CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2009 AND 2008

JANUARY 13, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2009 AND 2008

This Management Discussion and Analysis ("MD&A") contains certain comments or forward-looking statements about our objectives, strategies, financial conditions, results of operations and businesses. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on our current expectations about our business and the markets we operate in, and on various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause our results to differ materially from our current expectations are discussed in the section entitled "Risk Factors" contained in our Annual Information Form for the year ended August 31, 2009 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com). Subject to applicable securities laws, we disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

TABLE OF CONTENTS

OVERVIEW 3
Creditor Protection and Recapitalization 3
KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME 8
Television Broadcast 8
Publishing 9
Seasonality 9
CRITICAL ACCOUNTING ESTIMATES 9
CHANGES IN ACCOUNTING POLICIES 10
Goodwill and Intangible assets 10
FORTHCOMING CHANGES IN ACCOUNTING POLICIES 10
Business Combinations 10
International Financial Reporting Standards 10
CONTROLS AND PROCEDURES 11
OPERATING RESULTS 11
Introductory Note 11
For the Three Months Ended November 30, 2009 12
Consolidated Results 13
Segment Results 15
CONSOLIDATED QUARTERLY FINANCIAL RESULTS 16
LIQUIDITY AND CAPITAL RESOURCES 17
Sources of Funds 17
Uses of Funds 17
Debt 19
FINANCIAL INSTRUMENTS 20
INDUSTRY RISKS AND UNCERTAINTIES 20
OFF BALANCE SHEET ARRANGEMENTS AND GUARANTEES 20
RELATED PARTY TRANSACTIONS 21
OCTOBER 6, 2009 NEWS RELEASE: PROJECTED CAPITAL EXPENDITURES AND OTHER FINANCIAL INFORMATION 21
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES 23
OTHER 24

OVERVIEW

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

Creditor Protection and Recapitalization

Our operating results and cash flows for the three months ended November 30, 2009 reflect continued weakness in advertising revenue for our Television and Publishing operations reflecting the weakened economic environment. The reduced advertising revenue has reduced cash flows from operations. These conditions and other factors contributed to the defaults related to certain of our credit facilities, note indentures and derivative financial instruments.

Canwest Media Entities Events

In March and September 2009, Canwest Media Inc. ("Canwest Media") did not make interest payments due on its 8% senior subordinated unsecured notes ("8% Notes") and was in default under the terms of that indenture. The guarantors of 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 ("Canwest LP") and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Investments Co. and its subsidiaries including CW Media Holdings Inc.

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

On September 22, 2009 the Canwest Media Entities entered into a Use of Cash Collateral and Consent Agreement with an ad hoc committee of 8% Notes holders representing over 70% of the 8% Notes issued by Canwest Media (the "Ad Hoc Committee"). On October 1, 2009 we sold our interest in Ten Network Holdings Limited ("Ten Holdings") for net proceeds of $618 million. In accordance with the Use of Cash Collateral and Consent Agreement, the net proceeds were advanced to Canwest Media Inc. by its wholly owned Irish subsidiary which held the investment in Ten Holdings and were used as follows: $102 million to repay the 12% notes, $85 million to repay amounts outstanding under 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 members of the Ad Hoc Committee pursuant to which they are pursuing a proposed recapitalization transaction related to the Canwest Media Entities. The proposed terms of the recapitalization transaction are set out in a Recapitalization Term Sheet incorporated into the CCAA Support Agreement (together with the CCAA Support Agreement, the "Recapitalization Agreement"). See note 4 to our interim unaudited consolidated financial statements for the three months ended November 30, 2009 for further information related to the recapitalization plans of the Canwest Media Entities.

On October 6, 2009, as set out in the terms of the Recapitalization Agreement, Canwest Global and certain of its subsidiaries 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”) (the “Canwest Media Initial Order”). The Canwest Media Initial Order applies to Canwest Global, Canwest Media, Canwest Television Limited Partnership, The National Post Company and certain non-operating subsidiaries (collectively, the “Canwest Media Applicants”). Canwest (Canada) Inc., Canwest LP and its subsidiaries including Canwest Publishing Inc. and National Post Inc., and CW Investments Co. 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 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 Canwest Media Initial Order may be further amended by the Court throughout the CCAA proceedings (the “Canwest Media CCAA Proceedings”) based on motions from the Canwest Media Applicants, their creditors or other interested parties. On October 6, 2009, 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 of the US Bankruptcy Court (“US Court”). On November 3, 2009 the US Court granted formal recognition of the CCAA proceedings.

On October 6, 2009, in the Canwest Media Initial Order, the Court approved the conversion of the ABL Facility into a debtor-in-possession (“DIP”) financing arrangement. 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 Media Applicants and the directors and officers of the Canwest Media Applicants by the creditors affected by the CCAA filing for both voting and distribution purposes. The claims procedure was amended on November 30, 2009 by the Court. See the Liquidity and Capital Resources section of this report for further information about the DIP financing arrangement.

On October 30, 2009, the Court granted an order approving the orderly transition and subsequent termination of certain shared services arrangements between the Canwest Media Applicants and other subsidiaries of Canwest Global together with the transition of substantially all of the assets and certain liabilities of The National Post Company to a subsidiary of Canwest LP.

Under the terms of the Canwest Media Initial Order, FTI Consulting Canada Inc. was appointed the monitor (the “Monitor”) under the Canwest Media CCAA Proceedings. The Monitor will 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.

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 permitted to pay outstanding and future employee wages, salaries and employee benefits and other employee obligations; pay outstanding amounts for goods and services from suppliers considered critical to the ongoing operations of the Canwest Media Applicants; and pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest Media Applicants. The Canwest Media Initial Order also allows the Canwest Media Applicants, subject to the provisions of the CCAA, to disclaim any arrangement or agreement. Claims may be allowed related to damages of counterparties arising as a result of such disclaimers. These claims will be recognized in accordance with our accounting policies.

The Canwest Media Applicants are undertaking a financial and corporate restructuring and intend to propose a plan of arrangement as contemplated by the Recapitalization Agreement (the "Recapitalization Plan") 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.

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; and 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. 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

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

LP Entities Events

Canwest LP has not been in compliance with the financial covenants of its senior 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 or its senior subordinated unsecured 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 senior secured credit facility, the hedging derivative instrument counterparties terminated the hedging arrangements and demanded immediate payment of an aggregate of $69 million.

Effective August 31, 2009, Canwest (Canada) Inc., Canwest Publishing Inc. and Canwest Books Inc., together with Canwest LP (collectively, the "Canwest LP Entities"), entered into a forbearance agreement with the administrative agent under the senior secured credit facility (the "Administrative Agent") 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 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 senior secured loans and the interest amounts outstanding under the terminated hedging arrangements. 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 was also in default under the terms of its senior subordinated unsecured credit facility and senior subordinated unsecured notes and did not enter into any forbearance arrangements with the unsecured lenders or the holders of the unsecured notes.

On January 8, 2010, the Canwest LP Entities entered into a support agreement with the Administrative Agent (the "Canwest LP Support Agreement"). The Canwest LP Support Agreement provides that the Canwest LP Entities will pursue the Plan of Compromise and Arrangement under the CCAA (the "Canwest LP Plan") relating to the claims of the lenders under Canwest LP's senior secured credit facilities and the counterparties to the terminated hedging arrangements (the "Canwest LP Secured Lenders"). The Canwest LP Plan will involve the Canwest LP Entities implementing a court-supervised sale and investor solicitation process (the "SISP") with a view to obtaining proposals for the sale of all or substantially all of the assets and assumption of liabilities of the Canwest LP Entities or an investment in the Canwest LP Entities, in each case, that would constitute a Superior Offer, as defined in the Canwest LP Support Agreement (the "Superior Offer"). If the SISP is not successful in attracting a Superior Offer, the Canwest LP Plan sets out the terms under which substantially all the assets of the Canwest LP Entities would be acquired by the Canwest LP Secured Lenders through a newly incorporated investment vehicle ("Acquireco") and the liabilities of the Canwest LP Entities would be assumed by Acquireco (other than certain specified liabilities and subject to Acquireco's right to exclude certain additional liabilities) in exchange for the satisfaction of the debt owed by Canwest LP to the Canwest LP Secured Lenders less a discount of $25 million (the "Credit Acquisition"). Following the completion of the Credit Acquisition, Acquireco will continue to hold an unsecured claim against the Canwest LP Entities equal to the $25 million discount amount. The Credit Acquisition, if approved, does not provide for any recovery for any equity holders of any of the Canwest LP Entities.

In accordance with the CCAA, the Canwest LP Plan will require the support of Canwest LP Secured Lenders holding at least 66.7% in value of the senior secured credit facilities and the terminated hedging arrangements ("Canwest LP Senior Secured Debt") and at least an absolute majority in number of the Canwest LP Secured Lenders that vote at the creditors meeting held to approve the Canwest LP Plan. The Canwest LP Plan only addresses the Canwest LP Senior Secured Debt and does not compromise or affect any other claims against the Canwest LP Entities.

See note 5 to our interim unaudited consolidated financial statements for the three months ended November 30, 2009 for further information related to the Canwest LP Plan.

On January 8, 2010, as required under the Canwest LP Support Agreement, Canwest (Canada) Inc., Canwest Publishing Inc. and Canwest Books Inc. (collectively, the "Canwest LP Applicants"), applied for and obtained an order from the Court granting creditor protection under the CCAA ("Canwest LP Initial Order"). The order applies to the Canwest LP Entities. National Post Inc. is not included in the filing. The Canwest LP Initial Order provides for a general stay of proceedings until and including February 5, 2010, and is subject to extension by the Court. The Canwest LP Initial Order may be further amended by the Court throughout the LP Entities' CCAA proceedings (the "Canwest LP CCAA Proceedings") based on motions from the Canwest LP Applicants, their creditors or other interested parties.

On January 8, 2010, the Court approved the DIP financing arrangement for the Canwest LP Entities in accordance with the terms set out in a term sheet attached to a commitment letter between Canwest LP and a syndicate of lenders led by the Administrative Agent. The DIP financing arrangement is expected to close on or before January 31, 2010 and requires the satisfaction of certain conditions including the execution of definitive DIP loan documents, an accounts receivable collateral review and the delivery of a cash flow forecast. See the Liquidity and Capital Resources section of this report for further information about the Canwest LP Entities' DIP financing arrangement.

Under the terms of the Canwest LP Initial Order, FTI Consulting Canada Inc. was appointed as the monitor (the “Canwest LP Monitor”) under the Canwest LP CCAA Proceedings. The Canwest LP Monitor will report to the Court from time to time on the LP Applicants’ financial and operational position and any other matters that may be relevant to the Canwest LP CCAA Proceedings. CRS Inc. was appointed as Chief Restructuring Advisor for the Canwest LP Entities (the “Canwest LP CRA”). The Canwest LP Monitor, Canwest LP CRA and the Special Committee of the board of directors were all given specific responsibilities as set out in the Canwest LP Initial Order. In particular, the Canwest LP Monitor is required to supervise the SISP.

During the Canwest LP CCAA Proceedings, the Canwest LP Entities continue to operate with the assistance of the Canwest LP Monitor and under the supervision of the Court. Pursuant to the Canwest LP Initial Order, and subject to the conditions set out therein and the requirements set out in the CCAA, the Canwest LP Entities 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 LP Entities; and pay future expenses and capital expenditures reasonably necessary to carry on the operations of the Canwest LP Entities. The Canwest LP Initial Order also allows the Canwest LP Entities, 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.

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 an administration charge to secure amounts owing to certain restructuring and financial advisors, up to maximum of $3 million; a DIP Charge (the “Canwest LP DIP Charge”) to the extent of any obligations outstanding under the DIP financing arrangement described above; a charge to secure fees payable to the financial advisor engaged to conduct the SISP, up to a maximum of $10 million; 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 (“MIP”) charge, with equal priority, to a maximum of $35 million and $3 million, respectively. In addition, the security interests granted by the Canwest LP Entities to the Administrative Agent to secure obligations under the Canwest LP Entities’ centralized cash management system up to $7.5 million rank pari passu with the Canwest LP DIP Charge. Certain employee and commodity tax obligations are also subject to a super priority claim under the CCAA.

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

Listing and trading of our common stock

On November 13, 2009, the Toronto Stock Exchange (“TSX”) delisted our subordinate voting and non voting shares. On November 16, 2009, our shares were listed for trading on the TSX Venture Exchange.

Basis of presentation and going concern issues
The accompanying interim unaudited consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that we will continue in operation for the foreseeable future and be able to realize our assets and discharge our liabilities and commitments in the normal course of business. While Canwest Global, along with the other Canwest Media Applicants, is under creditor protection, we believe a plan of arrangement can be developed and implemented with respect to Canwest Global and the Canwest Media Applicants which will allow us to continue to operate as a going concern. Accordingly, we consider the going concern basis of presentation to be appropriate. However, there can be no assurance that the actions taken in our restructuring activities related to the Canwest Media Entities and the LP Entities will result in improvements to the financial condition sufficient to allow us 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 our assets and liabilities. These adjustments may be material.

Other significant subsidiaries
Our subsidiary, CW Media Holdings Inc., has significant debt obligations. These obligations are subject to financial covenants that are based on operating results, financing expenses and outstanding debt obligations. CW Media Holdings Inc. was in compliance with its financial covenants as of November 30, 2009. The ability of this subsidiary to maintain compliance with their financial covenants in the future is dependent upon various factors, including the advertising markets on which they rely.

KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME

Television Broadcast
We have two television segments. Our Canadian television segment includes our television networks in Canada as well as TVtropolis and five Canadian specialty television channels. The CW Media television segment includes the operations of Canadian specialty television channels held by CW Investments Co. ("CW Media"). As at August 31, 2009 our stations which comprised the E! Networks were sold or shut down. For the quarter ended November 30, 2008 revenues and operating expenses and operating profit of that network were $25 million, $35 million and a loss of $10 million, respectively.

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

For the remainder of fiscal 2010, we expect that our advertising revenue for our Canadian television and CW Media television operations may be negatively affected if weakened economic conditions persist. In general, we expect to sustain or improve the ratings performance of our television channels as it relates to our audience share and that the performance of our specialty television channels will continue to outpace that of our conventional television channels. We expect that subscriber revenue which makes up approximately 5% of our Canadian television revenue and 43% of our CW Media television revenue will remain stable.

Publishing
Our publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers as well as the operation of *canada.com* and other internet operations. During the quarter, we transitioned the *National Post* to Canwest LP. Accordingly, at November 30, 2009 all of our publishing operations are held by Canwest LP. Our publishing revenue is primarily earned from newspaper advertising, circulation revenue from our newspapers and digital advertising revenue from our internet operations. Our newspaper and interactive advertising revenue are a function of the volume or linage of advertising sold and the rates we charge. Circulation revenue is produced from home-delivery subscriptions for our newspapers and single-copy sales at retail outlets and vending machines. Circulation revenue is a function of the number of newspapers we sell and the average per copy prices we charge.

For the remainder of fiscal 2010, the outlook for the advertising market remains uncertain as weakness in the economy continues. We will continue to identify cost saving opportunities to improve operating results in addition to initiatives carried forward from fiscal 2009.

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

CRITICAL ACCOUNTING ESTIMATES

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

Claims during the CCAA proceedings
All claims that become known during the CCAA proceedings are recognized based on the best estimate of the expected amounts of the allowed claims.

We account for our financial liabilities using the amortized cost method. For all financial liabilities that are subject to compromise, we adjust the carrying amount to the amount expected to be 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 CCAA; otherwise the change has been presented as a Reorganization Item.

Interest expense
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 recognized as expenses when incurred and presented as “Reorganization Items”. These costs include professional fees paid to externals parties for legal, financial consulting and appraisal services incurred during the period we were developing our Recapitalization Plan and up to the date the Recapitalization Plan is confirmed and retention bonuses accruing and paid to our employees during the CCAA proceedings.

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 are presented as Reorganization Items if those activities have been undertaken as a result of the CCAA proceedings. Gains and losses on other transactions or events occurring prior to the CCAA proceedings or that would have occurred irrespective of the CCAA proceedings are including in operating income. These gains, losses and provisions are recognized and measured in accordance with the respective accounting policies for such items.

CHANGES IN ACCOUNTING POLICIES

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. We have applied this new standard effective September 1, 2009 in accordance with the transitional provisions which required application of the standard on a retrospective basis. As a result of adopting this standard, we have classified our broadcast rights as intangible assets. As a result of classifying broadcast rights as intangible assets, these assets are classified as non-current assets whereas previously they were classified as current and non-current depending on timing of expected usage of the programs. In addition, broadcast rights are reviewed and tested for impairment in accordance with the impairment provisions for long-lived assets or assets to be disposed of by other than sale and are no longer carried at the lower of cost and net realizable value.

FORTHCOMING CHANGES IN ACCOUNTING POLICIES

Business Combinations

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

International Financial Reporting Standards

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

In order to prepare for the transition date on September 1, 2010, we are currently evaluating this new requirement and we are in the process of creating a detailed plan to converge to IFRS. The detailed plan will includes an analysis of the appropriate project structure and governance,

resources and training, analysis of key GAAP differences and a phased approach to the assessment of current accounting policies and implementation. The current status of the key elements to our detailed plan for adopting IFRS is as follows:

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

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

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

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

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

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

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

CONTROLS AND PROCEDURES

There were no changes in our internal control over financial reporting during the three months ended November 30, 2009 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

OPERATING RESULTS

Introductory Note

Segment operating profit

In the discussion that follows, we provide information concerning our segment operating profit. See note 23, Segment Information, to our interim unaudited consolidated financial statements. Management utilizes segment operating profit as a measure of segment profitability in making strategic resource allocations.

Operating income before amortization

We also discuss our consolidated operating income before amortization. We provide this measure because we and our lenders and investors use operating income before amortization to measure performance against our various leverage covenants. Operating income before amortization is not a recognized measure of financial performance under GAAP. Investors are cautioned that operating income before amortization should not be construed as an alternative to net earnings (loss) determined in accordance with GAAP as an indicator of our performance. Our method of calculating operating income before amortization may not be comparable to similarly titled measures used by other companies. A reconciliation of operating income before amortization to net earnings (loss), which is the most closely comparable GAAP measure, is provided in the "Reconciliation of Non-GAAP Financial Measures" section of this MD&A.

For the Three Months Ended November 30, 2009

Following is a table summarizing segment results for the three months ended November 30, 2009 and 2008. See note 23, Segment Information, to our interim unaudited consolidated financial statements:

	Revenue[1][2]		**Segment Operating Profit**	
	2009	**2008**[3]	**2009**	**2008**[3]
	$000	$000	$000	$000
Operating Segments				
Publishing	286,417	334,975	69,796	73,852
Television				
Canada[4]	170,996	193,899	45,105	25,706
CW Media	114,098	106,099	64,335	44,283
Total television	285,094	299,998	109,440	69,989
Intersegment revenue	(846)	(629)	-	-
Corporate and other	-	-	(3,166)	(7,204)
	570,665	634,344	176,070	136,637
Restructuring expenses	-	-	(1,842)	(14,506)
Broadcast rights write-downs	-	-	(1,737)	-
Settlement of regulatory fees	-	-	29,416	-
Total revenue	570,665	634,344		
Operating income before amortization			201,907	122,131

(1) Represents revenue from third parties. In addition, the following segments recorded intersegment revenue: Publishing – $0.5 million (2008 – $0.5 million), Canadian television – $0.1 million (2008 – nil), and CW Media television – $0.2 million (2008 – $0.1 million).

(2) Revenue consist of advertising revenue of $453 million for the three months ended November 30, 2009 (2008 – $523 million) and circulation and subscriber revenue of $118 million for the three months ended November 30, 2009 (2008 – $117 million).

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

(4) Revenue for fiscal 2009 has been restated to reverse accruals related to retransmission fees as the amounts were not determinable. The effect of this restatement for the three months ended November 30, 2008 was to decrease revenue by $6.0 million and decrease the provision for future income taxes $1.6 million resulting in a $4.4 million increase in net loss. The adjustment increased the loss per share by $0.02.

Consolidated Results

Revenue. Consolidated revenue decreased by $64 million, or 10%, to $571 million for the three months ended November 30, 2009 as compared to $634 million for the same period in fiscal 2009. The decrease reflects soft advertising markets and was prevalent across all operating segments with the exception of CW Media where revenue increased by 8%. For the quarter ended November 30, 2008 we recorded $25 million in revenues related to the E! network which was sold/ shut-down effective August 31, 2009.

Operating expenses. Consolidated operating expenses before amortization decreased by $103 million, or 21%, to $396 million for the three months ended November 30, 2009 as compared to $498 million for the same period in fiscal 2009. Included in operating expenses are operating expense decreases in Canadian television of 25%, CW Media of 19% and Publishing of 17%. For the quarter ended November 30, 2008 we recorded $35 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Restructuring. In fiscal 2009, we announced initiatives to reduce staffing levels in our Canadian television, CW Media television and Publishing operations by 600 positions. During the three months ended November 30, 2009 we accrued $2 million related to these initiatives as compared to $15 million for the same period in fiscal 2009. See note 12 of our interim unaudited consolidated financial statements for additional information.

Settlement of regulatory 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. As a result of this settlement, during the three months ended November 30, 2009 we 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.

Operating income before amortization. Consolidated operating income before amortization increased by $80 million, or 65%, to $202 million for the three months ended November 30, 2009 as compared to $122 million for the same period in fiscal 2009. The increase in operating income before amortization reflects increase in revenue in our CW Media television segment, the reversal of amounts previously accrued in respect of CRTC Part II fees, reduced operating expenses in all segments and the elimination of losses from the E! Network which recorded an operating loss of $10 million in the quarter ended November 30, 2008.

Amortization. Amortization of intangible assets increased to $4 million for the three months ended November 30, 2009 as compared to $2 million for the same period in fiscal 2009 due to the amortization of a broadcast licence of CW Media television which was previously determined to have an indefinite life. Amortization of property and equipment remained consistent at $19 million for the three months ended November 30, 2009 compared to the same period in fiscal 2009.

Interest expense. Interest expense was $52 million for the three months ended November 30, 2009 compared to $70 million in the same period in fiscal 2009. Upon the filing for CCAA protection on October 6, 2009, we stopped accruing interest on the 8% senior subordinated notes. The remaining decrease is due to decreases in outstanding debt and lower effective interest rates.

Accretion of long-term liabilities. For the three months ended November 30, 2009, we have recorded an accretion expense of $33 million compared to $28 million in the same period in fiscal 2009 related to the discounting of certain long-term liabilities which are accreted to their estimated value over the term of these liabilities. The charge is primarily related to the Goldman Sachs puttable interest in CW Investments Co. which is classified as a financial liability with an estimated accretion rate of 19%. We estimate the fair value of the puttable interest liability based on management's forecasts.

Interest rate and foreign currency swap gains (losses). For the three months ended November 30, 2008, we recorded a gain of $42 million to adjust the book value of certain swap instruments to fair value at the balance sheet date. This related to fair value hedge adjustments and swaps that did not qualify for hedge accounting, primarily because the related debt had been settled or where hedge accounting had been discontinued. We did not have any remaining swap instruments that did not qualify for hedge accounting during the three months ended November 30, 2009.

Foreign exchange gains (losses). We recorded net foreign exchange gains of $65 million for the three months ended November 30, 2009 primarily related to U.S. dollar denominated debt that is not hedged. For the three months ended November 30, 2008, we recorded foreign exchange losses of $68 million primarily related to U.S. dollar denominated debt that is not hedged.

Impairment loss on intangible assets. We recorded impairment losses on intangible assets of $3 million for the three months ended November 30, 2009. The loss is due to an impairment of a brand of CW Media television relating to the rebranding of certain specialty television channels.

Reorganization items. For the three months ended November 30, 2009, we recorded $71 million of incremental costs directly related to our CCAA proceedings compared to nil in the same period in fiscal 2009.

Income taxes. For the three months ended November 30, 2009, we recorded income tax expense of $4 million. The effective tax rate was lower than our statutory rate of 30% as a result of adjustments in the income tax expense including: a $24 million decrease related to changes in valuation allowance, $10 million related to the non-taxable portion of capital gains, and $12 million decrease related to the effect of uncertain tax positions. These adjustments were partly offset by $12 million related to changes in expected future tax rates and $9 million related to non-deductible accretion expense. See note 13 to the interim unaudited consolidated financial statements for additional information.

Minority interest. For the three months ended November 30, 2009, we recorded minority interest charges of $8 million related to certain specialty television stations not wholly owned by Canadian and CW Media television segments compared to $6 million for the same period in fiscal 2009.

Net earnings (loss) from continuing operations. Our net earnings from continuing operations for the three months ended November 30, 2009 was $74 million, or $0.42 per share compared to a net loss of $54 million or a loss of $0.30 per share for the same period in fiscal 2009.

Discontinued operations. For the three months ended November 30, 2009 net earnings from discontinued operations was nil compared to $17 million for the same period in fiscal 2009 reflecting earnings from our Australian television and Out-of-home segments, which were sold in October 2009. For the three months ended November 30, 2009, the sale transaction for the Australian television and Out-of-home segments and deconsolidation of a non-operating subsidiary resulted in a gain on sale of $578 million.

Net earnings (loss). Our net earnings for the three months ended November 30, 2009 was $653 million, or $3.67 per share, compared to a net loss of $37 million, or a loss of $0.21 per share, for the same period in fiscal 2009.

Segment Results
Publishing
Revenue. Revenue decreased by $49 million, or 14%, to $286 million for the three months ended November 30, 2009 as compared to $335 million for the same period in fiscal 2009. Advertising revenue decreased by 18% for the three months ended November 30, 2009 compared to the same period in fiscal 2009 as a result of declines in all major advertising categories. Circulation revenue for the three months ended November 30, 2009 decreased by 2% as compared to the same period in fiscal 2009 as an 8% decrease in circulation volume was partly offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the Publishing segment was approximately 22% for the three months ended November 30, 2009 compared to 19% for the same period in fiscal 2009.

Operating expenses. Operating expenses decreased by $45 million, or 17%, to $217 million for the three months ended November 30, 2009 as compared to $261 million for the same period in fiscal 2009. The decreases primarily result from cost containment activities that include lower wage costs as a result of employee severance, reductions in distribution costs and marketing and promotions expenses. Expense reductions included a 36% decrease in newsprint expense, reflecting a 24% decrease in newsprint consumption and a 19% decrease in newsprint prices.

Segment operating profit. Segment operating profit for the three months ended November 30, 2009 decreased by $4 million, or 5%, to $70 million as compared to $74 million for the same period in fiscal 2009. The decrease resulted primarily from decreased revenue as discussed above.

Canadian television
Revenue. Revenue from our Canadian television operating segment decreased by $23 million or 12% to $171 million for the three months ended November 30, 2009 as compared to $194 million for the same period in fiscal 2009. This decrease reflects a 1% decline in conventional television advertising revenue resulting from the current economic downturn and the Federal election in fiscal 2009. For the quarter ended November 30, 2008 we recorded $25 million in revenues related to the E! network which was sold/ shut-down effective August 31, 2009.

Subscriber revenue from our specialty channels remained consistent for the three months ended November 30, 2009 as compared to the same period in fiscal 2009.

Operating expenses. For the three months ended November 30, 2009, operating expenses of our Canadian television operations of $126 million were $42 million, or 25% lower than the same period in fiscal 2009. The decrease is from lower staffing levels due to the digital news initiative, merger synergies, restructuring activities, and reductions of marketing and promotion. For the quarter ended November 30, 2008 we recorded $35 million in operating expenses related to the E! network which was sold/ shut-down effective August 31, 2009.

Segment operating profit (loss). Segment operating profit for the three months ended November 30, 2009 increased by $20 million, or 75%, to $45 million as compared to $26 million for the same period in fiscal 2009. The decrease resulted primarily from decreased revenue as discussed above and the elimination of losses from the E! Network which recorded an operating loss of $10 million in the quarter ended November 30, 2008.

CW Media television

Revenue. Revenue from our CW Media television operating segment increased by $8 million or 8% to $114 million for the three months ended November 30, 2009 as compared to $106 million for the same period in fiscal 2009. This reflected an increase in advertising revenue of 9% due to strong demand and subscriber revenue of 5% due to growth in subscriber base.

Operating expenses. For the three months ended November 30, 2009, operating expenses of our CW Media operations of $50 million were 19% lower compared to the same period in fiscal 2009, primarily as a result of merger synergies, advertising and promotion, and an overall decrease in discretionary spending.

Segment operating profit. The CW Media television segment operating income of $64 million for the three months ended November 30, 2009 was $20 million or 45% higher than the same period in fiscal 2009 primarily reflecting the increase in revenue and expense decreases described above.

Corporate and other. Corporate expenses decreased by $4 million or 56% to $3 million for the three months ended November 30, 2009 as compared to $7 million for the same period in fiscal 2009. The reduction is primarily a result of lower payroll and benefit costs and a reduction in discretionary spending.

CONSOLIDATED QUARTERLY FINANCIAL RESULTS

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

	November 30, 2009	**August 31, 2009[1]**	**May 31, 2009[1]**	**February 28, 2009[1]**
Revenue[2]	570,665	426,670	543,071	493,434
Operating income before amortization	201,907	28,895	74,330	11,034
Earnings (loss) from continuing operations	74,481	(109,504)	(96,615)	(1,355,291)
Net earnings (loss)	652,540	(105,967)	(109,210)	(1,437,148)
Cash flow from continuing operating activities	(30,860)	(7,041)	(132,151)	7,908
Cash flow from operating activities	(30,860)	69,376	(152,984)	13,898
Earnings (loss) per share from continuing operations:				
Basic	0.42	($0.62)	($0.54)	($7.63)
Diluted	0.42	($0.62)	($0.54)	($7.63)
Earnings (loss) per share:				
Basic	3.67	($0.60)	($0.61)	($8.09)
Diluted	3.66	($0.60)	($0.61)	($8.09)

	November 30, 2008[1]	August 31, 2008[1]	May 31, 2008[1]	February 29, 2008[1]
Revenue[2]	634,344	503,644	611,276	519,470
Operating income before amortization	122,131	47,212	141,178	56,314
Loss from continuing operations	(53,519)	(996,610)	(33,727)	(40,915)
Net loss	(36,944)	(1,019,080)	(28,900)	(34,392)
Cash flow from continuing operating activities	(41,817)	28,752	22,568	78,772
Cash flow from operating activities	(12,560)	56,673	14,908	79,767
Loss per share from continuing operations:				
Basic	($0.30)	($5.61)	($0.19)	($0.23)
Diluted	($0.30)	($5.61)	($0.19)	($0.23)
Loss per share:				
Basic	($0.21)	($5.74)	($0.16)	($0.19)
Diluted	($0.21)	($5.74)	($0.16)	($0.19)

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

(2) Revenue for fiscal 2009 has been restated to reverse accruals related to retransmission fees as the amounts were not determinable.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Funds

Our principal sources of liquidity are cash and cash equivalents on hand and cash flows from operating activities. At November 30, 2009, we had cash on hand of $158 million including $84 million at Canwest Media, $41 million at Canwest LP, and $31 million at CW Media. In addition, Canwest Media had cash of $3 million that is restricted to secure banking and cash management services and Canwest LP had cash of $4 million that is restricted to satisfy the Canwest LP's obligation to fund a portion of the Canwest Media KERP.

In addition to the above sources of liquidity, CW Media had $50 million available under its revolving credit facility at November 30, 2009.

Sale of shares in Ten Holdings

On October 1, 2009, we sold our controlling interest in Ten Holdings, consisting of our Australian television and Out-of-home operating segments for net proceeds of $618 million. The net proceeds received from the sale of Ten Holdings were advanced to Canwest Media in the form of a $187 million senior secured promissory note secured by all property, assets and undertakings of Canwest Media and certain guarantors, and a $431 million unsecured promissory note in each case by the wholly owned Irish subsidiary that held the shares in Ten Holdings. These notes eliminate on consolidation.

Recapitalization Plan

The Recapitalization Agreement anticipates that we will raise an additional $65 million in equity. The source of this equity has not yet been determined.

Uses of Funds

Capital Expenditures

In the first three months of fiscal 2010, our capital expenditures amounted to $6 million. Of these capital expenditures, $3 million were made by Canwest Media Entities. For the remainder of 2010, we expect our capital expenditures to be approximately $52 million of which approximately $20 million will relate to Canwest Media Entities.

Long-term debt payments
CW Media has required repayments of $15 million in annual principal payments on its long-term debt.

Use of Proceeds of Unsecured Promissory Note
The $431 million in advances under the unsecured promissory note were deposited with The Bank of New York Mellon, as trustee (the "Trustee") for Canwest Media's 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 8% 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 8% Notes, the 8% Notes were reinstated with an aggregate outstanding principal amount of US$393 million.

Use of Proceeds of Senior Secured Promissory Note
The $187 million in advances under the senior secured promissory note were used to repay $105 million of the secured notes, approximately $23 million was utilized to repay advances outstanding under the Canwest Media revolving secured credit facility and the remainder was retained by Canwest Media to support its liquidity during the Canwest Media CCAA Proceedings. The Recapitalization Plan provides that Canwest Media will repay $85 million of the intercompany loan using the $65 million in equity raised plus cash on hand or advances under new credit facilities.

CRTC Benefits
We expect to fund the CRTC benefit obligations created from the acquisition of the CW Media broadcast operations of $151 million over a seven year period which commenced in fiscal 2008 primarily using cash on hand and cash flow from operations of CW Media. Approximately 10% of the benefits will be directed to social benefits payable by CW Media to third parties, approximately 10% will be funded by Canwest television segment related to news and public affairs programming and the remaining 80% will be directed to incremental production of Canadian programming by CW Media which may be aired on its channels. Our expenditures related to the CRTC benefit obligations for the three months ended November 30, 2009 were $8 million. The remaining CRTC benefit obligations payable as at November 30, 2009 was $97 million.

Restructuring and Recapitalization
As part of the ongoing restructuring and recapitalization process, we are committed to pay certain professional and other fees incurred by us and the other parties involved in the process. In the first three months of fiscal 2010, payments of fees amounted to $22 million. For the remainder of fiscal 2010, we expect to incur approximately $7 million per month in such costs.

Debt

Credit Facilities

In January 2010, in the Canwest LP Initial Order, the Court approved the DIP financing arrangement for the Canwest LP Entities in accordance with the terms set out in an executed term sheet. The DIP financing arrangement is expected to close on or before January 31, 2010 and requires satisfaction of certain conditions including the execution of definitive DIP loan documents, an accounts receivable collateral review and the delivery of a cash flow forecast. The proposed DIP financing arrangement provides a senior secured super-priority revolving credit facility of up to $25 million, including a letter of credit sub-facility of up to $5 million. The availability under the facility will be determined based on the value of the assets which secure the facility measured on a weekly basis and will be subject to certain customary covenants for such arrangements. The facility will mature, subject to acceleration in certain circumstances specified in the term sheet, on the earliest of (i) July 31, 2010, (ii) 30 days after the granting of the Canwest LP Initial Order unless the Canwest LP Initial Order is extended, and (iii) the effective date of any confirmed plan of arrangement.

In October 2009, on commencement of the 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. 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. The facility is guaranteed by Canwest Global, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media, excluding the Canwest LP Entities. 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. As at November 30, 2009 there was an additional $89 million available under the facility net letters of credit of $11 million.

In May 2009, 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 above. The notes were guaranteed by Canwest Global, Canwest Media and substantially all of the wholly owned subsidiaries of Canwest Media, excluding the Canwest LP Entities. During the three months ended November 30, 2009 we repaid this facility in full utilizing proceeds from the sale of our shares in Ten Holdings.

Canwest Media is in default under the terms of its 8% Notes indenture as a result of not making interest payments that were due in September 2009. See “Creditor Protection and Recapitalization.” During the three months ended November 30, 2009, amounts outstanding under these notes were accelerated and reduced. Following the reduction in outstanding amounts the notes were reinstated with an aggregate principal amount of US$393 million.

Canwest LP has a senior secured credit facility and unsecured debt. The senior secured credit facility, which is secured by substantially all the assets of Canwest LP, consists of a $116 million revolving term loan, a $265 million term loan and a US$458 million term loan. As at November 30, 2009, Canwest LP was in default under the terms of its senior secured credit facility and unsecured debt. See “Creditor Protection and Recapitalization.”

CW Media has a senior secured credit facility, which consists of a $50 million revolving term loan and a US$439 million term loan. This facility 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. As at November 30, 2009, CW Media had not drawn any amount under the $50 million revolving term loan and had fully drawn the amount allowed under the term loan. CW Media Holdings Inc. also has US$338 million senior unsecured notes which bear interest at 13.5% and are due on August 15, 2015. No principal or interest payments are due under the senior notes until August 15, 2011 at which time semi-annual payments of interest only will commence. The notes are guaranteed by CW Media Holdings and its wholly owned subsidiaries.

FINANCIAL INSTRUMENTS

Our primary market risk exposures are interest rate and foreign currency exchange rate risk. We are exposed to interest rate risk and foreign exchange rate fluctuations resulting from the issuance of floating rate debt and debt denominated in U.S. dollars. In addition to monitoring the ratio of fixed rate debt to total long-term debt, we use interest rate swaps, when possible, to manage the proportion of total debt that is subject to variable rates. Foreign currency and interest rate swaps are used to hedge, when possible, both the interest rate and the currency exposure on debt originally issued in U.S. dollars. We do not enter into any derivative financial instruments for trading purposes. As a result of the changes in our credit status, we are 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 LP because these financial instruments are not available to us.

As at November 30, 2009, with the exception of our CW Media senior secured credit facility, we have not hedged the currency exposure on our U.S. dollar denominated debt. As of November 30, 2009, CW Media had entered into an interest rate swap contract to pay fixed receive floating foreign currency and interest rate swap contract at a fixed rate of 8.7% on a notional amount of $466 million and receive floating rate of 6.0% on a notional amount of US$438 million.

The fair value of the swap contracts represents an estimate of the amount that we would receive or pay if the contracts were closed out at a market price on the balance sheet date. As of November 30, 2009, our outstanding swap contracts were in a net unrealized loss position of $67 million, recorded in Hedging derivative instruments.

INDUSTRY RISKS AND UNCERTAINTIES

Except as disclosed in this section of our MD&A, our risks and uncertainties have not materially changed from those described in our Annual Information Form for the year ended August 31, 2009 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com).

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

OFF BALANCE SHEET ARRANGEMENTS AND GUARANTEES

In connection with the disposition of assets, we have provided customary representations and warranties that range in duration. In addition, as is customary, we have agreed to indemnify the buyers of certain assets in respect of certain liabilities pertaining to events occurring prior to the respective sales relating to taxation, environmental, litigation and other matters. We are unable to estimate the maximum potential liability for these indemnifications as the underlying agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined.

In connection with the acquisition of Alliance Atlantis, we and Goldman Sachs entered into an indemnity agreement dated August 15, 2007 (the "Indemnity Agreement") and the amended shareholders agreement (the "Shareholders Agreement") governing the manner in which the affairs of CW Media would be conducted. Pursuant to the Indemnity Agreement, we have 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 us 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 indemnify us 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 November 30, 2009, we have recorded income tax liabilities of $31 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. We have recorded accounts receivable in this amount.

As part of the acquisition of Alliance Atlantis, we 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. We have determined 4437691 Canada Inc. is a variable interest entity and that we are not the primary beneficiary. We account for this investment using the cost basis. In accordance with our agreement with Goldman Sachs, we may be required to fund 50% of the entity’s cash flow requirements. We 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.

RELATED PARTY TRANSACTIONS

A company which is affiliated with our controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which we are a tenant. Rent paid to this company for the three months ended November 30, 2009 amounted to $0.3 million (three months ended November 30, 2008 – $0.3 million). The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and until May 2018, respectively.

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

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

In June 2009, Canwest Global and Canwest Media entered into confidentiality, non-disclosure and non-use agreements (the “Confidentiality Agreements”) with certain members of the Ad Hoc Committee in order to facilitate the discussion of a possible recapitalization transaction. Pursuant to the Confidentiality Agreements, we disclosed information, including certain non-public information (the “Non-Public Information”) to certain members of the Ad Hoc Committee through the Ad Hoc Committee’s financial and legal advisors. The Confidentiality Agreements required that we would disclose publicly certain of the Non-Public Information which was done by way of news release on October 6, 2009. We do not, as a matter of course, publish our business plans, budgets

or strategies or make external projections or forecasts of our anticipated financial position, capital expenditures, capital requirements or results of operations.

In our Management's Discussion and Analysis for the year ended August 31, 2009 we provided a comparison of certain of our actual results for the year ended August 31, 2009 against certain of the Non-Public Information contained in our News Release for and as at the same period. The following is a comparison of our actual results for the three months ended November 30, 2009 to the Non-Public Information contained in our News Release.

Please refer to page 2 of this report for our statement related to forward-looking financial information and also to our News Release dated October 6 for comments related to the forward-looking financial information in connection with the Non-Public Information.

The following relates to the October 6, 2009 projection of cash flows for the Canwest Media Entities for the three months ended November 30, 2009.[(1)(2)]

	For the three months ended November 30, 2009		
	Actual $000	**Projected as amended**[(3)] $000	**Variance** $000
Canadian Television			
Receipts	134,983	124,691	10,292[(4)]
Operating Disbursements	(117,745)	(150,387)	32,642[(5)]
Capital expenditures	(1,845)	(4,173)	2,328[(6)]
Corporate and Other			
Net operating cash flows	(1,228)	(4,643)	3,415[(7)]
Restructuring disbursements	(15,859)	(7,649)	(8,210)[(8)]
Advance from proceeds from sale of Ten	187,300	190,000	(2,700)[(9)]
Repayment of secured notes	(102,263)	(105,000)	2,737[(9)]
Financing disbursements	(2,642)	(3,195)	553
Total net cash flow	80,701	39,644	41,057

(1) These cash flows reflect the effects of the CCAA filing and are, therefore, not comparable to normal course operations. These cash flows are affected by seasonal changes in working capital which include a use of cash for the three months ended November 30, 2009.

(2) Thee cash flows were derived from weekly cash flow forecasts. The three months ended November 30, 2009 includes the period from September 7 to December 6, 2009.

(3) The projection was amended to include a disbursement for the repayment of the secured notes of $105,000 which was planned but omitted from the projection in the news release.

Variance Analysis

(4) The positive variances in the broadcast cash receipts relate primarily to the timing of collection of broadcast revenues.

(5) Most of the positive variances relate to the timing of payment for broadcast rights purchases and other operating expenses. Approximately $11 million relates to reductions in purchases relative to the projection.

(6) The positive variances in the broadcast capital expenditures result from reductions in purchases relative to the projection.

(7) Net cash flow related to the operation of the corporate office and other operations is less than forecast due to a combination of timing of payments and reductions in expenditures.

(8) Expenditures related to professional advisory fees have exceeded the amount in the projection.

(9) The cash payment related to the repayment of the notes was less than that projected because of the effect of changes in the currency translation rate of Canadian to US dollars. The advance received from the proceeds from the sale of Ten Holdings was reduced accordingly.

The following relates to the October 6, 2009 projection of cash and secured obligations of the Canwest Media Entities.

	November 30, 2009[1]		
	Actual	**Projection**	**Variance**
	$000	$000	$000
Cash – unrestricted	82,353	23,777	58,576[2]
Cash – restricted	2,500	2,500	-
Secured revolving credit facility	-	-	-
Secured notes	-	-	-

[1] The projected cash balance was as at December 6, 2009 which we used as a proxy for the November 30, 2009 cash position.

Variance Analysis

[2] The variance results from the positive cash flow variances described above as well as from positive variances in the August 31, 2009 cash balance which were explained in our Management's Discussion and Analysis for the year ended August 31, 2009.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the three months ended November 30 (unaudited)	
	2009	**2008**[1]
	$000	$000
Net earnings (loss)	652,540	(36,944)
Amortization	22,550	21,185
Interest and other financing expenses	123,640	27,546
Accretion of long-term liabilities	32,752	28,233
Impairment loss on intangible assets	3,142	-
Investment gains, losses and interest income	(1,544)	1,035
Foreign exchange (gains) losses	(65,432)	67,501
income from discontinued operations	(578,059)	(16,575)
Provision for income tax expense	4,266	24,423
Interest in loss (earnings) of equity accounted affiliates	100	(215)
Minority interest	7,952	5,942
Operating income before amortization	201,907	122,131

[1] Revised to reflect the classification of our Australian television and Out-of home segments, Turkey radio segment and *The New Republic* as discontinued operations and to reverse accruals related to retransmission fees. (See notes 16 and 22 to our interim unaudited consolidated financial statements).

OTHER

Share Data

As at January 13, 2010 we had the following number of shares outstanding:

Multiple voting shares	76,785,976
Subordinate voting shares	99,270,114
Non-voting shares	1,590,449

Our AIF is filed on SEDAR at www.sedar.com.