**CORUS ENTERTAINMENT**

**Moderator: John Cassaday**
**October 27, 2010**
**4:00 pm CT**

Operator: Ladies and gentlemen thank you for standing by. Welcome to the Corus Entertainment's Q4 Analyst Call.

During the presentation all participants will be in a listen-only mode. Afterwards we will conduct a question and answer session. At that time if you have a question, please press the 1 followed by the 4 on your telephone keypad.

If ever you need to reach an operator, you may dial star zero. As a reminder this conference is being recorded Wednesday, October 27, 2010.

And I would now like to turn the conference over to John Cassaday, President and CEO, Corus Entertainment. Please go ahead, sir.

John Cassaday: Thank you operator, good afternoon everyone. My name is John Cassaday. Welcome to Corus Entertainment's Fourth Quarter and Year End Report and Analysts Call, and thank you for joining us today.
Before we read the cautionary statement we would like to remind everyone that there are a series of PowerPoint slides that accompany this call. The slides

can be found on our Web site, www.corusent.com in the Investor Relations section.

We'll now run through the standard cautionary statement. This discussion contains forward-looking statements within the meaning of the U.S. private Securities Litigation Reform Act of 1995.

Some of these statements may involve risks and uncertainties. Actual results may materially differ from those contained in such forward-looking statements.

Additional information concerning factors that could cause actually results to materially differ from those in the forward-looking statement is contained in the Company's filing with the U.S. Securities and Exchange Commission.

We'd like to introduce you to the Corus Entertainment team joining us today. Joining me on the call is Executive Vice President and Chief Financial Officer Tom Peddie, Doug Murphy, Executive Vice President and President of our Television Division, and Hal Blackadar, Executive Vice President and President of our Radio Division.

Before moving to the Slide 3 and a discussion of our financial results, we are pleased to report that the Board of Directors has approved a 25% increase in our annual dividend to yield approximately 3.5% on our current share price.

This represents a 15 cents increase in the annual dividend for our Class A and Class B shares. For our Class B shares, dividends will increase from 60 cents to 75 cents.

Our strong free cash flow will support the increased dividend and also provide Corus with the flexibility to invest and grow our business.

Turning to Slide 3 of the PowerPoint presentation, we were very pleased with our results in 2010. We delivered record Q4revenues of $202.8 million, up 4% from the prior year. Our revenues for the full year were $836.2 million, up 6% from a year ago.

Turning to Slide 4, our Consolidated segment profit for the year was $264.1 million, up 5% from a year ago.

For the fourth quarter our TV segment profit was up 1% over last year, but overall segment profit was down.

Allow me to get just a little more granular on our quarterly results. We saw our Kids Ad revenue grow 33% in the quarter compared to a 17% decline in the same quarter year ago.

Our Specialty Advertising sales were up 22% overall. This is an excellent indication of just how strong our core business is.

In Q4 last year when the advertising markets were much softer, we had the benefit of approximately $6 million in merchandising revenues, largely from advances on Beyblade and Babar which helped drive TV to a 22% increase in Q4 2009 segment profits.

Clearly commendable performance, but it makes for a tough year-over-year comparable.

On a consolidated basis if we normalized Q4 of this year compared to last year, with merchandising revenues of $6 million, copyright fees of $2.8 million, and approximately $2 million in corporate cost reductions due to our belt tightening initiatives, our adjusted segment profit would have been up approximately 8%.

Turning to Slide 5, we achieved segment profit within our stated guidance range despite unanticipated Part II fees and additional copyright expenses and also delivered $63 million in adjusted pre-cash flow which exceeded our estimates.

For Television, revenues were up 9% for the year and segment profit increased by 8%. Our specialty assets saw significant gains as a result of the ongoing advertising recovery that continues a trend we've seen for the last three consecutive quarters, achieving as we said earlier, ad revenue growth of 22% in the fourth quarter and 9% growth for the year.

This growth was driven by both our Kids segment as a result of strong ratings, and the successful monetization of our co-view audience as well as continued growth from our women's portfolio.

Television subscriber revenues were also strong, ending the year up 10% from prior year, primarily due to new offerings, W Movies and Sundance Channel and the strong acceptance we are getting from our distribution partners for Cosmopolitan Television.

Our pay TV business, Movie Central, ended the year with 963,000 subscribers, up 1% from last year, driven by the continued strength of the HBO Canada brand.

Movie Central has now achieved penetration in 25% of households in Western Canada, comparable to the penetration levels of HBO in the United States.

While actual subscriber gains were modest this fiscal year, there was significant per-subscriber revenue growth due to wholesale rate increase tied to HBO Canada and our non-linear offerings.

On ongoing focus on innovation and new offerings such as HD and Video on Demand will continue to deliver value to our subscribers.

Effective August 31, we ceased operation of Corus Custom Networks, our cable advertising service. With the introduction of digital electronic guides we were no longer able to deliver a product strong enough to justify continued customer support. This resulted in a significant reduction also in our Adverting revenues in Q4.

Moving to our Radio division, Radio saw a return to growth this year. Cost controls helped to drive segment profit up 9% and total revenues up 1% for the year.

Ad revenues grew 6% in the fourth quarter and all regions showed year-over-year ad revenue growth in Q4 led by 9% growth in Quebec, 8% in Ontario, and 2% in the West.

Revenues in the West have grown for a second consecutive quarter, reflecting a return to growth in our Western radio markets.

According to TRAM results Corus Radio exceeded the performance of the overall market I the key cities that we compete and in particular, the important Toronto market.

In addition to gains from the ongoing recovery in the radio advertising market, radio is capitalizing on growth in the automotive category driven by both domestic and foreign auto companies and their dealerships.

Moving to Slide 6, fiscal 2010 also represented a milestone for the Company as we consolidated 1100 Toronto based from eleven separate locations in to Corus Quay, our new Toronto headquarters earlier this year.

This move has provided Corus with the opportunity to rebuild our technical infrastructure from the ground up, and align our organizational structure in a way that enables us to take full advantage of the technological capabilities this broadcast and content facility offers.

In summary, fiscal 2010 was a great year for Corus. We launched the Sundance Channel and W Movies, completed Corus Quay on time and on budget, maintained disciplined cost controls, and achieved strong results within our guidance range.

We thank our employees for their efforts that went in to achieving this year's accomplishments.

And now we'd like to provide you with some comments on our outlook forQ1.

Turning to Slide 7, overall the Ad markets are continuing to track well. For the Radio division the turnaround in the Ad markets is very encouraging.

Total Radio Advertising revenue in Q1 is pacing ahead of last year in the mid to high single digits. In Ontario the larger markets including Toronto, Hamilton, and Kitchener, and London are showing high single digit to double digit growth over prior year. Our Toronto stations continue to drive growth for the region.

The Automotive, Restaurant, and Fast Food Outlets, and Cellular categories are generating increased spending over the previous year. Toronto is also seeing steady growth from the beer business.

The pacing in Quebec continues to be very strong as well with our French assets in Montreal and Quebec City leading the region's growth.

With respect to the sale of the Quebec radio stations, we expect a decision from the CRTC in December of 2010.

The West continues to show economic recovery as well. Overall, Ad revenue is pacing ahead of last year.

Local and transactional agency business are both seeing revenue increases and we are also anticipating continued growth in interactive revenues with our strong online offerings complementing traditional on-air campaigns.

Like all of our competitors our radio stations are experiencing higher copyright tariffs. We expect the annual cost of these new royalties and copyright tariffs to be approximately $3 million.

Now moving to Television and turning to Slide 8, you will see that last year was also a strong year for the Television division and growth will continue in to Q1.

We expect high single digit increases from our specialty ad sales in Q1 with particularly strong growth expected in our Kids segment.

With the strong demand for co-view inventory in a robust kids and family market, YTV's co-view is pacing extremely well. We will continue to leverage this opportunity.

Research findings have shown that advertising recall rates double when families watch shows together which is driving new advertising categories for us such as the financial services category, tourism, and travel.

With a strong lineup of co-view programming in place for the fall, we are selling well against our continued rating strength.

YTV's fall schedule includes the broadcast premiers of Fred Claus with Vince Vaughn and School of Rock with Jack Black, new seasons of That's So Weird, How to be Indie, and The Next Star which garnered 3 million votes for September finale, as well as the new CW Network family drama called Life Unexpected.

On the Advertising front Toys, Entertainment, and Food remain the top three categories with Toys pacing the strongest of the three.

In addition we'll start to benefit from our exclusive sales representation for the Web sites AddictingGames, Shockwave, CMT, and neopets.

On the Content side, Bakugan toy sales continue to do very well in the United States and internationally with the brand tied for number one position in France in action figures and ranked number three in the boys brand category in the UK.

A heavy promotional push for Bakugan begins this fall with a McDonald’s Happy Meal promotion planned for North America, and Bakugan marathons on Cartoon Network in the United States and Teletoon in Canada.

There is real momentum building for the Babar brand globally as well, with broadcast sales in all the major markets including Disney Playhouse in the United States, Italy, and Spain.

KIKA in Germany, Discovery Latin America, and TF1 in France round out a powerhouse of television partners who feature this brand.

The re-launch of Beyblade: Metal Fusion is well underway in all major international territories. Leading broadcasters have been secured including the Cartoon Network in the United States and Nickelodeon in the UK.

Beyblade became the number one boy’s action property when it launched in Japan in 2009, and initial toy sales are looking good with Hasbro actively selling Beyblade in 22 counties including the U.S. and Canada. In France and Spain toy sales of Beyblade have already taken off.

The women’s portfolio has had a strong start in Q1 and is pacing well, forecasting mid to high single digit growth in Ad revenues due to growth from our newer services, W Movies and Cosmo TV, as well as on the strength of W Network’s fall programming lineup.

The UK hit Come Dine With Me has developed a strong following in W, and we’re looking forward to adding the Canadian format to the schedule this November.

Love It Or List It continues to perform extremely well. And to capitalize on the success of the real estate genre we launched a companion show called All Or Nothing, this October.

To support what we are calling our social viewing strategy, that is programs that men and women can enjoy watching together in W, we have introduced a new primetime look that creates a more inclusive viewing experience with programming and brand imaging supported by a strong marketing campaign.

As part of this viewing strategy, on Friday nights we've added a new season of The Closer, which is the number one cable show in the U.S. as a lead-in to our Friday night Date Night movie lineup.

We are forecasting high single digit subscriber revenue growth as a result of our recently launched specialty services including wider distribution of Cosmo TV and Nickelodeon.

With pay TV we expect a combination of strong programming, aggressive marketing campaigns, the launch of another Movie Central HD offering, and ongoing digital deployment opportunities to deliver growth for this business in fiscal 2011.

The fall's programming lineup includes the critically acclaimed new HBO series Boardwalk Empire from the Sopranos Terence Winter and Martin Scorsese, season five of audience favorite Dexter, as well as new seasons of In Treatment and Bored To Death.

This month we launched a three month free campaign with all of our major media partners to support the launch of Movie Central High Definition II.

The aggressive mass media campaign features transit, shelter ads, billboards, newsprint, and radio promotion.

We have also launched an Air Canada in-flight promotion for Movie Central that runs from September to December.

In addition, Movie Central HD II will see the benefit of our investment in technology this fiscal as we launch more of our core TV brands in HD, video on demand, and on broadband.

In summary, fiscal 2011 is off to a good start with positive momentum in the Ad market. We expect the economy will remain strong and will continue to drive revenue growth by leveraging the opportunities, cost efficiencies, and capabilities of Corus Quay.

We'll take advantage of the opportunities generated by a recovering radio ad marketplace.

We're also very excited about a number of new initiatives that we have in place for the fiscal, in particular the launch of what should be the television event of the year, the debut of the Oprah Winfrey Network in Canada.

OWN will allow us to maximize opportunities associated with such a strong global brand. In the United States the Oprah Show delivers 50 million viewers each week and has been the number one talk show for women 25 to 54 for ten years.

To date, Discovery Networks U.S. has invested $200 million in programming to draw Oprah's current audience to the Oprah Winfrey Network. We will launch OWN in Canada early in 2011 with over 6 million subscribers.

We expect the brand will garner a very positive response from viewers, advertisers, and our television providers, and Oprah Winfrey Network will propel our women's networks to double digits ad growth in the back half of this year.

The addition of OWN to our Women's portfolio provides Corus with the unique opportunity to build another powerhouse brand in Canada and sets the stage for an exciting future.

We hope that you have found our comments on our outlook helpful. Before we turn the call over to you for questions, we would like to remind everyone that our Annual General Meeting of Shareholders will be held in Toronto at Corus Quay on January 11, 2011, 2:00 pm Eastern Time, 12 noon Mountain Time.

We will now take questions, and operator we'll turn the call back over to you.

Operator: Thank you sir. Ladies and gentlemen, if you would like to register a question, please dial 1-4 on your telephone keypads. The three-toned prompt you hear acknowledges your request.

If your question has been answered you may dial 1-3 to withdraw your registration.

And if you're using a speakerphone, please lift your handset before entering your request. One moment please.

Our first question comes from the line of Scott Cuthbertson with TD. Please go ahead with your question.

Scott Cuthbertson: Yes, thanks very much; good afternoon. John, I just wondered about, you know, given the recent approval by the CRTC for (unintelligible) Can West, I just wondered if you saw any potential, you know, in combining your operations or working with your broadcast partners within the family group of companies.

And the second part of that question is, you know, just theoretically, does the new facility have a capacity to house Can West operations if indeed, you know, that was a possibility?

John Cassaday: Scott, we are rally strong believers in the fact that our Company has horsepower. We continue to grow organically and we think there are still considerable opportunities for us to drive growth through (unintelligible) acquisitions.

So our focus as a management team is entirely on that which we can control. And what we can control is growing our core business, so that's what we're all about.

In terms of our capability to use this facility as a launch pad for additional growth in the future, there's absolutely no question that we built this with a view to growing our business.

We certainly have the capability of distributing even with today's compression technology, significantly more networks out of here than we will be doing when we're up at full speed.

Again it's not clear to me precisely what the opportunities will be for us to grow through acquisition in the future, but I'm absolutely convinced there will be opportunities to expand our business through M&A.

Scott Cuthbertson: Okay, great. And the other thing I wondered about, maybe for Tom, you had a small staff reduction as you rationalized some people sort of in conjunction with the move.

What are the annual savings that you're expecting from that?

Tom Peddie: Hi Scott, its Tom. At Investor Day in our presentation which we did post on the Web site, we talked about capturing annual savings of approximately $15 million.

Scott Cuthbertson: Okay, great. And, you know, I just wondered on - turning to pay television; television subscriber fees were up 6%, but I gather most of that was due to new channels in that because the core business is up less than that.

I just wondered what your - I guess you went it. There was a lot numbers John - I do appreciate all the guidance you - informal guidance you gave in your commentary, but I just wondered if you have a bit more color on the outlook for pay TV subscriber additions.

They seem to lag the East a little bit, and I just kind of wondered if there's, you know, a little bit more color on that part of the business?

John Cassaday: Doug I'm sure can provide some additional color.

I'll just begin my remarks by saying that we believe that there is still substantial growth opportunity in Pay. We took the initiative in the summer when it was becoming clear that we were going to fall short of our stated goal for this year to make sure that we that we can get the payment running at the beginning of the year and work with our major BDU (unintelligible) partners to start this what we call best offer ever which is three month free preview.

We're hoping that in combination with the continued flow of outstanding programming from both HBO Showtime and the media support we're putting behind the brand, as well as the support that we've gotten from our customer and their call centers, that we can really re-ignite the growth trajectory for our Pay business in the next fiscal - in this fiscal year.

Doug Murphy: I'd also add Scott that this first half of the year is probably our most aggressive marketing campaigns on Pay that we've had in a number of years.

John mentioned our best ever offer; that's borne of a lot of research that told us that one month free is good, two months free is better, but when you get in to three months free the sustainability of new adds is much higher.

And it's intuitively logical because our customers have a chance to sample more content in more ways over a longer period of time. So we've been working with our BDU Customer Service groups to ensure that we retain as many of these new adds as possible. So that's a Q1 promotion.

And in Q2 we're following that up with our HD promotion keying off of the trend that we've seen now in a number of the last holiday seasons as a lot of new HD TV sets get into the home and also the BDU partners push hard on digital box penetration.

So we're going to remind everybody in our second quarter that, you know, they need to stay with us and/or subscribe to Movie Central to take advantage of all of our great programming, not to mention the Super Bowl, Academy Awards, and the like, so the first half of the year has got a lot of aggressive marketing.

That combined with our outstanding content partnerships from HBO Showtime and the major studios, we think will have a huge impact towards the back half of the year in getting out sub-growth back up there.

Scott Cuthbertson: Great. Thanks, that's helpful. And just the last one, I just wondered, you know, your tax rate was obviously very low in the quarter. There was a couple of items.

I just wondered Tom, what's your take on normalized fully diluting - fully diluted shares from operations in the quarter?

Tom Peddie: Fully diluted shares or you mean earnings per share?

Scott Cuthbertson: Fully diluted - fully diluted EPS from operations?

Tom Peddie: Well I think on an adjusted basis we'd be looking at probably 25 cents a share...

Scott Cuthbertson: Okay.

Tom Peddie: ...compared to the 8 cents that we showed. And then I guess the other comment with respect to the tax rate, on a go forward basis we probably would be looking at the statutory rate which is about 31%.

Scott Cuthbertson: Okay that's great. Thank you.

John Cassaday: Thanks Scott.

Operator: Our next question comes from the line of Paul Steep with Scotia Capital. Please go ahead.

Paul Steep: Hey guys.

John Cassaday: Hey Paul.

Paul Steep: So maybe we can talk about online content on TV, just in terms of, you know, you've already done some transactions there. Maybe give us an update as to what left to actually be put out with your distribution partners or what hasn't yet been sort of moved to the new platform as an option for subscribers.

Doug Murphy: Well I think first of all maybe just a brief comment on our philosophy as it relates to online programming.

We believe very strongly in attempting to do everything we can to preserve the current economic model. The efforts that our distribution partners are making to make content available on multiple platforms through authentication is a model that we think meets the needs of customers, consumers, viewers, and also will help to solidify our business system going forward.

So from the very beginning of this phenomena we've been I think, certainly a leading proponent of making content available to our distribution partners, and we've done so on virtually every brand -- Treehouse, YTV, even all our women's brands -- wherever we have digital rights we're making it available to them.

We will continue to do that on a go-forward basis and hopefully help our customers maintain their subscriber base.

John Cassaday: I'd add to that Paul that the opportunities outside of Canada internationally, we think are just beginning to come to the fore. Obviously we read all about Apple TV, you know, Google TV, Netflix, on the content distribution part of our business with Nelvana.

You know, we've talked before about the 4000 half hour episodes we have versioned in multiple languages. These nominated rights are available to us to monetize as we see fit. So it's hard to predict when, you know, these international markets are going to start becoming, you know, very valuable.

But I think it's evident that there's been a meaningful turn out there in this (unintelligible) opportunity is going to start becoming fairly meaningful in the years to come.

Paul Steep: Any guess -- just last one on that -- any guess as to, you know, John you just mentioned the digital rights you had for what you had. What don't you have sort of secured sort of as a ballpark?

Have you secured 90% of the hours sort of played or are we still at a gap there?

John Cassaday: I think there's lots more content to be made available. Every time a new agreement comes up with a studio we have the opportunity to negotiate digital rights for them.

I know Paul you know from your discussions with the studios that they're very anxious to make digital rights available to those that own the linear rights to those programs.

As you know, the money is still in the linear programming; that's where the major opportunities are for the studios. So they're not showing any resistance to making digital rights available to us for non-linear and broadband platforms. And we're going to continue to sop them up as we secure any programming.

Also, an important part of the Oprah Winfrey Network deal that we just concluded was access to the digital an online rights for that programming in Canada. And we think that will be a tremendous source of competitive advantage for our distribution partners going forward, having access to the Oprah brand for their broadband offering.

Doug Murphy: I would also add John that in the kid's space in Canada we still have quite a lot of content available to offer to our media partners.

The, you know, Shows on Demand is one of the highest repeat used VOD offerings that we have with our video partners and we have a lot more content, same with our Nickelodeon digital inventories.

So I the coming year we hope to aggressively deploy a lot of those assets so that they're available to our (unintelligible).

Paul Steep: Okay, great. Last one for me then would be just on launch costs related to OWN sort of the marketing kit. When should we expect that Tom? Is that sort of a Q2 likely, you know, maybe even a bit in Q1 or are we too early in terms of ramp up there in terms of maybe a bit of a step down as you push that product?

Tom Peddie: Paul, what I'll do is I'll let Doug respond to that with respect to the timing.

Doug Murphy: Yeah, thank you Tom. Paul, our plan frankly speaking is to sort of self-fund the launch of OWN with our increases in revenue.

So we don't expect to have a meaningful one-time expense. We think we're going to be able to basically just layer it in to our existing business and launch in that regard.

Paul Steep: Okay, great. Thanks guys.

Operator: Our next question comes from the line of Colin Moore with Credit Suisse. Please go ahead.

Colin Moore: Hi thanks, and good afternoon.

John Cassaday: Good afternoon Colin.

Colin Moore: My question relates to the co-viewing, obviously still really good momentum heading in to fiscal 2011 despite starting to cycle over I guess the more detailed TPM data.

I was wondering is the momentum coming from the fact that in your view there's still a gap between the ratings - the combined parent child and parent range you're developing versus the advertising dollars. Or is it new segments jus taking an interest in this segment, or are you just generating stronger ratings generally. I just wondered if you could put some color to that.

John Cassaday: I think the fundamental thing to realize is that up until the portable people meter one had to rely on anecdotal evidence, instinct, and secondary research to prove that there actually was the co-viewing audience in the room.

So go back in time to when we were working off the Mark II, you know, set top meters. Mom making the decision to watch television with her children had to come in and essentially qualify herself by pushing a button.

And she may not have done that because it was a kid's show or it was a, you know, a show that was positioned more broadly than kids, but she would come into the room and not necessarily qualify herself as being a viewer.

Now with the meter on her person, she's - her viewership of that program is being picked up. The same benefit is being realized by the Sports Networks who are now picking up all of the additional viewing from out of home opportunities.

So what's happened is we have now got demonstrable evidence to take to advertisers and their agencies to prove that there is a significant segment of views there that we could not prove before.

And we also have additional research to support that they are more inclined to be favorably pre-disposed to that product and less inclined to zap when they're watching programming together as a family.

So I think the biggest breakthrough for us has been the unequivocal evidence to demonstrate that we are in fact attracting moms and dads watching programming with their children.

We now can take that to financial institutions and automotive companies that previously were not necessarily convinced of this fact and get them on our networks, both Teletoon and YTV.

((Crosstalk))

Tom Peddie: Can I just add a comment. The other comment you made which is accurate and we talked about this during Investors Days is, you know, audience leaves revenue. So, you know, we're continuing to, you know, grow our co-view audiences.

And so I think we can expect continued growth in revenues there over the future.

And another comment I was going to make is there has been some really good key account management and category development work done specifically with our Entertainment and Toy partners. So we're seeing some nice category build as well as the audience performance.

Colin Moore: Okay,. Thanks for that color. And just a technical question to make sure I'm modeling this correct, when someone comes on as a free preview period, they would still show up in the net adds for that quarter; is that correct?

Tom Peddie: They don't count as a revenue add until add until after the free period.

Colin Moore: Okay. Would they show up as a net subscriber addition or...

Tom Peddie: I don't think so.

Colin Moore: Okay, okay, I just wanted to make sure modeling that. Thanks for the answers.

Operator: Our next question comes from the line of (Beck) with CIBC. Please go ahead.

(Beck): Thanks, good afternoon. Just on your free ash flow, obviously a very strong number and pacing for a very strong year. Notwithstanding the nice dividend hike you still look like you could still have a fair bit of cash to put through; just looking for priority.

I mean Tom, where do you - and John, where do you look at debt level as far as optimal? I mean historically you've always wanted to keep your powder dry and you did mention John, about M&A - exploring M&A if it comes available.

Is it fair to say that a buyback is probably on hold and the focus is really on keeping that powder dry as you use the free cash flow?

John Cassaday: That's absolutely correct.

(Beck): Okay. And just some clarification questions on accounting here released on the modeling.

Tom, I think last time we talked you'd talked about the Corus Quay CAPEX, that there was some additional CAPEX that would flow in to 2011. Is that still the case and is it any kind of sense of magnitude that you can give us?

Tom Peddie: Yes, at the Investor Day we outlined the fact that we'd spent about $110 million on capital this year -- a combination of capital leases and actual capital that went out the door -- and that our guidance at the Investor Day was that we would spend about $35 million in capital in 2011.

And then in 2012 and 2013, the number would probably be in the $10 million to $15 million range. And as you know, we then gave free cash flow guidance for 2011 of in excess of $100 million.

(Beck): Yeah, I've got that. I was just curious I guess at some of the Corus Quay stuff that's in that higher sum. Is it geared to the first couple of quarters of the year...

Tom Peddie: Yes, yes.

(Beck): Okay.

Tom Peddie: Because what it's really doing is paying for some of the stuff that we've already completed.

(Beck): Right. Okay, that's helpful, thank you. And just on the G&A, I guess excluding the stock comp, are we still looking at something around the $21 million-ish level as a run rate for this year?

Tom Peddie: Yes, that's correct. As you saw in the financials we were about $28 million which was the guidance we gave in July.

(Beck): Mm-hmm., yep.

Tom Peddie: And about $8 million of that was stock-based compensation. So if I were giving guidance for 2011 I probably would use a number of 30, made up of ten of stock rates and 20 of corporate.

(Beck): Okay, perfect. And the D&A I guess, the 30 is still a good level to work with for the year?

Tom Peddie: Yes. Sorry, depreciation?

(Beck): Yeah, sorry.

Tom Peddie: I think the guidance we were giving in the summer was kind of in that $28 million to $29 million range and we're still comfortable with that.

(Beck): Okay, that's great. That's it for me. Thanks very much.

John Cassaday: Thank.

Operator: As a reminder ladies and gentlemen, please dial 1-4 on your keypads if you wish to register a question.

Our next question comes from the line of Drew McReynolds with RBC Capital Markets. Please proceed.

Drew McReynolds: Yeah, thanks very much. Good afternoon, a couple of follow-ups here.

Just first on Radio, I guess when you look at the margins in Q4, a little bit lower certainly than what we were looking for even stripping out all the noise of the retroactive payments.

So just kind of big picture maybe for you Tom is, you know, what type of operating leverage should we expect, you know, as revenues certainly tick up here?

And can you kind of give us an overall margin kind of range that you target for 2011 or maybe over kind of a medium term?

Tom Peddie: Sure. Once again I'd build on some of the comments that we made at Investor Day, but start with the comment with respect to Q4.

As you rightly pointed out, if we pulled out the copyright fees, the EBITDA on the segment probably would have been up about 6%. That's still not as high as we would have liked to have been given the, you know, revenue growth of about 6%.

Because as you recall we did put up a matrix chart that showed the power of leverage for Radio and that you would expect it if you were going to get 6% revenue growth and kind of 2% cost growth, you'd have double digit EBITDA growth.

So Q4 wasn't quite as strong as we wanted it to be but we're anticipating that fiscal 2011 will be quite strong.

And then I guess with respect to the margins, we've all along have talked about the fact that we would want margins in excess of 30%, and we have said that, you know, the Quebec assets have taken us down. As we said, if we pull those assets out, our margins would be at 30% now.

Drew McReynolds: Okay. So that still - that range is obviously still the target?

Tom Peddie: Yes.

Drew McReynolds: Okay, no that's great. Shifting gears if I can to merchandising, we knew clearly Q4 was going to be a tough comp based on Q4 of last year. But overall on an annualized basis I think in the MD&A point to about 10% growth in merchandising.

Can you kind of give us some sense of what your outlook is in 2011 in this business just given all the moving parts and some of the developments you mentioned earlier?

Doug Murphy: Sure Drew, it's Doug and you're right to note all the moving parts. Merchandising licensing revenue profile is lumpy generally speaking.

So, you know, we are pleased so far with the performance of Bakugan in the marketplace. Clearly that's been a huge business for us and so, you know, it's needs to find the right level. But it remains extremely strong internationally and we're hitting our targets in North America.

(Unintelligible) just started to get rolling here so it's kind of on the upswing. I'm not sure how big it's going to be, but we're pleased that so far we're kind of on the mark in terms of some of our internal plans.

Shifting to the Pre-School business, this profile - so the Boy's Action business tends to be a lot more sort of vertical, you know, and then the question is how long you can manage to sustain.

The Pre-School business which we're focusing a lot of effort now, namely you know, Backyardigans of course which is our sort of legacy property in the marketplace, but Babar, Franklin, our new corporate (unintelligible), those are slower builds and longer sustains.

So all by way of saying, you know, it's our view that we can continue to hold a growth profile on the Merchandise Licensing business, but it's very difficult to forecast in any degree of specificity.

Drew McReynolds: Okay, okay. But coming off, obviously some pretty good performance in the last couple of years, still kind of maintaining a growth profile, quote, unquote?

Tom Peddie: That's a (unintelligible), hope.

Drew McReynolds: Hope - yeah, okay. No, that's fine. That's great. Just on the conventional stations, maybe a question for you John. I know you guys operate these very, very well.

Is there any kind of opportunity to do anything with these stations or, you know, you're jut continuing to happily operate them with the margins that you do?

John Cassaday: Yes, that is in fact a good summary. Yeah, we are very proud of those two stations. They perform very well for us and our key management challenge is to just simply keep the train on the track and keep it going in the right direction. And we're very pleased with the job that our group does there

Year-in and year-out we're generating EBITDA margins that make that a very attractive business for us.

Drew McReynolds: Okay. And maybe two final kind of bigger picture ones; the first is a little bit of a loaded question so we can certainly take it off-line and drill down and, you know, my apologies if this was covered off at the Investor Day -- I wasn't there.

But just in big picture, the transition to digital, when you look at your wholesale rates as a portfolio, can you give us some sense of or just remind us maybe for the better phrase of, you know, how much of those whole rates or which wholesale rates are currently under a negotiated rate and which are regulated. And just, you know, how kind of we evolved into the transition to digital 2011 on the wholesale rate issue.

John Cassaday: Well I think you're probably right that it probably does deserve some drilling down, but the bottom line is is that all of our brands are essentially under contract with our distribution partners.

We think have strong brands and we are not vulnerable. So our belief is that we can sustain our rates through the digital transition on the strength of the ongoing relationships that we have and the power of our portfolio, the leverage that we have through things like Oprah Winfrey, our strategic intent to continue to deliver non-linear rights to our distribution partners as a way of further entrenching our relationships with them on a go-forward basis.

So I think we have a great combination of attributes that are going to hold us in good stead.

And as we look at our strategic planning horizon, we are not projecting a drop-off in our overall wholesale rates as a result of the transition to sort of a deregulated distribution environment.

Drew McReynolds: Okay no, that's helpful. And a final question maybe through you as well John, as we come out of the recession -- and I don't think we've had this conversation recently -- you know, clearly a great cyclical trend is underway across the board which I think most folks were questioning a couple of years ago. But, you know, clearly the strength is coming through.

Jus update us in your discussions with national advertisers, in terms of their presumably increased focus on allocating more dollars to digital; to online, to mobile; whatever the case may be, you know, is - are those discussions becoming more complicated? Do they still continue to view radio and specialty, you know, as you know, very valuable platforms, etcetera; just trying to get the incremental on the discussion versus say pre-recession.

John Cassaday: Well I had the opportunity to spend a fair bit of time with our major customers over the last few weeks as a result of various events. But let's just start at a macro level and look at a particular business segment that I think people have been wondering whether it would come out of the cycle as strong as it has and that's Radio.

And one of the things that we did show -- Hal Blackadar showed this at the Investor Day -- is that Radio, over the last six years has held its share of the total media pie at about 13.5%. So it's virtually been impregnable and we see that continuing.

So bottom line is even with the increase in monies going to the Internet that the two segments that we're in, specifically Radio and Specialty Television, have held its own in the case in Radio, and continue to grow in the case of Specialty TV.

On the subject of where our advertiser is going, there's no question there, certainly focused on innovating in this area and experimenting.

But if you were to poll any of the major programmers in Canada about their total sort of non-linear sales whether it's broadband or On Demand, you're talking about revenue that represents certainly less than 3% of total revenue.

So it's much talked about but it's still a very, very small piece of the pie.

And one of the issues of course is that it's very difficult to buy highly fragmented Web array of services and we continue to deliver the goods in both Radio and Television.

So I think that combination gives us some comfort that our business model is certainly sustainable through our strategic planning horizon at any rate.

Drew McReynolds: Okay, thanks very much for all that. I appreciate it.

Operator: and we are not seeing any further questions at this time. Mr. Cassaday, I would now turn the call back to you for closing remarks.

John Cassaday: All right well listen, we'd just simple like to thank you all for your continued support. It was nice to see many of you at our Investor Day and we look forward to continuing the dialogue over the next several days.

Thanks very much for your time this afternoon folks. Bye for now.

Operator: Ladies and gentlemen that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.

END