



**Canwest Global Communications Corp.
Interim Report to Shareholders**

For the three months ended November 30, 2008 and 2007

To the shareholders of Canwest Global Communications Corp.

Following is the report on the financial results for the first quarter 2009 fiscal year that reflect the slower economy and lower advertising volume. For the three month period ending November 30, 2008, Canwest reported the following:



LEONARD ASPER
President and Chief
Executive Officer
Canwest Global
Communications Corp.

- Consolidated revenues were \$886 million, an increase of 2% from \$867 million for the same quarter one year ago.
- Operating profit⁽¹⁾ was \$204 million, compared to \$223 million for the same period in fiscal 2008, a 9% decrease from the previous year.
- Net earnings were negative \$33 million or negative \$0.18 per share, compared to \$41 million or \$0.23 per share for the same period last year.
- Adjusted net earnings⁽²⁾ were \$27 million or \$0.15 per share, compared to \$61 million or \$0.35 per share, a 56% decrease from the same quarter in fiscal 2008.

Even in these challenging times, Canwest's transformation continues with double-digit growth in our specialty channels and our online properties. With every quarter, these businesses continue to demonstrate their growth potential and illustrate the progress that is being made to increase Canwest's share of the fastest growing segments of the advertising market.

While these results reflect the softening economy and its impact upon advertising revenues, they also demonstrate the Company's success in containing operating expenses. Recently announced initiatives further demonstrate Canwest's resolve to take the steps necessary to provide the flexibility required over the longer-term.

Segmented Results for the First Quarter of Fiscal 2009

Revenues for the Company's publishing operations for the first quarter of \$336 million, were 7% lower when compared to the same period in fiscal 2008. Publishing operating profits of \$73 million for the first quarter was down 28% when compared to the same period in fiscal 2008. The declines in revenues and operating profits reflect the impact of global economic pressures felt across all our markets as well as a particularly strong comparative 2008 quarter.

Canadian television operations, including the CW Media specialty television operations reported first quarter revenues of \$306 million, down \$2 million or less than 1% compared to the previous year. Operating expenses, excluding restructuring costs, decreased by \$9 million or 4%. Operating profit in the first quarter was \$76 million, up 10% compared to \$69 million the previous year. These results reflect the strong industry leading performance of the specialty television operations as well as merger synergies and other cost containment initiatives.

Network TEN's first quarter revenue of \$202 million was down 17% from \$242 million during the same quarter in the previous year. TEN's operating profit of \$74 million was down 28% from the \$104 million from the same quarter in fiscal 2008. TEN's first quarter results were impacted by the decline in the advertising market driven by softer economic conditions and inclusion of the AFL Grand Final and the Rugby World Cup which occurred in the corresponding period in fiscal 2008.

Highlights of the first quarter and subsequent period

- Canwest adopted a new operating structure for digital media that will bring together its publishing and broadcast digital teams under a single strategy and leadership. This move builds on recent successful cross platform initiatives and will enable the creation of new partnerships that will drive traffic to online properties.
- On December 1, 2008, Canwest launched redesigned newspaper websites. All ten of Canwest's major city daily newspapers simultaneously launched redesigned online news and information destinations for the people in their communities. Each site features an interactive demonstration in the top banner position inviting visitors to tour the new features of the site. Improved features include: new design and simplified navigation, increased focus on locally relevant news and information, wider format, more chances to sound off, richer media, hyper-local classifieds, and integrated social networking tools.
- On December 1, 2008, Canwest announced the appointment of Paul Godfrey to the position of President and CEO, National Post, effective January 1, 2009. In this role, Mr. Godfrey will build on the positive momentum of recent strategic initiatives undertaken.
- On December 18, 2008, Canwest announced a partnership with ShopLocal which will see Canwest as the exclusive supplier of ShopLocal products and services in Canada. Retailers including Canadian Tire, Mark's Work Wearhouse, Toys R Us and many others utilize ShopLocal to drive in-store sales by converting their local print promotions into engaging and dynamic digital formats. The ShopLocal Canadian site will bring together content from SmartCirculars (online flyers) as well as from display ads placed in Canwest newspapers across the country. All of this content will be searchable by

shoppers on canada.com and Canwest newspaper websites as well as on sites such as Facebook, Myspace, Lycos, Local.com and more through Canwest's partnership with Oodle.

- Canwest improved its rankings with five of the Top 10 specialty analog channels in the Adult 25-54 demographic, up from 4 last year. This includes two out of the Top 5, up from zero last year.
- Canwest maintained its dominance in the specialty digital channels with eight of the Top 10 digital channels in the Adult 25-54 demographic.

Outlook:

Looking forward, the Company anticipates that advertising revenues will continue to be negatively impacted by persisting uncertain economic conditions, with growth in specialty channels and digital sectors while conventional advertising and publishing will be at levels below last year.

Canwest remains focused on reducing operating expenses, improving operational efficiencies and protecting the Company's core assets, while investing in the growth areas of its businesses. The Company will continue to evaluate and selectively monetize or eliminate non-contributing and non-core assets. These actions will help to mitigate the effect of the current economic downturn and better position the Company for the long term.

Continuation of negative conditions may affect the Company's ability to meet certain financial covenants in its credit facilities. Based upon current revenue and expense projections, the Company may not be able to comply with its existing quarterly total financial leverage ratio covenants in fiscal 2009. The Company is reviewing and implementing strategies to ensure compliance with its covenants, including strategies intended to improve profitability and reduce debt.

Respectfully submitted,



LEONARD ASPER

President and Chief Executive Officer
Canwest Global Communications Corp.

January 2009
Winnipeg, Canada

- (1) Operating profit is defined as earnings before interest, income taxes, amortization of intangibles, amortization of property and equipment, other amortization, interest rate and foreign currency swap gains (losses), accretion of long term liabilities, interest income, foreign exchange gains (losses), investment gains, losses and write-downs, minority interest, interest in earnings of equity accounted affiliates, realized currency translation adjustments and loss from discontinued operations. This supplementary earnings measure does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies nor should it be viewed as an alternative to net earnings. When used in relation to our operating segments it is a GAAP measure in that is our segment profitability measure. The reconciliation of operating profit to net earnings is evident on the face of the following consolidated statements of earnings.
- (2) Adjusted net earnings exclude the impact of foreign currency and interest swap gains/losses, foreign exchange gains/losses, investment gains/losses, restructuring expenses, discontinued operations, and related income tax effect.



**Canwest Global Communications Corp.
Interim Management's Discussion and Analysis
For the three months ended November 30, 2008 and 2007**

January 13, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2008 AND 2007

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, 2008 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com). 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.

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OVERVIEW

Canwest Global Communications Corp. (“we, us or our”) is an international media company and 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, out-of-home advertising, websites, radio stations and networks in Canada, Australia and Turkey.

KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME

Television Broadcast

We have three television segments. Our Canadian television segment includes our television networks in Canada as well as TVtropolis and our 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”) which were equity accounted until December 20, 2007, when the Canadian Radio-television and Telecommunications Commission (“CRTC”) approved the transfer of effective control, after which the balance sheet and the results from operations were consolidated. Our Australian television segment includes our interest in Ten Network Holdings Limited (“Ten Holdings”), which owns and operates Ten Television Network (“Network TEN”).

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 2009, we expect that our advertising revenue for our Canadian television and CW Media television operations may continue to be negatively affected by weakened economic conditions. In general, we expect to sustain or improve the 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 4% of our Canadian television revenue and 37% of our CW Media television revenue will remain stable. In Australia we expect that television advertising revenue may continue to be negatively affected by weakened economic conditions.

Publishing

Our publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers as well as operation of *canada.com* and other internet operations. All of our publishing operations with the exception of the *National Post* and *The New Republic* are held by the Canwest Limited Partnership (“Limited Partnership”). 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 lineage 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 2009, we expect the challenging advertising market as a result of weakened economic conditions to continue. In this environment, we expect that we will not achieve advertising revenue growth in the current fiscal year but we expect that circulation revenue will remain stable. We expect newsprint prices to increase for the remainder of fiscal 2009 compared to fiscal 2008 but that increase will be more than offset by decreases in newspaper consumption. We expect our other expenses to decrease moderately over the remaining of fiscal 2009. Salary costs will decrease slightly as normal salary escalations will be more than offset by a lower number of employees and distributions costs will decrease due to lower insert volumes and fuel costs.

Radio

Our radio segment consists of our radio operations in Turkey, which earns substantially all of their revenue from advertising. Radio advertising revenue is a function of overall radio advertising demand and advertising rates. Radio advertising rates are determined based on the number and demographics of our listeners.

Out-of-home advertising

Our Out-of-home advertising segment consists of Network TEN’s wholly owned subsidiary, Eye Corp which generates revenue from the sale of out-of-home advertising. Eye Corp’s advertising revenue is a function of overall out-of-home advertising demand and rates. Eye Corp’s advertising rates are primarily a function of the number and demographics of the audience for Eye Corp’s displays.

Foreign currency effects

We operate internationally and have exposure arising from our Australia, United States and Turkey operations. Our Australia, United States, and Turkey operations expose our revenue and operating expenses to fluctuations between the Canadian dollar and the Australian dollar, United States dollar and New Turkish Lira, respectively. A decline in value of the Canadian dollar against those currencies increases the Canadian dollar equivalent of the revenue and expenses we record in those currencies. An increase in the Canadian dollar has the opposite effect.

During the three months ended November 30, 2008, the Canadian dollar appreciated against the Australian dollar by 5% and the New Turkish Lira by 1% and depreciated against the United States dollar by 17% as compared to currency translation rates for the same period in the prior year.

Seasonality

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting during the three months ended November 30, 2008 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 16, 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, 2008

Following is a table summarizing segment results for the three months ended November 30, 2008 and November 30, 2007. See note 16, Segment Information, to our interim unaudited consolidated financial statements:

	Revenue		Segment Operating Profit	
	2008	2007 ⁽¹⁾	2008	2007 ⁽¹⁾
	\$000	\$000	\$000	\$000
Operating Segments				
Publishing	335,998	361,906	73,077	102,165
Television				
Canada	199,915	210,792	31,722	32,250
CW Media	106,099	97,127	44,283	37,132
	306,014	307,919	76,005	69,382
Australia	202,181	242,336	74,384	103,505
	508,195	550,255	150,389	172,887
Radio – Turkey	3,346	3,564	1,291	1,584
Out-of-home	39,197	42,287	1,295	3,142
Inter-segment revenues	(629)	(1,538)	-	-
Corporate and other	-	-	(7,204)	(9,512)
Restructuring expenses	-	-	(14,775)	(11,645)
	886,107	956,474	204,073	258,621
Elimination of equity accounted affiliates ⁽²⁾	-	(89,123)	-	(35,415)
Total revenue	886,107	867,351		
Operating income before amortization ⁽³⁾			204,073	223,206

(1) Revised to reflect the classification of our United Kingdom radio segment as discontinued operations.

(2) Elimination of our equity interest in regulated entities of CW Media.

(3) See "Reconciliation of Non-GAAP Financial Measures."

Consolidated Results

Revenue. Consolidated revenue increased by \$19 million, or 2%, to \$886 million for the three months ended November 30, 2008 as compared to \$867 million for the same period in fiscal 2008. Consolidated revenue for the three months ended November 30, 2007 does not include revenue from CW Media which was equity accounted while its operations were held in trust. Compared to last year, including the CW Media in-trust operations, consolidated revenue decreased by \$70 million or 7%. The decrease reflects softening advertising markets and was prevalent across all operating segments with the exception of CW Media where revenue increased by 9%.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased \$38 million, or 6%, to \$682 million for the three months ended November 30, 2008 as compared to \$644 million for the same period in fiscal 2008. Compared to the three months ended November 30, 2007 including the CW Media in-trust operating expenses, consolidated expenses decreased by \$16 million or 2%. This reflects decreases in Canadian and Australia television of 6% and 8%, respectively, and Out-of-home advertising by 3% partly offset by increases in Publishing of 1%, Turkey radio of 4% and CW Media television of 3%.

Operating income before amortization. Consolidated operating income before amortization decreased by \$19 million, or 9%, to \$204 million for the three months ended November 30, 2008 as compared to \$223 million for the same period in fiscal 2008. Compared to the three months ended November 30, 2007 including the CW Media in-trust operating income before amortization, consolidated operating income before amortization decreased by \$55 million, or 21%. The decrease in operating income before amortization reflects the decline in our Publishing, Canadian and Australian television, Out-of-home and Turkey radio segments partly offset by CW Media television.

Amortization. Amortization of intangibles remained consistent at \$2 million for the three months ended November 30, 2008 as compared to the same period in fiscal 2008. Amortization of property and equipment was \$26 million for the three months ended November 30, 2008 as compared to \$25 million for the three months ended November 30, 2007 reflecting acquisitions made in fiscal 2009 and 2008.

Interest expense. Interest expense was \$80 million for the three months ended November 30, 2008 compared to \$82 million in the same period in fiscal 2008 primarily due to decreased interest rates.

Accretion of long-term liabilities. For the three months ended November 30, 2008, we have recorded an accretion expense of \$28 million compared to \$24 million in the same period in fiscal 2008 related to the discounting of certain long-term liabilities which are accreted to their estimated value over the term of these liabilities.

Interest rate and foreign currency swap gains/losses. For the three months ended November 30, 2008, we recorded a net gain of \$26 million, compared to a net loss of \$28 million in the same period in fiscal 2008, to adjust the book value of certain swap instruments to fair value at the balance sheet date. This relates to fair value hedge adjustments and swaps that do not qualify for hedge accounting, primarily because the related debt has been settled.

Foreign exchange gains/losses. We recorded net foreign exchange losses of \$68 million for the three months ended November 30, 2008 primarily related to the foreign currency losses related to U.S. denominated debt that is not hedged and inter-company advances to our Turkish operations. For the three months ended November 30, 2007, we recorded net foreign exchange gains of \$6 million primarily related to U.S. denominated debt that is not hedged and inter-company advances to our Turkish operations offset by a foreign currency loss on U.S. denominated inter-company advances to the equity accounted CW Media in-trust entities.

Investment gains, losses and write-downs. We recorded investment losses of \$1 million for the three months ended November 30, 2008 primarily due to the disposal of property and equipment, compared to investment gains of \$3 million related to settlement of certain debt instruments for the same period in fiscal 2008.

Income taxes. For the three months ended November 30, 2008 we recorded an income tax expense of \$39 million. The effective tax rate was different than our statutory rate of 31% as a result of adjustments in the income tax expense including: \$11 million related to non-taxable portion of capital losses, \$10 million related to changes in valuation allowances and \$8 million related to non-deductible accretion expenses.

Minority interests. For the three months ended November 30, 2008, we recorded minority interest charges of \$13 million related to the 43% minority interest in Ten Holdings and \$6 million related to certain specialty television stations not wholly-owned by Canadian and CW Media television segments. The minority interest charge related to Ten Holdings decreased by 54% compared to the same period in fiscal 2008 as a result of reduced net earnings.

Interest in equity accounted affiliates. For the three months ended November 30, 2008, we recorded interest in equity accounted affiliates of less than \$1 million as compared to \$20 million for the same period in fiscal 2008. In fiscal 2008, the interest in equity accounted affiliates primarily related to the operations of CW Media, which were held in trust until December 20, 2007.

Net loss/earnings from continuing operations. Our net loss from continuing operations for the three months ended November 30, 2008 was \$33 million, or a loss of \$0.18 per share compared to net earnings of \$42 million, or \$0.24 per share for the same period in fiscal 2008.

Discontinued operations. For the three months ended November 30, 2007, the loss from discontinued operations was \$1 million reflecting the United Kingdom radio segment which was sold in July 2008.

Net loss/earnings. Our net loss for the three months ended November 30, 2008 was \$33 million, or a loss of \$0.18 per share, compared to net earnings of \$41 million, or \$0.23 per share, for the same period in fiscal 2008.

Segment Results

Publishing

Revenue. Revenue decreased by \$26 million, or 7%, to \$336 million for the three months ended November 30, 2008 as compared to \$362 million for the same period in fiscal 2008. Advertising revenue decreased by 9% for the three months ended November 30, 2008 compared to the same period in fiscal 2008 as a result of declines in classified, retail and national advertising partly offset by increased online revenue. Circulation revenue for the three months ended November 30, 2008 as compared to the same period in fiscal 2008 remained consistent as a 6% decrease in circulation volume was offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the publishing segment was approximately 19% for the three months ended November 30, 2008 and 18% for the same period in fiscal 2008.

Operating expenses. Operating expenses increased by \$3 million, or 1%, to \$263 million for the three months ended November 30, 2008 as compared to \$260 million for the same period in fiscal 2008. This primarily reflected an 18% increase in newsprint prices partly offset by a 12% decrease in newsprint consumption and a charge associated with the shut down of the print directory business. These increases were partly offset by expense reductions in marketing and promotion expenses.

Segment operating profit. Segment operating profit for the three months ended November 30, 2008 decreased by \$29 million, or 28%, to \$73 million as compared to \$102 million for the same period in fiscal 2008. The decrease resulted from decreased revenue and increased expenses as discussed above.

Canadian television

Revenue. Revenue from our Canadian television operating segment decreased by \$11 million or 5% to \$200 million for the three months ended November 30, 2008 as compared to \$211 million for the same period in fiscal 2008. This reflected an 8% decline in conventional television advertising revenue resulting from the current economic downturn.

Decreases in conventional television advertising revenue were partly offset by a \$4 million increase in advertising revenue of our specialty channels. Subscriber revenue from our specialty channels decreased by 2% for the three months ended November 30, 2008 as compared to the same period in fiscal 2008, due to the shut down of CoolTV channel in the fourth quarter of fiscal 2008 and Xtreme Sports channel during the first quarter of fiscal 2009. Revenue in fiscal 2009 includes approximately \$5 million of retransmission fees related to prior years.

Operating expenses. For the three months ended November 30, 2008, operating expenses (including selling, general and administrative expenses) of our Canadian television operations of \$168 million were \$10 million, or 6%, lower than the same period in fiscal 2008, primarily as a result of a 6% decline in program amortization as a result of timing, and lower staffing levels, due to the digital news initiative and merger synergies, and reductions of marketing and promotional costs. These cost reductions were partly offset by increases in our news production costs due to the federal election.

Segment operating profit. The Canadian television segment operating income of \$32 million for the three months ended November 30, 2008 was flat as compared to the same period in fiscal 2008 reflecting the decrease in revenue and expenses described above.

CW Media television

Revenue. Revenue from our CW Media television operating segment increased by \$9 million or 9% to \$106 million for the three months ended November 30, 2008 as compared to \$97 million for the same period in fiscal 2008. This reflected an increase in advertising revenue of 10% and an increase in subscriber revenue of 7% for the three months ended November 30, 2008 compared to the same period in fiscal 2008.

Operating expenses. For the three months ended November 30, 2008, operating expenses (including selling, general and administrative expenses) of our CW Media operations of \$62 million were \$2 million, or 3%, higher than the same period in fiscal 2008, primarily as a result of an increase in program amortization expense related to a change in program strategy which has resulted in an acceleration of program amortization. This increase was partly offset by lower staffing costs as a result of merger synergies.

Segment operating profit. The CW Media television segment operating income of \$44 million for the three months ended November 30, 2008 was \$7 million or 19% higher than the same period in fiscal 2008 reflecting the increase in revenue described above.

Australian television

Revenue. Segment revenue decreased by 17% to \$202 million for the three months ended November 30, 2008 from \$242 million for the same period in fiscal 2008. In local currency, revenue decreased by 12%, reflecting the impact of the deterioration of the advertising market and the impact of not having the Australian Football League final and Rugby World Cup that occurred in the three months ended November 30, 2007. The effect of the weakening currency relative to the Canadian dollar decreased revenue by \$11 million for the three months ended November 30, 2008.

Operating expenses. Segment operating expenses decreased 8% to \$128 million for the three months ended November 30, 2008 as compared to \$139 million for the same period in fiscal 2008. This reflected a 3% decrease in operating expenses in the local currency, primarily reflecting management's efforts to contain costs. The effect of the weakening currency relative to the Canadian dollar decreased operating expenses by \$7 million for the three months ended November 30, 2008.

Segment operating profit. Segment operating profit decreased by 28% to \$74 million for the three months ended November 30, 2008 as compared to \$104 million for the same period last year as a result of the decrease in revenue partly offset by decreases in expenses described above.

Turkey radio. During the three months ended November 30, 2008, segment revenue of \$3 million was down 6% and segment operating income was down 18% to \$1 million compared to the same period in fiscal 2008, primarily caused by the weakening economy in Turkey.

Out-of-home advertising. Revenue from our Out-of-home advertising segment decreased by 7%, or \$3 million, to \$39 million for the three months ended November 30, 2008 as compared to the same period in fiscal 2008. In local currency, revenue decreased by 2% compared to November 30, 2007, primarily as a result of the weakening economies in which it operates. The effect of the weakening currency relative to the Canadian dollar decreased revenue by \$2 million for the three months ended November 30, 2008. Our segment operating profit from the Out-of-home advertising operations was \$1 million for the three months ended November 30, 2008 as compared to \$3 million in the same period in fiscal 2008.

Corporate and other. Corporate expenses were \$7 million for the three months ended November 30, 2008 as compared to \$10 million for the same period in fiscal 2008. The reduction is primarily a result of lower payroll and benefit costs.

Restructuring. During the three months ended November 30, 2008, we announced initiatives to reduce staffing levels in our Canadian television, CW Media and Publishing operations by 462 positions and have accrued \$15 million related to these initiatives. During the same period in fiscal 2008, we announced initiatives to centralize certain operations and had accrued \$12 million related to the initiatives. Further restructuring expenses will be accrued in the future as these projects progress further. See note 5 of our unaudited interim consolidated financial statements for additional information.

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

2008	30-Nov	31-Aug	31-May	29-Feb
Revenue	886,107	725,924	851,293	701,417
Operating income before amortization	204,073	61,227	179,143	94,081
Net earnings (loss) from continuing operations	(32,562)	(1,009,664)	(26,285)	(31,892)
Net earnings (loss)	(32,562)	(1,018,565)	(28,384)	(33,876)
Cash flow from continuing operating activities	(3,029)	48,824	26,037	45,450
Cash flow from operating activities	(3,029)	47,313	25,419	43,703
Net earnings (loss) from continuing operations per share				
Basic	(\$0.18)	(\$5.68)	(\$0.15)	(\$0.18)
Diluted	(\$0.18)	(\$5.68)	(\$0.15)	(\$0.18)
Net earnings (loss) per share				
Basic	(\$0.18)	(\$5.73)	(\$0.16)	(\$0.19)
Diluted	(\$0.18)	(\$5.73)	(\$0.16)	(\$0.19)

2007 ⁽¹⁾	30-Nov	31-Aug	31-May	28-Feb
Revenue	867,351	678,364	737,765	643,406
Operating income before amortization	223,206	78,981	122,606	81,083
Net earnings (loss) from continuing operations	42,138	(51,085)	6,433	6,663
Net earnings (loss)	40,745	197,456	8,445	7,063
Cash flow from continuing operating activities	(23,559)	121,538	35,722	107,500
Cash flow from operating activities	(25,717)	127,548	39,725	113,435
Net earnings (loss) from continuing operations per share				
Basic	\$0.24	(\$0.29)	\$0.04	\$0.04
Diluted	\$0.24	(\$0.29)	\$0.04	\$0.04
Net earnings (loss) per share				
Basic	\$0.23	\$1.11	\$0.05	\$0.04
Diluted	\$0.23	\$1.11	\$0.05	\$0.04

(1) Revised to reflect the classification of our United Kingdom radio segment as discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal uses of funds are for capital expenditures and repayment of debt. We have historically met these requirements by using cash generated from operating activities and through short-term and long-term debt.

We also review acquisition and investment opportunities in the course of our business and will, if a suitable opportunity arises and is permitted by the terms of our debt instruments, make selected acquisitions and investments to implement our business strategies. We expect that the funding for any such acquisitions or investments would come from working capital, borrowing under our credit facilities or future credit facilities, additional equity and debt financing, entering into joint ventures or a combination of these methods. Similarly, from time to time, we review opportunities to dispose of non-core assets, and may, if a suitable opportunity arises, sell certain non-core assets.

For the remainder of fiscal 2009 we expect our major cash requirements to include capital expenditures of approximately \$67 million, repayment of \$11 million in principal payments on long-term debt and approximately \$107 million to settle derivative instruments. Of these amounts \$24 million in capital expenditures will be made by our subsidiaries which are guarantors under the Canwest Media Inc. senior credit facilities.

Sources of Funds

Our principal sources of liquidity are cash and cash equivalents on hand and cash flows from operating activities. At November 30, 2008, we had cash on hand of \$63 million including \$35 million of Ten Holdings cash, \$17 million of CW Media cash, and \$4 million of Canwest Media Inc. cash.

In addition to the above sources of liquidity, we had unused borrowing capacity under our revolving credit facility of \$189 million at November 30, 2008. Network TEN had unused borrowing capacity of A\$380 million under its credit facilities at November 30, 2008. The Limited Partnership had an additional \$132 million available under its credit facilities and CW Media had \$43 million available under its revolving credit facility at November 30, 2008.

Uses of Funds

Capital Expenditures

In the first three months of fiscal 2009, our capital expenditures amounted to \$29 million. Of these capital expenditures, \$11 million were made by our subsidiaries which are guarantors under the Canwest Media Inc. senior credit facilities. For the remainder of fiscal 2009, we expect our capital expenditures to be approximately \$67 million of which approximately \$24 million will relate to our subsidiaries which are guarantors under the Canwest Media Inc. credit facilities.

CRTC Part II Licence Fees

The Canadian Association of Broadcasters ("CAB"), on behalf of their members, has challenged in Court the validity of the Part II licence fees payable annually to the CRTC by television and radio broadcasters. In December 2006, the Federal Court ruled that the Part II licence fees were an illegal tax. The Federal Government appealed the Federal Court judgment and on April 28, 2008, the Appeal Court ruled that the Federal Court mischaracterized the legal test to be applied to distinguish a tax from a regulatory charge and the fees, in fact, represented administrative costs incurred by the CRTC. On June 27, 2008, CAB filed an application for leave to appeal the Appeal Court decision to the Supreme Court of Canada. The CRTC has confirmed with CAB that it will not attempt to collect the outstanding Part II licence fees until the earlier of (i) the application for leave to appeal is denied by the Supreme Court of Canada, (ii) the Appeal Court decision is affirmed by the Supreme Court of Canada or (iii) the matter is settled between the parties. In December 2008, the Supreme Court

of Canada granted the requested leave to appeal. We have been accruing the Part II licence fees using known rates since the beginning of the legal proceeding and will continue to accrue them until a final decision is rendered on the matter. As at November 30, 2008, we had \$23 million accrued in current liabilities representing the unpaid Part II licence fees.

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 commencing 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. For the remainder of fiscal 2009, we expect our expenditures related to the CRTC benefit obligation to be approximately \$23 million.

Distributions

Our Australian operations typically make distributions twice annually. In December 2008, Ten Holdings declared a distribution of A\$0.02; our share of \$9 million was received in January 2009. In July 2008, Ten Holdings distributed \$32 million, \$18 million to us and \$14 million to other shareholders. The distributions from our Australian operations are affected by the profitability of these operations. A change in the profitability will impact the amount of distributions received from the Australian operations.

The Limited Partnership makes monthly distributions. During the three months ended November 30, 2008, we received \$35 million from the Limited Partnership. The distributions from the Limited Partnership are restricted by the availability of distributable cash as defined under its debt agreements. A change in distributable cash would impact the amount of distributions received from the Limited Partnership.

Financial Instruments

Certain derivative contracts included in derivative financial instruments mature in fiscal 2009. As at November 30, 2008, the net fair value of these cash flows was a liability of \$89 million. We have entered into forward foreign exchange contracts related to these settlements. As at November 30, 2008, the fair value of the cash flows related to the forward contracts was a liability of \$15 million. During the three months ended November 30, 2008, we made net payments of \$11 million and we expect net payments of \$107 million will be required during the remainder of fiscal 2009 to settle these contracts.

Debt

Credit Facilities

The Canwest Media Inc. credit facility of \$300 million which matures in October 2010 is subject to certain restrictions and bears interest at banker's acceptance rates plus an applicable margin. This facility is secured by substantially all our directly held assets, including the assets of our Canadian television operations and the National Post, partnership units of the Limited Partnership and shares of CW Investments and Ten Holdings. As at November 30, 2008, in accordance with our debt covenants, we had \$228 million available under this facility.

In November 2008, we renegotiated certain covenants under the credit facility as follows:

- Total leverage ratio not exceeding 5.25 times as at November 30, 2008 which will step up to 6.75 times effective August 31, 2009 and step down to 5.25 times effective August 31, 2010;
- Senior leverage ratio not exceeding 2.00 times as at November 30, 2008 for the remainder of the term; and
- Adjusted EBITDA to financing expenses of 2.00 times as at November 30, 2008 which will step down to 1.50 times effective May 31, 2009 and increase to 1.75 times effective February 28, 2010 for the remainder of the term.

Under our senior credit facilities, we are required to maintain the fair value of our foreign currency and interest rate swap liabilities below a prescribed threshold of \$400 million. In addition, there are prescribed thresholds with individual counterparties. As at November 30, 2008, the fair value of these foreign currency and interest rate swaps was a liability of \$43 million. Strengthening of the Canadian currency and/or changes in interest rates may require us to make prepayments to our swap counter parties to maintain the liability below the threshold level.

Total leverage as calculated under Canwest Media Inc.'s credit facility was 4.41 times cash flow for debt covenant purposes for the three month period ended November 30, 2008, compared to a covenant of 5.25 times. The debt used in calculating the total leverage is \$996 million which includes Canwest Media Inc.'s debt translated at swapped foreign exchange rates, certain cash on hand and outstanding letters of credit but excludes debt issuance costs.

The Limited Partnership has a senior secured credit facility and unsecured debt. The senior secured credit facility, which is secured by substantially all the assets of the Limited Partnership, consists of a \$250 million revolving term loan, a \$265 million term loan and a US\$460 million term loan. As at November 30, 2008, the Limited Partnership had fully drawn on its term loan facilities and had drawn \$116 million on its revolving term credit facility. The unsecured facilities consist of a \$75 million senior subordinated unsecured credit facility and US\$400 million in senior subordinated notes. These unsecured facilities rank junior to the senior credit facility and are guaranteed by the Limited Partnership and its subsidiaries. Under the Limited Partnership senior secured credit facilities, we are required to maintain the fair value of our foreign currency and interest

rate swap liabilities below a prescribed threshold of \$250 million. In addition, there are prescribed thresholds with individual counterparties. As at November 30, 2008, the fair value of these foreign currency and interest rate swaps was an asset of \$72 million. Strengthening of the Canadian currency and/or changes in interest rates may require the Limited Partnership to make prepayments to its swaps counter parties to maintain the liability below the threshold levels.

Ten Holdings has an unsecured credit facility due in April 2011. As at November 30, 2008, A\$250 million was drawn against this A\$630 million facility. In addition, Ten Holdings had senior unsecured notes and senior notes in the amount of US\$125 million and A\$150 million.

CW Media has a senior secured credit facility, which consists of a \$50 million revolving term loan and a US\$442 million term loan. This facility is secured by all the assets of CW Investments. As at November 30, 2008, CW Media had drawn \$7 million upon the \$50 million revolving term loan and had fully drawn the amount allowed under the term loan. CW Media Holdings Inc. also has US\$312 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 unsecured and guaranteed by CW Media Holdings and its wholly owned subsidiaries.

General

The following table sets out the debt outstanding at November 30, 2008, which is translated at November 30, 2008 foreign currency exchange rates and includes debt issuance costs. The first column of the table presents our debt at the foreign exchange rates specified in our foreign currency swap arrangements, where applicable.

	Debt at swapped foreign exchange rates	Debt at current foreign exchange rates	Accounting adjustments ⁽¹⁾	Carrying value as at Nov. 30, 2008	Carrying value as at Aug. 31, 2008
Canwest Media Inc.					
Senior credit facility	29,961	29,961	-	29,961	-
Senior subordinated notes	908,042	941,374	54,913	996,287	828,755
	938,003	971,335	54,913	1,026,248	828,755
Canwest Limited Partnership					
Senior secured credit – revolver	116,000	116,000	-	116,000	96,000
Senior secured credit – credit C	265,000	265,000	(2,806)	262,194	262,028
Senior secured credit – credit D	492,500	568,040	(4,749)	563,291	483,999
Senior subordinated unsecured credit facility	75,000	75,000	(826)	74,174	74,152
Senior subordinated unsecured notes	429,000	494,800	(8,812)	485,988	415,766
	1,377,500	1,518,840	(17,193)	1,501,647	1,331,945
CW Media Holdings					
Senior revolving credit facility	7,000	7,000	-	7,000	8,000
Senior credit facility	470,250	546,709	(12,257)	534,452	457,688
Senior unsecured notes	407,458	407,458	(8,660)	398,798	329,630
	884,708	961,167	(20,917)	940,250	795,318
The Ten Group PTY Limited					
Bank loan A\$250,000 (Aug. 31, 2007 – A\$275,000)	202,400	202,400	-	202,400	250,195
Senior unsecured notes US\$125,000 (Aug. 31, 2007 – US\$125,000)	170,084	154,654	-	154,654	132,322
Senior notes A\$150,000 (Aug. 31, 2007 – A\$150,000)	121,440	121,440	-	121,440	136,470
	493,924	478,494	-	478,494	518,987
	3,694,135	3,929,836	16,803	3,946,639	3,475,005

(1) Accounting adjustments include debt issuance cost, certain hedge adjustments and fair value hedge basis adjustments.

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 to manage the proportion of total debt that is subject to variable rates. Foreign currency and interest rate swaps are used to hedge 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 at November 30, 2008, with the exception of CW Media senior unsecured loans, we have fully hedged the currency exposure on our U.S. dollar denominated debt.

Except for forward exchange contracts entered into during the three months ended November 30, 2008, there have been no changes in the purpose or terms of the financial instruments. During the three months ended November 30, 2008, we have entered into forward foreign exchange contracts to sell US\$130 million for proceeds of \$144 million with a settlement date of August 15, 2009. As at November 30, 2008, the fair value of the forward exchange contracts was approximately \$15 million liability. As of November 30, 2008, a \$0.01 change in the value of the Canadian dollar against the U.S. dollar would result in a \$1.3 million change in the fair value of the forward contracts.

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, 2008, our outstanding swap contracts were in a net unrealized loss position of \$3 million. Of this amount, \$125 million is recorded as "Hedging derivative instruments" and an amount of \$128 million is recorded as "Derivative instruments" for the instruments where we are not utilizing hedge accounting.

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, 2008 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com).

In recent months, many segments of the media industry have experienced declines in advertising revenues reflecting the weakening in the economic environment. At present, the outlook for the advertising market remains uncertain and the weakness in advertising revenues could continue resulting in an increasingly challenging operating environment.

For the three months ended November 30, 2008, we reported reduced advertising revenues for our conventional television, radio and publishing operations reflecting deterioration in the economy in the countries in which we operate. In response to current economic conditions, we have developed and are implementing a number of initiatives to reduce operating costs and sell or close certain operations.

We have significant debt obligations and these obligations are subject to financial covenants that are based on operating results and the amount of our debt obligations. As at November 30, 2008, we were in compliance with our financial covenants. Our ability to maintain compliance with the financial covenants in the future is dependent upon various factors, some of which are outside our control. Based upon current revenue and expense projections and given the uncertain outlook, we may not be able to comply with certain of our existing quarterly financial covenants in fiscal 2009. Failure to maintain financial covenants under any senior credit facility could result in default under that facility, permitting the senior lenders to demand payment of amounts outstanding under the credit facility and related hedging instruments. The demand for payment of a senior credit facility which is not satisfied through payment, waived, postponed or rescinded within certain periods would result in a default under subordinated debt. Such event of default would permit the holders of the subordinated notes to demand payment.

We believe that progress is being made in implementing our plans. While there is no assurance as to our outcome or success, we continue to aggressively pursue strategies to further reduce operating costs and improve operating results, cash flows and capital structure in order to ensure compliance with covenants.

Our results for fiscal 2009 and future periods are subject to numerous uncertainties. The possibility exists that unforeseen events, such as, higher interest rates, foreign currency changes, prolonged curtailment of advertising spending or other adverse business conditions or a combination of these or other factors may affect fiscal 2009 and future operating results and cash flows. As disclosed in our financial statements for the year ended August 31, 2008, further write-downs of assets, in particular goodwill and intangible assets may be required as a result of the outcome of these uncertainties.

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.

Additionally, 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, 2008, we have recorded income tax liabilities of \$27 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, 2008 amounted to \$0.3 million (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. In addition, during the three months ended November 30, 2008, the Company has included nil (2007 - \$0.3 million) of building development expenses payable to this company.

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

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, 2008 as described in the Management Discussion and Analysis in our 2008 Annual Report.

Broadcast Rights

In accordance with our accounting policy, we amortize 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 months ended November 30, 2008 is not practical to measure.

CHANGES IN ACCOUNTING POLICIES

Inventories

We adopted CICA 3031, "Inventories" as of September 1, 2008. This section 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.

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 November 30, 2008 is \$9.9 million (August 31, 2008 - \$10.7 million). As at November 30, 2008, nil (2007 - nil) inventories are carried at net realizable value. During the three months ended November 30, 2008, the amount of inventories expensed was \$32.4 million (2007 - \$31.7 million). The amount of write downs or reversal of write downs for the three months ended November 30, 2008 are nil.

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. We have adopted the new standard effective September 1, 2008. The adoption of this section did not have significant impact on the interim unaudited consolidated financial statements for the three months ended November 30, 2008.

FORTHCOMING CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

The AcSB issued CICA 3064, "Goodwill and Intangible Assets", which we must apply for our fiscal year beginning on September 1, 2009. CICA 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria when intangible assets 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 do not expect the adoption of such standard to have a significant impact.

International Financial Reporting Standards

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, AcSB announced that IFRS will be used for, interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Our transition date of September 1, 2011, will require the restatement for comparative purposes of amounts reported in our financial statements for the year ended August 31, 2012. While we have begun assessing the adoption of IFRS for 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the three months ended November 30 (Unaudited)	
	2008	2007 ⁽¹⁾
	\$000	\$000
Net earnings (loss)	(32,562)	40,745
Amortization	28,813	27,551
Interest and other financing expenses	53,934	110,194
Accretion of long-term liabilities	28,233	23,881
Investment gains, losses and interest income	398	(19,237)
Foreign exchange (gains) losses	67,501	(6,087)
Loss from discontinued operations	-	1,393
Provision for income tax expense	39,195	35,923
Interest in earnings of equity accounted affiliates	(215)	(19,836)
Minority interest	18,776	28,679
Operating income before amortization	204,073	223,206

(1) Revised: The 2007 results have been revised to reflect the classification of our United Kingdom radio operations as discontinued (See note 8 to our unaudited consolidated financial statements).


OTHER

Share Data

As at January 13, 2009 we had the following number of shares outstanding:

Multiple voting shares	76,785,976
Subordinate voting shares	99,523,626
Non-voting shares	1,336,937

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



**CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2008 AND 2007
(UNAUDITED)**

January 13, 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 sheet of **Canwest Global Communications Corp.** (the "Company") as at November 30, 2008 and the related interim consolidated statements of earnings (loss), comprehensive income (loss), retained earnings (deficit) and cash flows for the three month periods ended November 30, 2008 and 2007 (the interim financial statements). These interim financial statements are the responsibility of the Company's management.

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

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

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

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

(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended	
	Nov. 30, 2008	Nov. 30, 2007
		(Revised note 8)
Revenue	886,107	867,351
Operating expenses	448,879	417,416
Selling, general and administrative expenses	218,380	215,084
Restructuring expenses (note 5)	14,775	11,645
	204,073	223,206
Amortization of intangibles	2,177	2,431
Amortization of property and equipment	26,488	24,898
Other amortization	148	222
Operating income	175,260	195,655
Interest expense	(80,417)	(82,435)
Accretion of long-term liabilities	(28,233)	(23,881)
Interest income	765	16,369
Interest rate and foreign currency swap gains (losses)	26,483	(27,759)
Foreign exchange gains (losses)	(67,501)	6,087
Investment gains, losses and write-downs	(1,163)	2,868
	25,194	86,904
Provision for income taxes (note 6)	39,195	35,923
Earnings (loss) before the following	(14,001)	50,981
Minority interest	(18,776)	(28,679)
Interest in earnings of equity accounted affiliates	215	19,836
Net earnings (loss) from continuing operations	(32,562)	42,138
Loss from discontinued operations (note 8)	-	(1,393)
Net earnings (loss) for the period	(32,562)	40,745
Earnings (loss) per share from continuing operations:		
Basic	(\$0.18)	\$0.24
Diluted	(\$0.18)	\$0.24
Earnings (loss) per share:		
Basic	(\$0.18)	\$0.23
Diluted	(\$0.18)	\$0.23

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands of Canadian dollars)

	As at November 30, 2008	As at August 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	63,058	75,994
Accounts receivable	689,401	560,674
Inventory	9,888	10,710
Investment in broadcast rights	299,328	278,194
Future income taxes	41,265	52,712
Other current assets	31,365	36,448
	1,134,305	1,014,732
Other investments	17,670	28,308
Investment in broadcast rights	224,576	191,630
Property and equipment	708,071	713,867
Future income taxes	354,579	369,791
Other assets	109,967	112,480
Hedging derivative instruments	166,786	-
Intangible assets	1,723,173	1,757,425
Goodwill	2,312,922	2,326,561
	6,752,049	6,514,794
LIABILITIES		
Current Liabilities		
Accounts payable	167,047	220,030
Accrued liabilities (note 5)	357,711	307,979
Income taxes payable	54,829	29,404
Broadcast rights payable	183,289	130,279
Deferred revenue	41,304	41,656
Future income taxes	43,097	39,475
Current portion of long-term debt and obligations under capital leases	20,146	16,738
Current portion of hedging derivative instruments	18,785	32,737
Current portion of derivative instruments	104,988	143,821
	991,196	962,119
Long-term debt (note 7)	3,930,263	3,461,942
Hedging derivative instruments	22,624	237,786
Derivative instruments	23,417	12,416
Obligations under capital leases	5,693	7,241
Other long-term liabilities	308,558	300,148
Future income taxes	159,285	171,264
Deferred gain	152,258	171,102
Puttable interest in subsidiary	571,296	545,394
Minority interest	98,437	78,149
	6,263,027	5,947,561
Contingencies (note 15)		
SHAREHOLDERS' EQUITY		
Capital stock	852,375	852,375
Contributed surplus	15,499	14,304
Deficit	(267,117)	(234,555)
Accumulated other comprehensive loss (note 9)	(111,736)	(64,891)
	(378,853)	(299,446)
	489,021	567,233
	6,752,048	6,514,794

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

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

(In thousands of Canadian dollars)

	For the three months ended	
	Nov. 30, 2008	Nov. 30, 2007
Net earnings (loss) for the period	(32,562)	40,745
Other comprehensive income (loss)		
Unrealized foreign currency translation gains on net assets of self-sustaining foreign operations	3,391	457
Change in fair value of hedging derivative instruments designated as cash flow hedges net of tax of \$15.8 million (2007 - \$7.9 million)	(39,373)	(16,736)
Unrealized loss on available-for-sale investment net of tax of nil (2007 – nil)	(10,863)	(9,969)
Comprehensive income (loss) for the period	(79,407)	14,497

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended	
	Nov. 30, 2008	Nov. 30, 2007
Retained earnings (deficit) - beginning of period	(234,555)	805,525
Net earnings (loss) for the period	(32,562)	40,745
Retained earnings (deficit) - end of period	(267,117)	846,270

The notes constitute an 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	
	Nov. 30, 2008	Nov. 30, 2007
		(Revised note 8)
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings (loss) for the period	(32,562)	40,745
Net loss from discontinued operations for the period	-	1,393
Items not affecting cash		
Amortization	28,813	27,551
Net non-cash interest expense	15,434	4,599
Accretion of long-term liabilities	28,233	23,881
Future income taxes	12,336	8,659
Interest rate and foreign currency swap (gains) losses net of settlements	(37,697)	15,254
Investment gains, losses and write-downs	1,163	(2,868)
Pension expense in excess of (less than) employer contributions	(294)	1,380
Minority interest	18,776	28,679
Earnings from equity accounted affiliates	(215)	(19,836)
Foreign exchange (gains) losses	65,247	(7,899)
Stock based compensation expense (note 11)	1,195	758
	100,429	122,296
Changes in non-cash operating accounts	(103,458)	(145,855)
Cash flows from operating activities of continuing operations	(3,029)	(23,559)
Cash flows from operating activities of discontinued operations	-	(2,158)
Cash flows from operating activities	(3,029)	(25,717)
INVESTING ACTIVITIES		
Other investments	(100)	(4,645)
Payment of acquisition costs	-	(25,601)
Proceeds from sale of property and equipment	17	11
Purchase of property and equipment	(28,587)	(27,716)
Investing activities of discontinued operations	-	(228)
	(28,670)	(58,179)
FINANCING ACTIVITIES		
Repayment of long-term debt	(2,438)	(2,553)
Advances of revolving facilities, net of financing costs	28,316	58,105
Increase in bank indebtedness	-	2,077
Swap recouping payments	-	(5,000)
Payments of capital leases	(1,453)	(1,344)
Payment of distributions to minority interest	(2,129)	(790)
	22,296	50,495
Foreign exchange gain (loss) on cash denominated in foreign currencies	(3,533)	1,305
Net change in cash and cash equivalents	(12,936)	(32,096)
Cash and cash equivalents – beginning of period	75,994	125,176
Cash and cash equivalents – end of period	63,058	93,080

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

CANWEST GLOBAL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2008 AND 2007
(UNAUDITED)
(In thousands of Canadian dollars except as otherwise noted)

1. 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, Turkey, and the United States. 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 and The New Republic, 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 revenues 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 revenues include subscription revenues which are derived from a variety of sources. Publishing revenues include advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenues are seasonal. Revenues 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 2. 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.

Uncertainties and risks

In recent months, many segments of the media industry have experienced declines in advertising revenues reflecting the weakening in the economic environment. At present, the outlook for the advertising market remains uncertain and the weakness in advertising revenues could continue resulting in an increasingly challenging operating environment.

For the three months ended November 30, 2008, the Company reported reduced advertising revenues for its conventional television, radio and publishing operations reflecting deterioration in the economy in the countries in which it operates. In response to current economic conditions, the Company has developed and is implementing a number of initiatives to reduce operating costs and sell or close certain operations.

As described in note 7, the Company has significant debt obligations. These obligations are subject to financial covenants that are based on operating results and the amount of the debt obligations. As at November 30, 2008, the Company was in compliance with its financial covenants. The Company's ability to maintain compliance with its financial covenants in the future is dependent upon various factors, some of which are outside the control of the Company. Based upon current revenue and expense projections and given the uncertain outlook, the Company may not be able to comply with certain of its existing quarterly financial covenants in fiscal 2009. Failure to maintain financial covenants under any senior credit facility could result in default under that facility, permitting the senior lenders to demand payment of amounts outstanding under the credit facility and related hedging instruments. The demand for payment of a senior credit facility which is not satisfied through payment, waived, postponed or rescinded within certain periods would result in a default under subordinated debt. Such event of default would permit the holders of the subordinated notes to demand payment.

Management believes that progress is being made in implementing the Company's plans. While there is no assurance as to their outcome or success, the Company continues to aggressively pursue strategies to further reduce operating costs and improve operating results, cash flows and capital structure in order to ensure compliance with covenants.

The Company's results for fiscal 2009 and future periods are subject to numerous uncertainties. The possibility exists that unforeseen events, such as, higher interest rates, foreign currency changes, prolonged curtailment of advertising spending or other adverse business conditions or a combination of these or other factors may affect fiscal 2009 and future operating results and cash flows. As disclosed in the Company's financial statements for the year ended August 31, 2008, further write-downs of assets, in particular goodwill and intangible assets may be required as a result of the outcome of these uncertainties.

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 months ended November 30, 2008 is not practical to measure.

2. Accounting Changes

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. The adoption of this section did not impact the unaudited interim consolidated financial statements for the three months ended November 30, 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 statement for the three months ended November 30, 2008.

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 November 30, 2008 is \$9.9 million (August 31, 2008 - \$10.7 million). As at November 30, 2008, nil (2007 - nil) inventories are carried at net realizable value. During the three months ended November 30, 2008, the amount of inventories expensed was \$32.4 million (2007 - \$31.7 million). The amount of write downs or reversal of write downs for the three months ended November 30, 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 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 does not expect the adoption of such standard to have a significant impact.

International Financial Reporting Standards

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, AcSB announced that IFRS will be used for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported in its financial statements for the year ended August 31, 2012. While the Company has begun assessing the adoption of IFRS for 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. 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 8). The Company recorded a disposition of broadcast licences, other assets, and liabilities of \$2.0 million, \$4.9 million, and \$16.5 million, respectively.

4. 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 September 1, 2007 to November 30, 2007.

Summary condensed statement of earnings	
	September 1 to November 30, 2007
Revenue	89,123
Operating expenses	53,708
Operating income before amortization	35,415
Amortization	(1,418)
Interest expense, net	(14,086)
Foreign exchange gains	11,962
Provision for income taxes	(8,165)
Interest in earnings of equity accounted affiliates	129
Minority interest	(3,974)
Net earnings of regulated entities	19,863

Summary condensed statement of cash flows	
	September 1 to November 30, 2007
Cash flows - operating activities	24,736
Cash flows - investing activities	(527)
Cash flows - financing activities	-
Net change in cash	24,209
Cash - beginning of period	18,226
Cash - end of period	42,435

During the three months ended November 30, 2007, the Company recorded interest income of \$14.5 million and a foreign exchange loss of \$11.5 million related to the inter-company debt. Net earnings of the regulated entities include interest expense of \$14.5 million and a foreign exchange gain of \$11.5 million related to the inter-company debt. In addition, the Company recovers corporate costs from the regulated entities held in trust and recorded cost recoveries in the amount of \$3.0 million. The cost recoveries reduced selling, general and administrative expenses of the Company and are included in operating expenses of the regulated entities.

5. 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 February 2009, the Company expects to have a net reduction in its workforce of 200 jobs relating to these changes. To date, the Company has accrued \$11.7 million related to the first two phases of which \$1.7 million was accrued during the three months ended November 30, 2008. The total expected costs associated with these initiatives are \$13.7 million.

During the three months ended November 30, 2008, the Company initiated certain cost containment initiatives in its Canadian Broadcast segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a workforce reduction of 82 positions. During the three months ended November 30, 2008, the Company accrued \$5.7 million, 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 three months ended November 30, 2008, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 350 positions. These initiatives are expected to be completed by August 31, 2009 with total costs estimated of \$18.0 million to \$22.0 million. During the three months ended November 30, 2008, the Company accrued costs of \$6.1 million 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 three months ended November 30, 2008, the Company initiated certain initiatives in its CW Media television segment, which will result in a workforce reduction of 30 positions. These initiatives are expected to be completed by May 31, 2009 with total employee termination costs estimated of \$1.0 million. During the three months ended November 30, 2008, the Company accrued costs of \$1.0 million related to these initiatives.

During the three months ended November 30, 2008, the Company initiated work force reductions in our Turkey radio segment. The costs of these reductions are estimated to total \$0.3 million which has been accrued during the three months ended November 30, 2008.

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

	Publishing	Canadian television	CW Media television	Turkey radio	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	6,114	7,377	1,015	269	14,775
Payments made during the period	(940)	(3,764)	(323)	-	(5,027)
Balance, end of period	7,550	9,701	1,631	269	19,151

(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.

6. 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	
	Nov. 30, 2008	Nov. 30, 2007
Income taxes at combined Canadian statutory rate of 31.11% (2007 – 33.17%)	7,838	28,825
Non-taxable portion of capital (gains) losses	10,878	(1,822)
Increase in valuation allowance on future tax assets	10,496	502
Effect of foreign income tax rates differing from Canadian income tax rates	(310)	(3,929)
Change in expected future tax rates	(80)	228
Non-deductible accretion expense	8,058	7,921
Non-deductible expenses	1,071	1,631
Partnership net earnings allocated to minority interests	(589)	(245)
Effect of uncertain tax positions	1,052	1,200
Effect of partnership earnings from equity accounted affiliates	-	883
Other	781	729
Provision for income taxes	39,195	35,923

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.

7. LONG-TERM DEBT

	Maturity (fiscal year)	Principal Outstanding Nov. 30, 2008 (millions)	As at Nov. 30, 2008	As at Aug. 31, 2008
<i>Canwest Media Inc.:</i>				
Senior secured revolving credit facility ⁽¹⁾	2011	\$30	29,961	-
Senior subordinated notes (net of debt issuance costs of \$11 million (August 31, 2008 - \$11 million))	2012	US\$761	996,287	828,755
<i>Canwest Limited Partnership:</i>				
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	262,194	262,028
Senior secured credit facilities - credit D (net of debt issuance costs of \$5 million (August 31, 2008 - \$5 million))	2014	US\$459	563,291	483,999
Senior subordinated unsecured credit facility (net of debt issuance costs of \$1 million (August 31, 2008 -\$1 million))	2015	\$75	74,174	74,152
Senior subordinated unsecured notes (net of debt issuance costs of \$9 million (August 31, 2008 -\$9 million))	2015	US\$400	485,988	415,766
<i>CW Media Holdings Inc.:</i>				
Senior secured revolving credit facility	2013	\$7	7,000	8,000
Senior secured credit facility (net of debt issuance costs of \$12 million (August 31, 2008 - \$13 million))	2015	US\$442	534,452	457,688
Senior unsecured notes including accrued interest (net of debt issuance costs of \$9 million (August 31, 2008 -\$9 million))	2015	US\$329	398,798	329,630
<i>Ten Network Holdings Limited:</i>				
Bank loan	2011	A\$250	202,400	250,195
Senior unsecured notes	2013	US\$125	154,654	132,322
Senior unsecured notes	2016	A\$150	121,440	136,470
			3,946,639	3,475,005
Less portion due within one year			(16,376)	(13,063)
Long-term portion			3,930,263	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.

(1) In November 2008, the terms of the credit facility were amended, among other things, to reduce the total availability to \$300 million and amend certain financial covenant ratios.

Under the CMI senior secured revolving credit facility the Company is required to maintain a fair value of the CMI interest rate swaps and foreign currency and interest rate swap liabilities below a prescribed threshold of \$400 million. There are also prescribed thresholds for individual counterparties, which have two-way recouping provisions. During the three months ended November 30, 2008, the Company made net recouping payments of nil on both its hedging derivative instruments and derivative instruments (2007 – \$5 million and \$13 million, respectively). In addition, under the Limited Partnership senior credit facilities, the Limited Partnership is required to maintain a fair value of its foreign currency and interest rate swap liabilities below a prescribed threshold of \$250 million.

During the three months ended November 30, 2008 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 (high).

During the three months ended November 30, 2008, the Company entered into forward foreign exchange contracts, to mitigate a portion of the foreign currency risk associated with the settlement of its derivative instruments, to sell US\$130 million for proceeds of \$144 million with a settlement date of August 15, 2009. As at November 30, 2008, the fair value of the forward exchange contracts was a \$15 million liability. As of November 30, 2008, a \$0.01 change in the value of the Canadian dollar against the U.S. dollar would result in a \$1.3 million change in the fair value of the forward contracts.

8. DISCONTINUED OPERATIONS

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, 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 \$1 million for the three months ended November 30, 2007. Cash flows from operating activities of continuing operations increased by \$2 million for the three months ended November 30, 2007.

The loss from discontinued operations are summarized as follows:

	For the three months ended November 30, 2007
Revenue	388
Loss from discontinued operations before tax	(1,393)
Income tax expense	-
Loss from discontinued operations	(1,393)
Loss from discontinued operations per share (in dollars):	
Basic	(\$0.01)
Diluted	(\$0.01)

The carrying value of the assets and liabilities related to the discontinued operations was nil as of November 30, 2008 and August 31, 2008.

9. 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)	3,391	(10,863)	(39,373)	(46,845)
Balance, November 30, 2008	359	(10,863)	(101,232)	(111,736)

The unrealized loss on the available-for-sale investment relates to the decline in fair value. As at November 30, 2008, the Company has concluded that the loss in value related to the available-for-sale investment was temporary based on its analysis of the financial position of the publicly traded company and its review of recent public disclosures. In addition, the trading value of the investment was periodically above the carrying value of the investment during the period.

The unrealized loss on foreign currency interest rate swaps that will be reclassified to interest expense over the next twelve months is approximately \$10.6 million, net of tax of \$4.2 million.

During the three months ended November 30, 2008, \$255.7 million foreign exchange gains (2007 – \$72.6 million losses) 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 months ended November 30, 2008, nil (2007 – nil) was recorded in net earnings (loss) which represented hedge ineffectiveness associated with cash flow hedging instruments.

During the three months ended November 30, 2008, the Company reclassified \$4.4 million (2007 - \$0.9 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 swaps on the Company's interest expense.

10. 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	
	Nov. 30, 2008	Nov. 30, 2007
Basic weighted average shares outstanding during the period	177,646,539	177,646,539
Dilutive effect of options and shares	-	305,200
Diluted weighted average shares outstanding during the period	177,646,539	177,951,739
Options outstanding that would have been anti-dilutive	5,150,958	4,602,329

11. 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 three months ended November 30, 2008 of \$0.5 million (2007 -\$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 three months ended November 30, 2008 of \$0.2 million (2007 -\$0.1 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 \$0.1 million for the three months ended November 30, 2008 (2007 – expense of \$0.4 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 three months ended November 30, 2008 of \$0.5 million (2007 - \$0.5 million) related to the Discontinued Share Compensation Plan.

For the three months ended November 30, 2008, the Company recorded total compensation expense of \$1.1 million (2007 - \$1.2 million), a credit to contributed surplus of \$1.2 million (2007 - \$0.8 million) and a debit to accrued liabilities of \$0.1 million (2007 - credit of \$0.4 million) related to all its share-based compensation plans.

12. 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.

The Company recorded a nominal expense and a financial liability related to these plans.

13. 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 months ended November 30, 2008, rent paid to this company amounted to \$0.3 million (2007 - \$0.3 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 three months ended November 30, 2008, the Company has included nil (2007 - \$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.

14. 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 our defined benefit plans is presented as follows:

	For the three months ended November 30			
	Pension benefits		Post retirement/ employment benefits	
	2008	2007	2008	2007
Current service cost	4,399	4,943	590	456
Accrued interest on benefits	7,964	7,661	878	726
Expected return on plan assets	(7,250)	(7,257)	-	-
Amortization of transitional obligation	110	108	76	76
Amortization of past service costs	355	355	169	34
Amortization of net actuarial loss (gain)	430	823	(175)	(28)
Changes in valuation allowance	(9)	(11)	-	-
Total pension and post retirement/ employment benefit expense	5,999	6,622	1,538	1,264

15. CONTINGENCIES

- (a) The Company has requested arbitration related to \$78.2 million 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. Hollinger disputes this claim and claims that it and certain of its affiliates are owed \$113.3 million by the Company. The arbitration hearings have been completed and the decision of the arbitrator is expected early in calendar 2009.
- (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.

16. SEGMENT INFORMATION

The Company operates primarily within the publishing, television, radio and out-of-home advertising industries in Canada, Australia, Turkey, and United States. 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 revenues as if the revenues were to third parties.

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

Operating Segments	For the three months ended November 30,			
	Revenue ⁽¹⁾⁽²⁾		Segment operating profit	
	2008	2007	2008	2007
Publishing	335,998	361,906	73,077	102,165
Television		(Revised note 8)		(Revised note 8)
Canada ⁽⁴⁾	199,915	210,792	31,722	32,250
CW Media	106,099	97,127	44,283	37,132
	306,014	307,919	76,005	69,382
Australia	202,181	242,336	74,384	103,505
Total Television	508,195	550,255	150,389	172,887
Radio - Turkey	3,346	3,564	1,291	1,584
Out-of-home	39,197	42,287	1,295	3,142
Intersegment revenues	(629)	(1,538)	-	-
Corporate and other	-	-	(7,204)	(9,512)
Restructuring expenses	-	-	(14,775)	(11,645)
	886,107	956,474	204,073	258,621
Elimination of equity accounted affiliates ⁽³⁾	-	(89,123)	-	(35,415)
	886,107	867,351	204,073	223,206
Amortization of intangibles			2,177	2,431
Amortization of property and equipment			26,488	24,898
Other amortization			148	222
Operating income			175,260	195,655
Interest expense			(80,417)	(82,435)
Accretion of long-term liabilities			(28,233)	(23,881)
Interest income			765	16,369
Interest rate and foreign currency swap gains (losses)			26,483	(27,759)
Foreign exchange gains (losses)			(67,501)	6,087
Investment gains, losses and write-downs			(1,163)	2,868
Earnings before income taxes and other items			25,194	86,904

(1) Represents revenue from third parties. In addition, the following segments recorded intercompany revenues: Canadian television – \$0.1 million (2007 – \$0.7 million), Publishing – \$0.5 million (2007 – \$0.8 million).

(2) Revenues consist of advertising revenues of \$769 million (2007 - \$753 million) and circulation and subscriber revenues of \$117 million (2007 - \$114 million).

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

(4) Revenue in fiscal 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

