

CANWEST LIMITED PARTNERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE AND SIX MONTHS ENDED
FEBRUARY 28, 2009 AND FEBRUARY 29, 2008**

April 6, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the interim consolidated financial statements of Canwest Limited Partnership ("Limited Partnership") and related notes.

This discussion contains statements that are not historical facts and are forward-looking statements. Such statements reflect management's current views and are based on certain assumptions. They are, by necessity, only estimates of future developments, and actual developments may differ materially from these statements due to a number of factors. Investors are cautioned not to place undue reliance on such forward-looking statements. No forward-looking statement is a guarantee of future results.

This discussion also makes reference to EBITDA to assist in assessing our financial performance. Non-GAAP financial measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Reconciliation of Non-GAAP Financial Measures."

OVERVIEW

We are the largest publisher of English language daily newspapers in Canada, as measured by paid circulation and revenue. Our publications include ten daily metropolitan newspapers (nine broadsheets and one tabloid). In addition, we own and operate two other daily newspapers (broadsheets), 26 non-daily community newspapers and a number of shopping guides and newspaper-related publications. In addition, we operate the canada.com network of websites.

KEY FACTORS AFFECTING OPERATING RESULTS

We earn revenues primarily from advertising and circulation from our newspaper operations. Newspaper advertising revenues are a function of the volume, or lineage, of advertising sold and rates charged. Circulation revenues are derived from home-delivery subscriptions for newspapers and single-copy sales at retail outlets and vending machines and are a function of the number of newspapers sold and the average price per copy.

For the three months ended February 28, 2009, newspaper segment revenues decreased 16% as compared to the same period in the previous year primarily due to weakness in the Canadian economy. At present, the outlook for the advertising market remains uncertain and we expect to experience continued advertising revenue declines for the balance of the fiscal year as a result of weak economic conditions. In response to current economic conditions, we have developed and are implementing a number of initiatives to reduce operating costs and close certain operations. We continue to develop additional strategies to further reduce operating costs and improve operating results and cash flows.

For the three months ended February 28, 2009, digital media segment revenue grew 7% relative to the same period in the prior year. We expect revenues for our digital media segment to experience continued growth for the remainder of the fiscal year.

Our principal operating expenses are salaries, newsprint and distribution expenses, which comprised 54%, 14% and 16%, respectively, of our operating expenses in fiscal 2008.

Our operating results are particularly sensitive to variations in the cost and availability of newsprint. Newsprint is a commodity, the price of which varies considerably from time to time as a result of supply shortfalls, among other factors. We purchase our newsprint from a number of Canadian suppliers and typically are able to negotiate fixed pricing for intervals from six months to a year. We take advantage of the purchasing power that comes with the large volume of newsprint that we purchase as well as our proximity to paper mills across Canada to minimize our cost of newsprint. Changes in newsprint prices can significantly affect our operating results. A \$50 per tonne increase or decrease in the price of newsprint would be expected to affect our operating expenses by approximately \$7 million on an annualized basis.

We expect our expenses to decrease for the balance of the fiscal year based on the restructuring and cost reduction efforts completed in the first half of the fiscal year. We expect salary costs to decrease as normal wage escalation will be more than offset by a lower number of employees resulting from strategic initiatives. Lower insert volumes and fuel costs relative to prior year will contribute to decreased distribution costs. We expect newsprint prices to decrease from current levels during the remainder of the fiscal year.

Seasonality

Our revenue has experienced, and is expected to continue to experience, significant seasonality due to seasonal advertising patterns and seasonal influences on people's media consumption habits. Typically, our revenue is lowest during the fourth quarter of our fiscal year, which ends in August, and highest during the first quarter of our fiscal year, which ends in November, primarily as a result of holiday-related advertising. These seasonal variations may lead to increased borrowing needs at certain points within the year. As a result, we may be required to use amounts available under the senior secured credit facilities to mitigate the impact of short-term fluctuations in cash flow.

Going Concern

Our interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP"). The going concern basis of presentation assumes that the Limited Partnership will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

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 is likely to continue until the economy improves which will result in an increasingly challenging operating environment.

For the three and six months ended February 28, 2009, we reported reduced advertising revenues for our newspaper operations reflecting the deterioration in the economy. In response to current economic conditions, we have developed and are implementing a number of initiatives to reduce operating costs and close certain operations.

We believe that progress is being made in implementing our plans. While there is no assurance as to their 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 the availability of funds to continue to meet our obligations.

We have 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 February 28, 2009, we

were in compliance with our financial covenants. Our ability to maintain compliance with our 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 maintain compliance with our financial covenants at May 31, 2009 and August 31, 2009. Failure to maintain financial covenants under the senior secured credit facility would result in a default permitting the senior lenders to demand immediate payment of amounts outstanding under the senior secured credit facility and related hedging instruments. An acceleration of the senior secured credit facility that is not satisfied through payment, waiver, postponement or is otherwise rescinded within certain periods would result in a default under the subordinated notes indenture. Such an event of default would permit holders of the subordinated notes to demand immediate payment of all amounts due thereunder. Additionally, if there is a change in control of Canwest Media Inc., then the subordinated debt also becomes callable on demand. We believe that we would not have sufficient liquidity to satisfy any such demand.

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. Write-downs of assets may be required as a result of the outcome of these uncertainties. These circumstances lend significant doubt as to our ability to meet our obligations as they come due and accordingly, the use of the accounting principles applicable to a going concern.

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian GAAP requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenue and expenses, as well as the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

There are no significant changes in our accounting policies or estimates since August 31, 2008 and as described in our Management’s Discussion and Analysis for the year ended August 31, 2008, except as described below:

Accounting Changes

Inventories

The Accounting Standards Board (“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 adoption of this section did not have a significant impact on the unaudited interim consolidated financial statements for the three and six months ended February 28, 2009.

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in first-out cost formula, and net realizable value. The carrying value of the inventories carried at cost at February 28, 2009 are \$11.1 million (August 31, 2008 - \$10.7 million). The inventories carried at net realizable value at February 28, 2009 is nil (August 31, 2008 – nil).

Assessing Going Concern

The 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 doubt on the entity’s ability to continue as a going concern. We adopted the new standard effective September 1, 2008 and have assessed going concern in note 2 of our financial statements.

Proposed Accounting Policies

Goodwill and intangible assets

The AcSB issued CICA 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. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licensing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. We plan to, and must, apply this new standard effective September 1, 2009. We do not expect the adoption of this 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. 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, 2011. 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.

CONSOLIDATED OPERATING RESULTS

Results of Operations for the Three Months Ended February 28, 2009

The following table summarizes the operating results for the three months ended February 28, 2009.

<i>(unaudited)</i>	Three months ended	
	February 28, 2009	February 29, 2008
	\$000	\$000
Revenue:		
Newspapers	230,725	274,898
Digital Media	9,362	8,729
Inter-segment elimination	(831)	(626)
	<u>239,256</u>	<u>283,001</u>
Segment operating expenses:		
Newspapers	201,731	214,969
Digital Media	6,812	6,002
Inter-segment elimination	(831)	(626)
	<u>207,712</u>	<u>220,345</u>
Segment operating profit:		
Newspapers	28,994	59,929
Digital Media	2,550	2,727
	<u>31,544</u>	<u>62,656</u>
Restructuring expenses	15,835	2,284
EBITDA ⁽¹⁾	<u>15,709</u>	<u>60,372</u>
Net Earnings (Loss)	<u>(2,523)</u>	<u>30,136</u>

⁽¹⁾ See "Reconciliation of Non GAAP Financial Measures".

Revenue. Revenue decreased \$43.7 million, or 16%, to \$239.3 million for the three months ended February 28, 2009 as compared to \$283.0 million for the three months ended February 29, 2008. Newspaper revenues decreased \$44.2 million, or 16%, and digital media revenues increased \$0.6 million, or 7%.

Operating expenses before restructuring expenses. Operating expenses before restructuring expenses decreased 6%, to \$207.7 million for three months ended February 28, 2009 as compared to \$220.3 million for the three months ended February 29, 2008. Newspaper expenses decreased \$13.2 million, or 6%, and digital media expenses increased \$0.8 million, or 14%.

Restructuring expenses. Restructuring expenses were \$15.8 million for the three months ended February 28, 2009 compared to \$2.3 million in the same period in the prior year. Restructuring costs were related to staff reductions resulting from a variety of workflow improvement initiatives, a voluntary buy out program and other involuntary staff reductions. We expect total restructuring expenses to be in the range of \$28 to \$32 million in the current fiscal year. As a result of these

restructuring efforts and other non-labour related cost reductions we expect to reduce operating costs by approximately \$45 to \$50 million in the current fiscal year.

EBITDA. EBITDA decreased \$44.7 million or 74% for the three months ended February 28, 2009 to \$15.7 million as compared to \$60.4 million for the three months ended February 29, 2008. EBITDA excluding restructuring expenses was \$31.5 million in the current quarter compared to \$62.7 million for the same period in the prior year, a decrease of \$31.1 million or 50%.

Amortization. Amortization expenses were \$10.7 million for the three months ended February 28, 2009 compared to \$11.5 million for the same period in the prior year, a reduction of \$0.8 million or 7%.

Interest expense. Interest expense is primarily related to advances under the senior secured credit facilities, the senior subordinated unsecured credit facility and the senior subordinated unsecured notes. Interest expense was \$24.9 million for the three months ended February 28, 2009 as compared to \$27.1 million for the three months ended February 29, 2008. The decrease in interest is due principally to lower interest rates on the floating rate portion of the long term debt.

Income taxes. The income tax provision was a recovery of \$14.1 million for the three months ended February 28, 2009 as compared to a recovery of \$7.5 million for the three months ended February 29, 2008. The Limited Partnership itself is not a taxable entity. Income and capital taxes are payable only by our corporate subsidiaries. While a substantial portion of our business is transacted through a corporate entity, the taxable earnings of the corporate entity are expected to be minimal on an annual basis as a consequence of interest payable by the corporate entity to the Limited Partnership on inter-company notes payable.

Net earnings. Net earnings decreased 108% to a loss of \$2.5 million for the three months ended February 28, 2009 as compared to earnings of \$30.1 million for the three months ended February 29, 2008. This decrease was primarily driven by a decline in newspaper advertising revenue due to weak economic conditions and increased restructuring expenses.

Newspapers

Revenue. Revenue for the newspapers segment decreased \$44.2 million, or 16%, to \$230.7 million for the three months ended February 28, 2009 as compared to \$274.9 million for the three months ended February 29, 2008.

Total advertising linage decreased 16% relative to the prior year with weakness in all major advertising categories. Average line rate declined 8%. National and classified revenues decreased by 21% and 32% respectively, and retail revenues decreased by 17% compared to the prior year. Newspaper online revenue decreased 9% in the quarter relative to the same period in the prior year primarily due to weakness in online employment advertising. Insert revenues decreased 7% compared to the prior year driven by declines in both insert volumes and rates. Circulation revenues were down 2% to the prior period as a 3% decrease in circulation volume was partially offset by increases in per copy pricing.

Operating expenses. Operating expenses for the newspapers segment decreased \$13.2 million, or 6%, to \$201.7 million for the three months ended February 28, 2009 as compared to \$220.3 million for the three months ended February 29, 2008. The decrease in expenses was partially due to a one-time employee benefit expense recovery of \$6.2 million related to periods prior to the current fiscal year. Other reductions in operating expenses were due to the impact of headcount reductions and various other cost reduction initiatives. Newsprint consumption decreased 16% for the three months as compared to the same period in the prior year due to lower circulation volumes, declines in advertising linage and other newsprint reduction initiatives. This reduction in newsprint volume

was more than offset by a 25% increase in newsprint pricing resulting in a 6% increase in newsprint expense.

Segment operating profit. As a result of advertising revenue declines, operating profit for the newspapers segment decreased \$30.9 million, or 52%, to \$29.0 million for the three months ended February 28, 2009 as compared to \$59.9 million for the three months ended February 29, 2008.

Digital Media

Revenue. Revenue for the digital media segment increased \$0.6 million, or 7%, to \$9.4 million for the three months ended February 28, 2009 as compared to \$8.7 million for the three months ended February 29, 2008. This increase was due to a 9% increase in FPInfomart subscription revenue and a 3% increase in revenue on canada.com.

Operating expenses. Operating expenses of the digital media segment increased \$0.8 million, or 14%, to \$6.8 million for the three months ended February 28, 2009 as compared to \$6.0 million for the three months ended February 29, 2008. The increase was primarily due to increased payroll costs as a result personnel added in the second half of fiscal 2008. These additions were associated with various new product initiatives.

Segment operating profit. Operating profit for the digital media segment decreased \$0.2 million to \$2.6 million for the three months ended February 28, 2009 as compared to \$2.7 million for the three months ended February 29, 2008 primarily as a result of higher operating expenses.

Results of Operations for the Six Months Ended February 28, 2009

The following table summarizes the operating results and other financial data as of and for the six months ended February 28, 2009.

<i>(unaudited)</i>	Six months ended	
	February 28, 2009	February 29, 2008
	<u>\$000</u>	<u>\$000</u>
Revenue:		
Newspapers	528,703	599,159
Digital Media	20,123	17,028
Inter-segment elimination	(1,603)	(1,359)
	<u>547,223</u>	614,828
Segment operating expenses:		
Newspapers	429,718	438,914
Digital Media	14,573	11,667
Inter-segment elimination	(1,603)	(1,359)
	<u>442,688</u>	449,222
Segment operating profit:		
Newspapers	98,985	160,245
Digital Media	5,550	5,361
	<u>104,535</u>	165,606
Restructuring expenses	21,949	10,040
EBITDA ⁽¹⁾	<u>82,586</u>	155,566
Net Earnings (Loss)	<u>28,735</u>	79,043

(1) See "Reconciliation of Non GAAP Financial Measures".

Revenue. Revenue decreased \$67.6 million, or 11%, to \$547.2 million for the six months ended February 28, 2009 as compared to \$614.8 million for the six months ended February 29, 2008. Newspaper revenues decreased \$70.5 million, or 12%, and digital revenues increased \$3.1 million, or 18%.

Operating expenses before restructuring expenses. Operating expenses before restructuring expenses decreased 2%, to \$442.7 million for six months ended February 28, 2009 as compared to \$449.2 million for the six months ended February 29, 2008. Newspaper expenses decreased \$9.2 million, or 2%, and digital expenses increased \$2.9 million, or 25%. Decreased newspaper expenses are primarily the result of the various cost reduction initiatives implemented this year. These initiatives related to a voluntary buy out program, newspaper workflow changes and other local initiatives.

EBITDA. EBITDA decreased \$73.0 million or 47% for the six months ended February 28, 2009 to \$82.6 million as compared to \$155.6 million for the six months ended February 29, 2008. EBITDA excluding restructuring expenses was \$104.5 million for the six months ended February 28, 2009 compared to \$165.6 million for the same period in the prior year, a decrease of \$61.1 million or 37%. This decrease is primarily due to advertising revenue declines due to weak economic conditions.

Amortization. Amortization expenses were \$20.9 million for the six months ended February 28, 2009 compared to \$23.2 million for the same period in the prior year a reduction of \$2.3 million or 10%.

Interest expense. Interest expense is primarily related to advances under the senior secured credit facilities, the senior subordinated unsecured credit facility and the senior subordinated unsecured notes. Interest expense was \$51.1 million for the six months ended February 28, 2009 as compared to \$54.7 million for the six months ended February 29, 2008. The decrease in interest is due principally to lower interest rates on the floating rate portion of the long term debt.

Income taxes. The income tax recovery was \$14.3 million for the six months ended February 28, 2009 as compared to a provision of \$0.4 million for the six months ended February 29, 2008 due to the change in net earnings. The Limited Partnership itself is not a taxable entity. Income and capital taxes are payable only by our corporate subsidiaries. While a substantial portion of our business is transacted through a corporate entity, the taxable earnings of the corporate entity are expected to be minimal on an annual basis as a consequence of interest payable by the corporate entity to the Limited Partnership on inter-company notes payable.

Net earnings. Net earnings decreased 64% to \$28.7 million for the six months ended February 28, 2009 as compared to \$79.0 million for the six months ended February 29, 2008. This decrease was primarily due to decreased revenues and increased restructuring costs.

Newspapers

Revenue. Revenue for the newspapers segment decreased \$70.5 million, or 12%, to \$528.7 million for the six months ended February 28, 2009 as compared to \$599.2 million for the six months ended February 29, 2008.

Linage decreased by 11% relative to the prior year and the average line rate decreased 6.2% for the same period. National (-14%), retail (-12%) and classified (-26%) categories all showed reduced revenues compared to the prior year. Newspaper online revenue decreased 5% in the six month period ended February 28, 2009 compared to the prior year primarily due to weakness in online employment advertising. Insert revenues decreased 6% relative to the prior year based on a combination of rate and volumes decreases. A 3% decrease in circulation volume was partially offset by increases in per copy pricing, resulting in a 1% decrease in circulation revenue relative to the prior year.

Operating expenses. Operating expenses for the newspapers segment decreased \$9.2 million, or 2%, to \$429.7 million for the six months ended February 28, 2009 as compared to \$438.9 million for the six months ended February 29, 2008. The decrease in expenses was partially due to a one-time employee benefit expense recovery of \$6.2 million related to periods prior to the current fiscal year. Increases in newsprint costs were offset by decreases in payroll due to the reduction of the number of employees. Newsprint cost per tonne increased 21% for the six months ended February 28, 2009. This price increase was partially offset by a 13% decrease in newsprint volume resulting in a 6% increase in newsprint expense.

Segment operating profit. Operating profit for the newspapers segment decreased \$61.3 million, or 38%, to \$99.0 million for the six months ended February 28, 2009 as compared to \$160.2 million for the six months ended February 29, 2008.

Digital

Revenue. Revenue for the interactive segment increased \$3.1 million, or 18%, to \$20.1 million for the six months ended February 28, 2009 as compared to \$17.0 million for the six months ended

February 29, 2008. This increase was due to a 34% increase in advertising revenue for *canada.com* and a 11% increase in FPInfomart revenue.

Operating expenses. Operating expenses of the interactive segment increased \$2.9 million, or 25%, to \$14.6 million for the six months ended February 28, 2009 as compared to \$11.7 million for the six months ended February 29, 2008. This increase in expenses was primarily due to increases in headcount implemented in the second half of fiscal 2008 in support of new product initiatives.

Segment operating profit. Operating profit for the interactive segment increased \$0.2 million, or 4%, to \$5.6 million for the six months ended February 28, 2009 as compared to \$5.4 million for the six months ended February 29, 2008.

CONSOLIDATED QUARTERLY FINANCIAL RESULTS

<i>(unaudited)</i>	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	239,256	307,967	278,648	239,256	283,001	331,827	284,264	307,675
Net earnings	(2,523)	31,258	25,108	(2,523)	30,136	48,907	48,376	53,540
Cash flow from operating activities	14,456	32,451	29,842	64,489	49,735	43,371	69,541	79,861

LIQUIDITY AND CAPITAL RESOURCES

Our principal uses of funds are debt servicing, capital expenditures and distributions to holders of the Limited Partnership units. As described under the heading "Going Concern", based upon current revenue and expense projections and given the uncertain economic outlook, we may not be able to maintain compliance with our financial covenants at May 31, 2009 and August 31, 2009. Failure to maintain financial covenants under the senior secured credit facility would result in a default permitting the senior lenders to demand immediate payment of all amounts outstanding under the senior secured credit facility and related hedging instruments. An acceleration of the senior secured credit facility that is not satisfied through payment, waiver, postponement or is otherwise rescinded within certain periods would result in a default under the subordinated notes indenture. Such an event of default would permit holders of the subordinated notes to demand immediate payment of all amounts due thereunder. Additionally, if there is a change in control of Canwest Media Inc., then the subordinated debt also becomes callable on demand. We believe that we would not have sufficient liquidity to satisfy any such demand.

We regularly review opportunities to dispose of non-core assets and may, if suitable opportunities arise, sell certain non-core assets.

Sources of Cash

Our principal sources of liquidity are cash flows from operating activities. For the three months ended February 28, 2009, our cash flows from operating activities were \$14.5 million compared to \$49.7 million in the same period in the prior year. For the six months ended February 28, 2009, our cash flows from operating activities were \$46.9 million compared to \$93.1 million for the same period in the prior year. The decline in operating cash flow both in this quarter and year to date was due to the decline in operating results.

In February 2009, a surplus building in Edmonton was sold. We received net cash proceeds of \$3.6 million and recorded a gain of \$2.2 million on the transaction.

As of February 28, 2009, our cash position reflected cash on hand of \$0.5 million (August 31, 2008 – bank overdraft of \$2.3 million) and availability under the existing senior secured credit facilities of \$24.1 million.

Uses of Cash

Capital Expenditures

For the three months ended February 28, 2009, our capital expenditures were \$7.9 million compared with \$7.6 million for the same period in the prior year. For the six months ended February 28, 2009 capital expenditures were \$18.8 million compared to \$13.9 for the same period

in the prior year. Capital expenditures increased in this quarter and year to date as we continue with some significant investment projects in online and newspaper technologies. We expect capital expenditures in the range of \$35 million for the current fiscal year.

Distributions

To the extent permissible in accordance with limitations under the senior subordinated unsecured notes and the senior secured credit facilities, we intend to distribute a significant portion of our cash flows from operating activities to Canwest Media Inc. Distributions paid to Canwest Media Inc. for the three months ended February 28, 2009 were \$10.0 million (\$55.0 million for the same period in the prior year). For the six months ended February 28, 2009, distributions paid to Canwest Media Inc. were \$45.0 million (\$85.0 million for the same period in the prior year). Due to the current economic situation, and constraints under our senior secured credit facilities we expect that no further distributions will be paid to Canwest Media Inc. during the remainder of the year.

Debt

<i>(unaudited)</i>	February 28, 2009	August 31, 2008
	\$000	\$000
Senior Secured Credit Facilities	956,546	842,027
Senior Subordinated Unsecured Notes	500,331	415,766
Senior Subordinated Unsecured Credit Facility	74,193	74,152
Long term debt	1,531,070	1,331,945
Less portion due within one year	15,869	8,313
Long-term portion	<u>1,515,201</u>	<u>1,323,632</u>

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

As of February 28, 2009, we had obligations under capital leases of \$8.5 million, including the current portion of \$3.2 million (August 31, 2008 - \$9.9 million and \$3.1 million, respectively).

The following table sets out the debt outstanding at February 28, 2009, which is translated at February 28, 2009 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.

<i>(unaudited)</i>	Debt at swapped foreign exchange rates	Debt at current foreign exchange rates	Debt Issuance Costs	Carrying value as at February 28, 2009	Carrying value as at August 31, 2008
Senior secured credit - revolver	116,000	116,000	-	116,000	96,000
Senior secured credit - credit C	265,000	265,000	(2,640)	262,360	262,028
Senior secured credit - credit D	491,250	582,767	(4,581)	578,186	483,999
Senior subordinated unsecured credit facility	75,000	75,000	(806)	74,194	74,153
Senior subordinated unsecured notes	429,000	508,920	(8,589)	500,331	415,765
	<u>1,376,250</u>	<u>1,547,687</u>	<u>(16,616)</u>	<u>1,531,071</u>	<u>1,331,945</u>

FINANCIAL INSTRUMENTS

In July 2007, we entered into a 7 year foreign currency interest rate swap contract related to our senior secured credit facility that fixes the interest rate on an initial notional amount of US\$466 million, resulting in an effective interest rate of 7.495% and a fixed currency exchange of US\$1:1.0725. We have also entered into a US\$400 million foreign currency interest rate swap with respect to the senior subordinated unsecured notes resulting in a fixed interest rate of 9.0936% and a fixed currency exchange rate of US\$1:1.0725 until 2015.

Under our senior secured credit facilities, we are required to maintain a fair value of foreign currency and interest rate swap liabilities below a prescribed threshold of \$250 million.

GUARANTEES AND OFF BALANCE SHEET ARRANGEMENTS

We do not have any significant guarantees or off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our obligations under firm contractual arrangements, including commitments for future payments under capital lease arrangements, operating lease arrangements, purchase commitments and other long-term liabilities are not materially different from those discussed in our Management's Discussion and Analysis for the year ended August 31, 2008.

RELATED PARTY TRANSACTIONS

We have entered into various transactions with related parties which we believe are on substantially comparable terms as those that we could have obtained with unrelated parties on an arm's length basis. All agreements between us and the Canwest group of companies have been done and will continue to be done on a cost recovery basis. The following discussion relates to our accounts for our related party transactions and provides a description of our related party agreements.

Amounts Due (to)/From Affiliated Companies

Amounts due (to)/from affiliated companies consist of the following:

<i>(unaudited)</i>	February 28, 2009	August 31, 2008
	\$000	\$000
Amounts due from related companies	7,253	7,026
Amounts due to related companies	(13,603)	(14,968)
Net amount due to related companies	(6,350)	(7,942)

Amounts due to (from) related companies are related to obligations incurred by the Limited Partnership on behalf of related companies and disbursements made on behalf of other Canwest companies outside the Limited Partnership and are accordingly classified as operating cash flows.

The following table provides details on the related party transactions of the Limited Partnership:

(unaudited)

Six months ended
February 28, 2009 February 29, 2008
(in millions)

Revenue (expenses) recorded for the following activities:

Cross-promotional activities ⁽¹⁾		
- revenue earned on advertising services provided to other Canwest entities	0.8	1.0
Editorial content ⁽²⁾		
- cost recovery for content provided to other Canwest entities	1.0	0.7
Advisory, business and administrative services ⁽³⁾		
- Canwest Services	11.3	8.7
- Executive Advisory Services and Partnership Services	(2.5)	(2.2)
Sales and marketing services ⁽⁴⁾	0.8	(0.5)
Printing and distribution services ⁽⁵⁾	6.6	7.1
Occupancy costs ⁽⁶⁾	0.8	0.8
	18.8	15.6

(1) The Limited Partnership and other Canwest entities are involved in cross-promotional activities whereby the Limited Partnership provides advertising space in its newspaper and online media to other Canwest entities and the Limited Partnership is provided with advertising time or space by the Canadian Broadcasting Operations and the *National Post*. The Limited Partnership has entered into an agreement with the Canadian Broadcasting Operations and *National Post*, whereby these activities will be charged to the related entity.

(2) The Limited Partnership, the *National Post*, and the Canadian Broadcasting Operations provide each other certain affiliation services related to editorial content. The *National Post* and the Canadian Broadcasting Operations contribute editorial content to the Limited Partnership's online digital media services, and the *National Post* and Canadian Broadcasting Operations have access to the Limited Partnership's editorial content, information and editorial services. For editorial content activities, the Limited Partnership, the *National Post*, and the Canadian Broadcasting Operations agreed to provide such services on a cost recovery basis.

(3) The Limited Partnership provides a number of services (the "Canwest Services") to other Canwest entities as follows:

- advisory services to the Canadian Broadcasting Operations and the *National Post* regarding corporate development, capital expenditures and other operational matters;
- business and administrative services to the Canadian Broadcasting Operations, *National Post* and other Canwest entities including information technology, human resource services, accounting and corporate development support services; and
- customer support services to the Canadian Broadcasting Operations and the *National Post*.

In addition, Canwest provides a number of services to the Limited Partnership as follows:

- executive advisory services related to corporate development, strategic planning, capital allocation, financing, equity and debt holder relations, insurance and risk management, tax planning and certain operational matters (the "Executive Advisory Services"); and
- services related to legal, tax compliance, financial reporting, internal audit, investor and public relations, treasury, human resource management and capital asset management, (the "Partnership Services").

The Limited Partnership and Canwest entered into a Partnership Services Agreement, and Executive Advisory Services Agreement and a Canwest Services Agreement that outline the amount of the charges and the basis on which the charges are determined.

(4) The Limited Partnership pays *National Post* royalties relating to online products. The Limited Partnership receives payments from Canwest Broadcasting Operations and *National Post* for sales fees and overheads.

(5) The Limited Partnership performs printing and distribution services and provides certain facilities to *National Post*.

(6) The Limited Partnership leases space to *National Post* and to Canadian Broadcast operations in its Toronto facility and charges rent in accordance with this agreement.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following table provides a reconciliation of EBITDA to net earnings, the most closely comparable GAAP measure for the following periods.

<i>(unaudited)</i>	Three months ended		Six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
	\$000	\$000	\$000	\$000
Net earnings for the period	(2,523)	30,136	28,735	79,043
(Recovery of)/Provision for income taxes	(14,135)	(7,548)	(14,260)	362
Foreign currency exchange gains	(278)	(52)	(198)	(316)
Interest expense, net	24,895	27,067	51,060	54,725
Other income	(731)	(731)	(1,462)	(1,462)
Gain on disposal of property and equipment	(2,193)	(10)	(2,196)	(13)
Other amortization	48	48	96	98
Amortization of property and equipment	10,626	11,462	20,811	23,129
EBITDA	15,709	60,372	82,586	155,566