Accrued interest on benefits	4,116	-	4,116	3,548	-	3,548
Curtailment gain[4]	(1,103)	101	(1,002)	-	-	-
Transitional obligation	-	303	303	-	303	303
Past service costs	-	678	678	5,952	(5,365)	587
Net actuarial loss (gain)	10,119	(271)	9,848	(4,362)	11,758	7,396
Total post retirement/employment benefit expense	18,440	811	19,251	7,854	6,696	14,550

	Pension benefits		Post retirement/employment benefits	
	2009	2008	2009	2008
Significant actuarial assumptions in measuring the Company's accrued benefit obligations as at August 31 are as follows:				
Discount rate	6.10%	6.15%	6.40%	6.10%
Rate of compensation increase	3.10%	3.70%	-	-
Significant actuarial assumptions in measuring the Company's benefit costs as at August 31 are as follows:				
Discount rate	6.15%	5.60%	6.10%	5.60%
Expected long-term rate of return on pension plan assets	7.00%	7.15%	-	-
Rate of compensation increase	3.70%	2.90%	-	-

The discount rate was estimated by applying Canadian corporate AA zero coupon bonds to the expected future benefit payments under the plans. For fiscal 2010, the expected long-term rate of return on plan assets will be 6.6%, based on the investment mix, current yields and experience. In 2010, the Company expects to contribute $36.4 million to its defined benefit pension plans and $1.7 million to its other post retirement and post employment benefit plans.

Benefit payments, which reflect expected future service, are expected to be paid as follows:

Year ending August 31,	2010	69,444
	2011	64,267
	2012	25,228
	2013	27,547
	2014	29,863
	2015-2019	188,959

(1) As at August 31, 2009 the Company has defined benefit pension plans that are not fully funded. These plans have aggregate plan assets of $445.6 million (2008 - $312.2 million) and aggregate benefit obligations of $534.9 million (2008 - $418.7 million).

(2) Post retirement plans are non-contributory and include health, dental, and life insurance benefits. The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered for the post retirement health and life plans were 8.2%, decreasing to an ultimate rate of 5.3% in 2019. A one percentage point increase in assumed health care cost trend rates would have increased the service and interest costs and obligation by $0.7 million and $6.7 million, respectively. A one percentage point decrease in assumed health care cost trends would have lowered the service and interest costs and the obligation by $0.5 million and $5.5 million, respectively.

(3) During 2008, $7.3 million in pension assets and related obligations related to operations which have been sold were transferred to the acquirer.

(4) During 2009, the Company terminated a retirement compensation arrangement and as a result, incurred a curtailment expense of $31.3 million which includes the realization of $11.0 million of past service costs and $5.4 million of transitional obligations. The obligations under the retirement compensation arrangement of $41.4 million were secured by a letter of credit which was redeemed by the trustee. The obligations under this arrangement will be settled using the proceeds of this letter of credit and no further benefits will accrue under this arrangement. In addition, during 2009, due to the sale of CHCH-TV (note 5) the company wound up the related defined benefit pension plan and post employment plan. For the defined pension plan the Company incurred a curtailment gain of $4.9 million and a corresponding realization of $4.9 million of actuarial losses related to the plan. The obligations under this plan will be settled using the plan assets. The termination of the post-employment plan resulted in a curtailment gain of $1.1 million and a corresponding realization of actuarial losses of $0.1 million. There is no longer an obligation outstanding related to this plan as a result the gain on settlement has been classified in investment gains, losses and write-downs on the Statement of loss.

(5) Accounting entries to allocate costs to different periods so as to recognize the long-term nature of employee future benefits.

25. FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENT RISK MANAGEMENT

(a) Financial Instruments

	Carrying Amounts as at August 31, 2009				
	Financial instruments required to be classified as held for trading	Financial instruments classified as available for sale	Loans and receivables	Financial liabilities at amortized cost	Foreign currency interest rate swaps accounted for as hedges
Financial Assets					
Cash and cash equivalents	106,051	-	-	-	-
Restricted cash	16,402	-	-	-	-
Accounts receivable	-	-	466,232	-	-
Other investments	-	9,152	-	-	-
	122,453	9,152	466,232	-	-
Financial Liabilities					
Accounts payable and accrued liabilities	-	-	-	532,743	-
Broadcast rights payable	-	-	-	109,805	-
Long-term debt	-	-	-	3,529,951	-
Derivative instruments	-	-	-	-	9,581
Hedging derivative instruments	-	-		-	98,634
Puttable interest in subsidiary	-	-		645,216	-
Other long-term accrued liabilities	-	-	-	25,855	-
	-	-	-	4,843,570	108,215

	Carrying Amounts as at August 31, 2008 (Revised note 21)				
	Financial instruments required to be classified as held for trading	Financial instruments classified as available for sale	Loans and receivables	Financial liabilities at amortized cost	Foreign currency interest rate swaps accounted for as hedges
Financial Assets					
Cash and cash equivalents	73,462	-	-	-	-
Accounts receivable	-	-	552,891	-	-
Other investments	-	28,308	-	-	-
	73,462	28,308	552,891	-	-
Financial Liabilities					
Accounts payable and accrued liabilities	-	-	-	492,160	-
Broadcast rights payable	-	-	-	130,279	-
Long-term debt	-	-	-	3,475,005	-
Derivative instruments	-	-	-	-	154,865
Hedging derivative instruments	-	-		-	270,523
Puttable interest in subsidiary	-	-		545,394	-
Other long-term accrued liabilities	-	-	-	17,809	-
	-	-	-	4,660,647	425,388

During 2009, there have been no changes in classification of financial instruments.

Total interest expense for financial liabilities carried at amortized cost was $324.6 million (2008 - $328.5 million).

The fair values as compared to carrying values of the financial instruments are as follows:

	2009		2008 (Revised note 21)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	106,051	106,051	73,462	73,462
Restricted cash	16,402	16,402	-	-
Accounts receivable	466,232	466,232	552,891	552,891
Other investments	9,152	9,152	28,308	28,308
	597,837	597,837	654,661	654,661
Financial Liabilities				
Accounts payable and accrued liabilities	532,743	532,743	492,160	492,160
Broadcast rights payable	109,805	109,805	130,279	130,279
Long-term debt	3,529,951	2,289,189	3,475,005	3,165,156
Derivative instruments	9,581	9,581	154,865	154,865
Hedging derivative instruments	98,634	98,634	270,523	270,523
Puttable interest in subsidiary	645,216	630,853	545,394	528,164
Other long-term accrued liabilities	25,855	25,855	17,809	17,809
	4,951,785	3,696,660	5,086,035	4,758,956

The estimated fair values of financial instruments are based on relevant market prices and information available at the time.

The fair value of the short term financial assets and liabilities, which include cash and cash equivalents, accounts and other receivables, bank indebtedness, accounts payable, accrued liabilities, broadcast rights payable, approximates their carrying value due to the short term nature of these financial assets and liabilities.

The fair values of investments in equity instruments with a quoted market price and traded in an active market are based on the closing quoted market price. The fair values of the investment in private companies that do not have a quoted market price in an active market are not disclosed due to the unavailability of quoted market prices and limited markets. The Company does not intend to dispose of the investments in the near term.

The fair value of long-term debt is estimated by using market values for publicly traded debt. The fair value of long-term debt, not publicly traded, is estimated by discounting future cash flows using risk free interest rates adjusted for a credit spread. Credit spreads reflecting credit risk are affected both by the financial condition and prospects of the Company and its subsidiaries as well as by conditions affecting the credit market in general. A 0.25% increase in interest rates due to either a change in credit risk or interest rates would decrease the fair value of non publicly traded debt by $14.6 million (2008 - $15.7 million) and a $0.25% decrease would increase the fair value of non publicly traded debt by $13.7 million (2008 - $16.0 million).

Hedging derivative instruments and derivative instruments are carried at fair value on the consolidated balance sheet. These contracts are valued using an income approach which consists of a discounted cash flow model that takes into account the present value of future cash flows under the terms of the contracts using current market information as of the reporting date such as prevailing interest rates and foreign currency spot and forward rates. Until settled, the fair value of these instruments will fluctuate based on changes in interest rate and foreign currency rates.
The fair value of other long-term liabilities, including broadcast rights payable, approximate their carrying value.

The fair value of the puttable interest in subsidiary is estimated by discounting future expected cash flows using the risk free interest rates adjusted for a credit spread aggregating to 20.4%. A 0.25% increase in interest rates due to either a change in credit risk or interest rates would decrease the value of the puttable interest in subsidiary by $3.7 million (2008 - $4.2 million) and a 0.25% decrease would increase the value of the Puttable interest in subsidiary by $3.7 million (2008 - $4.2 million).

(b) Financial Instrument Risk Management

The Company's activities expose it to a variety of financial instrument risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company uses derivative financial instruments to hedge foreign currency and interest rate risk exposures. As a result of the changes in the Company's credit status (note 1) it is no longer in position to utilize foreign currency and interest rate swaps to manage interest rate and foreign currency exchange risk at Canwest Media and Canwest Limited Partnership.

The Company uses different methods to monitor the different types of risk to which it is exposed. These methods include monitoring fair value of derivative instruments, fair value of publicly traded debt, foreign exchange rates and interest rates with respect to interest rates and foreign exchange risk, aging analysis and credit reviews for credit risk and cash flow projections for liquidity risk. Risk management is primarily the responsibility of the Company's corporate finance functions. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

(i) Foreign Currency Risk
Foreign currency risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to US dollar denominated debt. The Company manages its exposure on its US dollar denominated debt and expected foreign currency exposures on US dollar denominated foreign currency cash flows associated with interest settlements. The Company's treasury risk management policy is to hedge, when possible, between 50% and 100% of its US dollar denominated debt instruments. As a result of the changes in the Company's credit status (note 1) it is no longer in position to utilize foreign currency swaps to manage foreign currency risk at Canwest Media and Canwest Limited Partnership.

As at August 31, 2009, the Company and its subsidiaries have entered into interest rate and foreign currency swaps with a notional value of US$563.6 (2008 – US$2,189.6 million) (note 12), representing approximately 22% (2008 – 87%) of its US dollar denominated debt. As at August 31, 2009, if the Canadian dollar had weakened or strengthened by 1% against the US dollar with all other variables held constant, after tax net earnings (loss) for the year would have been nil (2008 - $6.4 million) higher or lower and after tax other comprehensive income (loss) would have been $3.6 million (2008 - $12.6 million) higher or lower.

The Company has exposure on US dollar denominated debt of $2,051.4 million (2008 - $318.7 million). As at August 31, 2009, if the Canadian dollar had weakened or strengthened by 1% against the US dollar with all other variables held constant, after tax net earnings (loss) for the year would have been $19.0 million (2008 - $2.9 million) higher or lower, respectively, as a result of foreign exchange gains (losses) on translation of US dollar denominated debt.

(ii) Interest Rate Risk
The Company has no significant interest-bearing assets. The Company's interest rate risk arises from long-term borrowings issued at variable rates which expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages its cash flow interest rate risk by using interest rate and foreign currency swaps. Such swaps have the economic effect of converting borrowings from US floating rates to Canadian fixed rates or from US fixed rates to Canadian fixed rates. Under these swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts, as well as amounts reflecting the amortization of the principal amount. The Company does not have a formal interest rate risk policy. As a result of the changes in the Company's credit status (note 1) it is no longer in position to utilize foreign currency and interest rate swaps to manage interest rate risk at Canwest Media and Canwest Limited Partnership.

As at August 31, 2009, including the impact of the hedging derivative instruments, the Company holds $1,329.4 million (2008 - $1,613.9 million) of debt subject to cash flow interest rate risk and $2,200.6 million (2008 - $1,861.1 million) of debt subject to fair value interest rate risk.

Cash Flow Interest Rate Risk
As at August 31, 2009, if interest rates on long-term debt had been 10 basis points higher or lower with all other variables held constant, after tax net earnings (loss) for the year would have been $0.8 million (2008 - $1.3 million) higher or lower, respectively, as a result of higher or lower interest expense on long-term debt, including the effect of the foreign currency and interest rate swap.

Fair Value Interest Rate Risk

As at August 31, 2009, assuming all other variables are held constant, a 25 basis point parallel shift in the Canadian and US fixed yield curve would have resulted in a $6.7 million (2008 - $9.3 million) change in the fair value of the swap and no change in the fair value of the long-term debt.

	2009					2008	
	Maturity	Notional Amount	Fair Value	25 basis point parallel shift	$0.01 change in Canadian dollar	Notional Amount	Fair Value
Derivative instruments:							
Floating to fixed interest rate swap	-	-	-	-	-	46,320	1,471
Floating to fixed interest rate swap	-	-	-	-	-	250,000	13,579
Floating to fixed interest rate swaps [1]	Various to January 2018	305,349 (A$330,000)	9,581 (A$10,315)	-	-	291,136 (A$320,000)	(1,372) (A$1,551)
Floating to fixed interest rate swaps	-	-	-	-	-	509,520	141,187
		305,349	9,581	-	-	1,096,976	154,865
Hedging derivative instruments:							
Fair value hedging instruments							
Fixed to floating interest rate and foreign currency swap	-	-	-	-	-	717,396 (US$601,323)	86,344
Cash flow hedging instruments							
Fixed to floating interest rate and foreign currency swap [1]	March 2013	194,391 (A$210,084) (US$125,000)	57,043	-	-	191,134 (A$210,084) (US$125,000)	62,950
Fixed to fixed interest rate and foreign currency swap	-	-	-	-	-	190,646 (US$159,777)	26,451
Fixed to fixed interest rate and foreign currency swap	-	-	-	-	-	429,000 (US$400,000)	8,834
Floating to fixed interest rate and foreign currency swap	-	-	-	-	-	493,750 (US$460,373)	45,671
Floating to fixed interest rate and foreign currency swap	February 2015	480,285 (US$438,616)	41,591	6,725	5,140	471,438 (US$443,081)	40,273
		674,676	98,634	6,725	5,140	2,493,364	270,523

(1) Ten Holdings has foreign currency and interest rate swaps that convert US dollar denominated debt to Australian dollars. At August 31, 2009, if interest rates had changed by 25 basis points from the year end rates with all other variables held constant, after tax net earnings (loss) for the year would have been A$0.2 million (2008 – A$0.5 million) higher or lower, as a result of higher or lower interest expense from borrowings. Other components of equity would have been A$1.0 million (2008 – A$1.2 million) lower or higher as a result of an increase or decrease in the fair value of the cash flow hedges of borrowings.

As at August 31, 2009, a $0.01 higher or lower change in the value of the Canadian dollar against the US dollar, assuming all other variables are held constant, would have resulted in a $5.1 million (2008 - $28.3 million) change in the fair value of the swap. The impact on after tax net earnings (loss) would have been nil (2008 – $5.4 million) and the impact on other comprehensive income (loss) for the year would have been $8.4 million (2008 - $22.1 million), as a result of changes in the fair value of the swap. The change in the fair value of the debt does not have an impact on net earnings (loss) and other comprehensive income (loss) as the debt is accounted for as an other financial liability at amortized cost.

Hedging Derivative Instruments
During 2009, Canwest Media settled hedging derivative instrument related to its senior subordinated notes and received cash proceeds of $104.8 million.

As a result of the failure to pay amounts due under the hedging derivative instruments, Canwest Limited Partnership was in default of the terms of the hedging derivative instruments and the counterparties terminated the hedging arrangements and demanded payment of Canwest Limited Partnership's net obligations under those arrangements in the aggregate amount of $68.9 million. Canwest Limited Partnership has not satisfied the demand for payment and has recorded this obligation at its amortized cost in accounts payable and accrued liabilities accruing interest at the counterparty's cost of funds plus a margin. The liability is secured by substantially all the assets of Canwest Limited Partnership.

As a result of the termination of the hedging derivative instruments the Company recorded interest rate and foreign currency swap losses of $182.5 million and a foreign exchange gain on the related long-term debt of $290.8 in the year ended August 31, 2009.

Derivative Instruments
During 2009, Canwest Media settled its derivative instruments for cash of $105.0 million.

The net loss on the hedging derivative instruments and derivative instruments, including the loss on settlement, recorded in the statements of loss as interest rate and foreign currency swap losses are $150.3 million (2008 – $54.0 million). During the year ended August 31, 2009, a gain of $5.9 million (2008 – a loss of $25.2 million) was recorded in the statements of loss which represented the hedge ineffectiveness associated with the fair value hedging instruments.

(iii) Price Risk
Price risk arises from changes in market risks, other than interest rate risk or credit risk, causing fluctuations in the fair value or future cash flows of the financial instrument. Prior to the sale of its available-for-sale investment (note 7) the Company was exposed to price risk on the investment. As at August 31, 2008, a $0.01 change in the market value per share of the Company's publicly traded investments would result in a change of $0.3 million in other comprehensive loss for the year.

(iv) Credit Risk
The objective of managing counterparty credit risk is to prevent losses on financial assets. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures related to outstanding receivables. The Company's maximum exposure to credit risk are the amounts currently recognized as financial assets. Cash and cash equivalents are held at large chartered Canadian and Australian banks and accordingly the credit risk is considered minimal as the banks are rated at least AA. The Company is exposed to credit risk if the counterparties to the foreign currency and interest rate swaps are unable to meet their obligations. The Company does not expect the counterparties to fail to meet their obligations as the counterparties are rated greater than A.

For exposures to accounts receivable from advertising agencies and other receivables, the Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors in determining credit limits. Credit is extended to customers following a credit review that includes obtaining credit ratings from external sources. Credit limits are determined based on credit assessment criteria and credit quality. Outstanding receivables are monitored regularly and any credit concerns are brought to the attention of operational management. The Company uses a variety of industry and other external sources to monitor its customers.

Management regularly monitors accounts receivable aging, reviews customer credit limits, performs credit reviews and provides allowances for potentially uncollectible accounts receivable. The amounts disclosed in the consolidated balance sheets are net of allowances for doubtful accounts. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures and an overall loss component established based on historical trends.

Accounts receivable are impaired when there is evidence that collection is unlikely. The factors that are considered in determining if collection is unlikely include whether a customer is in bankruptcy, under administration or the payments are in dispute. At August 31, 2009, the Company had accounts receivable of $466.2 (2008 - $552.9 million), net of an allowance for doubtful accounts of $10.9 million (2008 - $10.4 million), which adequately reflects the Company's credit risk. At August 31, 2009, $136.5 million (2008 - $168.3 million) of accounts receivable is considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers, but not impaired.

The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk. The activity of the allowance for doubtful accounts for the year is as follows:

	2009	2008 (Revised note 21)
Allowance for doubtful accounts – beginning of year	10,374	11,240
Bad debt expense	5,209	3,229
Write-offs	(4,648)	(4,149)
Foreign exchange	(20)	54
Allowance for doubtful accounts – end of year	10,915	10,374

A significant portion of sales by Canadian and CW Media television are made to advertising agencies which results in some concentration of credit risk. For our Canadian subsidiaries on a combined basis, 46% of the $285 million in accounts receivable as at August 31, 2009 are due from the largest ten accounts. The largest amount, which is due from an advertising agency, is $22 million or 8%. For the CW Media television segment, 39% of the $60 million (2008 - 60% of the $63 million) in accounts receivable as at August 31, 2009 are due from the largest ten accounts. The largest amount, which is due from an advertising agency, is $4 million or 6% (2008 - $6 million or 9%) of receivables at August 31, 2009. For the Canadian television segment, 74% of the $119 million (2008 - 68% of the $136 million) in accounts receivable as at August 31, 2009 are due from the largest ten accounts which are all advertising agencies. The largest amount due from a single agency is $13 million or 11% (2008 - $14 million or 10%) of receivables at August 31, 2009.

Sales in the publishing segment are widely distributed with 27% of the $106 million (2008 - 20% of the $149 million) in accounts receivable as at August 31, 2009 due from the largest ten accounts which are all advertising agencies. The largest amount due from a single agency is $6 million or 5% (2008 - $5 million or 3%) of receivables at August 31, 2009.

For Ten Holdings, 70% of the $144 million (2008 – 67% of the $145 million) in receivables are due from the largest ten accounts.

(v) Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities and contractual obligations. The Company manages its liquidity risk using cash on hand and by preparing cash flow forecasts, monitoring the value of assets used as security in financing arrangements and by deferring or eliminating discretionary spending. At August 31, 2009, the Company had cash on hand of $106 million including $43 million of Canwest Limited Partnership cash, $32 million at CW Media, $24 million at Canwest Media, and $5 million of Ten Holdings cash.

As described in note 1, certain long-term debt is in default which results in these debts being due on demand. If the long-term debt is demanded, the Company would not be able to satisfy these obligations. As a result, $2.4 billion of long-term debt has been classified as current. Also, the Company has restrictions on the availability of certain of the revolving facilities (notes 1 and 12).

The table below summarizes the Company's financial liabilities by maturity at the balance sheet date. The amounts disclosed in the table are the contractual cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	532,743	-	-	-	532,743
Broadcast rights payable	109,805	-	-	-	109,805
Long-term debt and cash interest	2,388,964[1]	128,553	272,472	1,342,881	4,132,870
Puttable interest in subsidiary	-	448,490	634,715	-	1,083,205
Derivative instruments	6,497	2,304	701	322	9,824
Hedging derivative instruments					
Cash outflow (Canadian dollar)	55,267	60,428	264,504	549,295	929,494
Cash inflow (Canadian dollar equivalent of U.S. dollar)	(30,931)	(36,843)	(187,555)	(556,337)	(811,666)
Other long-term liabilities	-	25,855	-	-	25,855
	3,062,345	628,787	984,837	1,336,161	6,012,130

(1) All debt which is in default has been classified as payable in 2010 though there is significant uncertainty as to when this debt will be settled. See note 4, "Creditor Protection and Recapitalization".

26. CAPITAL MANAGEMENT

The Company and its immediate subsidiary, Canwest Media (together being the "Parent"), hold controlling interests in a number of media companies including Canwest Limited Partnership, CW Media and Ten Holdings. The Company manages its capital at the Parent level separately from the capital of these subsidiaries. For purposes of disclosures of capital management, the Company has provided separate information about the Parent, Canwest Limited Partnership, CW Media Holdings Inc. and Ten Holdings. The Parent information provided is based on the legal non-consolidated statutory financial statements while the information provided for Canwest Limited Partnership, CW Media and Ten Holdings is based on their individual consolidated financial statements.

The Parent

The Parent's capital management objective is to maximize shareholder returns while ensuring the Parent is capitalized in a manner which appropriately supports its operations and provides flexibility to take advantage of growth and development opportunities. In managing its capital structure, the Parent takes into account the asset characteristics of its subsidiaries, planned requirements for funds and leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of borrowing. As a result of declining operating results in its subsidiary operations the Parent was unable to support its current capital structure and, accordingly, is pursuing a recapitalization transaction through certain debt and other financial obligations may be converted to equity (see note 4).

Canwest Limited Partnership

Canwest Limited Partnership's capital management objective is to maximize partner returns while ensuring the Canwest Limited Partnership is capitalized in a manner which appropriately supports its operations and provides the flexibility to take advantage of growth and development opportunities of the business. Canwest Limited Partnership was not in compliance with its debt covenants as at August 31, 2009 and has entered into a forbearance agreement with its senior secured lenders (notes 1 and 4) for the purposes of developing a recapitalization strategy. As a result of the recapitalization strategy the Canwest Limited Partnership is currently developing capital management policies and reviewing the objectives stated above.

CW Media

CW Media's capital management objective is to maximize shareholder returns while ensuring it is capitalized in a manner which appropriately supports its operations and provides the flexibility to take advantage of growth and development opportunities of the business. CW Media's capital is comprised of net debt and shareholders' equity, excluding AOCI. Net debt consists of interest-bearing debt and capital leases less cash and cash equivalents.

CW Media monitors capital using a consolidated leverage ratio which is consolidated total indebtedness as defined in its credit agreements less cash and cash equivalents held by CW Media and certain subsidiaries divided by last four quarters Adjusted EBITDA. Adjusted EBITDA is operating income before amortization adjusted to exclude non-recurring items, unusual items and other adjustments permitted in calculating covenant compliance under the senior secured credit facilities and the senior unsecured notes. Adjusted EBITDA is a non-GAAP financial measure without any standardized meaning prescribed by Canadian GAAP and, therefore, is unlikely to be comparable with the calculation used by other companies. Under CW Media's senior secured credit facilities and senior unsecured notes, CW Media is required to maintain a consolidated leverage ratio of less than 9.8:1.0. At August 31, 2009, the consolidated leverage ratio was 4.9:1.0.

There were no changes in CW Media's approach to capital management during the period. As at August 31, 2009 CW Media is in compliance with its covenants.

Ten Network Holdings Limited
Ten Holdings' capital management objective is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefit other stakeholders, maintain an optimal capital structure to reduce the cost of debt and maintain a flexible financing structure so as to be able to take advantage of any new investment opportunities or initiatives that may arise.

In order to maintain or adjust the capital structure, Ten Holdings may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In August 2009, an equity raising was conducted through an institutional placement of 120 million shares at A$1.15 per share. The $120.7 million (A$134.1 million) funds received, net of costs, was used to pay down debt. The equity raising was carried out as a prudent measure to strengthen and enhance flexibility in the balance sheet.

Under the Ten Holdings credit facilities, Ten Holdings is required to maintain a consolidated leverage ratio. Ten Holdings has complied with all its debt covenants as of August 31, 2009.

Ten Holdings is not subject to externally imposed capital requirements. Ten Holding's capital management strategy has not changed during the year ended August 31, 2009.

27. JOINTLY CONTROLLED ENTERPRISES

The following amounts included in the consolidated financial statements represent the Company's proportionate interest in joint ventures.

	2009	2008
Balance sheets		
Assets		
Current assets	5,244	5,095
Long-term assets	4,905	4,677
	10,149	9,772
Liabilities		
Current liabilities	1,705	573
Long-term liabilities	535	535
	2,240	1,108

Statements of earnings		
Revenue	28,146	27,378
Expenses	14,779	14,703
Net income	13,367	12,675

Statements of cash flows		
Cash generated (utilized) by:		
Operating activities	14,807	11,748
Investing activities	-	-
Financing activities	(14,107)	(11,581)
Net increase in cash	700	167

28. RELATED PARTY TRANSACTIONS

A company affiliated with the Company's controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which the Company is a tenant. During 2009, rent paid to this company amounted to $1.1 million (2008 - $1.1 million) and is included in operating expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and May 2018, respectively. In addition, during the year ended August 31, 2008, the Company has included in operating expenses $0.3 million of building development expenses payable to this company.

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

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

(a) The Company has entered into various agreements for the right to broadcast certain feature films and television programs in the future. These agreements generally commit the Company to acquire specific programs or films or certain levels of future productions. The acquisition of these additional broadcast rights is contingent on the actual production and/or the airing of the programs or films. Management estimates that the commitments related to these agreements will result in annual broadcast rights payments as follows:

2010	504,586
2011	269,014
2012	136,890
2013	126,765
2014	133,443

(b) For the year ended August 31, the Company's future minimum lease payments under the terms of its operating leases are as follows:

2010	109,325
2011	95,766
2012	84,227
2013	72,971
2014	67,873
Thereafter	153,031

(c) The Company is required to spend $151.3 million on initiatives that will benefit the Canadian broadcasting industry over a period of seven years. This obligation was initially recorded at fair value, being the sum of discounted future net cash flows using a discount rate of 8.5% with an offsetting entry to goodwill.

Changes in this obligation during the fiscal year ended August 31, 2009 and the period January 1, 2008 to August 31, 2008 are as follows:

	2009	2008
Amortized cost – beginning of period	113,688	113,327
Incurred related expenditures	(19,117)	(4,980)
Interest accretion	8,971	5,341
Amortized cost – end of period	103,542	113,688

As at August 31, 2009, $29.7 million (2008 - $26.6 million) of this obligation has been classified as current.

Future expenditures related to these initiatives are projected as follows:

2010	30,878
2011	24,472
2012	23,931
2013	23,931
2014	23,931
	127,143
Amount representing discounting	(23,601)
	103,542

Contingencies

(a) Arbitration related to amounts owed by Hollinger International Inc., Hollinger Inc. and certain related parties (collectively "Hollinger") related to certain unresolved adjustments and claims related to its acquisition of certain newspaper assets from Hollinger have been settled. During the year ended August 31, 2009, the arbitrator awarded the Company a net settlement of $50.7 million plus interest and costs. The Company and Hollinger negotiated a settlement and the Company received $34 million and assumed certain post-employment benefit obligations. The Company applied $20.1 million against receivables from Hollinger and $13.9 million against the Publishing segment goodwill.

(b) In March 2001, a statement of claim was filed against the Company and certain of the Company's subsidiaries by Canwest Broadcasting Ltd.'s ("CBL's") former minority shareholders requesting, among other things, that their interests in CBL be purchased without minority discount. In addition, the claim alleges the Company wrongfully terminated certain agreements and acted in an oppressive and prejudicial manner towards the plaintiffs. The action was stayed on the basis that the Ontario courts have no jurisdiction to try the claim. In April 2004, a statement of claim was filed in Manitoba by the same minority shareholders, which was substantially the same as the previous claim, seeking damages of $425 million. In June 2005, the Company filed a Statement of Defence and Counterclaim. In its defence, the Company denies any liability to the plaintiffs and in its Counterclaim, the Company is seeking a declaration of the fair value of the former minority shareholders' interest in CBL and repayment of the difference between the fair value and the redemption amount paid by the Company to the former shareholders. The Company believes the allegations in the Statement of Claim are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The outcome of this claim is not currently determinable and the Company intends to vigorously defend this lawsuit.

(c) The Company is one of several defendants to a claim by a proposed class of freelance writers instituted in July 2003 in respect of works that they provided to newspapers and other print publications in Canada. The total amount claimed (by all plaintiffs against all defendants) is $500 million in compensatory damages and $250 million in exemplary and punitive damages. The outcome of this claim is not currently determinable.

(d) The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Guarantees
In connection with the disposition of assets, the Company has provided customary representations and warranties that range in duration. In addition, as is customary, the Company has 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. The Company is 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.

In connection with the acquisition of Alliance Atlantis, the Company and Goldman Sachs entered into an indemnity agreement dated August 15, 2007 (the "Indemnity Agreement") and a shareholders agreement dated August 15, 2007 (the "Shareholders Agreement") governing the manner in which the affairs of CW Investments Co. would be conducted. Pursuant to the Indemnity Agreement, the Company has agreed to indemnify Goldman Sachs with respect to certain representations contained in the Indemnity Agreement and the Shareholders Agreement for an amount not to exceed $125 million and subject to a $25 million damages threshold and a $25 million deductible. The indemnity provided by the Company will terminate on the delivery of certain audited annual financial statements relating to CW Media and in any event no later than May 31, 2012 (the "Survival Date"). Also, Goldman Sachs agreed to jointly and severally indemnify the Company with respect to their representations contained in the Shareholders Agreement for an amount not to exceed $65 million and subject to a $25 million damages threshold and a $25 million deductible. The indemnity provided by Goldman Sachs will also terminate on the Survival Date.

In addition, CW Media entered into an agreement dated August 15, 2007 (the "Separation Agreement") pursuant to which certain of the parties to the Separation Agreement agreed to indemnify CW Media in respect of specified liabilities, including certain tax liabilities, and in some cases, on a joint and several basis. As at August 31, 2009, the Company has recorded income tax liabilities of $30.3 million (2008 - $27.3 million) which according to the terms of this agreement will be recoverable from other parties to the Separation Agreement if and when the liabilities are realized. The Company has recorded accounts receivable in this amount.

The Company has agreed to indemnify its current and former directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counter parties. At August 31, 2009 the Company has $40 million in directors' and officers' liability insurance coverage.

30. SEGMENT INFORMATION

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

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

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

	Revenue[1][2]		Segment operating profit		Total assets		Capital expenditures	
	2009	2008 (Revised note 21)	2009	2008 (Revised notes 3 and 21)	2009	2008 (Revised notes 3 and 21)	2009	2008 (Revised note 21)
Operating Segments								
Publishing[3]	1,099,075	1,298,065	177,116	295,065	1,480,444	2,781,331	30,643	36,607
Television								
Canada[3][4]	623,834	670,702	29,945	43,666	389,899	549,325	27,280	55,948
CW Media	376,249	360,024	163,950	120,571	1,782,212	1,769,075	1,550	2,865
	1,000,083	1,030,726	193,895	164,237	2,172,111	2,318,400	28,830	58,813
Australia	635,996	752,530	118,131	185,474	816,199	828,102	19,578	18,385
Total television	1,636,079	1,783,256	312,026	349,711	2,988,310	3,146,502	48,408	77,198
Out-of-home	133,944	161,641	(3,077)	6,369	157,791	223,732	206	13,990
Intersegment revenue	(1,639)	(7,613)						
Corporate and other	-	-	(24,058)	(34,745)	40,424	269,689	73	218
	2,867,459	3,235,349	462,007	616,400	4,666,969	6,421,254	79,330	128,013
Restructuring expenses	-	-	(72,158)	(20,715)				
Broadcast rights write-downs	-	-	(48,756)	-				
Retirement plan curtailment expense	-	-	(31,327)	-				
Discontinued operations	-	-	-	-	-	94,038		
	2,867,459	3,235,349	309,766	595,685	4,666,969	6,515,292	79,330	128,013
Elimination of equity accounted affiliates[5]	-	(108,767)	-	(44,440)				
	2,867,459	3,126,582	309,766	551,245	4,666,969	6,515,292	79,330	128,013

	2009	2008
Amortization of intangibles	7,978	9,040
Amortization of property and equipment	104,590	113,539
Other amortization	412	379
Operating income	196,786	428,287
Interest expense	(324,672)	(328,517)
Accretion of long-term liabilities	(109,196)	(67,560)
Interest income	2,445	21,946
Interest rate and foreign currency swap losses	(150,327)	(53,991)
Foreign exchange gains (losses)	277,952	(10,219)
Investment gains, losses and write-downs	52,512	(31,652)
Impairment loss on property and equipment	(32,418)	-
Impairment loss on intangible assets	(226,341)	(408,484)
Impairment loss on goodwill	(1,158,339)	(596,895)
Loss before income taxes and other items	(1,471,598)	(1,047,085)

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Canadian television – $0.6 million (2008 – $6.4 million), Publishing – $1.0 million (2008 – $1.2 million).

(2) Revenue consist of advertising revenue of $2,401 million for the year ended August 31, 2009 (2008 – $2,720 million) and circulation and subscriber revenue of $466 million for the year ended August 31, 2009 (2008 – $406 million).

(3) Operating expenses for the year ended August 31, 2009 includes a reduction of $6.2 million and $1.4 million for employee health and insurance benefits related to prior years for the Publishing and Canadian television operating segments, respectively. In addition, the Publishing segment has a $6.7 million increase to operating expenses for non-pension benefits related to prior years. The Company has determined these adjustments are not material to the recorded results and accordingly the adjustments have been included in net earnings (loss). These adjustments reduced the loss per share by $0.01 per share.

(4) Operating expenses for the year ended August 31, 2009 includes a reduction of $4.0 million of regulatory fees related to a change in estimate.

(5) Elimination of the Company's equity interest in regulated entities of CW Media.

31. SUBSEQUENT EVENTS

Sale of Victoria television station

On September 4, 2009 the Company's subsidiary, Canwest Television Limited Partnership, sold substantially all of the assets, excluding the land and buildings, of CHEK-TV in Victoria for nominal proceeds.

Sale of shares in Ten Holdings

On October 1, 2009 the Company sold its controlling interest in Ten Holdings, consisting of the Company's Australian television and Out-of-home operating segments (see note 30, "Segment Information"), for net proceeds of $618 million. A gain of approximately $575 million was realized on the sale. As a result of the sale, Ten Holdings will cease to be consolidated in the Company's results for the first quarter of fiscal 2010 and will be reflected as a discontinued operation in the consolidated statements of loss, the net cash flows will be classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities will be classified on the consolidated balance sheets as assets and liabilities of discontinued operations.

Selected Ten Holdings financial information for the years ended August 31:

	2009	2008
Revenue	769,940	914,171
Operating expenses	654,886	722,328
Segment operating profit	115,054	191,843
Net earnings (loss)	(21,384)	41,167
Current assets	268,230	312,772
Total assets	973,990	1,051,834
Current liabilities	233,644	243,856
Long-term debt	366,372	518,987
Other non-current liabilities	328,849	279,621
Cash flow from operating activities	51,642	60,848
Cash flow from investing activities	(19,784)	(33,988)
Cash flow from financing activities	(54,127)	(21,421)

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

CRTC Part II Fees

On October 7, 2009, the Government of Canada and the Canadian Association of Broadcasters ("CAB") 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. Under this settlement, the Federal Government is recommending that the CRTC develop a new forward-looking fee regime that would be capped at $100 million per year. The Federal Government agreed not to seek past amounts owing by the broadcasting industry. In return, the CAB has agreed to discontinue court action against the Federal Government regarding the validity of Part II Licence fees. As at August 31, 2009, the Company had accrued $29.0 million (2008 - $19.6 million) in current liabilities representing unpaid Part II Licence fees which will be reversed into net earnings (loss) in the first quarter of fiscal 2010.

Goldman Sachs Motion

On November 2, 2009, certain funds managed by Goldman Sachs served a motion in the CCAA proceedings seeking, among other things, an Order setting aside the transfer of the shares of CW Investments Co. from a numbered company subsidiary of Canwest Media to Canwest Media. The Canwest Media Entities have taken the position that this motion is stayed by the terms of the Initial Order of the Court in the CCAA proceedings, which position has not been accepted by Goldman Sachs. As this matter is currently before the courts, it is uncertain how the Goldman Sachs motion may affect the CCAA restructuring process or Goldman's alleged contractual rights with respect to the shares of CW Investments Co. now held by Canwest Media.

EXHIBIT "C"

CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2009
AND FEBRUARY 29, 2008
(UNAUDITED)

This is Exhibit......C......referred to in the
affidavit of......Leonard Asper......
sworn before me, this......15th......
day of......June......20 10...

A COMMISSIONER FOR TAKING AFFIDAVITS
Jonathan Bell

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

April 9, 2009

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 16, 2008, we have reviewed the accompanying interim consolidated balance sheets of **Canwest Global Communications Corp.** (the "Company") as at February 28, 2009 and the related interim consolidated statements of earnings (loss), comprehensive loss, retained earnings (deficit) and cash flows for the three and six month periods ended February 28, 2009 and February 29, 2008. These interim consolidated financial statements are the responsibility of the Company's management.

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

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

The accompanying balance sheet as at August 31, 2008 is a reproduction of the balance sheet from the complete financial statements of the Company, as at August 31, 2008 and for the year then ended, on which we expressed an opinion without reservation in our report dated November 13, 2008. The fair reproduction of the complete balance sheet is the responsibility of management. Our responsibility is to report on the reproduction of the balance sheet. In our opinion, the accompanying balance sheet as at August 31, 2008 is appropriately reproduced.

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

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(UNAUDITED)

(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended		For the six months ended	
	February 28, 2009	**February 29, 2008** (Revised note 12)	**February 28, 2009**	**February 29, 2008** (Revised note 12)
Revenue	636,628	700,538	1,521,712	1,566,746
Operating expenses	377,694	390,715	825,624	807,301
Selling, general and administrative expenses	183,598	210,292	401,129	424,634
Restructuring expenses (note 7)	19,728	4,611	34,503	16,256
Broadcast rights impairments (note 6)	40,196	-	40,196	-
	15,412	94,920	220,260	318,555
Amortization of intangibles	1,912	2,217	4,089	4,648
Amortization of property and equipment	27,843	28,466	54,317	53,349
Other amortization	511	218	659	440
Operating income (loss)	(14,854)	64,019	161,195	260,118
Interest expense	(75,779)	(77,769)	(156,196)	(160,204)
Accretion of long-term liabilities	(9,829)	(24,197)	(38,062)	(48,078)
Interest income	545	3,400	1,310	19,769
Interest rate and foreign currency swap gains (losses)	(6,513)	(13,171)	19,970	(40,930)
Foreign exchange gains (losses)	(15,878)	(1,814)	(83,379)	4,273
Investment gains, losses and write-downs	(5,509)	(332)	(6,672)	2,536
Impairment loss on property and equipment (note 6)	(32,374)	-	(32,374)	-
Impairment loss on intangible assets (note 6)	(238,903)	-	(238,903)	-
Impairment loss on goodwill (note 6)	(923,131)	-	(923,131)	-
	(1,322,225)	(49,864)	(1,296,242)	37,484
Provision for (recovery of) income taxes (note 8)	137,070	(10,313)	176,265	25,610
Earnings (loss) before the following	(1,459,295)	(39,551)	(1,472,507)	11,874
Minority interest	25,398	(10,167)	6,622	(38,846)
Interest in earnings of equity accounted affiliates (note 5)	340	19,741	555	39,577
Realized currency translation adjustments	(216)	(1,062)	(216)	(1,062)
Net earnings (loss) from continuing operations	(1,433,773)	(31,039)	(1,465,546)	11,543
Loss from discontinued operations	(2,612)	(2,837)	(3,401)	(4,674)
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Earnings (loss) per share from continuing operations:				
Basic	($8.07)	($0.17)	($8.25)	$0.06
Diluted	($8.07)	($0.17)	($8.25)	$0.06
Earnings (loss) per share:				
Basic	($8.09)	($0.19)	($8.27)	$0.04
Diluted	($8.09)	($0.19)	($8.27)	$0.04

The notes constitute an in integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands of Canadian dollars)

	As at February 28, 2009	As at August 31, 2008 (Revised note 12)
ASSETS		
Current Assets		
Cash and cash equivalents	69,444	75,914
Accounts receivable	530,410	560,127
Inventory	11,165	10,710
Investment in broadcast rights	276,489	278,194
Future income taxes	15,683	52,712
Other current assets	30,310	36,361
Assets of discontinued operations	529	714
	934,030	1,014,732
Other investments	18,490	28,308
Investment in broadcast rights	257,231	191,630
Property and equipment	662,023	713,800
Future income taxes	228,402	369,791
Other assets	30,835	112,480
Hedging derivative instruments	255,177	-
Intangible assets (note 6)	1,479,550	1,755,566
Goodwill (note 6)	1,375,489	2,326,561
Assets of discontinued operations	60	1,926
	5,241,287	6,514,794
LIABILITIES		
Current Liabilities		
Accounts payable	136,962	219,791
Accrued liabilities (note 7)	324,642	307,822
Income taxes payable	30,100	29,404
Broadcast rights payable	170,273	130,279
Deferred revenue	37,866	39,755
Future income taxes	47,916	39,475
Current portion of long-term debt and obligations under capital leases	74,043	16,738
Current portion hedging derivative instruments	23,363	32,737
Current portion of derivative instruments (note 11)	105,434	143,821
Liabilities of discontinued operations	3,002	2,297
	953,601	962,119
Long-term debt (note 9)	4,024,057	3,461,942
Hedging derivative instruments	20,596	237,786
Derivative instruments	19,266	12,416
Obligations under capital leases	5,629	7,241
Other long-term liabilities	201,885	300,043
Future income taxes	154,777	170,613
Deferred gain	153,405	171,102
Puttable interest in subsidiary (note 10)	578,850	545,394
Minority interest	64,568	78,149
Liabilities of discontinued operations	117	756
	6,176,751	5,947,561
Going concern (note 1)		
Contingencies (note 19)		
Subsequent events (note 21)		
SHAREHOLDERS' EQUITY		
Capital stock	852,375	852,375
Contributed surplus	15,662	14,304
Deficit	(1,703,502)	(234,555)
Accumulated other comprehensive loss (note 13)	(99,999)	(64,891)
	(1,803,501)	(299,446)
	(935,464)	567,233
	5,241,287	6,514,794

The notes constitute an in integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Other comprehensive income (loss)				
Unrealized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	(441)	(1,878)	2,950	(1,421)
Realized foreign currency translation losses on net assets of self-sustaining foreign operations	216	1,062	216	1,062
Foreign currency translation adjustment	(225)	(816)	3,166	(359)
Change in fair value of hedging derivative instruments designated as cash flow hedges net of tax of $5.7 and $10.1 million for the three and six months ended February 28, 2009, respectively (2008 - $7.7 million and $15.6 million, respectively)	1,099	(18,987)	(38,274)	(35,723)
Unrealized loss on available-for-sale investment net of tax of nil (2008 – nil)	-	(7,924)	(10,863)	(17,893)
Reclassification of impairment loss on available for sale investments realized in net loss for the period net of tax of nil (2008 – nil)	10,863	-	10,863	-
	10,863	(7,924)	-	(17,893)
Comprehensive loss for the period	(1,424,648)	(61,603)	(1,504,055)	(47,106)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
(UNAUDITED)
(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Retained earnings (deficit) – beginning of period	(267,117)	846,270	(234,555)	805,525
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Retained earnings (deficit) – end of period	(1,703,502)	812,394	(1,703,502)	812,394

The notes constitute an in integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Net loss from discontinued operations	2,612	2,837	3,401	4,674
Items not affecting cash				
Amortization	30,266	30,901	59,065	58,437
Net non-cash interest expense	15,182	9,668	30,616	14,267
Accretion of long-term liabilities	9,829	24,197	38,062	48,078
Future income taxes	148,585	48	160,921	8,707
Realized foreign currency translation adjustments	216	1,062	216	1,062
Interest rate and foreign currency swap (gains) losses, net of settlements	1,706	10,686	(35,991)	25,940
Broadcast rights impairments	40,196	-	40,196	-
Impairment loss on property and equipment, intangible assets and goodwill	1,194,408	-	1,194,408	-
Investment gains, losses and write-downs	5,509	332	6,672	(2,536)
Pension expense in excess of (less than) employer contributions	(6,728)	977	(7,022)	2,357
Minority interest	(25,398)	10,167	(6,622)	38,846
Earnings of equity accounted affiliates	(340)	(19,741)	(555)	(39,577)
Foreign exchange (gains) losses	14,727	(1,365)	79,974	(9,264)
Stock based compensation expense (note 15)	163	769	1,358	1,527
	(5,452)	36,662	95,752	159,387
Changes in non-cash operating accounts	(6,899)	9,648	(110,622)	(135,959)
Cash flows from operating activities of continuing operations	(12,351)	46,310	(14,870)	23,428
Cash flows from operating activities of discontinuing operations	(368)	(2,564)	(1,284)	(5,490)
Cash flows from operating activities	(12,719)	43,746	(16,154)	17,938
INVESTING ACTIVITIES				
Other investments	-	(58)	(100)	(4,703)
Payments of acquisition costs	-	(1,876)	-	(27,477)
Cash from equity accounted affiliates	-	45,595	-	45,595
Proceeds from sale of property and equipment	12,966	17	12,983	28
Purchase of property and equipment	(22,718)	(27,742)	(51,305)	(55,438)
Investing activities of discontinued operations	-	(33)	-	(281)
	(9,752)	15,903	(38,422)	(42,276)
FINANCING ACTIVITIES				
Repayment of long-term debt	(2,437)	(2,437)	(4,875)	(4,990)
Advances (repayments) of revolving facilities, net of financing costs	34,178	(42,703)	62,494	15,402
Increase in bank indebtedness	-	2,650	-	4,727
Swap recouponing payments	5,000	-	5,000	(5,000)
Payments of capital leases	(242)	(206)	(1,695)	(1,550)
Payment of distributions to minority interest	(7,502)	(35,889)	(9,631)	(36,679)
	28,997	(78,585)	51,293	(28,090)
Foreign exchange gain (loss) on cash denominated in foreign currencies	389	1,224	(3,187)	2,543
Net change in cash and cash equivalents	6,915	(17,712)	(6,470)	(49,885)
Cash and cash equivalents – beginning of period	62,529	92,719	75,914	124,892
Cash and cash equivalents – end of period	69,444	75,007	69,444	75,007

The notes constitute an in integral part of the consolidated financial statements.

CANWEST GLOBAL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008
(UNAUDITED)
(In thousands of Canadian dollars except as otherwise noted)

1. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that the Company will continue in operation and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. There is significant doubt about the appropriateness of the going concern assumption because of the material uncertainty caused by the current market conditions including the Company's declining advertising revenue, ability to realize cost reductions, ability to divest of non-core assets, ability to restructure the operations and the Company's current liquidity situation and its noncompliance with the terms of its senior secured credit facility and failure to make an interest payment on the Canwest Media Inc. 8% senior subordinated notes. 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.

The Company's operating results and cash flows for the three and six months ended February 28, 2009 reflects the effects of the deterioration in the economy and reduced advertising revenue for its Canadian television (excluding its CW Media segment), Australian television, Turkey radio, Out-of-home and Publishing operations. As described in note 7 and under the heading "recapitalization" below, the Company has developed restructuring plans to reduce costs and close underperforming operations. Management is continuing to assess other strategies to improve operating results and cash flows, to adjust its capital structure and to reduce its debt obligations, including the sale of assets, and other operational changes. While management believes that progress is being made in implementing strategic plans approved by management and there are certain other strategies available to enhance operations and adjust the capital structure of the Company, there is no assurance as to the outcome or success of these strategies. Further, the Company's results for 2009 and future periods are subject to numerous uncertainties.

Canwest Media Inc.

Due to the decline in the subsidiary operating results, cash distributions from the non-guarantor subsidiaries, including Canwest Limited Partnership and Ten Holdings, to Canwest Media Inc. have been substantially reduced. As a result, during the quarter, management determined that Canwest Media Inc. would not be able to comply with the financial covenants under its senior secured revolving credit facility and, consequently, Canwest Media Inc. entered into negotiations with its senior lenders. Canwest Media Inc. and the senior lenders agreed to permanently reduce the senior lending facility to $112 million from $300 million and the senior lenders agreed to waive the events of default arising as a result of the failure to comply with certain covenants under the senior secured credit facility and the failure to make an interest payment on the 8% senior subordinated notes, as discussed below, until the earlier of April 21, 2009 and the date the holders of the 8% senior subordinated notes take any action to enforce their rights. During this period Canwest Media Inc. will have limited access to the available funds under the facility to allow it to meet its operational requirements.

Subsequent to February 28, 2009, Canwest Media Inc. did not make the interest payment on its 8% senior subordinated notes which was due on March 15, 2009. Under the indenture governing the 8% senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement ("forebearance agreement") aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of its stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes.

Failure to (a) comply with the covenants in the waiver from the senior lenders, (b) enter into a forebearance agreement with the holders of more than 75% of the aggregate principal amount of the 8% senior subordinated notes prior to April 14, 2009, (c) obtain a further waiver from the senior lenders on or prior to April 21, 2009, or (d) complete a recapitalization transaction satisfactory to the senior lenders and the 8% senior subordinated note holders prior to the expiry of either the further waiver from the senior secured lenders or the forbearance agreement, if any, could result in a demand to immediately repay the related debt. Management believes that Canwest Media Inc. would not have sufficient liquidity to satisfy any such demand.

Recapitalization
The Company is in discussions with various parties, including the senior lenders to Canwest Media Inc. and representatives of the ad hoc committee of holders of 8% senior subordinated notes of Canwest Media Inc., regarding recapitalization of the Company that is expected to involve a cash investment and/or a conversion of certain of its existing debt to equity, to reduce the amount of Canwest Media Inc.'s debt obligations. The Company believes that a significant reduction in the amount of or the elimination of its subordinated debt and a reduction of its senior debt obligations are critical to ensuring its continuation as a going concern. In addition, the Company may consider structural reorganizations as appropriate to align the interests of its various equity and debt holders.

Significant subsidiaries
Certain of the Company's other subsidiaries have significant debt obligations (see note 9). These obligations are subject to financial covenants that are based on operating results, financing expenses and outstanding debt obligations. Each of these subsidiaries was in compliance with its financial covenants as of February 28, 2009. The ability of these subsidiaries to maintain compliance with their financial covenants in the future is dependent upon various factors, some of which are outside their control. Based on current revenue and expense projections and given the uncertain outlook, Canwest Limited Partnership, may not be able to maintain compliance with its financial covenants through the remainder of fiscal 2009. Failure to maintain compliance with its financial covenants or to negotiate amendments or waivers of such covenants would result in an event of default under the Canwest Limited Partnership senior credit agreement which would permit the senior lenders to demand immediate payment of the related debt. Management believes that Canwest Limited Partnership would not have sufficient liquidity to satisfy any such demand. An event of default under the senior credit agreement would result in an event of default under the Canwest Limited Partnership senior subordinated credit facility and could result in an event of default under the Canwest Media Inc. senior secured credit agreement. An acceleration of amounts owing under the Canwest Limited Partnership senior secured credit facility that is not satisfied through payment, waived, postponed or rescinded within certain time periods would result in an event of default under the 9.25% senior subordinated notes indenture. In addition, certain subsidiary credit agreements contain change of control provisions. Under these provisions a change of control of the Company and/or Canwest Media Inc. would be an event of default under certain subsidiary credit agreements.

The consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used. These adjustments may be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in conventional television, specialty television channels, radio, out-of-home advertising, publishing and websites in Canada, Australia and Turkey. The Company's operating segments include television, publishing, radio and out-of-home advertising. The Canadian television segment includes the operations of the Global Television Network, E! Network, TVtropolis and five Canadian specialty television channels. The CW Media television segment includes the operations of CW Investments Co.'s ("CW Media") 18 Canadian specialty television channels. The Australian television segment includes Ten Network Holdings Limited's ("Ten Holdings") Ten Television Network. The Publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers, the *National Post*, as well as operation of the canada.com web portal and other web-based operations. The Turkey radio segment is comprised of four radio stations: *Super FM*, *Metro FM*, *Joy FM* and *Joy Turk FM*. The Out-of-home advertising segment includes Eye Corp Pty Limited, an out-of-home advertising operation which is indirectly wholly-owned by Ten Holdings. The Company holds a 57% equity interest in Ten Holdings.

The Company's television and radio broadcast revenue include advertising revenue from a customer base that is comprised primarily of large advertising agencies, which place advertisements with the Company on behalf of their customers. In addition, the Company's specialty television revenue include subscription revenue which are derived from a variety of sources. Publishing revenue include advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenue are seasonal. Revenue and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

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

Basis of presentation

The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada for interim financial statements and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim periods presented. However, these interim consolidated financial statements do not include all of the information and disclosures required for annual consolidated financial statements. The accounting policies used in the preparation of these interim consolidated financial statements are the same as those used in the most recent annual consolidated financial statements except for the accounting policy changes disclosed in note 3. These interim consolidated financial statements should be read in conjunction with the most recent annual financial statements of the Company. All amounts are expressed in Canadian dollars unless otherwise noted.

Investment in broadcast rights

In accordance with its accounting policy, the Company amortizes the broadcast rights over their anticipated period of use. Effective September 1, 2008, CW Media revised the estimated number of showings attributable to its broadcast rights to reflect their planned usage. The effect of this change in estimate for the three and six months ended February 28, 2009 is not practical to measure.

3. ACCOUNTING CHANGES

Credit Risk and the Fair Value of Financial Risks and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee issued EIC 173, *"Credit Risk and the Fair Value of Financial Risks and Financial Liabilities"*. The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The accounting treatment for this Abstract should be applied retrospectively without restatement of prior periods to all financial assets and financial liabilities measured at fair value in interim and annual financial statements ending on or after January 20, 2009. The adoption of this Abstract did not significantly impact the unaudited interim consolidated financial statements for the three and six months ended February 28, 2009.

Assessing Going Concern

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, *"General Standards of Financial Statement Presentation"*, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. The Company adopted the new standard effective September 1, 2008.

Inventories

The AcSB issued CICA Handbook Section 3031, *"Inventories"* which prescribes the measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost including allocation of overheads and other costs to inventory. Reversals of previous write-downs to net realizable value are required when there is a subsequent increase in the value of inventories. The Company adopted CICA Handbook Section 3031, as of September 1, 2008 on a retroactive basis without prior period restatement. The adoption of this section did not impact the unaudited interim consolidated financial statements for the three and six months ended February 28, 2009.

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in first-out cost formula, and net realizable value. The carrying value of the inventories carried at cost as at February 28, 2009 is $11.2 million (August 31, 2008 - $10.7 million). As at February 28, 2009, nil inventories are carried at net realizable value (August 31, 2008 – nil).

During the three and six months ended February 28, 2009, the amount of inventories expensed was $25.7 and $56.9 million, respectively (2008 - $25.2 million, $55.6 million, respectively). The amount of write downs or reversal of write downs for the three and six months ended February 28, 2009 and February 29, 2008 are nil.

Proposed Accounting Changes

Goodwill and Intangible assets

The AcSB issued CICA Handbook Section 3064, *"Goodwill and Intangible Assets"*, which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria for recognition of intangible assets that can be recognized. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licencing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Company plans to, and must, apply this new standard effective September 1, 2009. The Company is currently considering the impacts of the adoption of such standard.

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. The Company is currently considering the impacts of the adoption of such standard.

4. ACQUISITION AND DIVESTITURE

Acquisition

On August 15, 2007, the Company and Goldman Sachs completed the acquisition of CW Media's specialty television operations. The acquisition was accounted for using the purchase method. The regulated assets acquired were held in trust from the date of acquisition to December 20, 2007 when conditional approval was received from the Canadian Radio-television and Telecommunications Commission ("CRTC"). The results of operations reflect revenue and expenses of the non-regulated assets since the date of acquisition and the regulated assets from December 21, 2007. The Company's equity earnings include the net earnings of the regulated assets of the acquired operations from the date of acquisition to December 20, 2007.

The Company has, subject to regulatory approval, committed to combine its Canadian television operations with CW Media's operations (together the "Combined Operations") prior to August 2011. In 2011, the Company's and Goldman Sachs' economic interest in the Combined Operations will be determined based on a formula which is based on the combined segment operating profit of CW Media and Canwest's Canadian television operations.

Divestiture

In July 2008, the Company completed the sale of its United Kingdom radio segment (note 12). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $2.0 million, $4.9 million, and $16.5 million, respectively.

5. INTEREST IN EARNINGS OF EQUITY ACCOUNTED AFFILIATES

Certain operations acquired as part of the purchase of CW Media's specialty television operations had been placed into trust until the CRTC approval of the change of control of the broadcast licences was obtained on December 20, 2007.

The following sets out condensed financial information for the regulated entities held in trust for the period from December 1, 2007 to December 20, 2007 and September 1, 2007 to December 20, 2007.

Summary condensed statement of earnings

	December 1 to December 20, 2007	September 1 to December 20, 2007
Revenue	19,644	108,767
Operating expenses	10,619	64,327
Operating income before amortization	9,025	44,440
Amortization	(665)	(2,083)
Interest expense, net	(5,921)	(20,007)
Foreign exchange gains	4,201	16,163
Recovery for income taxes	13,783	5,618
Interest in earnings of equity accounted affiliates	34	163
Minority interest	(930)	(4,904)
Net earnings of regulated entities	19,527	39,390

Summary condensed statement of cash flows

	December 1 to December 20, 2007	September 1 to December 20, 2007
Cash flows – operating activities	4,154	28,890
Cash flows – investing activities	(994)	(1,521)
Cash flows – financing activities	-	-
Net change in cash	3,160	27,369
Cash – beginning of period	42,435	18,226
Cash – end of period	45,595	45,595

During the trust period from September 1, 2007 to December 20, 2007, the Company recorded interest income of $16.8 million and a foreign exchange loss of $11.8 million related to advances to the regulated assets held in trust. Net earnings of the regulated entities include interest expense of $16.8 million and a foreign exchange gain of $11.8 million related to the inter-company debt. In addition, the Company recovered corporate costs from the regulated entities held in trust and has recorded cost recoveries in the amount of $4.6 million. The cost recoveries have reduced selling, general and administrative expenses of the Company and are included in operating expenses of the regulated entities. Net earnings of the regulated entities also include agency fees of $8.8 million, which have been recorded as revenue by the Company. Since December 21, 2007, these inter-company balances and transactions are eliminated on consolidation.

6. GOODWILL, INTANGIBLE ASSETS AND OTHER IMPAIRMENTS

Goodwill

	August 31, 2008	Additions	Impairments	Other	February 28, 2009
Publishing	1,697,405	100[1]	(895,110)	(14,222)[2]	788,173
CW Media television	478,908	-	-	(671)[3]	478,237
Australian television	32,149	-	-	(3,879)[4]	28,270
Out-of-home	104,477	-	(16,329)	(7,339)[4]	80,809
Turkey radio	13,622	-	(11,692)	(1,930)[4]	-
Total	2,326,561	100	(923,131)	(28,041)	1,375,489

(1) Increase related to contingent consideration paid on previous year's acquisitions.
(2) Decrease in goodwill relates to the settlement of the Hollinger arbitration (note 19).
(3) Decrease related to an adjustment to the valuation allowance on tax losses acquired.
(4) Decrease in goodwill related to fluctuations in foreign currency translation rates.

Intangible assets

	August 31, 2008 Net Book Value	Amortization	Impairments	Other	February 28, 2009 Net Book Value
Circulation, subscribers and other customers relationships	77,635	(3,215)	-	-	74,420
Site licences	34,630	(874)	(12,983)	(857)[1]	19,916
Broadcast licences	1,195,599	-	(126,812)	(32,166)[1]	1,036,621
Brands	31,000	-	-	-	31,000
Newspaper mastheads	418,561	-	(99,108)	(1,860)[2]	317,593
Total	1,757,425	(4,089)	(238,903)	(34,883)	1,479,550

(1) Decrease in intangible assets related to fluctuations in foreign currency translation rates.
(2) Decrease in newspaper mastheads relates to the classification of *The New Republic* as discontinued operations.

Impairments

The Company recorded goodwill impairment charges in its Publishing, Out-of-home and Turkey radio segments of $895.1 million, $16.3 million and $11.7 million respectively. In addition, the Company has recorded impairment charges of $99.1 million for mastheads in its Publishing segment, $86.0 million for broadcast licences in its Canadian television segment, $13.0 million for site licences in its Out-of-home segment and $40.8 million for broadcast licences in the Turkey radio segment.

The Company is required to test Goodwill at least annually and more frequently if events or circumstances occur that would more likely than not reduce their fair value below carrying value. The Company is required to test indefinite life intangible assets at least annually and more frequently if events or circumstances indicate that intangibles may be impaired. During the three months ended February 28, 2009, the Company believes that events and circumstances changed that would more likely than not reduce the fair value of the Publishing, Out-of Home and Turkey radio reporting units carrying amounts. In addition, the Company believes that events and circumstances have changed that more likely than not reduce the fair value of broadcast licences within its Canadian television and Turkey radio reporting units, mastheads within its Publishing reporting unit and site licences within its Out-of-home reporting unit reporting unit below the carrying amount. The events include a continuing decline in operating results, and lower expectations for advertising revenue growth.

The Company's assumptions are affected by current market conditions which may affect expected revenue, particularly advertising revenue and, to a lesser extent, subscriber revenue. In addition, while the Company continues to implement cost savings initiatives, operating costs may increase more significantly than expected. The Company also has significant competition in the markets in which it operates which may impact its revenue, procurement of content and operating costs. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific reporting units or specific intangibles assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and intangible assets and the Company would be required to recognize further impairment losses.

The Company has not completed the second phase of the goodwill impairment testing related to the Publishing reporting unit. This phase requires the Company to notionally fair value all the assets and liabilities associated with the Publishing reporting unit. The goodwill impairment of $895.1 million is a preliminary impairment assessment that will be finalized as the required information becomes available. The preliminary goodwill impairment could change and the change could be material.

The Company has also completed a review of the E! Network and certain operations within Ten Network Holdings Inc. Based on the reduced profitability of these operations it was determined that certain assets were impaired. As a result of this review it was determined that broadcast rights impairment losses should be recorded of $30 million for E! Network and $10 million for Network TEN In addition, it was determined that property and equipment impairment losses should be recorded of $10 million related to the E! Network and $22 million related to Eye Corp. These impairments impact the Canadian television, Australian television and Out-of-home segments.

7. RESTRUCTURING EXPENSES

The Company is centralizing certain functions including developing four state of the art broadcast centres to support the production needs of its local television stations and enable the transition to high definition. This initiative is expected to be conducted in three phases. Over the period from September 2007 to May 2009, the Company expects to have a net reduction in its workforce of 260 jobs relating to these changes. To date, the Company has accrued $11.5 million related to the first two phases of which a $0.2 million recovery and $1.5 million expense was accrued during the three and six months ended February 28, 2009, respectively. The total expected costs associated with these initiatives are $11.8 million.

During the six months ended February 28, 2009, the Company initiated certain cost containment initiatives in its Canadian television segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a workforce reduction of 107 positions. During the three and six months ended February 28, 2009, the Company accrued $1.5 million and $7.2 million, respectively, the full cost of these initiatives.

In fiscal 2008, the Company's Publishing segment initiated and completed certain changes in its work flow processes which resulted in the centralization of certain functions. The total cost associated with this initiative of $10.7 million was accrued in fiscal 2008.

During the six months ended February 28, 2009, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 470 positions. These initiatives are expected to be completed by August 31, 2009 with total costs estimated of $32.0 million. During the three and six months ended February 28, 2009, the Company accrued costs of $16.8 million and $22.9 million, respectively, related to these initiatives.

In connection with the acquisition of CW Media's operations in August 2007, the Company accrued termination benefits of $18.6 million. This accrual was set up as part of the purchase equation related to the acquisition of CW Media. During the six months ended February 28, 2009, the Company initiated certain initiatives in its CW Media television segment, which will result in a workforce reduction of 36 positions. These initiatives are expected to be completed by August 31, 2009 with total employee termination costs estimated of $1.1 million. During the three and six months ended February 28, 2009, the Company accrued costs of $0.1 million and $1.1 million, respectively, related to these initiatives.

During the six months ended February 28, 2009, the Company initiated work force reductions in its Turkey radio segment. The costs of these reductions are estimated to total $0.2 million which has been paid during the six months ended February 28, 2009. In addition, as described in note 1, the Company is currently pursuing recapitalization transactions and potential corporate restructuring. The Company has expensed and paid $1.6 million related to these activities.

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

	Publishing	Canadian television	CW Media television	Other	Total
Balance – August 31, 2007	-	-	15,277[1]	-	15,277
Accrued during the period	10,708	10,007	1,013[1]	-	21,728
Payments made during the period	(8,332)	(3,919)	(15,351)	-	(27,602)
Balance – August 31, 2008	2,376	6,088	939	-	9,403
Accrued during the period	22,886	8,668	1,141	1,808	34,503
Payments made during the period	(14,514)	(7,797)	(1,115)	(1,808)	(25,234)
Balance – end of period	10,748	6,959	965	-	18,672

(1) The accrual for CW Media in fiscal 2007 was made in connection with the acquisition of CW Media and accordingly was recorded in the purchase equation.

8. INCOME TAXES

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

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
Income taxes at combined Canadian statutory rate of 31.08% (2008 – 32.38 %)	(410,948)	(16,146)	(402,872)	12,138
Non-taxable portion of capital (gains) losses	3,274	(155)	14,152	(1,977)
Increase (decrease) in valuation allowance on future tax assets	211,167	(991)	221,417	(27)
Effect of foreign income tax rates differing from Canadian income tax rates	732	(1,012)	422	(4,941)
Change in expected future tax rates	3,830	(1,487)	3,750	(1,258)
Non-deductible accretion expense	2,340	7,251	10,398	15,172
Non-deductible expenses	1,353	1,816	2,423	3,447
Partnership net earnings allocated to minority interests	(518)	(324)	(1,107)	(569)
Effect of uncertain tax positions	2,755	1,020	3,807	2,220
Effect of partnership earnings from equity accounted affiliates	-	449	-	1,332
Effect of goodwill and intangible asset impairments	323,146	-	323,146	-
Other	(61)	(734)	729	73
Provision for (recovery of) income taxes	137,070	(10,313)	176,265	25,610

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

During the three months ended February 28, 2009, as described in note 1, Canwest Media Inc. violated certain financial covenants on its senior secured revolving credit facility. In addition, in March 2009, Canwest Media Inc. defaulted on its senior subordinated notes. This has resulted in significant unfavourable evidence about Canwest Media Inc.'s ability to more likely than not realize the benefits associated with its future tax assets. The Company has recognized a valuation allowance of $195.6 million related to future tax assets.

9. LONG-TERM DEBT

	Maturity (fiscal year)	Principal Outstanding February 28, 2009 (millions)	As at February 28, 2009	As at August 31, 2008
Canwest Media Inc.:				
Senior secured revolving credit facility[1]	2011	$49	48,902	-
Senior subordinated notes (net of debt issuance costs of $10 million (August 31, 2008 - $11 million))[2]	2012	US$761	1,030,905	828,755
Canwest Limited Partnership:				
Senior secured credit facilities - revolver	2012	$116	116,000	96,000
Senior secured credit facilities - credit C (net of debt issuance costs of $3 million (August 31, 2008 -$3 million))	2012	$265	262,360	262,028
Senior secured credit facilities - credit D (net of debt issuance costs of $5 million (August 31, 2008 - $5 million))[3]	2014	US$458	578,186	483,999
Senior subordinated unsecured credit facility (net of debt issuance costs of $1 million (August 31, 2008 -$1 million))	2015	$75	74,193	74,152
Senior subordinated unsecured notes (net of debt issuance costs of $9 million (August 31, 2008 -$9 million))	2015	US$400	500,331	415,766
CW Media Holdings Inc.:				
Senior secured revolving credit facility	2013	$14	14,000	8,000
Senior secured credit facility (net of debt issuance costs of $13 million (August 31, 2008 - $13 million))[4]	2015	US$441	548,160	457,688
Senior unsecured notes including accrued interest (net of debt issuance costs of $8 million (August 31, 2008 -$9 million))	2015	US$338	422,112	329,630
Ten Network Holdings Limited:				
Bank loan - revolver	2011	A$260	212,082	250,195
Senior unsecured notes	2013	US$125	164,922	132,322
Senior unsecured notes	2016	A$150	122,355	136,470
			4,094,508	3,475,005
Less portion due within one year			(70,451)	(13,063)
Long-term portion			4,024,057	3,461,942

The terms and conditions of the long-term debt are the same as disclosed in the August 31, 2008 audited consolidated financial statements, except as disclosed below.

[1] The amount available under this facility has been permanently reduced to $112 million. During the three months ended February 28, 2009, the Company failed to comply with certain financial covenants under Canwest Media Inc.'s senior credit facility The senior lenders have agreed to waive the events of default arising as a result of the failure to comply with certain covenants and failure to make an interest payment on the 8% senior subordinated notes, until the earlier of April 21, 2009 and the date the holders of the 8% senior subordinated notes take any action to enforce their rights (note 1). For the period from April 7, 2009 to April 21, 2009 the senior lenders have temporarily limited the availability under the facility to $31.6 million of the cash held in the "Collateral Deposit Account" (note 21).

[2]The interest payment due March 15, 2009 under this facility was not paid. Under the terms of the senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of holders of 8% senior subordinated note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of its stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes. The Company agreed with its swap counterparties to settle the fair value swap related to its senior subordinated notes and received cash proceeds of $105 million (note 21).

[3]The foreign currency and interest rates swaps relating to the Senior secured credit facilities - credit D is secured by substantially all the assets of the Canwest Limited Partnership.

[4]The foreign currency and interest rate swap relating to the Senior secured credit facility is secured by substantially all the assets of CW Media and CW Investments and, subject to certain limitations by each of its existing and each subsequently acquired or organized wholly-owned subsidiary.

During the six months ended February 28, 2009, the Company received recouponing payments of $5 million on its hedging derivative instruments and nil on derivative instruments (2007 – paid $5 million and $13 million, respectively).

During the six months ended February 28, 2009, credit ratings of certain of the Company's counterparties to the foreign currency and interest rate swaps were down graded. The Company does not expect the counterparties to fail to meet their obligations as the counterparties are rated at or greater than A.

10. PUTTABLE INTEREST IN A SUBSIDIARY

The puttable interest in subsidiary will accrete to the estimated amount to settle the liability through charges to earnings which are recorded as Accretion of long-term liabilities. As at February 28, 2009, the puttable interest liability was re-measured, based on management's current expectations of the amount required to settle the put options which represent a decrease compared to prior year's estimates. The estimated future cash flows were discounted at 19.4%. The present value of the effect of the decrease of $18.3 million has been recorded as a reduction of the liability as at February 28, 2009 and a reduction of the accretion expense for the three and six months then ended.

11. DERIVATIVE INSTRUMENTS

Included in derivative instruments as at February 28, 2009, are derivative instruments with a fair value of $105 million. The derivative instruments are secured by Canwest Media Inc.'s assets including the assets of its Canadian television operations, the National Post partnership, the partnership units of the Canwest Limited Partnership and the shares of Ten Holdings and CW Media. In March 2009, the Company settled $38 million of this liability and entered in further derivative contracts to fix the value of this obligation. The Company has two payments remaining under this obligation of $10 million in May 2009 and $57 million in August 2009.

12. DISCONTINUED OPERATIONS

During February, 2009, the Company reached an agreement to sell *The New Republic* as the Company concluded that the expectations for this asset were not consistent with the Company's long-term growth strategy. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of *The New Republic* were reported within the Publishing segment. The classification of *The New Republic* as a discontinued operation increased earnings from continuing operations by $3 million for both the three and six months ended February 28, 2009 (for the three and six months ended February 29, 2008 – $1 million and $1 million, respectively). Cash flows from operating activities of continuing operations increased by $1 million for both the three and six months ended February 28, 2009 (for the three and six months ended February 29, 2008 – $1 million and $2 million, respectively).

During July 2008, the Company reached an agreement to sell its United Kingdom radio stations as the Company concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $7 million on the sale of these stations. As a result, the results of these operations were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the United Kingdom radio stations were reported within the United Kingdom radio segment. The classification of the United Kingdom radio stations as a discontinued operation increased earnings from continuing operations by less than $1 million and $1 million for the three and six months ended February 29, 2008, respectively. Cash flows from operating activities of continuing operations increased by $2 million and $4 million for the three and six months ended February 29, 2008, respectively.

The loss from discontinued operations is summarized as follows:

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Revenue	803	1,337	1,825	2,868
Loss from discontinued operations before tax	(3,369)	(2,837)	(4,158)	(4,674)
Income tax recovery	(757)	-	(757)	-
Loss from discontinued operations	(2,612)	(2,837)	(3,401)	(4,674)
Loss from discontinued operations per share:				
Basic	($0.01)	($0.02)	($0.02)	($0.03)
Diluted	($0.01)	($0.02)	($0.02)	($0.03)

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

	February 28, 2009	August 31, 2008
Current assets	529	714
Goodwill	-	-
Non-current assets	60	1,926
Current liabilities	(3,002)	(2,297)
Long-term debt	-	-
Other long-term liabilities	(117)	(756)
Net assets	(2,530)	(413)

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Foreign currency translation adjustment	Available for sale investments	Hedging derivative instruments designated as cash flow hedges	Total
Balance – August 31, 2008	(3,032)	-	(61,859)	(64,891)
Other comprehensive income (loss)	3,166	-	(38,274)	(35,108)
Balance – February 28, 2009	134	-	(100,133)	(99,999)

The Company has recorded an impairment loss in the three and six months ended February 28, 2009 on the available-for-sale investment of $7.3 million. The Company concluded that the accumulated loss is other than temporary based on the sale of the investment in March 2009.

The unrealized loss on foreign currency interest rate swaps that will be reclassified to interest expense over the next twelve months is approximately $15.3 million, net of tax of $6.1 million.

During the three and six months ended February 28, 2009, $51.4 million and $307.1 million foreign exchange gains, respectively (2008 – $21.3 million and $93.8 million losses, respectively) were reclassified to the net earnings (loss) from accumulated other comprehensive loss, representing foreign exchange gains on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange losses recognized on the related U.S. dollar denominated long-term debt. During the three and six months ended February 28, 2009, nil (2007 – nil) was recorded in net earnings (loss) which represented hedge ineffectiveness associated with cash flow hedging instruments.

During the three and six months ended February 28, 2009, the Company reclassified $8.8 million and $13.2 million, respectively (2008 - $1.4 million and $2.3 million, respectively) from accumulated other comprehensive loss to net earnings (loss). This amount has been recorded as a charge to interest expense and represents the effect of the hedging derivative instruments on the Company's interest expense.

14. EARNINGS PER SHARE

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

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Basic weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,646,539
Dilutive effect of options	-	-	-	301,800
Diluted weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,948,339
Options outstanding that would have been anti-dilutive	5,491,327	4,820,131	5,491,327	4,518,331

15. STOCK BASED COMPENSATION

Share Compensation Plans
The Company utilizes share compensation plans in order to provide employees of the Company and its subsidiaries the opportunity to participate in the growth and development of the Company.

Stock Option Plan
The Regular Options vest over a four year period and expire seven years after issuance. The Market Threshold Options vest on achievement of both four years service and a pre-defined price hurdle of closing prices during their seven year term. The exercise price represents the market trading price on the date on which the options were granted.

On November 18, 2008, the Company granted 601,300 Regular Options and 355,700 Market Threshold Options to employees. All of these options expire on November 18, 2015 and were granted at an average exercise price of $0.76 per option. On November 6, 2007, the Company granted 528,900 Regular Options and 353,300 Market Threshold Options to employees. All of these options expire on November 6, 2014 and were granted at an average exercise price of $7.50 per option. The fair value of both the Regular Options and Market Threshold Options granted was estimated using a binomial option pricing model with the assumptions of dividend yield of nil (2007 – nil), an expected volatility of 47% (2007 - 28%), risk free interest rates of 3.1% (2007 - 4.2%) and an expected life of five years (2007 - six years). The total fair value of the Regular Options issued was $0.2 million (2007 - $1.4 million), an average of $0.34 (2007 - $2.61) per option. The total fair value of the Market Threshold Options was $0.1 million (2007 - $0.9 million), an average of $0.33 (2007 - $2.44) per option.

The Company recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.2 million (2008 -$0.2 million) related to the Stock Option Plan.

Restricted Share Unit Plan
Eligible participants receive grants of Restricted Share Units ("RSU"), under the RSU Plan, which are settled by the issuance of an equivalent number of shares for nil consideration at the end of the three year term if the attainment of specified performance goals as determined by the Board have been met. Additional RSU's are granted if the Company declared dividends prior to the settlement date.

On November 16, 2008, the Company granted 330,700 restricted share units under the RSU Plan. On November 6, 2007, the Company granted 305,200 restricted share units under the RSU Plan. The fair value at the time of issuance was $0.76 (2007 - $7.50) per RSU.

The Company recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.3 million (2007 -$0.2 million) related to the Restricted Share Unit Plan.

Deferred Share Unit Plan
The Company utilizes a Deferred Share Unit Plan ("DSU") as a component of its compensation plan for Directors. Under the DSU Plan, directors may elect to receive their compensation in cash, DSUs or a combination thereof. DSUs are issued at the market trading price of the Company's subordinate voting shares on the grant date. DSUs vest immediately and are only redeemable after the participant ceases to be a director. DSUs are redeemable for cash based on the value of the Company's subordinate voting shares at the redemption date.

Compensation expense related to the DSU Plan was a recovery of $0.3 million for the six months ended February 28, 2009 (2008 – expense of $0.2 million).

Discontinued Share Compensation Plan
On November 6, 2007, the Company made a final grant of options under the Discontinued Share Compensation Plan. The options under the Discontinued Share Compensation Plan vest over 5 years and expire in ten years. The Company has recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.9 million (2008 – $1.1 million) related to the Discontinued Share Compensation Plan.

For the six months ended February 28, 2009, the Company recorded total compensation expense of $1.1 million (2008 - $1.7 million), a credit to contributed surplus of $1.4 million (2008 - $1.5 million) and a debit to accrued liabilities of $0.3 million (2008 - credit of $0.2 million) related to all its share-based compensation plans.

16. OTHER LONG-TERM INCENTIVE PLANS

The Company has a long-term incentive plans for eligible Canadian television and CW Media employees, the Broadcast Share Appreciation Rights Plan ("Broadcast SAR Plan") and the Broadcast RSU Plan.

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

On November 16, 2008, the Company issued 66,900 regular SARs and 17,600 Performance Threshold SARs. On November 6, 2007, the Company issued 76,000 regular SARs and 17,600 Performance Threshold SARs. At the time of issuance, the notional share value was $12.76 (2007 -$10.00) per SAR.

In January 2008, the Company approved an issuance of 565,472 Special Performance SARs. At the time of issuance, the notional value was $10.00 per Special Performance SAR. These SARs vest 50% in 2011 and 50% in 2012 if certain EBITDA growth rates are met.

Broadcast RSU Plan

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

On November 16, 2008, the Company issued 37,200 Broadcast RSUs. On November 6, 2007, the Company issued 46,000 Broadcast RSUs. The notional share value at the time of issuance was $12.76 (2007 -$10.00) per RSU.

For the six months ended February 28, 2009, the Company recorded a nominal expense and a financial liability related to these plans.

17. RELATED PARTY TRANSACTIONS

A company affiliated with the Company's controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which the Company is a tenant. During the six months ended February 28, 2009, rent paid to this company amounted to $0.5 million (2008 - $0.6 million) and is included in selling, general and administrative expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and May 2018, respectively. In addition, during the six months ended February 28, 2009, the Company has included nil (2008 - $0.3 million) of building development expenses payable to this company.

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

18. PENSION, POST RETIREMENT AND POST EMPLOYMENT BENEFITS

The Company has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension, post retirement and post employment benefits to its employees. Its defined benefit pension plans are based on years of service and final average salary. Information regarding the components of net periodic benefit cost for the Company's defined benefit plans is presented below:

	Pension benefits For the three months ended		Post retirement/ employment benefits For the three months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Current service cost	4,398	4,944	589	455
Accrued interest on benefits	7,963	7,660	879	727
Expected return on plan assets	(7,251)	(7,256)	-	-
Amortization of transitional obligation	110	109	76	76
Amortization of past service costs	354	354	170	34
Amortization of net actuarial loss (gain)	431	823	(176)	(28)
Changes in valuation allowance	(8)	(10)	-	-
Total pension and post retirement/employment benefit expense	5,997	6,624	1,538	1,264

	Pension benefits For the six months ended		Post retirement/ employment benefits For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Current service cost	8,797	9,887	1,179	911
Accrued interest on benefits	15,927	15,321	1,757	1,453
Expected return on plan assets	(14,501)	(14,513)	-	-
Amortization of transitional obligation	220	217	152	152
Amortization of past service costs	709	709	339	68
Amortization of net actuarial loss (gain)	861	1,646	(351)	(56)
Changes in valuation allowance	(17)	(21)	-	-
Total pension and post retirement/employment benefit expense	11,996	13,246	3,076	2,528

19. CONTINGENCIES

(a) Arbitration related to amounts owed by Hollinger International Inc., Hollinger Inc. and certain related parties (collectively "Hollinger") related to certain unresolved adjustments and claims related to its November 15, 2000 acquisition of certain newspaper assets from Hollinger have been settled. During the three months ended February 28, 2009, the arbitrator awarded the Company a net settlement of $50.7 million plus interest and costs. The Company and Hollinger negotiated a settlement of $34 million which was accrued at February 28, 2009 and received in March 2009. The Company applied $20 million against receivables from Hollinger and $14 million against the Publishing segment goodwill. An amount of $30 million from this settlement is being held in the Collateral Deposit Account (note 21).

(b) In March 2001, a statement of claim was filed against the Company and certain of the Company's subsidiaries by Canwest Broadcasting Ltd.'s ("CBL's") former minority shareholders requesting, among other things, that their interests in CBL be purchased without minority discount. In addition, the claim alleges the Company wrongfully terminated certain agreements and acted in an oppressive and prejudicial manner towards the plaintiffs. The action was stayed on the basis that the Ontario courts have no jurisdiction to try the claim. In April 2004, a statement of claim was filed in Manitoba by the same minority shareholders, which was substantially the same as the previous claim, seeking damages of $425 million. In June 2005, the Company filed a Statement of Defence and Counterclaim. In its defence, the Company denies any liability to the plaintiffs and in its Counterclaim, the Company is seeking a declaration of the fair value of the former minority shareholders' interest in CBL and repayment of the difference between the fair value and the redemption amount paid by the Company to the former shareholders. The Company believes the allegations in the Statement of Claim are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The outcome of this claim is not currently determinable and the Company intends to vigorously defend this lawsuit.

(c) The Company is one of several defendants to a claim by a proposed class of freelance writers instituted in July 2003 in respect of works that they provided to newspapers and other print publications in Canada. The total amount claimed (by all plaintiffs against all defendants) is $500 million in compensatory damages and $250 million in exemplary and punitive damages. The outcome of this claim is not currently determinable.

(d) The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

20. SEGMENT INFORMATION

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

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

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

	Revenue[1][2] For the three months ended		Segment operating profit For the three months ended		Revenue[1][2] For the six months ended		Segment operating profit For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
Operating Segments								
Publishing[4]	257,729	305,586	32,432	60,206	592,704	666,349	106,284	162,800
Television								
Canada[3,4]	146,290	150,496	(265)	(7,182)	346,205	361,288	31,457	25,068
CW Media	87,459	83,770	31,830	26,871	193,558	180,897	76,113	64,003
	233,749	234,266	31,565	19,689	539,763	542,185	107,570	89,071
Australia	111,764	138,652	19,348	35,101	313,945	380,988	93,732	138,606
Total television	345,513	372,918	50,913	54,790	853,708	923,173	201,302	227,677
Radio – Turkey	2,138	3,346	943	1,093	5,484	6,910	2,234	2,677
Out-of-home	31,797	39,070	(1,293)	1,706	70,994	81,357	2	4,848
Intersegment revenue	(549)	(738)	-	-	(1,178)	(2,276)	-	-
Corporate and other	-	-	(7,659)	(9,239)	-	-	(14,863)	(18,751)
	636,628	720,182	75,336	108,556	1,521,712	1,675,513	294,959	379,251
Restructuring expenses	-	-	(19,728)	(4,611)	-	-	(34,503)	(16,256)
Broadcast rights impairments	-	-	(40,196)	-	-	-	(40,196)	-
	636,628	720,182	15,412	103,945	1,521,712	1,675,513	220,260	362,995
Elimination of equity accounted affiliates[5]	-	(19,644)	-	(9,025)	-	(108,767)	-	(44,440)
	636,628	700,538	15,412	94,920	1,521,712	1,566,746	220,260	318,555
Amortization of intangibles			1,912	2,217			4,089	4,648
Amortization of property and equipment			27,843	28,466			54,317	53,349
Other amortization			511	218			659	440
Operating income (loss)			(14,854)	64,019			161,195	260,118
Interest expense			(75,779)	(77,769)			(156,196)	(160,204)
Accretion of long-term liabilities			(9,829)	(24,197)			(38,062)	(48,078)
Interest income			545	3,400			1,310	19,769
Interest rate and foreign currency swap gains (losses)			(6,513)	(13,171)			19,970	(40,930)
Foreign exchange gains (losses)			(15,878)	(1,814)			(83,379)	4,273
Investment gains, losses and write-downs			(5,509)	(332)			(6,672)	2,536
Impairment loss on property and equipment			(32,374)	-			(32,374)	-
Impairment loss on goodwill			(923,131)	-			(923,131)	-
Impairment loss on intangible assets			(238,903)	-			(238,903)	-
Earnings (loss) before income taxes and other items			(1,322,225)	(49,864)			(1,296,242)	37,484

(1) Represents revenue from third parties. In addition, the following segments recorded intercompany revenue: Canadian television – $0.4 million (2008 – $1.3 million), Publishing – $0.8 million (2008 – $1.0 million).

(2) Revenue consist of advertising revenue of $521 million and $1,290 million for the three and six months ended February 28, 2009, respectively (2008 - $637 million and $1,390 million, respectively) and circulation and subscriber revenue of $115 million and $232 million for the three and six months ended February 28, 2009, respectively (2008 - $63 million and $177 million, respectively).

(3) Revenue in the six months ended February 28, 2009 includes $5.1 million of retransmission fees related to prior years. The Company has determined this adjustment is not material to the recorded results and accordingly the adjustment has been included in net earnings (loss). This adjustment reduced the loss per share by $0.02 per share.

(4) Operating expenses for the three and six months ended February 28, 2009 includes a reduction of $6.2 million and $1.4 million for employee health and insurance benefits related to prior years for the Publishing and Television – Canada operating segments, respectively. The Company has determined these adjustments are not material to the recorded results and accordingly the adjustments have been included in net earnings (loss). These adjustments reduced the loss per share by $0.03 per share.

(5) Elimination of the Company's equity interest in regulated entities of CW Media.

21. SUBSEQUENT EVENTS

(a) In March 2009, Canwest Media Inc. agreed to the establishment of a deposit account ("Collateral Deposit Account") to be administered by its senior lenders. Approximately $50 million has been deposited into this account (as described below) and, except to the extent permitted by the waiver agreement as discussed above, Canwest Media Inc. is not entitled to withdraw any amount from this account without the consent of the senior lenders. In addition, the senior lenders can use the amounts deposited in this account to satisfy obligations under the senior credit facility (including the derivative instruments) as they come due.

(b) In March 2009, Canwest Media Inc. settled the fair value swaps on its 8% senior subordinated notes. Canwest Media Inc. received cash proceeds of $105 million of which $38 million was applied to outstanding liabilities on its derivative instruments, $47 million was used to repay its senior credit facility and $20 million was deposited into the Collateral Deposit Account.

(c) In March 2009, the Company received $34 million in full settlement of amounts owing to Canwest Media Inc. and Canwest Publications Inc. pursuant to an arbitration award in connection with its dispute with Hollinger International Inc. (now Sun-Times Media Group Inc.) relating to unresolved adjustments and claims associated with the November 15, 2000 acquisition of certain newspaper assets (note 19). Of the proceeds $30.5 million owing to Canwest Media Inc. was deposited into the Collateral Deposit Account.

Re. Canwest Global Communications

Court File No. 09-8396-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF LEONARD ASPER
(Sworn June 15, 2010)

BENNETT JONES LLP
Barristers and Solicitors
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Robert W. Staley (LSUC #27115J)
Tel. (416) 777-4857

Derek J. Bell (LSUC No. 43420J)
(416) 777-4638
(416) 863-1716 (fax)

Lawyers for the Ad Hoc Group of Canwest Global Shareholders.

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SUPPLEMENTAL RESPONDING MOTION RECORD

BENNETT JONES LLP
Suite 3400, P.O. Box 130
One First Canadian Place
Toronto, ON M5X 1A4

Robert W. Staley (LSUC No. 27115J)
Tel: (416) 777-4857
Derek J. Bell (LSUC No. 43420J)
Tel: (416) 777-4638

Fax: (416) 863-1716

Lawyers for the Ad Hoc Group of Canwest Shareholders.

WSLegal\066041\00001\6110251v1