



**John Cassaday
President and CEO
Corus Entertainment Inc.**

**2002 Annual General Meeting
Notes for Remarks
*Check Against Delivery***

Good morning. It is a pleasure to address our shareholders, for the first time in Calgary. The home of our Corporate Office and the home of our Company's controlling shareholder, the Shaw Family.

We would like to welcome the members of the Shaw Family who are here today.

Heather has shared with you numerous examples of areas where your company excelled in F'2002.

Tom Peddie has reviewed with you the financial performance of our company in F'2002 and we hope you agree with our assessment that, while it was a disappointing year from a share price perspective, it was a year of tremendous progress on many fronts.

My remarks this morning will focus on why we are so excited about your Company's future.

We will first of all review our successes in F'02. We will then share our outlook for the media and entertainment sectors for the next 36 months and guidance for our operating divisions for F'03.

Finally, woven through this address will be responses to the three most frequent questions we are asked in our discussions with shareholders and analysts.

We had a number of breakthroughs in F'02. I will touch on three that I think were strategically important.

1. First, our successful high-yield offering. As a first time issuer, we sought to raise \$200 M U.S. to reduce our bank debt. We generated orders for \$1.9 billion and took \$375 M - eliminating our bank debt and providing your Company with a low interest rate of 8¾% and no principal payments for 10 years. As Tom told you, our notes continue to trade at a premium indicating the strength of our assets and the confidence the holders have in Corus' ability to execute.

As a shareholder, you should take comfort that Corus has reduced its financial exposure significantly this year and increased its financing flexibility.

We have access to our previously retired bank lines and we will generate significant positive cash flow in F'03.

2. Second, we sold Klutz to the ideal strategic buyer, Scholastic, receiving \$43 M U.S. in cash with an excellent chance of recovering our total investment with an earn-out over the next three years. Additionally, we have an opportunity to partner with Scholastic on mutually attractive initiatives in the future.

Our earnings could improve by as much as \$31 M U.S. over the next three years if Scholastic enjoys the success we believe they will with the Klutz business.

3. Third, we demonstrated the leverage of radio. In Winnipeg our management team took their operating margin from 16% to 30% capturing 100% of the \$1.9 M in incremental market revenue in Winnipeg. Last evening our team in Winnipeg received a President's Awards at our annual joint Board and Management dinner for this extraordinary achievement.

So what about the future?

In a recent study of the global entertainment business, PWC Consultants predicted Canada will be the best performing market for the period 2002 – 2006 with a CAGR of 5.7%.

This was borne out in F'02 where, despite a global economic downturn, Canada's advertising market held up quite well.

Advertising rose by 2.9% in 2001 with each segment growing by at least 2.3% which was by far the best ad market in the regions assessed in the PWC study. They predict ad revenue will grow by 6.1% per annum for the period 2004 – 2006.

The report concluded that, while traditional media business models will and are being challenged, the entertainment and media world will not be radically different by 2006. Most major players will remain strong, but must be poised for change beyond 2006.

We share that view and it is that sentiment that drives your management team as we continue to exploit the tried and true, but experiment and invest for the future, maximizing shareholder value over the long term.

Let's look at television first, and address the first of the three frequently asked questions.

Many investors look at our portfolio of specialty assets and conclude that they are excellent assets. But they wonder, can the growth in margin and revenue continue given the maturity of YTV and it's overall importance to the division.

While there remains excellent growth potential in our total portfolio of television assets, we remain particularly excited about opportunities to create new audiences for YTV.

In prime time, for example, we will capitalize on recently acquired regulatory relief, which will allow us to program to families and teens.

YTV is largely an ad driven service where hit shows drive big revenue increases. We saw it with Pokemon.

We may see it again with Beyblade, there is no doubt, in TV, the next hit is just around the corner and our track record is such that it's a pretty good bet that the next hit show for kids will be on YTV.

But we have other powerful TV drivers. We acquired WTN because we believed it was not maximizing its revenue potential. We were convinced that a western satellite feed, an improved program schedule and our re-branding effort would drive growth.

In Q1 F'03 we have grown our audience by over 40% – increased revenue by over 30% and moved W Network up from #9 among women 25 to 54 to **#2**.

Digital television is another driver. Digital will continue to expand by at least 15% per annum and it will be available in half of Canada's TV households by 2006. Corus Pay TV assets: Movie Central, Encore, Max Trax and our new digital television networks, Documentary Channel, Edge TV, Scream and Discovery Kids will all benefit from this growth in digital subscribers.

We are extremely well positioned with our distribution partners in both cable and satellite.

We believe our services offer outstanding value for their customers.

Finally, we believe there will be further consolidation of specialty and pay services in Canada in both analog and digital formats.

We believe Corus is well positioned to participate in this growth opportunity when it occurs.

Corus has grown its Television business dramatically in the past three years. Our CAGR in Revenues and Earnings is 37% and 42% respectively. Our margins have grown to 32%. We have clearly demonstrated we can operate television in Canada.

We anticipate we will see our television earnings grow on an organic basis in excess of 10% this year.

So in answer to your question, yes we can and will maintain the momentum in television. We are equally enthusiastic about our radio assets. Admittedly, we underestimated the time it would take to achieve the results anticipated post consolidation.

Which leads us into a discussion of the second most frequently asked question, which is, "When will we see the benefits of radio consolidation?"

Facility consolidation is now behind us, each cluster has completed its Strategic plan, sales reps in each of our large market clusters have been trained in an industry leading technique that is already paying dividends in terms of seeing Corus stations use the leverage to gain a larger share of local buys.

The reformatting necessary after the initial stage of consolidation is behind us and has resulted in some big wins, particularly in Toronto.

Each cluster across Canada has been researched from a music perspective and we continue to invest heavily in marketing with the express purpose of building our overall audiences and spiking our key demos.

We are still investing heavily in radio and could improve our operating results substantially if we were not so committed to creating long-term value.

For example, we will invest over \$3 M this year on our innovative MOJO format in Vancouver and Toronto and our two all-news stations in Montreal.

We also continue to invest in AM radio stations in Hamilton and London. We believe we can make AM radio work if we air compelling content as we have at CHED in Edmonton, CJOB in Winnipeg and CKNW in Vancouver, all among the leading stations in these markets.

We also established Deep Sky, our in house marketing arm. Deep Sky will bring new customers to Radio by packaging content such as our news/talk stations, our sports properties and other special event programming we create on an ad hoc basis, such as our recent Shania Twain simulcast across Corus Radio's network of country format stations as well as CMT and W Network.

Radio revenues are poised to grow in excess of 5% and earnings will grow in the 10% range for F'03.

So, the answer to your question with respect to radio consolidation is that you will see a rock-solid improvement this year and we will achieve our 30% margin target in F'04.

In summary, we believe our Quebec radio assets are back on track. We think we have good upside on our two FM reformats – Country 95 in Toronto and COOL-FM in Montreal.

Finally, with respect to Nelvana, our Content division, we have taken aggressive action to respond to massive structural change in our production and distribution business.

As a result of the global ad recession, which contributed to the meltdown of the German market and the bankruptcy of our largest customer, in addition to continued consolidation among US buyers, we saw our revenue per episode drop by 30% in F'02. This was unprecedented.

Your company has not stood by idly.

We have a plan in place for the Nelvana turnaround.

First, we have committed to a reduction of 25% in our cost per episode by 2005. Our studio has been reorganized and we have significantly reduced our studio headcount from 450 to 250 today down to approximately 200 by year-end, an approximate 60% reduction.

Technology, the right mix of digital versus traditional animation, and an increase in European co-production will also contribute to the cost reduction initiative.

Second, we are transforming the culture of the company from a production-driven to a market-driven organization.

This started with the appointment of Paul Robertson as the new President of Nelvana. Paul has a strong sales and marketing background in both the entertainment and packaged goods business and has done an excellent job in directing our television efforts. We are confident in Paul's ability to lead the Nelvana turnaround.

We are also pleased to announce the appointment today of Doug Murphy to the position of Executive Vice President Business Development for Nelvana. Doug will lead our sales, merchandising, music, publishing and brand management function.

Doug has enjoyed a successful 10-year career at Disney where he headed up their retail operation in Canada, the U.S. and Japan. Doug understands the entertainment business. He understands retail and merchandising. Most importantly Doug is a proven winner, known for his intellect, team building and commercial instincts. Doug is an exciting new addition to Nelvana.

Our goal on the commercial side of the business is to stabilize our program pricing, drive library sales, exploit opportunities in home video, music and merchandizing and take non-broadcast fee revenue from 11% to 25% between now and 2006.

The third component of our plan is to operate Nelvana on a cash flow neutral basis until we start to see the benefit of our marketing efforts at which time we will begin to realize a cash return on our investment.

The actions taken to date will stabilize Nelvana but the third most frequently asked question we hear from many of our shareholders is, “Why is Nelvana important to Corus?” and “Why don’t you simply return to being a focused radio and television player?”

The answer to this question goes back to our belief that while the current business model of selling ads and collecting subscriptions, the traditional model, is likely to be unthreatened in the short term, we believe, over the long term, we must own content.

Let me tell you why Nelvana is important to Corus.

First, it Ensures our relevance – As TV viewing shifts to new technologies such as Video on Demand, personal video recorders like TIVO, wireless networking and interactivity, all hallmarks of the digital age, broadcasters must protect themselves from disintermediation as both content producers and distribution companies can offer services directly to consumers.

Because Corus owns both content and broadcast licences, we can participate in these new applications and generate new revenue.

For example, we are now testing Video on Demand on Shaw’s digital platform with a branded offering called, “Treehouse Theatre”.

We are also developing interactive television, on-line games and subscription services that we would not have access to without Nelvana’s content.

Some of you may be aware of the creation of Movielink, a web-based movie download service owned by five Hollywood studios. They downloaded 10,000 films in the first few days. We believe this type of opportunity is available to Corus with our children’s content.

Second, it provides us with Revenue Diversity and Growth – Nelvana diversifies our sources of revenue, reducing our exposure to the cyclical advertising market. Nelvana also contributes to the success of our domestic television services.

Five of the top 10 shows on Treehouse are Nelvana properties. Our Canadian content ratings have tripled since acquiring the company. We are required as a condition of licence to spend a percentage of revenue on Canadian content. This requirement becomes a benefit as it leverages expansion of the Nelvana library.

And, this is very important: all major children's players are vertically integrated. Disney, Viacom and AOL/Time Warner all believe that owning content is a benefit to their shareholders.

Third, Nelvana opens the door to International Expansion. We believe that to ensure our longer-term growth, Corus needs to position itself to consider international opportunities.

Corus growth in Canada will be subject to regulatory imposed limitations in our chosen area of concentration. Recognizing this fact, we recently bid in partnerships with a major U.S. children's broadcaster for the Fox Children's block.

We have been invited by another U.S. children's network to discuss an international partnership in children's programming.

We recently acquired a toehold position in Latin America with the purchase of a 50% interest in Locomotion in partnership with the Hearst Corporation.

In Mexico alone there are more than 200 million people and a third of them are under 12.

These are opportunities that did not and would not have presented themselves to YTV or Nelvana in isolation.

And, finally, we can participate in the Creation of International Brands. Winnie the Pooh is now a \$6 B brand. We are in a position to benefit from marketing a number of under-exploited properties.

Franklin has sold 43 million books, worldwide. Berenstain Bears has sold 260 million books worldwide.

These are but two of the classic brands we can exploit in DVD, apparel, toys, publishing, and music. Then, of course, there is Beyblade.

This property could be worth \$10 M to Nelvana over the next 36 months.

Yes, it will take time to develop the marketing arm of Nelvana and, no, it will not be easy, but wouldn't you agree there has to be value in these properties that has not yet been tapped.

We believe we have de-risked Nelvana through the write-downs this year and will soon begin to be rewarded for the potential Nelvana affords us. In the meantime, Nelvana represents less than 20% of our revenue and less than 10% of our operating earnings and will use no cash.

In conclusion, we believe the Corus assets are the strongest collection of assets in Canada and compare with the best in the world.

We have eliminated the pieces that did not fit into our long-term plans. We have eliminated the duplication in our organizational structure.

From a guidance perspective, we have three financial goals for F'03. 1) Grow television and radio EBITDA by 10% in line with our long-term targets of 10 to 15% CAGR. 2) Create additional revenue streams and eliminate the cash burn at Nelvana, and, 3) continue to focus on debt reduction.

We have recruited and promoted strong management into the key decision-making positions within our company and we have actively trained our people to ensure we have all the tools, to not only compete, but to win in an environment which has been as unforgiving as many of us have ever seen before.

In closing, on behalf of Heather Shaw and our management team, we would like to thank our shareholders for their patience this year. It will be rewarded.

We would like to thank our employees for their effort day-in and day-out. We would like to thank our Board, who, under Heather's leadership, have risen to the challenge of a new era in Board responsibility and, finally, we would like to thank the Shaw Family for their unwavering support.

Now, we would be pleased to answer your questions.