

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

AND

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

AND

IN THE MATTER OF SHAW COMMUNICATIONS INC.,
CANADIAN SATELLITE COMMUNICATIONS INC. AND
STAR CHOICE COMMUNICATIONS INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island and the Territories of Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Shaw Communications Inc. ("Shaw"), Canadian Satellite Communications Inc. ("Cancom") and Star Choice Communications Inc. ("Star Choice") (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain receipts for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to the trade or issuance by Cancom and Star Choice of non-transferable warrants ("Warrants") entitling the holder to acquire class B non-voting participating shares in the capital of Shaw ("Class B Non-Voting Shares") to certain independent retailers and distributors of the products and services of Cancom and Star Choice;

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 the Applicants have represented to the Decision Makers that:

3.1 Shaw is incorporated under the laws of Alberta, is a reporting issuer or the equivalent in each of the Jurisdictions where such a concept exists and is eligible

to participate in the *Prompt Offering Qualification System* under National Policy 47;

3.2 the authorized share capital of Shaw consists of an unlimited number of class A participating shares, an unlimited number of Class B Non-Voting Shares, an unlimited number of Class 1 preferred shares, issuable in series, and an unlimited number of Class 2 preferred shares, issuable in series;

3.3 as at August 31, 2000, there were 11,419,972 class A participating shares and 194,204,919 Class B Non-Voting Shares outstanding;

3.4 the Class B Non-Voting Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") and the New York Stock Exchange;

3.5 Cancom was incorporated in 1980 and currently exists under the provisions of the *Canada Business Corporations Act*. Shaw currently owns, directly and indirectly, 49,318,877 common shares of Cancom, or approximately 94.3% of the outstanding Cancom common shares;

3.6 Cancom is a reporting issuer or the equivalent in each of the Jurisdictions where such a concept exists and the common shares of Cancom are listed and posted for trading on the TSE;

3.7 Star Choice, which is not a reporting issuer, is a wholly owned subsidiary of Cancom;

3.8 Cancom is a Canadian satellite services company that operates through four primary divisions, including Star Choice Residential Services (operated through Star Choice) and Cancom Broadcast Solutions ("Solutions");

3.9 Star Choice is a direct-to-home satellite operator which delivers digital subscription video and audio programming services throughout Canada. Star Choice markets its products and services through independent retailers across Canada;

3.10 Solutions' business consists of a satellite relay distribution undertaking whereby it redistributes television and radio signals via satellite to cable operators and other distributors and provides related network services;

3.11 the purposes of the Warrants are:

3.11.1 to align the interests of the retailers and distributors of Cancom's and Star Choice's products and services with the long term success of Cancom's (and thus Shaw's) business;

3.11.2 to encourage the establishment of long-term relationships with such retailers and distributors; and

3.11.3 to differentiate Cancom and Star Choice from their competitors when it comes to attracting, retaining and providing an incentive to the best of such retailers and distributors;

3.12 Star Choice intends to issue an aggregate of 1,062,500 Warrants to 425 retailers of its products and services (the "Retailers") and Cancom will issue up to 439,381 Warrants to 568 distributors of its products and services (the "Distributors");

3.13 each Retailer will initially receive 2,500 Warrants, subject to a two-tiered vesting condition. First, of the 2,500 Warrants issued to each Retailer, the number of Warrants which will vest is dependant upon the achievement by such Retailer of certain preset sales targets on or before September 30, 2001. Second, any Warrants which vest as a result of the satisfaction of the preset sales targets will only vest as to on each of the first four anniversary dates of the issuance of the Warrants;

3.14 Distributors selected by Cancom to receive Warrants will be entitled to receive a certain number of Warrants based upon the number of channel subscribers each of these Distributors has and the length of the contract entered into between such Distributor and Cancom. It is not anticipated that any single Distributor will receive more than 85,000 Warrants. As with the Warrants issued to Retailers, all Warrants issued to Distributors will vest as to on each of the first four anniversary dates of the issuance of the Warrants;

3.15 Warrants may not be assigned, encumbered or transferred except to the extent rights may pass to the estate of the Retailer or Distributor on their death. Any Retailer or Distributor who ceases to market Cancom's or Star Choice's products and services or who is in material breach of their agreement with Cancom or Star Choice, as the case may be, will immediately forfeit all rights to exercise any Warrants not previously exercised except in the event of the death of a Retailer or Distributor, in which case the legal representatives of such Retailer or Distributor shall be entitled to exercise the Warrants at any time up to (but not after) a date three months following the date of the death of the Retailer or Distributor or the expiry date of the Warrants, whichever occurs first;

3.16 all Warrants will have a term of five (5) years from the date of issue and each Warrant will be exercisable into one Class B Non-Voting Share of Shaw at an exercise price of \$25.00. Shaw has agreed to facilitate the issuance of the Warrants by issuing such shares at the direction of Cancom and Star Choice;

3.17 assuming the maximum number of Warrants vest and are issued and that all such Warrants are exercised, the number of Class B Non-Voting Shares to be

issued to Retailers and Distributors is approximately 0.8% of Shaw's current issued and outstanding Class B Non-Voting Shares;

3.18 there is no cost to Retailers and Distributors for receiving the Warrants;

3.19 no insiders of Shaw, Cancom or Star Choice will be entitled to receive Warrants;

3.20 Shaw will mail to each Retailer and Distributor who receives a Warrant a letter explaining that Shaw discloses information to the public on a regular basis and that such disclosure can be obtained by accessing SEDAR or by contacting Shaw;

3.21 Retailers and Distributors who hold Warrants will receive copies of all annual reports, proxy solicitation materials and other materials generally distributed to the holders of the Class B Non-Voting Shares;

3.22 the TSE has conditionally approved the issuance of the Class B Non-Voting Shares issuable on the exercise of the Warrants;

3.23 the registration and prospectus exemptions contained in the Legislation are not available in respect of the issuance of the Warrants or the Class B Non-Voting Shares issuable on exercise of the Warrants;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that the Registration Requirements and the Prospectus Requirements contained in the Legislation shall not apply to the trade or issuance of Warrants to Retailers and Distributors and to the trade or issuance of Class B Non-Voting Shares on the exercise of such Warrants provided that the first trade in Class B Non-Voting Shares acquired pursuant to this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

6.1 at the time of the first trade, Shaw is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;

6.2 no unusual effort is made to prepare the market or to create a demand for the Class B Non-Voting Shares;

6.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade;

6.4 if the seller of the Class B Non-Voting Shares is an insider or officer of Shaw, the seller has no reasonable grounds to believe that Shaw is in default of any requirement of the Applicable Legislation; and

6.5 except in Quebec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Shaw so as to affect materially the control of Shaw or more than 20% of the outstanding voting securities of Shaw, except where there is evidence showing that the holding of those securities does not affect materially the control of Shaw.

DATED this 2nd day of February, 2001.

Glenda A. Campbell, Vice-Chair Eric T. Spink, Vice-Chair

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) of the Act from the registration and prospectus requirements under sections 54 and 81 of the Act with respect to the distribution of securities of an issuer and its affiliates to entities that provide services to those affiliates.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 54, 81, 116(1) and 116(1.1)