



Industry Canada

Industrie Canada

**Certificate
of Incorporation**

**Canada Business
Corporations Act**

**Certificat
de constitution**

**Loi canadienne sur
les sociétés par actions**

3470652 CANADA INC.

347065-2

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation, the articles of incorporation of which are attached, was incorporated under the *Canada Business Corporations Act*.

Je certifie que la société susmentionnée, dont les statuts constitutifs sont joints, a été constituée en société en vertu de la *Loi canadienne sur les sociétés par actions*.

Director - Directeur

March 3, 1998/le 3 mars 1998

Date of Incorporation - Date de constitution

1. - Name of Corporation

3470652

CANADA INC.

2. - The place in Canada where the registered office is to be situated

Calgary, Alberta

3. - The classes and any maximum number of shares that the corporation
is authorized to issue

an unlimited number of Common Voting Shares; and
an unlimited number of Preferred Non-Voting Shares

4. - Restrictions if any on share transfers

No shares in the capital of the Corporation shall be transferred without the prior consent of the director of the Corporation.

5. - Number (or minimum and maximum number) of directors

Minimum one and maximum seven

6. - Restrictions if any on business the corporation may carry on

None

7. - Other provisions if any

The attached Schedule 1 is incorporated in these articles of Incorporation

8. - Incorporators

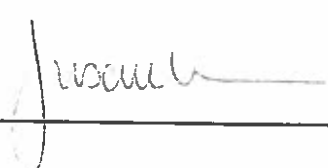
Names

Addresses

Signatures

Susan Crippin

Suite 900, 630 - 3rd Avenue SW
Calgary AB T2P 4L4



SCHEDULE "1"

2. The rights privileges, restrictions and conditions attached to the Common Voting Shares and Preferred Non-Voting Shares are as follows:

2.1 Issuance of Shares in Series:

The Directors of the Corporation may at any time issue any Common Voting Shares or Preferred Non-Voting Shares, in one or more series, each series to consist of such number of shares as may be determined by the Directors. Subject to these Articles, the Directors may determine at the time of issuance the designation, rights, privileges, restrictions and conditions attaching to shares of each series.

2.2 The special rights, privileges, restrictions and conditions attaching to the Common Voting Shares:

(a) Voting

The holders of the Common Voting Shares shall be entitled to two (2) votes at all meetings of the Shareholders of the Corporation.

(b) Dividends

- (i) The holders of the Common Voting Shares shall be entitled to receive dividends as and when declared by the Directors of the Corporation out of assets properly applicable to the payment of dividends.
- (ii) Notwithstanding subparagraph (i) above, no dividends shall be paid on the Common Voting Shares in a fiscal year of the Corporation unless and until the dividends contemplated by subparagraph 2.3(b) have first been declared and paid on the Preferred Non-Voting Shares in that fiscal year.
- (iii) Notwithstanding subparagraphs (i) and (ii) above, no dividends shall be paid on the Common Voting Shares if the Directors have reasonable grounds for believing that the realizable value of the assets of the Corporation would, after the payment of the dividend, be less than the aggregate of:
 - (A) the liabilities of the Corporation;
 - (B) the stated capital of all of the issued shares of the Corporation

except the Preferred Non-Voting shares;

- (C) the aggregate Redemption Price of the Preferred Non-Voting Shares of the Corporation which are outstanding at the time the dividend is declared; and
- (D) all declared but unpaid dividends on the Preferred Non-Voting Shares.

(c) Liquidation, Dissolution or Winding-up

- (i) Subject to subparagraph (ii) below, the holders of the Common Voting Shares are entitled to share in the distribution of the Corporation's assets in the event the Corporation is liquidated, dissolved or wound up and such distribution shall be made to the holders of the Common Voting Shares pro-rata based on the number of such shares owned by each such shareholder.
- (ii) In the event that the Corporation is liquidated, dissolved or wound up at a time when there are Preferred Non-Voting Shares issued and outstanding, the holders of the Preferred Non-Voting Shares, shall be entitled to receive the aggregate Redemption Price of Preferred Non-Voting Shares, owned by them together with all accumulated dividends, whether declared or not, but unpaid before any amounts are distributed to the holders of the Common Voting Shares.

2.3 The special rights, privileges, restrictions and conditions attaching to the Preferred Non-Voting Shares, of the Corporation:

(a) Voting

Except as provided in the Act as amended from time to time, the holders of the Preferred Non-Voting Shares shall not be entitled to vote at any meetings of the Shareholders of the Corporation.

(b) Dividends

The holders of the Preferred Non-Voting Shares shall be entitled to receive as and when declared by the Directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, a cumulative

dividend of 12.5% per annum on the Redemption Price thereof. Such dividends, when declared shall be paid not less than annually.

(c) Priority on Liquidation, Dissolution or Winding Up

In the event of liquidation, dissolution or winding-up of the Corporation the holders of the Preferred Non-Voting Shares shall be entitled to receive ratably at the same time, before any distribution of any part of the assets of the Corporation among the holders of the other classes of shares, an amount equal to the Redemption Price for each Preferred Non-Voting Shares held by them, together with all accumulated dividends, whether declared or not, but unpaid and no more.

(d) Redemption Price

The price or consideration payable entirely in lawful money of Canada at which the Preferred Non-Voting Shares shall be redeemed (the "Redemption Price") shall be an amount as determined by the directors of the Corporation at the time of such issuance (the "Initial Amount"), provided however, that such Redemption Price shall not be greater than the adjusted cost base (within the meaning of the *Income Tax Act* (Canada)) of the consideration received therefore at the time of issuance of the Preferred Non-Voting Shares.

For greater certainty, such adjusted cost base shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments on the basis that the adjusted cost base of the consideration is determined to be less than the Initial Amount, and if the directors or a competent court or tribunal agree with such determination and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the adjusted cost base of the consideration is less than the Initial Amount, then the Redemption Price shall be adjusted *nunc pro tunc* pursuant to the provisions of this paragraph to reflect the determined adjusted cost base and all necessary adjustments, payments and repayments as may be required shall forthwith be made between the proper parties.

(e) Redemption by Holder

- (i) Any holder of record of Preferred Non-Voting Shares shall be entitled, at any time, to require the Corporation to redeem or purchase all or a part of the Preferred Non-Voting Shares so held by such holder by submitting to the Corporation at its registered office or such other place or places as the Directors may from time to time designate a notice in writing (hereinafter called a "Redemption Notice") signed by such holder or his duly authorized Attorney requiring the Corporation to redeem or purchase all or a specified number of such Preferred Non-Voting Shares represented thereby. If the Redemption Notice is signed by an Attorney, it shall be accompanied by evidence of the authority to such Attorney satisfactory to the Corporation or transfer agent thereof.
- (ii) A Redemption Notice shall be deemed to have been given when actually received at the registered office of the Corporation or at such other place or places as the Directors from time to time designate and when so given shall, subject to the provisions hereof, be irrevocable.
- (iii) Payment of the aggregate Redemption Price for the Preferred Non-Voting Shares surrendered for redemption or purchase shall be made by or on behalf of the Corporation to the holders of record thereof together with all accumulated dividends to the date of payment, whether declared or not, but unpaid, no later than ninety (90) days following the date on which the Redemption Notice is given as aforesaid. Payment for the Preferred Non-Voting Shares surrendered for redemption or purchase shall be made by cheque payable in Canadian dollars at any branch of the financial institution of the Corporation. In such case, each cheque so mailed shall be deemed to have been delivered to the registered holder as soon as the letter containing the same has been mailed as aforesaid.

- (iv) If, at any time, the redemption or purchase of all those Preferred Non-Voting Shares in respect of which the Corporation has received a Redemption Notice, would cause the Corporation to be in contravention of the Provisions of the Act, the Corporation shall at that time redeem or purchase on a pro-rata basis, disregarding fractions, only such number of Preferred Non-Voting Shares as can be redeemed or purchased without causing the Corporation to be in contravention of the provisions of the Act.

(f) Redemption by Corporation

- (i) The Corporation may, by resolution of the Directors and upon giving notice as hereinafter provided, from time to time redeem or purchase the whole or part of the Preferred Non-Voting Shares of any one or more holders without redeeming or purchasing the whole or any part of the Preferred Non-Voting Shares of any other holder or holders of such class, by paying for each share to be redeemed or purchased the Redemption Price thereof, together with all accumulated dividends to the date of payment, whether declared or not, but unpaid. Not less than ninety (90) days' notice in writing of such redemption or purchase shall be given by personal delivery or by mailing such notice to the registered holder at the last address as it appears in the records of the Corporation or its transfer agent. In the case of each notice so mailed, delivery thereof shall be deemed to have been made to the registered holder as soon as the letter containing the same has been mailed.
- (ii) Such notice shall specify the date and place of redemption or purchase which may be a Canadian Chartered Bank, trust company or Alberta Treasury Branch. If notice is given as aforesaid and an amount sufficient to redeem or purchase such shares is deposited at the place for redemption or purchase on or before the date fixed for redemption or purchase, dividends on the Preferred Non-Voting Shares to be redeemed or purchased shall not accrue after the date so fixed for redemption or purchase and the holders hereof shall have no rights whatsoever against the Corporation except to receive payment out of the money so deposited upon the surrender of the certificate or certificates for such shares. Surrender of the certificate or certificates for such shares to be redeemed or purchased is sufficient only if such certificate or certificates are duly and properly endorsed in blank for transfer acceptable to the Corporation and duly executed in blank.

(g) Liquidity

Subject to subparagraphs 2.2(c) (i) and (ii) and notwithstanding anything else to the contrary contained herein, no dividends or other payment or distribution of assets or property of the Corporation shall be made to the holders of shares in the Corporation if the Directors have reasonable grounds for believing that the realizable value of the assets or property of the Corporation shall be made to the holders of shares in the Corporation if the Directors have reasonable grounds for believing that the realizable value of the assets of the Corporation would, after the payment of the dividend, be less than the aggregate of:

- (i) the liabilities of the Corporation;
- (ii) the stated capital of all of the issued shares of the Corporation except the Preferred Non-Voting shares; and
- (iii) the aggregate Redemption price of the Preferred Non-Voting Shares of the Corporation which are outstanding at the time the dividend is declared, plus all accumulated dividends on such Preferred Non-Voting Shares, whether or not declared.



Industry Canada

Industrie Canada

**Certificate
of Amendment****Canada Business
Corporations Act****Certificat
de modification****Loi canadienne sur
les sociétés par actions**

CORUS ENTERTAINMENT INC.

347065-2

Name of corporation-Dénomination de la société

I hereby certify that the articles of the
above-named corporation were amendeda) under section 13 of the *Canada
Business Corporations Act* in accordance
with the attached notice;b) under section 27 of the *Canada
Business Corporations Act* as set out in the
attached articles of amendment designating
a series of shares;c) under section 179 of the *Canada
Business Corporations Act* as set out in the
attached articles of amendment;d) under section 191 of the *Canada
Business Corporations Act* as set out in the
attached articles of reorganization;

Corporation number-Numéro de la société

Je certifie que les statuts de la société
susmentionnée ont été modifiés:a) en vertu de l'article 13 de la *Loi
canadienne sur les sociétés par
actions*, conformément à l'avis ci-joint;b) en vertu de l'article 27 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes
désignant une série d'actions;c) en vertu de l'article 179 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes;d) en vertu de l'article 191 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses de réorganisation ci-jointes;

May 28, 1999 / le 28 mai 1999

Director - Directeur

Date of Amendment - Date de modification

Canada

SENT BY: IC

05/28/99 15:00 FAX 403 750 7466

; 6-16-99 ; 12:05 ; IC/CORP/613-941-0999-

403 750 7466;# 3/ 4

1230027000

Canada Business
Corporations ActLoi régissant les sociétés
par actions de régime fédéralFORM 4
ARTICLES OF AMENDMENT
(SECTION 27 OR 177)FORMULE 4
CLAUSES MODIFICATRICES
(ARTICLES 27 OU 171)1 - Name of Corporation - Dénomination de la société
3470652 Canada Inc.2 - Corporation No. - No. de la société
347065-2

3 - The articles of the above-named corporation are amended as follows:

Les statuts de la société mentionnée ci-dessus sont modifiés de la façon
suivante:

The provisions of item 1 in the Articles of the Corporation dated March 3, 1998 are deleted and the following substituted
therefor: "The name of the Corporation is CORUS ENTERTAINMENT INC."

Date
May 28, 1999

Signature

Title - Titre

Director.

CCA 1387 (02-89) 48

FOR DEPARTMENT USE ONLY - À L'USAGE DU MINISTÈRE DU REVENUE
Filed - Déposée

JUN 16 1999

CAKEware Inc. (416) 397-0300 (10/98)



**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

CORUS ENTERTAINMENT INC.

347065-2

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the
above-named corporation were amended

Je certifie que les statuts de la société
susmentionnée ont été modifiés:

a) under section 13 of the *Canada
Business Corporations Act* in accordance
with the attached notice;



a) en vertu de l'article 13 de la *Loi
canadienne sur les sociétés par
actions*, conformément à l'avis ci-joint;

b) under section 27 of the *Canada
Business Corporations Act* as set out in the
attached articles of amendment designating
a series of shares;



b) en vertu de l'article 27 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes
désignant une série d'actions;

c) under section 179 of the *Canada
Business Corporations Act* as set out in the
attached articles of amendment;



c) en vertu de l'article 179 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes;

d) under section 191 of the *Canada
Business Corporations Act* as set out in the
attached articles of reorganization;



d) en vertu de l'article 191 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses de réorganisation ci-jointes;

Director - Directeur

August 26, 1999 / le 26 août 1999

Date of Amendment - Date de modification

1 - Name of Corporation - Dénomination de la société

2 - Corporation No. - N° de la société

CORUS ENTERTAINMENT INC.

347065-2

3 - The articles of the above-named corporation are amended
as follows:

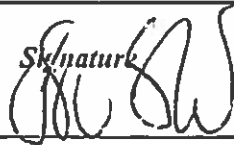
Les statuts de la société mentionnée ci-dessus sont modifiés
de la façon suivante:

- 1) Pursuant to the provisions of subsections 173(1)(e) and (g) of the Canada Business Corporations Act (the "Act"), item 3 of the articles of the Corporation is amended by:
 - a) redesignating the Common voting shares as Class A Participating Shares ("Class A Shares"), deleting the rights, privileges, restrictions and conditions attaching to the Common voting shares in their entirety and replacing the rights, privileges, restrictions and conditions with those set forth for the Class A Shares in the annexed Schedule 1;
 - b) creating an unlimited number of Class B Non-Voting Participating Shares ("Class B Non-Voting Shares") having the rights, privileges, restrictions and conditions as set forth for the Class B Non-Voting Shares in the annexed Schedule 1;
 - c) redesignating the Preferred non-voting shares as Class 1 Preferred Shares, deleting the rights, privileges, restrictions and conditions attached to the Preferred shares in their entirety and replacing the rights, privileges, restrictions and conditions with those set forth for the Class 1 Preferred Shares in the annexed Schedule 1;
 - d) creating an unlimited number of Class 2 Preferred Shares and an unlimited number of Class A Preferred Shares, all having the rights, privileges, restrictions and conditions as set forth for the Class 2 Preferred Shares and the Class A Preferred Shares, respectively, in the annexed Schedule 1.
- 2) Pursuant to the provisions of subsection 173(1)(n) of the Act, item 4 of the articles of the Corporation is amended by deleting the words "No shares in the capital of the Corporation shall be transferred without the express consent of the directors of the Corporation" and replacing them with the provisions contained in paragraphs V(2) and V(3) of the annexed Schedule 1.
- 3) Pursuant to the provisions of subsection 173(1)(m) of the Act, item 5 of the articles of the Corporation is amended by deleting the words "Minimum one and maximum seven" and replacing them with the words "Minimum three and maximum fifteen".
- 4) Pursuant to the provisions of subsection 173(1)(o) of the Act, item 7 of the articles of the Corporation is amended by deleting the words "The attached Schedule 1 is incorporated into these articles of incorporation" and replacing them with the words "The annexed Schedule II is incorporated into and forms part of the articles of the Corporation"

Date

August 25, 1999

Signature



Title - Titre

Director

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Filed - Déposée

AUG 26 1999

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Schedule I

SHARE PROVISIONS OF CORUS ENTERTAINMENT INC. (the "Corporation")

I. CLASS A SHARES AND CLASS B NON-VOTING SHARES

1. Dividends

(a) *Definitions and Interpretation.* Where used herein, the following terms shall have the meanings set forth below.

- (i) "Class A Shares" means the Class A Participating Shares in the capital of the Corporation and "Class B Non-Voting Shares" means the Class B Non-Voting Participating Shares in the capital of the Corporation.
- (ii) "Stock Dividend" means a stock dividend declared by the directors of the Corporation after September 1, 1999.
- (iii) "Initial Issued Shares" means the aggregate number of Class A Shares and Class B Non-Voting Shares issued and outstanding on September 1, 1999 adjusted to reflect any subsequent subdivision or consolidation of such shares.
- (iv) "Base Amount" means one cent (1¢) adjusted in accordance with the following formula from time to time to reflect Stock Dividends declared and paid subsequent to September 1, 1999:

$$\frac{\text{Initial Issued Shares}}{\text{Initial Issued Shares Plus Aggregate Number of Class A and Class B Non-Voting Shares Issued as Stock Dividends Adjusted to Reflect Subsequent Share Subdivisions or Consolidations}} \times 1¢ = \text{Base Amount}$$

provided that if the announced current policy of the directors of the Corporation is to declare and pay or set aside for payment regular dividends more frequently than annually, then each reference in this definition to one cent (1¢) shall be read as a reference to one cent (1¢) divided by the frequency per fiscal year in respect of which the directors of the Corporation have an announced current policy to declare and pay, or set aside for payment of, dividends.

- (v) "Dividend Period" means the period not exceeding one year in respect of which the directors of the Corporation have an announced current policy to declare and pay or set aside for payment of regular dividends. In the absence of any announced current policy with respect to dividends, the Dividend Period shall be the fiscal year of the Corporation.

(b) *Entitlement to Dividends*

- (i) Holders of the Class B Non-Voting Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares, the

Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class B Non-Voting Shares, be entitled to receive, in each Dividend Period of the Corporation and as and when declared by the directors out of money properly available for the payment of dividends, such dividends as the directors of the Corporation may in their discretion determine.

- (ii) Holders of the Class A Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares and the Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class A Shares, be entitled to receive, in each Dividend Period of the Corporation, dividends per share equal to the dividends, if any, declared on the Class B Non-Voting Shares in such Dividend Period less the Base Amount. In furtherance thereof, no dividend on the Class A Shares shall be declared, paid or set aside for payment in any Dividend Period until an amount at least equal to the Base Amount per share shall have been declared on the Class B Non-Voting Shares in such Dividend Period.
 - (iii) For greater certainty, whenever in any Dividend Period an amount at least equal to the Base Amount shall have been declared on the Class B Non-Voting Shares, any amount of dividends in excess of the Base Amount declared in such Dividend Period shall be declared in equal or equivalent amounts per share on all Class A Shares and all Class B Non-Voting Shares at the time outstanding, without preference or distinction.
 - (iv) If in any Dividend Period the directors of the Corporation in their discretion shall not declare dividends on the Class B Non-Voting Shares or shall declare dividends thereon in an amount less than the Base Amount, neither the holders of the Class B Non-Voting Shares nor the holders of the Class A Shares shall have any right to any greater dividend than the dividend, if any, actually declared for such Dividend Period, and any claim therefor shall be forever extinguished.
- (c) *Stock Dividends.* Notwithstanding anything in clause (b) above, the Board of Directors of the Corporation may at any time, and from time to time, declare and pay a Stock Dividend:
- (i) payable in Class A Shares on Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;
 - (ii) payable in Class B Non-Voting Shares on the Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;
 - (iii) payable in Class B Non-Voting Shares on the Class B Non-Voting Shares; provided that at the same time, a Stock Dividend payable in Class A Shares or Class B Non-Voting Shares is declared and paid in the same number per share on the Class A Shares.

2. *Conversion of Class A Shares*

- (a) Any holder of Class A Shares shall be entitled at his or her option at any time (subject as hereinafter provided) to have all or any of the Class A Shares held by him or her converted into Class B Non-Voting Shares as the same shall be constituted at the time of conversion upon the basis of one Class B Non-Voting Share for each one Class A Share in respect of which the conversion right is exercised.
- (b) The conversion right herein provided for may be exercised by notice in writing given to the transfer agent for the Class B Non-Voting Shares of the Corporation accompanied by the certificate or certificates representing Class A Shares in respect of which the holder thereof desires to exercise such right of conversion. Such conversion notice shall be signed by the person registered on the books of the Corporation as the holder of the Class A Shares in respect of which such right is being exercised or by his or her duly authorized attorney and shall specify the number of Class A Shares which the holder desires to have converted.
- (c) Upon receipt of a conversion notice, the Corporation shall issue certificates representing Class B Non-Voting Shares upon the basis above prescribed and in accordance with the provisions hereof to the registered holder of the Class A Shares represented by the certificate or certificates accompanying such notice. If fewer than all the Class A Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate for the Class A Shares representing the shares comprised in the original certificate which are not to be converted.

3. *Subdivision, Consolidation etc.* Neither the Class A Shares nor the Class B Non-Voting Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

4. *Coattail Provisions*

- (a) For the purposes of clauses (a) to (i) of this paragraph (4):
 - (i) "affiliate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (ii) "associate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (iii) "Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;
 - (iv) "Converted Shares" means Class A Voting Shares resulting from the conversion of Class B Non-Voting Shares into Class A Shares pursuant to clause (b).
 - (v) "Exclusionary Offer" means an offer to purchase Class A Shares that:
 - A. must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares

are listed, be made to all or substantially all holders of Class A Shares who are residents of a province of Canada to which the requirement applies; and

- B. is not made concurrently with an offer to purchase Class B Non-Voting Shares that is identical to the offer to purchase Class A Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares,

and for the purposes of this definition if an offer to purchase Class A Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;

- (vi) "Expiry Date" means the last date upon which holders of Class A Shares may accept an Exclusionary Offer;
 - (vii) "Offer Date" means the date on which an Exclusionary Offer is made;
 - (viii) "Offeror" means a person or company that makes an offer to purchase Class A Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder; and
 - (ix) "transfer agent" means the transfer agent for the time being of the Class A Shares.
- (b) Subject to clause (e), if an Exclusionary Offer is made, each outstanding Class B Non-Voting Share shall be convertible into one Class A Share at the option of the holder during the Conversion Period. The conversion right may be exercised by notice in writing given to the transfer agent accompanied by the share certificate or certificates representing the Class B Non-Voting Shares which the holder desires to convert, and such notice shall be executed by such holder, or by his attorney duly authorized in writing, and shall specify the number of Class B Non-Voting Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue a share certificate representing fully-paid Class A Shares as above prescribed and in accordance with clause (d). If less than all of the Class B Non-Voting Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Class B Non-Voting Shares represented by the original share certificate which are not to be converted.

- (c) An election by a holder of Class B Non-Voting Shares to exercise the conversion right provided for in clause (b) shall be deemed to also constitute irrevocable elections by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class B Non-Voting Shares all Converted Shares in respect of which such holder exercises his right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer. Any conversion into Class B Non-Voting Shares, pursuant to such deemed election, of Converted Shares in respect of which the holder exercises his right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised. If the right of withdrawal is not exercised, any conversion into Class B Non-Voting Shares pursuant to such deemed election shall become effective,
 - (i) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required by applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and
 - (ii) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.
- (d) No share certificates representing Converted Shares shall be delivered to the holders of the shares before such shares are deposited pursuant to the Exclusionary Offer; the transfer agent, on behalf of the holders of the Converted Shares, shall deposit pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the offer, the transfer agent shall deliver to the holders entitled thereto all consideration paid by the Offeror for their Converted Shares pursuant to the offer. If Converted Shares are converted into Class B Non-Voting Shares pursuant to clause (c), the transfer agent shall deliver to the holders entitled thereto share certificates representing the Class B Non-Voting Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this clause (d).
- (e) Subject to clause (f), the conversion right provided for in clause (b) shall not come into effect if:
 - (i) prior to the time at which the offer is made there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:
 - A. tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;

- B. make any Exclusionary Offer;
 - C. act jointly or in concert with any person or company that makes any Exclusionary Offer; or
 - D. transfer any Class A Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or
- (ii) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more Shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
- A. the number of Class A Shares owned by the shareholder;
 - B. that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;
 - C. that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
 - D. that such shareholder shall not transfer any Class A Shares directly or indirectly, prior to the Expiry Date without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or
- (iii) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (a) or (b) from shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the transfer agent and to the Secretary of the Corporation.
- (f) If a notice referred to in sub-clause (e)(i)A, (e)(i)D, (e)(ii)C or (e)(ii)D is given and the conversion right provided for in clause (c) has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after

the seventh day following the Offer Date, whichever is later, determine the number of Class A Shares in respect of which there are subsisting certificates that comply with either clause (e)(i) or (e)(ii). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class A Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to be a person or company from whom the transfer agent does not have a subsisting certificate unless the transfer agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the transfer agent has a subsisting certificate. If the number of Class A Shares so determined does not exceed 50% of the number of then outstanding Class A Shares, exclusive of shares owned immediately prior to the offer by the Offeror, clause (e) shall cease to apply and the conversion right provided for in clause (b) shall be in effect for the remainder of the Conversion Period.

- (g) As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class B Non-Voting Shares a notice advising the holders as to whether they are entitled to convert their Class B Non-Voting Shares into Class A Shares and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of clause (f) or otherwise, the Corporation shall forthwith send another notice to them advising them of that fact and the reasons therefor.
- (h) If a notice referred to in clause (g) discloses that the conversion right has come into effect, the notice shall:
 - (i) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer;
 - (ii) include the information set out in clause (c) hereof; and
 - (iii) be accompanied by a copy of the offer and all other material sent to holders of Class A Shares in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class A Shares in respect of the offer, the Corporation shall send a copy of such additional material to each holder of Class B Non-Voting Shares.
- (i) Prior to or forthwith after sending any notice referred to in clause (g), the Corporation shall cause a press release to be issued to a Canadian national news-wire service, describing the contents of the notice.

5. *Liquidation, Dissolution or Winding Up.*

In the event of liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to the holders of the Class A Shares and Class B Non-Voting Shares shall be paid or distributed equally, share for share, between the holders of the Class A Shares and the Class B Non-Voting Shares respectively, without preference or distinction.

6. *Offer by the Corporation to Purchase Class A Shares.* The Corporation may not make an offer to purchase Class A Shares unless at the same time it makes an offer to purchase at the same price and on the same terms as to payment, that number of Class B Non-Voting Shares that is the same proportion of all the Class B Non-Voting Shares then outstanding as the proportion that the Class A Shares with respect to which the Corporation intends to make an offer to purchase is of all the Class A Shares then outstanding.
7. *Voting Rights.* The holders of the Class A Shares shall be entitled to receive notice of, to attend, and to one vote in respect of each Class A Share held at, all annual and/or general meetings of the shareholders of the Corporation. The holders of the Class B Non-Voting Shares shall be entitled to receive 21 days' written notice of, and to attend, in person or by proxy, all meetings of the shareholders of the Corporation and to speak thereat to the same extent as can the holders of Class A Shares, but, subject to the *Canada Business Corporations Act*, shall not be entitled to vote upon any matter whatsoever, at any such meeting, except upon a resolution to authorize the liquidation, dissolution or winding up of the Corporation or the distribution of assets among its shareholders for the purpose of winding up its affairs.
8. *Same Rights.* Save as aforesaid, each Class A Share and each Class B Non-Voting Share shall have the same rights and attributes and be the same in all respects.

II. CLASS 1 PREFERRED SHARES

1. *Issuance in Series.* The Class 1 Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions, the directors of the Corporation may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designation, rights, conditions, restrictions and limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends; the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 1 Preferred Shares of such series to require the redemption thereof; conversion rights (if any); and any redemption fund, purchase fund or other provisions to be attached to the Class 1 Preferred Shares of such series;
2. *Voting Rights.* The holders of Class 1 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of the Corporation, other than a meeting of holders of Class 1 Preferred Shares of such series or a meeting of holder of the class of Class 1 Preferred Shares, as provided by applicable law.
3. *Priority.*
 - (a) The shares of each successive series of Class 1 Preferred Shares shall have a preference over the Class A Shares and the Class B Non-Voting Shares of the Corporation as to dividends of not less than one-hundredth (1/100) of a cent per share.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 1 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series

of the Class 1 Preferred Shares in respect of accumulated dividends and return of capital.

- (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 1 Preferred Shares shall confer upon the shares of that or any other series of the Class 1 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares of any other series of the Class 1 Preferred Shares.
 - (d) The Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares and each series thereof; and the Class 1 Preferred Shares and each series thereof shall rank junior to and be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares and the Class B Preferred Shares. Subject to clauses (3)(a), (b), and (c), Class 1 Preferred Shares of any series may be given such preferences over, or rights to participate with, any shares of the Corporation ranking junior to the Class 1 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.
4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 1 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;
- (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series; and
 - (b) may be converted into any other series of Class 1 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and upon such terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series.
5. *Pre-Emptive Rights.* No holder of Class 1 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to a particular series of Class 1 Preferred Shares authorized to be issued, the holders of such series of Class 1 Preferred Shares may be given a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another

corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

III. CLASS 2 PREFERRED SHARES

1. *Issuance in Series.* The Class 2 Preferred Shares may from time to time be issued in one or more series and subject to the following provisions, the directors may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designations, rights, conditions, restrictions or limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends, the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 2 Preferred Shares of such series to require the redemption thereof; conversion rights, if any and any redemption fund, purchase fund or other provisions to be attached to the Class 2 Preferred Shares of such series;
2. *Voting rights.* The holders of the Class 2 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of the shareholders of the Corporation, other than a meeting of the holders of the class of Class 2 Preferred Shares, as provided by applicable law;
3. *Priority.*
 - (a) The shares of each successive series of Class 2 Preferred Shares shall have a preference over the Class A Shares and the Class B Shares as to dividends in right of payment.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of the Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital.
 - (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 2 Preferred Shares shall confer upon the shares of that or any other series of Class 2 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares or any other series of Class 2 Preferred Shares.
 - (d) The Class A Shares and the Class B Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares and each series thereof; and the Class 2 Preferred Shares and each series thereof shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares, the Class B Preferred Shares and the Class 1 Preferred Shares and each series thereof. Class 2 Preferred Shares of any series may be given such preferences over, or rights to participate with any shares of the Corporation ranking junior to the Class 2 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation, dissolution or winding up of

the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 2 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;
 - (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
 - (b) may be converted into any other series of Class 2 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
5. *Pre-emptive Rights.* No holder of Class 2 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions, attached to a particular series of Class 2 Preferred Shares authorized to be issued, the holders of such series of Class 2 Preferred Shares may be given a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

IV. CLASS A PREFERRED SHARES

1. *Stated Capital Account.* In accordance with the provisions of subsection 26(3) of the *Canada Business Corporations Act*, on the issuance of Class A Preferred Shares in exchange for property, or shares of another class, or pursuant to an amalgamation referred to in section 182 of the *Canada Business Corporations Act* or an arrangement referred to in subsections 192(1)(b) or (c) of the *Canada Business Corporations Act*, the directors of the Corporation may add to the stated capital account maintained for the Class A Preferred Shares the whole or any part of the amount of the consideration received by the Corporation in the exchange.
2. *Redemption Amount.* The price or consideration payable entirely in lawful money of Canada at which the Class A Preferred Shares shall be redeemed (the "Class A Redemption Amount") shall be the amount of consideration received therefor as determined by the directors of the Corporation at the time of issuance of the Class A Preferred Shares and adjusted by the directors at any time or times so as to ensure that the Class A Redemption Amount of such Class A Preferred Shares issued as partial or

total consideration for the purchase by the Corporation of any assets or the conversion for exchange of any shares (the "Class A Purchased Assets") shall equal the difference between the fair market value of the Class A Purchased Assets as at the date of purchase, conversion, or exchange by the Corporation and the aggregate value of the non-share consideration, if any, issued by the Corporation as partial or total consideration for the Class A Purchased Assets.

For greater certainty, such fair market value shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments that impose or would impose any liability for tax on the basis that the fair market value of the Class A Purchased Assets is other than the amount approved by the directors and if the directors or a competent Court or tribunal agree with such revaluation and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the fair market value of the Class A Purchased Assets is other than the amount previously approved by the directors, then the Class A Redemption Amount of the Class A Preferred Shares shall be adjusted nunc pro tunc pursuant to the provisions of this paragraph to reflect the agreed upon fair market value and all necessary adjustments, payments and repayments as may be required shall forthwith be made between the proper parties.

3. *Restriction on Issuance.* No additional Class A Preferred Shares shall be issued by the Corporation at any particular time if, at that time, there are Class A Preferred Shares of the Corporation then issued and outstanding.
4. *Voting Rights.* Subject to the *Canada Business Corporations Act*, the holders of the Class A Preferred Shares shall not as such be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.
5. *Dividend Rights.* When and if declared by the directors of the Corporation in their discretion, the holders of Class A Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non-cumulative dividend at such rate as the directors may from time to time determine on the Class A Redemption Amount thereof; provided always that no dividends shall at any time be declared on issued and outstanding shares of the Corporation, including without limitation the Class A Preferred Shares, if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class A Preferred Shares.
6. *Return of Capital.* Upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class A Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class A Shares and the Class B Non-Voting Shares, the Class A Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class A Redemption Price"). After the payment to the holders of the Class A Preferred Shares of the Class A Redemption Price of each such share as aforesaid, the holders of the Class A Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

7. **Priority.** The Class 1 Preferred Shares, the Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares.
8. **Redemption.** Subject to the provisions of the *Canada Business Corporations Act*, the Corporation:
 - (a) shall, without the requirement to give notice, immediately upon, and as part of, the implementation of the arrangement (the "Arrangement") contemplated by that Arrangement Agreement dated as of July 19, 1999 among Shaw Communications Inc. ("Shaw"), the Corporation and 3471373 Canada Inc., redeem all of the Class A Preferred Shares on payment of the Class A Redemption Price for each share redeemed; or
 - (b) may, in the event that the Arrangement does not become effective and the Arrangement Agreement is terminated, at any time and from time to time, upon giving notice as hereinafter provided in Section IV.10, redeem or purchase the whole or any part of the Class A Preferred Shares held by one or more shareholders on payment of the Class A Redemption Price for each share to be redeemed or purchased.
9. **Retraction Privilege.** Upon written notice of any holder of Class A Preferred Shares which notice shall contain the information required by Section IV.10 and which shall be signed by the holder or his duly authorized attorney (in which case evidence of such authorization satisfactory to the Corporation shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class A Preferred Share) following the receipt of such notice at the registered office of the Corporation redeem or purchase all or such portion of the outstanding Class A Preferred Shares included in such notice, for the sum equal to the aggregate Class A Redemption Price in the manner provided in Section IV.10.
10. **Manner of Redemption or Purchase.**
 - (a) The redemption or purchase of Class A Preferred Shares pursuant to subsection IV.8(b) shall be made in the following manner:
 - (i) The Corporation shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lesser period of time as may be unanimously agreed upon by the holders of all Class A Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class A Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class A Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, then the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

- (ii) Such notice shall set out the Class A Redemption Price, whether the shares are being redeemed pursuant to Section 36 of the Canada Business Corporations Act, or whether the shares are being purchased pursuant to Section 34 of the Canada Business Corporations Act, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.
 - (iii) On or after the date so specified of redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class A Preferred Shares to be redeemed or purchased, the Class A Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificates for the Class A Preferred Shares called for redemption or purchase and the certificates for such shares shall thereupon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.
 - (iv) The Corporation shall have the right at any time after mailing of the notice of its intention to redeem or purchase any Class A Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class A Redemption Price of the shares so called for redemption or purchase, or the Class A Redemption Price of such number of such shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the respective holders of such Class A Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class A Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after such deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Class A Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.
- (b) If only part of the outstanding Class A Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class A Preferred Shares, in their absolute discretion determine the Class A Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro-rata to the holding of any member or on any other fixed basis.

- (c) Class A Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class A Preferred Shares shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

V. CONSTRAINED SHARE PROVISIONS

1. *Definitions and Interpretation*

- (a) For the purposes of this section V, the following terms shall have the meanings set forth below:
 - (i) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985 c.C-44 as amended, as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented.
 - (ii) "Constrained Class" means
 - A. persons who are not Canadians within the meaning of any of the Communications Statutes, or
 - B. persons where the issue or transfer of Voting Shares to any such persons will affect the ability of the Corporation or any of its affiliates or associates to qualify under any of the Communications Statutes in order to obtain, maintain, amend or renew a licence necessary to carry on any business that the Corporation or any of its affiliates or associates is engaged in or proposes to engage in.
 - (iii) "Communications Statutes" means
 - A. the *Telecommunications Act*,
 - B. the *Radiocommunication Act*,
 - C. the *Broadcasting Act*, and
 - D. any other law of Canada or a province of Canada which is currently or hereafter prescribed pursuant to Section 174 of the Act, and which will affect the ability of the Corporation or any of its affiliates or associates to qualify in order to obtain, maintain, amend or renew a licence necessary to carry on any business that the Corporation is engaged in or proposes to engage in,

as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented together with any regulations, Orders in Council, or licences promulgated, made or issued under such laws.

- (iv) "Maximum Aggregate Holdings" means Voting Shares which represent an aggregate of 33 1/3% of the total number of issued and outstanding Voting Shares (or such greater percentage of the total number of Voting Shares that may be permitted to be held by or on behalf of persons in the Constrained Class under any of the Communications Statutes without resulting in a contravention thereof in respect of the ownership or control of the Corporation or any of its affiliates or associates), which is the total number of Voting Shares that may be held from time to time by or on behalf of persons in the Constrained Class;
 - (v) "Regulations" means the regulations under the Act as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented;
 - (vi) "Shares" means shares of any class in the capital of the Corporation, including the Voting Shares; and
 - (vii) "Voting Shares" means the Class A participating shares of the Corporation and any other shares of the Corporation carrying voting rights under all circumstances or by reason of an event that has occurred and is continuing, and includes a security that is convertible into such a share and a currently exercisable option to or right to acquire such a share or such a convertible security.
- (b) All terms used in this Section V which are defined in the Act or the Regulations shall have the meanings ascribed thereto in the Act or the Regulations, except as otherwise expressly provided for herein.
 - (c) Any reference in this Section V to any section of the Act or the Regulations shall include a reference to that section as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemental.
 - (d) The powers of the directors of the Corporation to refuse to issue or register the transfer of a Share, or to sell a Share pursuant to this Section V are without prejudice to any other powers of the directors of the Corporation with respect to such matters in the articles of the Corporation, under any of the Communications Statutes or otherwise.

2. *Restriction on the Issue, Transfer and Ownership of Voting Shares*

- (a) The directors of the Corporation shall not issue a Voting Share and shall refuse to register a transfer of a Voting Share to a person who is a member of the Constrained Class if:
 - (i) the total number of Shares held by or on behalf of persons in the Constrained Class does not exceed the Maximum Aggregate Holdings and the issuance or transfer, as the case may be, of such Voting Shares would cause the number of Shares held by persons in the Constrained Class to exceed the Maximum Aggregate Holdings; or
 - (ii) the total number of Shares held by or on behalf of persons in the Constrained Class exceeds the Maximum Aggregate Holdings and the

issuance or transfer, as the case may be, of such Voting Shares is to a person in the Constrained Class.

- (b) If, for whatever reason, the Maximum Aggregate Holdings by members of the Constrained Class is exceeded, the Corporation may, to the extent permitted by the Act or the Regulations, or by any of the Communications Statutes, for the purpose of ensuring that the Maximum Aggregate Holdings of members of the Constrained Class is not exceeded, sell, as if it were the owner thereof, any Voting Shares that are owned by members of the Constrained Class, subject to the provisions of the Act and the Regulations and of the Communications Statutes.
 - (c) The directors of the Corporation may refuse to issue a Voting Share or register a transfer of a Voting Share, if the issue or transfer, as the case may be, is to be person who may be a member of a Constrained Class and who, in respect of the issue or registration of the transfer of such Voting Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.
 - (d) For the purposes of this Section V, where a Voting Share is held, beneficially owned or controlled jointly by one or more of the joint holders, beneficial owners or persons controlling the Voting Share who is a member of the Constrained Class, the Voting Share is deemed to be held, beneficially owned or controlled, as the case may be, by such member of the Constrained Class.
- 3. *Restriction on the Issue and Transfer of Shares.* The directors of the Corporation may refuse to issue a Share or register a transfer of a Share, if
 - (a) the issue or transfer requires the prior approval of a regulatory authority under any of the Communications Statutes unless and until such approval has been received, or
 - (b) the issue or transfer is to a person who, in respect of the issue or registration of the transfer of such Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.
- 4. *No Claims*
 - (a) No shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or intended pursuance of the provisions of these Articles or any breach or alleged breach by the Corporation of any of the provisions of these Articles, and, for greater certainty, no such person shall be liable for any damages or losses related to or as a consequence of any such act or any such breach or alleged breach of such provisions.
 - (b) In the administration of the provisions of this Section V, the directors of the Corporation shall enjoy, in addition to the powers explicitly set forth herein, all of the powers necessary or desirable to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to

constrained share corporations in the Act and the Regulations, as well as all powers contemplated by the Communications Statutes relating to the ownership of shares by persons that are not Canadians.

5. *General*

- (a) Subject to the Act and the Regulations, the directors of the Corporation may establish, amend or repeal any procedures required to administer the constrained share provisions set out in this Section V and to require any affidavit, declaration or other statement required under any of the Communications Statutes.
- (b) In the event of any conflict between the provisions of this Section V and of the provisions in the Act or the Regulations relating to constrained share corporations, or of the provisions of any of the Communications Statutes, the provisions in the Act and Regulations, or the Communications Statutes, as the case may be, shall prevail, and the provisions of this Section V shall be deemed to be amended accordingly and shall be retroactive in effect, as so amended.
- (c) The invalidity or unenforceability of any provision, in whole or in part, of this Section V for any reason shall not affect the validity or enforceability of any other provision, or part thereof, of these Articles of the Corporation.

SCHEDULE II

The directors may, between annual meetings of shareholders, appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

[caldocs|BNOVLESK{136331.1}]



Industry Canada

Industrie Canada

**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

CORUS ENTERTAINMENT INC.

347065-2

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the
above-named corporation were amended:

Je certifie que les statuts de la société
susmentionnée ont été modifiés:

a) under section 13 of the *Canada
Business Corporations Act* in
accordance with the attached notice;

☐ a) en vertu de l'article 13 de la *Loi
canadienne sur les sociétés par
actions*, conformément à l'avis ci-joint;

b) under section 27 of the *Canada
Business Corporations Act* as set out in
the attached articles of amendment
designating a series of shares;

☐ b) en vertu de l'article 27 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes
désignant une série d'actions;

c) under section 179 of the *Canada
Business Corporations Act* as set out in
the attached articles of amendment;

☒ c) en vertu de l'article 179 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes;

d) under section 191 of the *Canada
Business Corporations Act* as set out in
the attached articles of reorganization;

☐ d) en vertu de l'article 191 de la *Loi
canadienne sur les sociétés par
actions*, tel qu'il est indiqué dans les
clauses de réorganisation ci-jointes;

Director - Directeur

December 18, 2003 / le 18 décembre 2003

Date of Amendment - Date de modification

Canada



Industry Canada Industrie Canada

ELECTRONIC TRANSACTION RAPPORT DE LA TRANSACTION
REPORT ÉLECTRONIQUE

Canada Business Loi canadienne sur les
Corporations Act sociétés par actions

ARTICLES OF AMENDMENT CLAUSES MODIFICATRICES
(SECTIONS 27 OR 177) (ARTICLES 27 OU 177)

Processing Type - Mode de traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société CORUS ENTERTAINMENT INC.	2. Corporation No. - N° de la société 347065-2
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3. The articles of the above-named corporation are amended as follows:
Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

Pursuant to s. 173(1)(n) of the Canada Business Corporations Act, the articles of Corus Entertainment Inc. (the "Corporation") be amended by:

a) redesignating article 1, 8 (same rights) as article 1, 9; and

b) adding a new article 1, 8 as follows:

8. Issuance of Class A Shares

No Class A Shares of the Corporation shall be issued unless the prior written consent of holders of no fewer than two-thirds of the then outstanding Class A Shares (the "threshold number") is obtained. If a proposal to issue any Class A Shares is made by the Corporation, the Secretary of the Corporation shall send by registered mail to each of the holders of the then outstanding Class A Shares, at the address for each Class A Shareholder on the records of the Corporation, a request for such shareholder to consent to the issuance of further Class A Shares ("consent request") in a form deemed appropriate by the Secretary. The consent request shall state the number of Class A Shares that are proposed to be issued, the price and any other terms on which the same shall be issued and shall also provide a time within which the consent request must be received by the Secretary of the Corporation, which shall be a period of no fewer than twenty-one days from the date of mailing. The consent request shall contain a self-addressed envelope directed to the office of the Secretary of the Corporation. The consent request may be duly executed by the shareholder of the Class A Shares and the signature of such shareholder shall be authenticated by a notary public, which shall constitute sufficient evidence of execution of such consent, which consent, to be effective, must be received by the Secretary within the time period set forth therein. No Class A Shares shall be issued by the Corporation unless the Secretary receives, within the time period set forth in the consent request, consent from holders of Class A Shares that represent the threshold number. In the event that the Secretary does not receive consent from holders of the Class A Shares representing the threshold number, or if there is to be any change in the number, price or other terms of the Class A Shares proposed to be issued from what was set forth in the consent request, no Class A Shares of the Corporation shall be issued without a further consent request.

Date Name - Nom
2003-12-18 JOHN R. PERRATON

Signature

Capacity of - en qualité
AUTHORIZED OFFICER

Page 1 of 1

Canada

Schedule 1

SHARE PROVISIONS OF CORUS ENTERTAINMENT INC. (the "Corporation")

I. CLASS A SHARES AND CLASS B NON-VOTING SHARES

1. Dividends

(a) *Definitions and Interpretation.* Where used herein, the following terms shall have the meanings set forth below.

- (i) "Class A Shares" means the Class A Participating Shares in the capital of the Corporation and "Class B Non-Voting Shares" means the Class B Non-Voting Participating Shares in the capital of the Corporation.
- (ii) "Stock Dividend" means a stock dividend declared by the directors of the Corporation after September 1, 1999.
- (iii) "Initial Issued Shares" means the aggregate number of Class A Shares and Class B Non-Voting Shares issued and outstanding on September 1, 1999 adjusted to reflect any subsequent subdivision or consolidation of such shares.
- (iv) "Base Amount" means one cent (1¢) adjusted in accordance with the following formula from time to time to reflect Stock Dividends declared and paid subsequent to September 1, 1999:

$$\frac{\text{Initial Issued Shares}}{\text{Initial Issued Shares Plus Aggregate Number of Class A and Class B Non-Voting Shares Issued As Stock Dividends Adjusted to Reflect Subsequent Share Subdivisions or Consolidations}} \times 1¢ = \text{Base Amount}$$

provided that if the announced current policy of the directors of the Corporation is to declare and pay or set aside for payment regular dividends more frequently than annually, then each reference in this definition to one cent (1¢) shall be read as a reference to one cent (1¢) divided by the frequency per fiscal year in respect of which the directors of the Corporation have an announced current policy to declare and pay, or set aside for payment of, dividends.

- (v) "Dividend Period" means the period not exceeding one year in respect of which the directors of the Corporation have an announced current policy to declare and pay or set aside for payment of regular dividends. In the absence of any announced current policy with respect to dividends, the Dividend Period shall be the fiscal year of the Corporation.

(b) *Entitlement to Dividends*

- (i) Holders of the Class B Non-Voting Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares, the Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class B Non-Voting Shares, be entitled to receive, in each Dividend Period of the Corporation and as and when declared by the directors out of money properly available for the payment of dividends, such dividends as the directors of the Corporation may in their discretion determine.
- (ii) Holders of the Class A Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares and the Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class A Shares, be entitled to receive, in each Dividend Period of the Corporation, dividends per share equal to the dividends, if any, declared on the Class B Non-Voting Shares in such Dividend Period less the Base Amount. In furtherance thereof, no dividend on the Class A Shares shall be declared, paid or set aside for payment in any Dividend Period until an amount at least equal to the Base Amount per share shall have been declared on the Class B Non-Voting Shares in such Dividend Period.
- (iii) For greater certainty, whenever in any Dividend Period an amount at least equal to the Base Amount shall have been declared on the Class B Non-Voting Shares, any amount of dividends in excess of the Base Amount declared in such Dividend Period shall be declared in equal or equivalent amounts per share on all Class A Shares and all Class B Non-Voting Shares at the time outstanding, without preference or distinction.
- (iv) If in any Dividend Period the directors of the Corporation in their discretion shall not declare dividends on the Class B Non-Voting Shares or shall declare dividends thereon in an amount less than the Base Amount, neither the holders of the Class B Non-Voting Shares nor the holders of the Class A Shares shall have any right to any greater dividend than the dividend, if any, actually declared for such Dividend Period, and any claim therefor shall be forever extinguished.

(c) *Stock Dividends.* Notwithstanding anything in clause (b) above, the Board of Directors of the Corporation may at any time, and from time to time, declare and pay a Stock Dividend:

- (i) payable in Class A Shares on Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting

Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;

- (ii) payable in Class B Non-Voting Shares on the Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;
- (iii) payable in Class B Non-Voting Shares on the Class B Non-Voting Shares; provided that at the same time, a Stock Dividend payable in Class A Shares or Class B Non-Voting Shares is declared and paid in the same number per share on the Class A Shares.

2. *Conversion of Class A Shares*

- (a) Any holder of Class A Shares shall be entitled at his or her option at any time (subject as hereinafter provided) to have all or any of the Class A Shares held by him or her converted into Class B Non-Voting Shares as the same shall be constituted at the time of conversion upon the basis of one Class B Non-Voting Share for each one Class A Share in respect of which the conversion right is exercised.
- (b) The conversion right herein provided for may be exercised by notice in writing given to the transfer agent for the Class B Non-Voting Shares of the Corporation accompanied by the certificate or certificates representing Class A Shares in respect of which the holder thereof desires to exercise such right of conversion. Such conversion notice shall be signed by the person registered on the books of the Corporation as the holder of the Class A Shares in respect of which such right is being exercised or by his or her duly authorized attorney and shall specify the number of Class A Shares which the holder desires to have converted.
- (c) Upon receipt of a conversion notice, the Corporation shall issue certificates representing Class B Non-Voting Shares upon the basis above prescribed and in accordance with the provisions hereof to the registered holder of the Class A Shares represented by the certificate or certificates accompanying such notice. If fewer than all the Class A Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate for the Class A Shares representing the shares comprised in the original certificate which are not to be converted.

3. *Subdivision, Consolidation etc.* Neither the Class A Shares nor the Class B Non-Voting Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

4. *Coattail Provisions*

- (a) For the purposes of clauses (a) to (i) of this paragraph (4):
- (i) "affiliate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (ii) "associate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (iii) "Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the expiry date;
 - (iv) "Converted Shares" means Class A Voting Shares resulting from the conversion of Class B Non-Voting Shares into Class A Shares pursuant to clause (b).
 - (v) "Exclusionary Offer" means an offer to purchase Class A Shares that:
 - A. must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all holders of Class A Shares who are residents of a province of Canada to which the requirement applies; and
 - B. is not made concurrently with an offer to purchase Class B Non-Voting Shares that is identical to the offer to purchase Class A Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares,and for the purposes of this definition if an offer to purchase Class A Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (B), the varying of any terms of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;
 - (vi) "Expiry Date" means the last date upon which holders of Class A Shares may accept an Exclusionary Offer;

- (vii) "Offer Date" means the date on which an Exclusionary Offer is made;
 - (viii) "Offeror" means a person or company that makes an offer to purchase Class A Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder; and
 - (ix) "transfer agent" means the transfer agent for the time being of the Class A Shares.
- (b) Subject to clause (e), if an Exclusionary Offer is made, each outstanding Class B Non-Voting Share shall be convertible into one Class A Share at the option of the holder during the Conversion Period. The conversion right may be exercised by notice in writing given to the transfer agent accompanied by the share certificate or certificates representing the Class B Non-Voting Shares which the holder desires to convert, and such notice shall be executed by such holder, or by his attorney duly authorized in writing, and shall specify the number of Class B Non-Voting Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue a share certificate representing fully-paid Class A Shares as above prescribed and in accordance with clause (d). If less than all of the Class B Non-Voting Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Class B Non-Voting Shares represented by the original share certificate which are not to be converted.
- (c) An election by a holder of Class B Non-Voting Shares to exercise the conversion right provided for in clause (b) shall be deemed to also constitute irrevocable elections by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class B Non-Voting Shares all Converted Shares in respect of which such holder exercises his right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer. Any conversion into Class B Non-Voting Shares, pursuant to such deemed election, of Converted Shares in respect of which the holder exercises his right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised. If the right of withdrawal is not exercised, any conversion into Class B Non-Voting Shares pursuant to such deemed election shall become effective,
- (i) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required by applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and

- (ii) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.
- (d) No share certificates representing Converted Shares shall be delivered to the holders of the shares before such shares are deposited pursuant to the Exclusionary Offer; the transfer agent, on behalf of the holders of the Converted Shares, shall deposit pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the offer, the transfer agent shall deliver to the holders entitled thereto all consideration paid by the Offeror for their Converted Shares pursuant to the offer. If Converted Shares are converted into Class B Non-Voting Shares pursuant to clause (c), the transfer agent shall deliver to the holders entitled thereto share certificates representing the Class B Non-Voting Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this clause (d).
- (e) Subject to clause (f), the conversion right provided for in clause (b) shall not come into effect if:
 - (i) prior to the time at which the offer is made there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:
 - A. tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;
 - B. make any Exclusionary Offer;
 - C. act jointly or in concert with any person or company that makes any Exclusionary Offer; or
 - D. transfer any Class A Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or

- (ii) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more Shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
 - A. the number of Class A Shares owned by the shareholder;
 - B. that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;
 - C. that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
 - D. that such shareholder shall not transfer any Class A Shares directly or indirectly, prior to the Expiry Date without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or
 - (iii) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (a) or (b) from shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the transfer agent and to the Secretary of the Corporation.
- (f) If a notice referred to in sub-clause (e)(i)A, (e)(i)D, (e)(ii)C or (e)(ii)D is given and the conversion right provided for in clause (c) has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class A Shares in respect of which there are subsisting certificates that comply with either clause (e)(i) or (e)(ii). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class A Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred

to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to be a person or company from whom the transfer agent does not have a subsisting certificate unless the transfer agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the transfer agent has a subsisting certificate. If the number of Class A Shares so determined does not exceed 50% of the number of then outstanding Class A Shares, exclusive of shares owned immediately prior to the offer by the Offeror, clause (e) shall cease to apply and the conversion right provided for in clause (b) shall be in effect for the remainder of the Conversion Period.

- (g) As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class B Non-Voting Shares a notice advising the holders as to whether they are entitled to convert their Class B Non-Voting Shares into Class A Shares and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of clause (f) or otherwise, the Corporation shall forthwith send another notice to them advising them of that fact and the reasons therefor.
- (h) If a notice referred to in clause (g) discloses that the conversion right has come into effect, the notice shall:
 - (i) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer;
 - (ii) include the information set out in clause (c) hereof; and
 - (iii) be accompanied by a copy of the offer and all other material sent to holders of Class A Shares in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class A Shares in respect of the offer, the Corporation shall send a copy of such additional material to each holder of Class B Non-Voting Shares.
- (i) Prior to or forthwith after sending any notice referred to in clause (g), the Corporation shall cause a press release to be issued to a Canadian national news-wire service, describing the contents of the notice.

5. *Liquidation, Dissolution or Winding Up*

In the event of liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to the holders of the Class A Shares and Class B Non-Voting Shares shall be paid or distributed equally, share for share, between the holders of the Class A Shares and the Class B Non-Voting Shares respectively, without preference or distinction.

6. *Offer by the Corporation to Purchase Class A Shares.* The Corporation may not make an offer to purchase Class A Shares unless at the same time it makes an offer to purchase at the same price and on the same terms as to payment, that number of Class B Non-Voting Shares that is the same proportion of all the Class B Non-Voting Shares then outstanding as the proportion that the Class A Shares with respect to which the Corporation intends to make an offer to purchase is of all the Class A Shares then outstanding.
7. *Voting Rights.* The holders of the Class A Shares shall be entitled to receive notice of, to attend, and to one vote in respect of each Class A share held at, all annual and/or general meetings of the shareholders of the Corporation. The holders of the Class B Non-Voting Shares shall be entitled to receive 21 days' written notice of, and to attend, in person or by proxy, all meetings of the shareholders of the Corporation and to speak thereat to the same extent as can the holders of Class A Shares, but, subject to the *Canada Business Corporations Act*, shall not be entitled to vote upon any matter whatsoever, at any such meeting, except upon a resolution to authorize the liquidation, dissolution or winding up of the Corporation or the distribution of assets among its shareholders for the purpose of winding up its affairs.
8. *Issuance of Class A Shares.* No Class A Shares of the Corporation shall be issued unless the prior written consent of holders of no fewer than two-thirds of the then outstanding Class A Shares (the "threshold number") is obtained. If a proposal to issue any Class A Shares is made by the Corporation, the Secretary of the Corporation shall send by registered mail to each of the holders of the then outstanding Class A Shares, at the address for each Class A Shareholder on the records of the Corporation, a request for such shareholder to consent to the issuance of further Class A Shares ("consent request") in a form deemed appropriate by the Secretary. The consent request shall state the number of Class A Shares that are proposed to be issued, the price and any other terms on which the same shall be issued and shall also provide a time within which the consent request must be received by the Secretary of the Corporation, which shall be a period of no fewer than twenty-one days from the date of mailing. The consent request shall contain a self-addressed envelope directed to the office of the Secretary of the Corporation. The consent request may be duly executed by the shareholder of the Class A Shares and the signature of such shareholder shall be authenticated by a notary public, which shall constitute sufficient evidence of execution of such consent, which consent, to be effective, must be received by the Secretary within the time period set forth therein. No Class A Shares shall be issued by the Corporation unless the Secretary receives, within the time period set forth in the consent request, consent from holders of Class A Shares that represent the threshold number. In the event that the Secretary does not receive consent from holders of the Class A Shares representing the threshold number, or if there is to be any change in the number, price or other terms of the Class A Shares proposed to be issued from what was set forth in the consent request, no Class A Shares of the Corporation shall be issued without a further consent request.
9. *Same Rights.* Save as aforesaid, each Class A Share and each Class B Non-Voting Share shall have the same rights and attributes and be the same in all respects.

II. CLASS 1 PREFERRED SHARES

1. *Issuance in Series.* The Class 1 Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions, the directors of the Corporation may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designation, rights, conditions, restrictions and limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends; the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 1 Preferred Shares of such series to require the redemption thereof; conversion rights (if any); and any redemption fund, purchase fund or other provisions to be attached to the Class 1 Preferred Shares of such series;
2. *Voting Rights.* The holders of Class 1 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of the Corporation, other than a meeting of holders of Class 1 Preferred Shares of such series or a meeting of holder of the class of Class 1 Preferred Shares, as provided by applicable law.
3. *Priority.*
 - (a) The shares of each successive series of Class 1 Preferred Shares shall have a preference over the Class A shares and the Class B Non-Voting Shares of the Corporation as to dividends of not less than one-hundredth (1/100) of a cent per share.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 1 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 1 Preferred Shares in respect of accumulated dividends and return of capital.
 - (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 1 Preferred Shares shall confer upon the shares of that or any other series of the Class 1 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares of any other series of the Class 1 Preferred Shares.
 - (d) The Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares and each series thereof; and the Class 1 Preferred Shares and each series thereof shall rank junior to and be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares and the Class B Preferred Shares. Subject to clauses (3)(a), (b), and (c), Class 1 Preferred Shares

of any series may be given such preferences over, or rights to participate with, any shares of the Corporation ranking junior to the Class 1 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 1 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;

- (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series; and
- (b) may be converted into any other such series of Class 1 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and upon such terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series.

5. *Pre-Emptive Rights.* No holder of Class 1 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however, that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to a particular series of Class 1 Preferred Shares authorized to be issued, the holders of such series of Class 1 Preferred Shares may be given a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

III. CLASS 2 PREFERRED SHARES

1. *Issuance in Series.* The Class 2 Preferred Shares may from time to time be issued in one or more series and subject to the following provisions, the directors may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designations, rights, conditions, restrictions or limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends, the redemption

price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 2 Preferred Shares of such series to require the redemption thereof; conversion rights, if any and any redemption fund, purchase fund or other provisions to be attached to the Class 2 Preferred Shares of such series;

2. *Voting Rights.* The holders of the Class 2 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of the shareholders of the Corporation, other than a meeting of the holders of the class of Class 2 Preferred Shares, as provided by applicable law;
3. *Priority.*
 - (a) The shares of each successive series of Class 2 Preferred Shares shall have a preference over the Class A Shares and the Class B shares as to dividends in right of payment.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of the Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital.
 - (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 2 Preferred Shares shall confer upon the shares of that or any other series of Class 2 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares or any other series of Class 2 Preferred Shares.
 - (d) The Class A Shares and the Class B Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares and each series thereof; and the Class 2 Preferred Shares and each series thereof shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares, the Class B Preferred Shares and the Class 1 Preferred Shares and each series thereof. Class 2 Preferred Shares of any series may be given such preferences over, or rights to participate with any shares of the Corporation ranking junior to the Class 2 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.
4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 2 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;

- (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
 - (b) may be converted into any other series of Class 2 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
- 5. *Pre-emptive Rights.* No holder of Class 2 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however, that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions, attached to a particular series of Class 2 Preferred Shares authorized to be issued, the holders of such series of Class 2 Preferred Shares may be give in a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

IV. CLASS A PREFERRED SHARES

- 1. *Stated Capital Amount.* In accordance with the provisions of subsection 26(3) of the *Canada Business Corporations Act*, on the issuance of Class A Preferred Shares in exchange for property, or shares of another class, or pursuant to an amalgamation referred to in section 182 of the *Canada Business Corporations Act* or an arrangement referred to in subsections 192(1)(b) or (c) of the *Canada Business Corporations Act*, the directors of the Corporation may add to the stated capital account maintained for the Class A Preferred Shares the whole or any part of the amount of the consideration received by the Corporation in the exchange.
- 2. *Redemption Amount.* The price or consideration payable entirely in lawful money of Canada at which the Class A Preferred Shares shall be redeemed (the "Class A Redemption Amount") shall be the amount of consideration received therefor as determined by the directors of the Corporation at the time of issuance of the Class A Preferred Shares and adjusted by the directors at any time or times so as to ensure that the Class A Redemption Amount of such Class A Preferred Shares issued as partial or total consideration for the purchase by the Corporation of any assets or the conversion for exchange of any shares (the "Class A Purchased Assets") shall equal the difference between the fair market value of the Class A Purchased Assets as at the date of purchase, conversion, or exchange by the Corporation and the aggregate value of the non-share

consideration, if any, issued by the Corporation as partial or total consideration for the Class A Purchased Assets.

For greater certainty, such fair market value shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments that impose or would impose any liability for tax on the basis that the fair market value of the Class A Purchased Assets is other than the amount approved by the directors and if the directors or a competent Court or tribunal agree with such revaluation and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the fair market value of the Class A Purchased Assets is other than the amount previously approved by the directors, then the Class A Redemption Amount of the Class A Preferred Shares shall be adjusted nunc pro tunc pursuant to the provisions of this paragraph to reflect the agreed upon fair market value and all necessary adjustments, payments, and repayments as may be required shall forthwith be made between the proper parties.

3. *Restriction on Issuance.* No additional Class A Preferred Shares shall be issued by the Corporation at any particular time if, at that time, there are Class A Preferred Shares of the Corporation then issued and outstanding.
4. *Voting Rights.* Subject to the *Canada Business Corporations Act*, the holders of the Class A Preferred Shares shall not as such be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.
5. *Dividend Rights.* When and if declared by the directors of the Corporation in their discretion, the holders of Class A Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non-cumulative dividend at such rate as the directors may from time to time determine on the Class A Redemption Amount thereof; provided always that no dividends shall at any time be declared on issued and outstanding shares of the Corporation, including without limitation the Class A Preferred Shares, if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class A Preferred Shares.
6. *Return of Capital.* Upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class A Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class A Shares and the Class B Non-Voting Shares, the Class A Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class A Redemption Price"). After the payment to the holders of the Class A Preferred Shares of the Class A Redemption Price of each such share as aforesaid, the holders of the Class A Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

7. *Priority.* The Class 1 Preferred Shares, the Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respect to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares.
8. *Redemption.* Subject to the provisions of the *Canada Business Corporations Act*, the Corporation:
 - (a) shall, without the requirement to give notice, immediately upon, and as part of, the implementation of the arrangement (the "Arrangement") contemplated by that Arrangement Agreement dated as of July 19, 1999 among Shaw Communications Inc. ("Shaw"), the Corporation and 3471373 Canada Inc., redeem all of the Class A Preferred Shares on payment of the Class A Redemption Price for each share redeemed; or
 - (b) may, in the event that the Arrangement does not become effective and the Arrangement Agreement is terminated, at any time and from time to time, upon giving notice as hereinafter provided in Section IV.10, redeem or purchase the whole or any part of the Class A Preferred Shares held by one or more shareholders on payment of the Class A Redemption Price for each share to be redeemed or purchased.
9. *Retraction Privilege.* Upon written notice of any holder of Class A Preferred Shares which notice shall contain the information required by Section IV.10 and which shall be signed by the holder or his duly authorized attorney (in which case evidence of such authorization satisfactory to the Corporation shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class A Preferred Share) following the receipt of such notice at the registered office of the Corporation redeem or purchase all or such portion of the outstanding Class A Preferred Shares included in such notice, for the sum equal to the aggregate Class A Redemption Price in the manner provided in Section IV.10.
10. *Manner of Redemption or Purchase.*
 - (a) The redemption or purchase of Class A Preferred Shares pursuant to subsection IV.8(b) shall be made in the following manner:
 - (i) The Corporation Shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lesser period of time as may be unanimously agreed upon by the holders of all Class A Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class A Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class A Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, then the last known address of such shareholder, provided,

however, than an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

- (ii) Such notice shall set out the Class A Redemption Price, whether the shares are being redeemed pursuant to Section 36 of the Canada Business Corporations Act, or whether the shares are being purchased pursuant to Section 34 of the Canada Business Corporations Act, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.
- (iii) On or after the date so specified of redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class A Preferred Shares to be redeemed or purchased, the Class A Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificates for the Class A Preferred Shares called for redemption or purchase and the certificates for such shares shall there upon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.
- (iv) The Corporation shall have the right at any time after mailing of the notice of its intention to redeem or purchase any Class A Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class A Redemption Price of the shares so called for redemption or purchase, or the Class A Redemption Price of such number of such shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the respective holders of such Class A Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class A Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after such deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Class A Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

- (b) If only part of the outstanding Class A Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class A Preferred Shares, in their absolute discretion determine the Class A Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro-rata to the holding of any member or on any other fixed basis.
- (c) Class A Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class A Preferred Shares shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

V. CONSTRAINED SHARE PROVISIONS

1. *Definitions and Interpretation*

- (a) For the purposes of this section V, the following terms shall have the meanings set forth below:
 - (i) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985, c.C-44 as amended, as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented.
 - (ii) "Constrained Class" means
 - A. persons who are not Canadians within the meaning of any of the Communications Statutes; or
 - B. persons where the issue or transfer of Voting Shares to any such persons will affect the ability of the Corporation or any of its affiliates or associates to qualify under any of the Communications Statutes in order to obtain, maintain, amend or renew a licence necessary to carry on business that the Corporation or any of its affiliates or associates is engaged in or proposes to engage in.
 - (iii) "Communications Statutes" means
 - A. the *Telecommunications Act*,
 - B. the *Radiocommunication Act*,
 - C. the *Broadcasting Act*,

- D. any other law of Canada or a province of Canada which is currently or hereafter prescribed pursuant to Section 174 of the Act, and which will affect the ability of the Corporation or any of its affiliates or associates to qualify in order to obtain, maintain, amend or renew a licence necessary to carry on any business that the Corporation is engaged in or proposes to engage in,

as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented together with any regulations, Orders in Council, or licences promulgated, made or issued under such laws.

- (iv) "Maximum Aggregate Holdings" means Voting Shares which represent an aggregate of 33 1/3% of the total number of issued and outstanding Voting Shares (or such greater percentage of the total number of Voting Shares that may be permitted to be held by or on behalf of persons in the Constrained Class under any of the Communications Statutes without resulting in a contravention thereof in respect of the ownership or control of the Corporation or any of its affiliates or associates), which is the total number of Voting Shares that may be held from time to time by or on behalf of persons in the Constrained Class;
- (v) "Regulations" means the regulations under the Act as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented;
- (vi) "Shares" means shares of any class in the capital of the Corporation, including the Voting Shares; and
- (vii) "Voting Shares" means the Class A participating shares of the Corporation and any other shares of the Corporation carrying voting rights under all circumstances or by reason of an event that has occurred and is continuing, and includes a security that is convertible into such a share and a currently exercisable option to or right to acquire such a share or such a convertible security.
- (b) All terms used in this Section V which are defined in the Act or the Regulations shall have the meanings ascribed thereto in the Act or the Regulations, except as otherwise expressly provided for herein.
- (c) Any reference in this Section V to any section of the Act or the Regulations shall include a reference to that section as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemental.
- (d) The powers of the directors of the Corporation to refuse to issue or register the transfer of a Share, or to sell a Share pursuant to this Section V are without prejudice to any other powers of the directors of the

Corporation with respect to such matters in the articles of the Corporation, under any of the Communications Statutes or otherwise.

2. *Restriction on the Issue, Transfer and Ownership of Voting Shares*

- (a) The directors of the Corporation shall not issue a Voting Share and shall refuse to register a transfer of a Voting Share to a person who is a member of the Constrained Class if:
 - (i) the total number of shares held by or on behalf of persons in the Constrained Class does not exceed the Maximum Aggregate Holdings and the issuance or transfer, as the case may be, of such Voting Shares would cause the number of Shares held by persons in the Constrained Class to exceed the Maximum Aggregate Holdings; or
 - (ii) the total number of Shares held by or on behalf of persons in the Constrained Class exceeds the Maximum Aggregate Holdings and the issuance or transfer, as the case may be, of such Voting Shares is to a person in the Constrained Class.
- (b) If, for whatever reason, the Maximum Aggregate Holdings by members of the Constrained Class is exceeded, the Corporation may, to the extent permitted by the Act or the Regulations, or by any of the Communications Statutes, for the purpose of ensuring that the Maximum Aggregate Holdings of members of the Constrained Class is not exceeded, sell, as if it were the owner thereof, any Voting Shares that are owned by members of the Constrained Class, subject to the provisions of the Act and the Regulations and of the Communications Statutes.
- (c) The directors of the Corporation may refuse to issue a Voting Share or register a transfer of a Voting Share, if the issue or transfer, as the case may be, is to be person who may be a member of a Constrained Class and who, in respect of the issue or registration of the transfer of such Voting Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.
- (d) For the purposes of this Section V, where a Voting Share is held, beneficially owned or controlled jointly by one or more of the joint holders, beneficial owners or persons controlling the Voting Share who is a member of the Constrained Class, the Voting Share is deemed to be held, beneficially owned or controlled, as the case may be, by such member of the Constrained Class.

3. *Restriction on the Issue and Transfer of Shares.* The directors of the Corporation may refuse to issue a Share or register a transfer of a Share if

- (a) the issue or transfer requires the prior approval of a regulatory authority under any of the Communications Statutes unless and until such approval has been received, or

- (b) the issue or transfer is to a person who, in respect of the issue or registration of the transfer of such Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.

4. *No Claims*

- (a) No shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or intended pursuance of the provisions of these Articles or any breach or alleged breach by the Corporation of any of the provisions of these Articles, and, for greater certainty, no such person shall be liable for any damages or losses related to or as a consequence of any such act or any such breach or alleged breach of such provisions.
- (b) In the administration of the provisions of this Section V, the directors of the Corporation shall enjoy, in addition to the powers explicitly set forth herein, all of the powers necessary or desirable to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the Act and the Regulations, as well as all powers contemplated by the Communications Statutes relating to the ownership of shares by persons that are not Canadians.

5. *General*

- (a) Subject to the Act and Regulations, the directors of the Corporation may establish, amend or repeal any procedures required to administer the constrained share provisions set out this Section V and to require any affidavit, declaration or other statement required under any of the Communications Statutes.
- (b) In the event of any conflict between the provisions of this Section V and of the provisions in the Act or the Regulations relating to constrained share corporations, or of the provisions of any of the Communications Statutes, the provisions in the Act and Regulations, or the Communications Statutes, as the case may be, shall prevail, and the provisions of this Section V shall be deemed to be amended accordingly and shall be retroactive in effect, as so amended.
- (c) The invalidity or unenforceability of any provision, in whole or in part, of this Section V for any reason shall not affect the validity or enforceability of any other provision, or part thereof, of these Articles of the Corporation.

SCHEDULE II

The directors may, between annual meetings of shareholders, appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.



Industry Canada

Industrie Canada

**Certificate
of Amendment**

**Canada Business
Corporations Act**

**Certificat
de modification**

**Loi canadienne sur
les sociétés par actions**

CORUS ENTERTAINMENT INC.

347065-2

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the
above-named corporation were amended:

Je certifie que les statuts de la société
susmentionnée ont été modifiés:

- a) under section 13 of the *Canada Business Corporations Act* in accordance with the attached notice;
- b) under section 27 of the *Canada Business Corporations Act* as set out in the attached articles of amendment designating a series of shares;
- c) under section 179 of the *Canada Business Corporations Act* as set out in the attached articles of amendment;
- d) under section 191 of the *Canada Business Corporations Act* as set out in the attached articles of reorganization;

- ☐ a) en vertu de l'article 13 de la *Loi canadienne sur les sociétés par actions*, conformément à l'avis ci-joint;
- ☐ b) en vertu de l'article 27 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes désignant une série d'actions;
- ☒ c) en vertu de l'article 179 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes;
- ☐ d) en vertu de l'article 191 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses de réorganisation ci-jointes;

Richard G. Shaw
Director - Directeur

January 9, 2008 / le 9 janvier 2008

Date of Amendment - Date de modification



Industry Canada Industrie Canada

ELECTRONIC TRANSACTION
REPORT

RAPPORT DE LA TRANSACTION
ÉLECTRONIQUE

Canada Business
Corporations Act

Loi canadienne sur les
sociétés par actions

ARTICLES OF AMENDMENT
(SECTIONS 27 OR 177)

CLAUSES MODIFICATRICES
(ARTICLES 27 OU 177)

Processing Type - Mode de traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société CORUS ENTERTAINMENT INC.	2. Corporation No. - N° de la société 347065-2
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3. The articles of the above-named corporation are amended as follows:
Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

Pursuant to s. 173(1)(h) of the Canada Business Corporations Act, the articles of Corus Entertainment Inc. (the "Corporation") be amended by adding a new Article I.10 as follows:

10 Division of Class A Voting Participating Shares and Class B Non-Voting Participating Shares - Pursuant to Section 173(1)(h) of the Canada Business Corporations Act, each issued and outstanding Class A Voting Participating Share and each issued and outstanding Class B Non-Voting Participating Share in the capital of the Corporation shall be divided on a two-for-one basis; provided that the effective time of the division of the Class A Voting Participating Shares and the Class B Non-Voting Participating Shares, as the case may be, shall be the close of business on February 1, 2008 or such other date as is established prior thereto by the Board of Directors of the Corporation and publicly announced by the Corporation.

Date 2008-01-09
Name - Nom JOHN R. (JACK) PERRATON

Signature

Capacity of - en qualité
AUTHORIZED OFFICER

Page 1 of 1

Canada

Schedule 1

SHARE PROVISIONS OF CORUS ENTERTAINMENT INC. (the "Corporation")

I. CLASS A SHARES AND CLASS B NON-VOTING SHARES

1. Dividends

(a) *Definitions and Interpretation.* Where used herein, the following terms shall have the meanings set forth below.

- (i) "Class A Shares" means the Class A Participating Shares in the capital of the Corporation and "Class B Non-Voting Shares" means the Class B Non-Voting Participating Shares in the capital of the Corporation.
- (ii) "Stock Dividend" means a stock dividend declared by the directors of the Corporation after September 1, 1999.
- (iii) "Initial Issued Shares" means the aggregate number of Class A Shares and Class B Non-Voting Shares issued and outstanding on September 1, 1999 adjusted to reflect any subsequent subdivision or consolidation of such shares.
- (iv) "Base Amount" means one cent (1¢) adjusted in accordance with the following formula from time to time to reflect Stock Dividends declared and paid subsequent to September 1, 1999:

$$\frac{\text{Initial Issued Shares}}{\text{Initial Issued Shares Plus Aggregate Number of Class A and Class B Non-Voting Shares Issued As Stock Dividends Adjusted to Reflect Subsequent Share Subdivisions or Consolidations}} \times 1¢ = \text{Base Amount}$$

provided that if the announced current policy of the directors of the Corporation is to declare and pay or set aside for payment regular dividends more frequently than annually, then each reference in this definition to one cent (1¢) shall be read as a reference to one cent (1¢) divided by the frequency per fiscal year in respect of which the directors of the Corporation have an announced current policy to declare and pay, or set aside for payment of, dividends.

- (v) "Dividend Period" means the period not exceeding one year in respect of which the directors of the Corporation have an announced current policy to declare and pay or set aside for payment of regular dividends. In the absence of any announced current policy with respect to dividends, the Dividend Period shall be the fiscal year of the Corporation.

(b) *Entitlement to Dividends*

- (i) Holders of the Class B Non-Voting Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares, the Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class B Non-Voting Shares, be entitled to receive, in each Dividend Period of the Corporation and as and when declared by the directors out of money properly available for the payment of dividends, such dividends as the directors of the Corporation may in their discretion determine.
- (ii) Holders of the Class A Shares shall, subject to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares, the Class B Preferred Shares, the Class 1 Preferred Shares and the Class 2 Preferred Shares and any other class of shares of the Corporation ranking senior in right of payment to the Class A Shares, be entitled to receive, in each Dividend Period of the Corporation, dividends per share equal to the dividends, if any, declared on the Class B Non-Voting Shares in such Dividend Period less the Base Amount. In furtherance thereof, no dividend on the Class A Shares shall be declared, paid or set aside for payment in any Dividend Period until an amount at least equal to the Base Amount per share shall have been declared on the Class B Non-Voting Shares in such Dividend Period.
- (iii) For greater certainty, whenever in any Dividend Period an amount at least equal to the Base Amount shall have been declared on the Class B Non-Voting Shares, any amount of dividends in excess of the Base Amount declared in such Dividend Period shall be declared in equal or equivalent amounts per share on all Class A Shares and all Class B Non-Voting Shares at the time outstanding, without preference or distinction.
- (iv) If in any Dividend Period the directors of the Corporation in their discretion shall not declare dividends on the Class B Non-Voting Shares or shall declare dividends thereon in an amount less than the Base Amount, neither the holders of the Class B Non-Voting Shares nor the holders of the Class A Shares shall have any right to any greater dividend than the dividend, if any, actually declared for such Dividend Period, and any claim therefor shall be forever extinguished.

(c) *Stock Dividends.* Notwithstanding anything in clause (b) above, the Board of Directors of the Corporation may at any time, and from time to time, declare and pay a Stock Dividend:

- (i) payable in Class A Shares on Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting

Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;

- (ii) payable in Class B Non-Voting Shares on the Class A Shares; provided that at the same time, a Stock Dividend payable in Class B Non-Voting Shares is declared and paid in the same number per share on the Class B Non-Voting Shares;
- (iii) payable in Class B Non-Voting Shares on the Class B Non-Voting Shares; provided that at the same time, a Stock Dividend payable in Class A Shares or Class B Non-Voting Shares is declared and paid in the same number per share on the Class A Shares.

2. *Conversion of Class A Shares*

- (a) Any holder of Class A Shares shall be entitled at his or her option at any time (subject as hereinafter provided) to have all or any of the Class A Shares held by him or her converted into Class B Non-Voting Shares as the same shall be constituted at the time of conversion upon the basis of one Class B Non-Voting Share for each one Class A Share in respect of which the conversion right is exercised.
- (b) The conversion right herein provided for may be exercised by notice in writing given to the transfer agent for the Class B Non-Voting Shares of the Corporation accompanied by the certificate or certificates representing Class A Shares in respect of which the holder thereof desires to exercise such right of conversion. Such conversion notice shall be signed by the person registered on the books of the Corporation as the holder of the Class A Shares in respect of which such right is being exercised or by his or her duly authorized attorney and shall specify the number of Class A Shares which the holder desires to have converted.
- (c) Upon receipt of a conversion notice, the Corporation shall issue certificates representing Class B Non-Voting Shares upon the basis above prescribed and in accordance with the provisions hereof to the registered holder of the Class A Shares represented by the certificate or certificates accompanying such notice. If fewer than all the Class A Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate for the Class A Shares representing the shares comprised in the original certificate which are not to be converted.

3. *Subdivision, Consolidation etc.* Neither the Class A Shares nor the Class B Non-Voting Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

4. *Coattail Provisions*

- (a) For the purposes of clauses (a) to (i) of this paragraph (4):
- (i) "affiliate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (ii) "associate" has the meaning assigned by the Securities Act (Alberta) as amended from time to time;
 - (iii) "Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the expiry date;
 - (iv) "Converted Shares" means Class A Voting Shares resulting from the conversion of Class B Non-Voting Shares into Class A Shares pursuant to clause (b).
 - (v) "Exclusionary Offer" means an offer to purchase Class A Shares that:
 - A. must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all holders of Class A Shares who are residents of a province of Canada to which the requirement applies; and
 - B. is not made concurrently with an offer to purchase Class B Non-Voting Shares that is identical to the offer to purchase Class A Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares,and for the purposes of this definition if an offer to purchase Class A Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (B), the varying of any terms of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;
 - (vi) "Expiry Date" means the last date upon which holders of Class A Shares may accept an Exclusionary Offer;

- (vii) "Offer Date" means the date on which an Exclusionary Offer is made;
 - (viii) "Offeror" means a person or company that makes an offer to purchase Class A Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder; and
 - (ix) "transfer agent" means the transfer agent for the time being of the Class A Shares.
- (b) Subject to clause (e), if an Exclusionary Offer is made, each outstanding Class B Non-Voting Share shall be convertible into one Class A Share at the option of the holder during the Conversion Period. The conversion right may be exercised by notice in writing given to the transfer agent accompanied by the share certificate or certificates representing the Class B Non-Voting Shares which the holder desires to convert, and such notice shall be executed by such holder, or by his attorney duly authorized in writing, and shall specify the number of Class B Non-Voting Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue a share certificate representing fully-paid Class A Shares as above prescribed and in accordance with clause (d). If less than all of the Class B Non-Voting Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Class B Non-Voting Shares represented by the original share certificate which are not to be converted.
- (c) An election by a holder of Class B Non-Voting Shares to exercise the conversion right provided for in clause (b) shall be deemed to also constitute irrevocable elections by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class B Non-Voting Shares all Converted Shares in respect of which such holder exercises his right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer. Any conversion into Class B Non-Voting Shares, pursuant to such deemed election, of Converted Shares in respect of which the holder exercises his right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised. If the right of withdrawal is not exercised, any conversion into Class B Non-Voting Shares pursuant to such deemed election shall become effective,
- (i) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required by applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and

- (ii) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.
- (d) No share certificates representing Converted Shares shall be delivered to the holders of the shares before such shares are deposited pursuant to the Exclusionary Offer; the transfer agent, on behalf of the holders of the Converted Shares, shall deposit pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the offer, the transfer agent shall deliver to the holders entitled thereto all consideration paid by the Offeror for their Converted Shares pursuant to the offer. If Converted Shares are converted into Class B Non-Voting Shares pursuant to clause (c), the transfer agent shall deliver to the holders entitled thereto share certificates representing the Class B Non-Voting Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this clause (d).
- (e) Subject to clause (f), the conversion right provided for in clause (b) shall not come into effect if:
 - (i) prior to the time at which the offer is made there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:
 - A. tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;
 - B. make any Exclusionary Offer;
 - C. act jointly or in concert with any person or company that makes any Exclusionary Offer; or
 - D. transfer any Class A Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or

- (ii) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more Shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
 - A. the number of Class A Shares owned by the shareholder;
 - B. that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;
 - C. that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
 - D. that such shareholder shall not transfer any Class A Shares directly or indirectly, prior to the Expiry Date without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or
 - (iii) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (a) or (b) from shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the transfer agent and to the Secretary of the Corporation.
- (f) If a notice referred to in sub-clause (e)(i)A, (e)(i)D, (e)(ii)C or (e)(ii)D is given and the conversion right provided for in clause (c) has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class A Shares in respect of which there are subsisting certificates that comply with either clause (e)(i) or (e)(ii). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class A Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred

to in sub-clause (e)(i)D or (e)(ii)D shall be deemed to be a person or company from whom the transfer agent does not have a subsisting certificate unless the transfer agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the transfer agent has a subsisting certificate. If the number of Class A Shares so determined does not exceed 50% of the number of then outstanding Class A Shares, exclusive of shares owned immediately prior to the offer by the Offeror, clause (e) shall cease to apply and the conversion right provided for in clause (b) shall be in effect for the remainder of the Conversion Period.

- (g) As soon as reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class B Non-Voting Shares a notice advising the holders as to whether they are entitled to convert their Class B Non-Voting Shares into Class A Shares and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of clause (f) or otherwise, the Corporation shall forthwith send another notice to them advising them of that fact and the reasons therefor.
- (h) If a notice referred to in clause (g) discloses that the conversion right has come into effect, the notice shall:
 - (i) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer;
 - (ii) include the information set out in clause (c) hereof; and
 - (iii) be accompanied by a copy of the offer and all other material sent to holders of Class A Shares in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class A Shares in respect of the offer, the Corporation shall send a copy of such additional material to each holder of Class B Non-Voting Shares.
- (i) Prior to or forthwith after sending any notice referred to in clause (g), the Corporation shall cause a press release to be issued to a Canadian national news-wire service, describing the contents of the notice.

5. *Liquidation, Dissolution or Winding Up*

In the event of liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, all the property and assets of the Corporation available for distribution to the holders of the Class A Shares and Class B Non-Voting Shares shall be paid or distributed equally, share for share, between the holders of the Class A Shares and the Class B Non-Voting Shares respectively, without preference or distinction.

6. *Offer by the Corporation to Purchase Class A Shares.* The Corporation may not make an offer to purchase Class A Shares unless at the same time it makes an offer to purchase at the same price and on the same terms as to payment, that number of Class B Non-Voting Shares that is the same proportion of all the Class B Non-Voting Shares then outstanding as the proportion that the Class A Shares with respect to which the Corporation intends to make an offer to purchase is of all the Class A Shares then outstanding.
7. *Voting Rights.* The holders of the Class A Shares shall be entitled to receive notice of, to attend, and to one vote in respect of each Class A share held at, all annual and/or general meetings of the shareholders of the Corporation. The holders of the Class B Non-Voting Shares shall be entitled to receive 21 days' written notice of, and to attend, in person or by proxy, all meetings of the shareholders of the Corporation and to speak thereat to the same extent as can the holders of Class A Shares, but, subject to the *Canada Business Corporations Act*, shall not be entitled to vote upon any matter whatsoever, at any such meeting, except upon a resolution to authorize the liquidation, dissolution or winding up of the Corporation or the distribution of assets among its shareholders for the purpose of winding up its affairs.
8. *Issuance of Class A Shares.* No Class A Shares of the Corporation shall be issued unless the prior written consent of holders of no fewer than two-thirds of the then outstanding Class A Shares (the "threshold number") is obtained. If a proposal to issue any Class A Shares is made by the Corporation, the Secretary of the Corporation shall send by registered mail to each of the holders of the then outstanding Class A Shares, at the address for each Class A Shareholder on the records of the Corporation, a request for such shareholder to consent to the issuance of further Class A Shares ("consent request") in a form deemed appropriate by the Secretary. The consent request shall state the number of Class A Shares that are proposed to be issued, the price and any other terms on which the same shall be issued and shall also provide a time within which the consent request must be received by the Secretary of the Corporation, which shall be a period of no fewer than twenty-one days from the date of mailing. The consent request shall contain a self-addressed envelope directed to the office of the Secretary of the Corporation. The consent request may be duly executed by the shareholder of the Class A Shares and the signature of such shareholder shall be authenticated by a notary public, which shall constitute sufficient evidence of execution of such consent, which consent, to be effective, must be received by the Secretary within the time period set forth therein. No Class A Shares shall be issued by the Corporation unless the Secretary receives, within the time period set forth in the consent request, consent from holders of Class A Shares that represent the threshold number. In the event that the Secretary does not receive consent from holders of the Class A Shares representing the threshold number, or if there is to be any change in the number, price or other terms of the Class A Shares proposed to be issued from what was set forth in the consent request, no Class A Shares of the Corporation shall be issued without a further consent request.
9. *Same Rights.* Save as aforesaid, each Class A Share and each Class B Non-Voting Share shall have the same rights and attributes and be the same in all respects.

- 10 *Division of Class A Voting Participating Shares and Class B Non-Voting Participating Shares.* Pursuant to Section 173(1)(h) of the Canada Business Corporations Act, each issued and outstanding Class A Voting Participating Share and each issued and outstanding Class B Non-Voting Participating Share in the capital of the Corporation shall be divided on a two-for-one basis; provided that the effective time of the division of the Class A Voting Participating Shares and the Class B Non-Voting Participating Shares, as the case may be, shall be the close of business on February 1, 2008 or such other date as is established prior thereto by the Board of Directors of the Corporation and publicly announced by the Corporation.

II. CLASS 1 PREFERRED SHARES

1. *Issuance in Series.* The Class 1 Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions, the directors of the Corporation may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designation, rights, conditions, restrictions and limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends; the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 1 Preferred Shares of such series to require the redemption thereof; conversion rights (if any); and any redemption fund, purchase fund or other provisions to be attached to the Class 1 Preferred Shares of such series;
2. *Voting Rights.* The holders of Class 1 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of the Corporation, other than a meeting of holders of Class 1 Preferred Shares of such series or a meeting of holder of the class of Class 1 Preferred Shares, as provided by applicable law.
3. *Priority.*
 - (a) The shares of each successive series of Class 1 Preferred Shares shall have a preference over the Class A shares and the Class B Non-Voting Shares of the Corporation as to dividends of not less than one-hundredth (1/100) of a cent per share.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 1 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 1 Preferred Shares in respect of accumulated dividends and return of capital.
 - (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 1 Preferred Shares shall confer upon the shares of that or any other series of the Class 1 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares of any other series of the Class 1 Preferred Shares.

- (d) The Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares and each series thereof; and the Class 1 Preferred Shares and each series thereof shall rank junior to and be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares and the Class B Preferred Shares. Subject to clauses (3)(a), (b), and (c), Class 1 Preferred Shares of any series may be given such preferences over, or rights to participate with, any shares of the Corporation ranking junior to the Class 1 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.
4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 1 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;
- (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series; and
 - (b) may be converted into any other such series of Class 1 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and upon such terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 1 Preferred Shares of such series.
5. *Pre-Emptive Rights.* No holder of Class 1 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however, that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to a particular series of Class 1 Preferred Shares authorized to be issued, the holders of such series of Class 1 Preferred Shares may be given a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

III. CLASS 2 PREFERRED SHARES

1. *Issuance in Series.* The Class 2 Preferred Shares may from time to time be issued in one or more series and subject to the following provisions, the directors may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designations, rights, conditions, restrictions or limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends, and whether or not the same shall be cumulative; the dates of payment of dividends, the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of the Class 2 Preferred Shares of such series to require the redemption thereof; conversion rights, if any and any redemption fund, purchase fund or other provisions to be attached to the Class 2 Preferred Shares of such series;
2. *Voting Rights.* The holders of the Class 2 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of the shareholders of the Corporation, other than a meeting of the holders of the class of Class 2 Preferred Shares, as provided by applicable law;
3. *Priority.*
 - (a) The shares of each successive series of Class 2 Preferred Shares shall have a preference over the Class A Shares and the Class B shares as to dividends in right of payment.
 - (b) If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of the Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital.
 - (c) No preferences, rights, conditions, restrictions, limitations or prohibitions attached to a series of Class 2 Preferred Shares shall confer upon the shares of that or any other series of Class 2 Preferred Shares a priority in respect of voting, dividends or return of capital over the shares or any other series of Class 2 Preferred Shares.
 - (d) The Class A Shares and the Class B Shares of the Corporation shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares and each series thereof; and the Class 2 Preferred Shares and each series thereof shall rank junior to and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares, the Class B Preferred Shares and the Class 1 Preferred Shares and each series thereof. Class 2 Preferred Shares of any series may be given such preferences over, or rights to participate with any shares of the Corporation ranking junior to the Class 2 Preferred Shares (including in respect of, but not in any way limited to, payment of dividends, repayment of capital and distribution of assets in the event of the liquidation,

dissolution or winding up of the Corporation, whether voluntary or involuntary) as may be fixed by the directors of the Corporation in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

4. *Conversion and Redemption.* Subject to the applicable provisions of the *Canada Business Corporations Act* and the provisions attached to any particular series, Class 2 Preferred Shares of any series, if so provided in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series;
 - (a) may be purchased for cancellation or made subject to redemption at the option of the Corporation or the holder thereof at such times and at such prices and upon such other terms and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
 - (b) may be converted into any other series of Class 2 Preferred Shares or into any other securities of the Corporation (except Class A Shares) or any other corporation or other issuer of securities, at such times and conditions as may be specified in the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class 2 Preferred Shares;
5. *Pre-emptive Rights.* No holder of Class 2 Preferred Shares shall be entitled, as such, to any pre-emptive right to subscribe for the purchase or to receive any part of any issue of shares, or of bonds, debentures, or other securities of the Corporation whether now or hereafter authorized or issued; provided, however, that notwithstanding the foregoing, if so specified in the preferences, rights, conditions, restrictions, limitations and prohibitions, attached to a particular series of Class 2 Preferred Shares authorized to be issued, the holders of such series of Class 2 Preferred Shares may be give in a pre-emptive right to subscribe for the purchase or to receive all or a part of the issue of shares or of bonds, debentures or other securities of the Corporation or another corporation whether now or hereafter authorized or issued upon such terms and conditions as may be specified in such preferences, rights, conditions, restrictions, limitations and prohibitions attached to such series.

IV. CLASS A PREFERRED SHARES

1. *Stated Capital Amount.* In accordance with the provisions of subsection 26(3) of the *Canada Business Corporations Act*, on the issuance of Class A Preferred Shares in exchange for property, or shares of another class, or pursuant to an amalgamation referred to in section 182 of the *Canada Business Corporations Act* or an arrangement referred to in subsections 192(1)(b) or (c) of the *Canada Business Corporations Act*, the directors of the Corporation may add to the stated capital account maintained for the Class A Preferred Shares the whole or any part of the amount of the consideration received by the Corporation in the exchange.

2. *Redemption Amount.* The price or consideration payable entirely in lawful money of Canada at which the Class A Preferred Shares shall be redeemed (the "Class A Redemption Amount") shall be the amount of consideration received therefor as determined by the directors of the Corporation at the time of issuance of the Class A Preferred Shares and adjusted by the directors at any time or times so as to ensure that the Class A Redemption Amount of such Class A Preferred Shares issued as partial or total consideration for the purchase by the Corporation of any assets or the conversion for exchange of any shares (the "Class A Purchased Assets") shall equal the difference between the fair market value of the Class A Purchased Assets as at the date of purchase, conversion, or exchange by the Corporation and the aggregate value of the non-share consideration, if any, issued by the Corporation as partial or total consideration for the Class A Purchased Assets.

For greater certainty, such fair market value shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments that impose or would impose any liability for tax on the basis that the fair market value of the Class A Purchased Assets is other than the amount approved by the directors and if the directors or a competent Court or tribunal agree with such revaluation and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the fair market value of the Class A Purchased Assets is other than the amount previously approved by the directors, then the Class A Redemption Amount of the Class A Preferred Shares shall be adjusted nunc pro tunc pursuant to the provisions of this paragraph to reflect the agreed upon fair market value and all necessary adjustments, payments, and repayments as may be required shall forthwith be made between the proper parties.

3. *Restriction on Issuance.* No additional Class A Preferred Shares shall be issued by the Corporation at any particular time if, at that time, there are Class A Preferred Shares of the Corporation then issued and outstanding.
4. *Voting Rights.* Subject to the *Canada Business Corporations Act*, the holders of the Class A Preferred Shares shall not as such be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.
5. *Dividend Rights.* When and if declared by the directors of the Corporation in their discretion, the holders of Class A Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non-cumulative dividend at such rate as the directors may from time to time determine on the Class A Redemption Amount thereof; provided always that no dividends shall at any time be declared on issued and outstanding shares of the Corporation, including without limitation the Class A Preferred Shares, if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class A Preferred Shares.

6. *Return of Capital.* Upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class A Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class A Shares and the Class B Non-Voting Shares, the Class A Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class A Redemption Price"). After the payment to the holders of the Class A Preferred Shares of the Class A Redemption Price of each such share as aforesaid, the holders of the Class A Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.
7. *Priority.* The Class 1 Preferred Shares, the Class 2 Preferred Shares, the Class A Shares and the Class B Non-Voting Shares of the Corporation shall rank junior to and shall be subject in all respect to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares.
8. *Redemption.* Subject to the provisions of the *Canada Business Corporations Act*, the Corporation:
 - (a) shall, without the requirement to give notice, immediately upon, and as part of, the implementation of the arrangement (the "Arrangement") contemplated by that Arrangement Agreement dated as of July 19, 1999 among Shaw Communications Inc. ("Shaw"), the Corporation and 3471373 Canada Inc., redeem all of the Class A Preferred Shares on payment of the Class A Redemption Price for each share redeemed; or
 - (b) may, in the event that the Arrangement does not become effective and the Arrangement Agreement is terminated, at any time and from time to time, upon giving notice as hereinafter provided in Section IV.10, redeem or purchase the whole or any part of the Class A Preferred Shares held by one or more shareholders on payment of the Class A Redemption Price for each share to be redeemed or purchased.
9. *Retraction Privilege.* Upon written notice of any holder of Class A Preferred Shares which notice shall contain the information required by Section IV.10 and which shall be signed by the holder or his duly authorized attorney (in which case evidence of such authorization satisfactory to the Corporation shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class A Preferred Share) following the receipt of such notice at the registered office of the Corporation redeem or purchase all or such portion of the outstanding Class A Preferred Shares included in such notice, for the sum equal to the aggregate Class A Redemption Price in the manner provided in Section IV.10.
10. *Manner of Redemption or Purchase.*
 - (a) The redemption or purchase of Class A Preferred Shares pursuant to subsection IV.8(b) shall be made in the following manner:

- (i) The Corporation Shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lesser period of time as may be unanimously agreed upon by the holders of all Class A Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class A Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class A Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, then the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.
- (ii) Such notice shall set out the Class A Redemption Price, whether the shares are being redeemed pursuant to Section 36 of the Canada Business Corporations Act, or whether the shares are being purchased pursuant to Section 34 of the Canada Business Corporations Act, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.
- (iii) On or after the date so specified of redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class A Preferred Shares to be redeemed or purchased, the Class A Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificates for the Class A Preferred Shares called for redemption or purchase and the certificates for such shares shall there upon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.
- (iv) The Corporation shall have the right at any time after mailing of the notice of its intention to redeem or purchase any Class A Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class A Redemption Price of the shares so called for redemption or purchase, or the Class A Redemption Price of such number of such shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the respective holders of such Class A Preferred Shares called for redemption or purchase upon presentation and

surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class A Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after such deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Class A Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

- (b) If only part of the outstanding Class A Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class A Preferred Shares, in their absolute discretion determine the Class A Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro-rata to the holding of any member or on any other fixed basis.
- (c) Class A Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class A Preferred Shares shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

V. CONSTRAINED SHARE PROVISIONS

1. *Definitions and Interpretation*

- (a) For the purposes of this section V, the following terms shall have the meanings set forth below:
 - (i) "Act" means the *Canada Business Corporations Act*, R.S.C. 1985, c.C-44 as amended, as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented.
 - (ii) "Constrained Class" means
 - A. persons who are not Canadians within the meaning of any of the Communications Statutes; or
 - B. persons where the issue or transfer of Voting Shares to any such persons will affect the ability of the Corporation or any of its affiliates or associates to qualify under any of the Communications Statutes in order to obtain, maintain,

amend or renew a licence necessary to carry on business that the Corporation or any of its affiliates or associates is engaged in or proposes to engage in.

(iii) "Communications Statutes" means

- A. the *Telecommunications Act*,
- B. the *Radiocommunication Act*,
- C. the *Broadcasting Act*,
- D. any other law of Canada or a province of Canada which is currently or hereafter prescribed pursuant to Section 174 of the Act, and which will affect the ability of the Corporation or any of its affiliates or associates to qualify in order to obtain, maintain, amend or renew a licence necessary to carry on any business that the Corporation is engaged in or proposes to engage in,

as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented together with any regulations, Orders in Council, or licences promulgated, made or issued under such laws.

- (iv) "Maximum Aggregate Holdings" means Voting Shares which represent an aggregate of 33 1/3% of the total number of issued and outstanding Voting Shares (or such greater percentage of the total number of Voting Shares that may be permitted to be held by or on behalf of persons in the Constrained Class under any of the Communications Statutes without resulting in a contravention thereof in respect of the ownership or control of the Corporation or any of its affiliates or associates), which is the total number of Voting Shares that may be held from time to time by or on behalf of persons in the Constrained Class;
- (v) "Regulations" means the regulations under the Act as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented;
- (vi) "Shares" means shares of any class in the capital of the Corporation, including the Voting Shares; and
- (vii) "Voting Shares" means the Class A participating shares of the Corporation and any other shares of the Corporation carrying voting rights under all circumstances or by reason of an event that has occurred and is continuing, and includes a security that is convertible into such a share and a currently exercisable option to or right to acquire such a share or such a convertible security.

- (b) All terms used in this Section V which are defined in the Act or the Regulations shall have the meanings ascribed thereto in the Act or the Regulations, except as otherwise expressly provided for herein.
- (c) Any reference in this Section V to any section of the Act or the Regulations shall include a reference to that section as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemental.
- (d) The powers of the directors of the Corporation to refuse to issue or register the transfer of a Share, or to sell a Share pursuant to this Section V are without prejudice to any other powers of the directors of the Corporation with respect to such matters in the articles of the Corporation, under any of the Communications Statutes or otherwise.

2. *Restriction on the Issue, Transfer and Ownership of Voting Shares*

- (a) The directors of the Corporation shall not issue a Voting Share and shall refuse to register a transfer of a Voting Share to a person who is a member of the Constrained Class if:
 - (i) the total number of shares held by or on behalf of persons in the Constrained Class does not exceed the Maximum Aggregate Holdings and the issuance or transfer, as the case may be, of such Voting Shares would cause the number of Shares held by persons in the Constrained Class to exceed the Maximum Aggregate Holdings; or
 - (ii) the total number of Shares held by or on behalf of persons in the Constrained Class exceeds the Maximum Aggregate Holdings and the issuance or transfer, as the case may be, of such Voting Shares is to a person in the Constrained Class.
- (b) If, for whatever reason, the Maximum Aggregate Holdings by members of the Constrained Class is exceeded, the Corporation may, to the extent permitted by the Act or the Regulations, or by any of the Communications Statutes, for the purpose of ensuring that the Maximum Aggregate Holdings of members of the Constrained Class is not exceeded, sell, as if it were the owner thereof, any Voting Shares that are owned by members of the Constrained Class, subject to the provisions of the Act and the Regulations and of the Communications Statutes.
- (c) The directors of the Corporation may refuse to issue a Voting Share or register a transfer of a Voting Share, if the issue or transfer, as the case may be, is to be person who may be a member of a Constrained Class and who, in respect of the issue or registration of the transfer of such Voting Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.

- (d) For the purposes of this Section V, where a Voting Share is held, beneficially owned or controlled jointly by one or more of the joint holders, beneficial owners or persons controlling the Voting Share who is a member of the Constrained Class, the Voting Share is deemed to be held, beneficially owned or controlled, as the case may be, by such member of the Constrained Class.
- 3. *Restriction on the Issue and Transfer of Shares.* The directors of the Corporation may refuse to issue a Share or register a transfer of a Share if
 - (a) the issue or transfer requires the prior approval of a regulatory authority under any of the Communications Statutes unless and until such approval has been received, or
 - (b) the issue or transfer is to a person who, in respect of the issue or registration of the transfer of such Share, as the case may be, has been requested by the Corporation to furnish it with any information which may be requested by the directors and has not furnished such information.
- 4. *No Claims*
 - (a) No shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or intended pursuant of the provisions of these Articles or any breach or alleged breach by the Corporation of any of the provisions of these Articles, and, for greater certainty, no such person shall be liable for any damages or losses related to or as a consequence of any such act or any such breach or alleged breach of such provisions.
 - (b) In the administration of the provisions of this Section V, the directors of the Corporation shall enjoy, in addition to the powers explicitly set forth herein, all of the powers necessary or desirable to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the Act and the Regulations, as well as all powers contemplated by the Communications Statutes relating to the ownership of shares by persons that are not Canadians.
- 5. *General*
 - (a) Subject to the Act and Regulations, the directors of the Corporation may establish, amend or repeal any procedures required to administer the constrained share provisions set out this Section V and to require any affidavit, declaration or other statement required under any of the Communications Statutes.
 - (b) In the event of any conflict between the provisions of this Section V and of the provisions in the Act or the Regulations relating to constrained share

corporations, or of the provisions of any of the Communications Statutes, the provisions in the Act and Regulations, or the Communications Statutes, as the case may be, shall prevail, and the provisions of this Section V shall be deemed to be amended accordingly and shall be retroactive in effect, as so amended.

- (c) The invalidity or unenforceability of any provision, in whole or in part, of this Section V for any reason shall not affect the validity or enforceability of any other provision, or part thereof, of these Articles of the Corporation.

SCHEDULE II

The directors may, between annual meetings of shareholders, appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

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