

IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NOVA SCOTIA, NEW BRUNSWICK, NEWFOUNDLAND AND PRINCE EDWARD
ISLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF
APPLICATIONS

AND

IN THE MATTER OF CORUS ENTERTAINMENT INC.

MRRS DECISION DOCUMENT

1. WHEREAS the securities regulatory authorities or regulators (the "Decision Makers") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island (the "Jurisdictions") have received an application from Corus Entertainment Inc. ("Corus") for a decision pursuant to National Policy No. 47 ("NP 47") and the legislation (the "Legislation") of each of the Jurisdictions waiving certain disclosure requirements of NP 47 in respect of Corus and exempting Corus from certain provisions of the Legislation regarding the preparation of financial statements on the basis that:

1.1 Corus may file an initial annual information form (and any revision thereto) (the "Initial AIF") and subsequent renewal annual information forms (the "Renewal AIFs") as contemplated by the provisions of NP 47 and the corresponding provisions of the securities legislation of Québec, including those set forth in Title II and Title III of the *Securities Act* (Québec) and the *Securities Regulation* (Quebec) (collectively, the "POP Requirements"), in which the description of Corus' business and the presentation of financial statements and information would be based on information with respect to the radio broadcasting ("Radio"), specialty television ("Programming"), digital audio services and cable advertising businesses which were conducted by Shaw Communications Inc., as well as certain investments held by Shaw Communications Inc., (collectively, the "Assets") for periods pre-dating the September 1, 1999 effective date (the "Effective Date") of the statutory arrangement (the "Arrangement") with Shaw Communications Inc. ("Shaw");

1.2 Corus may issue securities in the manner contemplated by the POP Requirements on the basis prescribed in this Decision Document;

1.3 the form requirements applicable to short form prospectuses as set out in the POP Requirements shall be modified in respect of Corus on the basis described in paragraphs 6.4 to 6.7 below; and

1.4 Corus shall file with the Securities Regulatory Authorities and deliver to its shareholders its interim and annual financial statements for fiscal 2000 on the basis described in paragraphs 6.8 to 6.10 below;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the Principal Regulator for this application;

3. AND WHEREAS it has been represented by Corus to the Decision Makers that:

3.1 Shaw is a corporation organized under the Business Corporations Act (Alberta). The authorized capital of Shaw consists of: an unlimited number of Class 1 preferred shares, issuable in series; an unlimited number of Class 2 preferred shares, issuable in series; an unlimited number of Class A preferred shares; an unlimited number of Class B preferred shares; an unlimited number of Class A participating shares (the "Shaw Class A Shares"); and an unlimited number of Class B non-voting participating shares (the "Shaw Class B Shares");

3.2 Corus is a corporation organized under the *Canada Business Corporations Act*. The authorized capital of Corus consists of: an unlimited number of Class 1 preferred shares, issuable in series; an unlimited number of Class 2 preferred shares, issuable in series; an unlimited number of Class A preferred shares; an unlimited number of Class A participating shares (the "Corus Class A Shares"); and an unlimited number of Class B non-voting participating shares (the "Corus Class B Shares");

3.3 on August 30, 1999, the shareholders and optionholders of Shaw approved the Arrangement, wherein the assets of Shaw were redistributed to two publicly traded corporations, Shaw and Corus, by way of a butterfly transaction. As at the Effective Date of the Arrangement, Shaw owned the cable television, internet access, telecommunications and satellite businesses and certain minority interests in other public corporations and Corus owned the Assets;

3.4 each holder of Shaw Class A Shares, immediately after the Arrangement, held one new Shaw Class A Share and one-third of one Corus Class A Share for each Shaw Class A Share held immediately prior to the Arrangement. Each holder of Shaw Class B Shares, immediately after the Arrangement, held one new Shaw Class B Share and one-third of one Corus Class B Share for each Shaw Class B Share held immediately prior to the Arrangement;

3.5 as at September 9, 1999, Corus had 1,907,665 Corus Class A Shares and 28,497,616 Corus Class B Shares outstanding. No preferred shares of Corus are

outstanding. The Corus Class B Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.6 Corus is a reporting issuer under the Securities Act (Alberta) (the "ASA") and in each of the other Jurisdictions in which that concept applies and, to its knowledge, is not in default of any applicable requirements of the Legislation;

3.7 as at September 9, 1999, the aggregate market value of Corus' Class B Shares, calculated in accordance with the POP Requirements, listed and posted for trading on the TSE was approximately \$500 million;

3.8 the Assets comprise all of the assets of Corus and have a book value of approximately \$780 million as at August 31, 1999;

3.9 Shaw is a reporting issuer under the ASA and in each of the other jurisdictions in which that concept applies. Shaw is eligible to participate in the prompt offering qualification system established under the POP Requirements (the "POP System") and, to its knowledge, is not in default of any applicable requirements of the Legislation;

3.10 the businesses comprising the Assets have been subject to the continuous reporting obligations of the Legislation through the reporting obligations of Shaw which has been a reporting issuer in the Jurisdictions for more than 12 months and Shaw has filed copies of disclosure documents with the result that, since 1988, a public record has existed with respect to Radio; since 1997 a public record has existed with respect to Programming; and, a public record as incorporated in publicly reported results of Shaw has existed in excess of 5 years for the digital audio services and cable advertising services businesses;

3.11 since at least 1997 the annual report of Shaw, including the Management Discussion and Analysis, filed in the Jurisdictions and delivered to Shaw Class A and Class B shareholders (the "Shaw Securityholders") has contained a separate discussion of the operating results of Radio and Programming and the audited financial statements of Shaw have provided divisional operating information with respect to Radio and Programming;

3.12 since at least 1997 the quarterly financial statements of Shaw filed in the Jurisdictions and delivered to the Shaw Securityholders, have included a discussion of Radio and Programming;

3.13 the information circular which was provided to all Shaw Securityholders and filed in the Jurisdictions in connection with the Arrangement contained the following financial information concerning Shaw and Corus:

3.13.1 audited consolidated financial statements of Shaw as at and for the two years ended August 31, 1998 and 1997, including, in

the notes thereto, the segregated balance sheets and statements of income of Corus and of Shaw (excluding Corus) as at and for those two periods; and

3.13.2 unaudited consolidated interim financial statements of Shaw as at May 31, 1999 and for the three and nine month periods ended May 31, 1999 and 1998, and unaudited segregated interim balance sheet as at May 31, 1999 and unaudited statements of income for the nine month periods ended May 31, 1999 and 1998 for Corus and for Shaw (excluding Corus);

3.14 audited financial statements relating to the Assets for the three-year period ended August 31, 1999 will be prepared, and will form the initial financial statements of Corus;

4. AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each of the Decision Makers;

5. AND WHEREAS the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met;

6. The Decision of the Decision Makers pursuant to NP 47 and the Legislation is that Corus be permitted to:

6.1 issue securities pursuant to a short form prospectus prepared in accordance with The provisions of this Decision Document;

Initial AIF

6.2 prepare its Initial AIF on the following basis:

6.2.1 for all periods prior to the Effective Date, include the following disclosure:

6.2.1.1 a description of the business of the Assets (in lieu of a description of the business of Corus required by the form of Initial AIF or Renewal AIF specified in the POP Requirements) (the "AIF Form");

6.2.1.2 summary financial information of the Assets for each of the years in the three year period ended August 31, 1999 and summary quarterly financial information of the Assets for each of the quarters in the two-year period ended August 31, 1999 (in lieu

of the summary financial information in respect of Corus required by the AIF Form); and

6.2.1.3 management's discussion and analysis of financial condition and results of operations ("MD&A") of the Assets for the financial years ended August 31, 1999 and August 31, 1998;

6.2.2 specify, in lieu of the documents required by the AIF Form to be identified as the documents incorporated by reference in any Corus short form prospectus, the documents referred to in paragraphs 6.4 and 6.5 below; and

6.2.3 include the following additional information:

6.2.3.1 the audited financial statements relating to the Assets for each of the years in the three-year period ended August 31, 1999 together with the report of the auditor thereon;

6.2.3.2 a brief description of the Arrangement;

Renewal AIFs

6.3 to the extent required by the AIF Form, include in its Renewal AIFs, in lieu of information in respect of Corus for periods pre-dating the Effective Date, the description of the business, financial information and MD&A in respect of the Assets included in the Initial AIF until such time as Corus is not required to include information in a Renewal AIF in respect of periods pre-dating the Effective Date;

Short Form Prospectus

6.4 incorporate by reference in any short form prospectus filed by Corus prior to the approval by the directors of Corus of its financial statements for the year ended August 31, 2000:

6.4.1 the audited financial statements relating to the Assets for each of the years in the three-year period ended August 31, 1999, together with the report of the auditor thereon;

6.4.2 if applicable, the comparative interim financial statements of Corus for the three-month period ended November 30, 1999, the

six-month period ended February 29, 2000 or the nine-month period ended May 31, 2000, as required;

6.5 incorporate by reference in any short form prospectus filed by Corus prior to the acceptance of its 2000 Renewal AIF by the Securities Regulatory Authorities:

6.5.1 the Initial AIF of Corus;

6.5.2 any information circular of Corus or any annual filing in lieu of an information circular filed on or after the Effective Date; and

6.5.3 any material change report of Corus filed on or after the Effective Date;

6.6 calculate the coverage ratios required by the form of short form prospectus specified in the POP Requirements (the "Prospectus Form"), to the extent that the calculation would include information from periods pre-dating the Effective Date, on the basis of the combined results of the operations of the Assets during such periods;

6.7 include in any short form prospectus of Corus, in lieu of information in respect of Corus, the description of the business, financial information and MD&A in respect of the Assets for periods pre-dating the Effective Date to the extent that such information would otherwise be required by the Prospectus Form in respect of Corus;

Fiscal 2000 Financial Statements

6.8 prepare comparative interim financial statements for the three-month period ended November 30, 1999, the six-month period ended February 29, 2000 and the nine-month period ended May 31, 2000, on the basis of the consolidated results of the operations of Corus during such periods compared to the results of the operations of the Assets during the corresponding periods in 1998 and 1999;

6.9 prepare comparative financial statements for the year ended August 31, 2000 on the basis of the consolidated results of the operations of Corus during such year compared to the results of the operations of the Assets during the financial year ended August 31, 1999; and

6.10 prepare MD&A in respect of the financial year ended August 31, 2000 on the basis of the financial presentation described above.

DATED at Edmonton, Alberta on November 2, 1999.

Agnes Lau, CA
Deputy Director, Capital Markets

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer granted relief from certain provisions relating to the form and legislative requirements so that the issuer's initial AIF, renewal AIF, short form prospectus, and 1999 and 2000 financial statements are prepared on the basis of the business and results of operations of certain assets spun off from another issuer as a result of a reorganization.

Applicable Alberta Statutory Provisions

Securities Act, S.A. 1981, c. S-1, as amended, s. 123(c) and National Policy Statement No. 47