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Corus Entertainment Inc.

2002 Annual General Meeting
Notes for Remarks
Check Against Delivery

As Heather said in her opening comments we are delighted to be in Calgary this morning for this our third annual meeting. As Heather also said Corus has grown quickly in three years and although we have extended our reach around the world our roots and inspiration are here in Calgary.

This morning we would like to share with you some of our financial highlights but also some of our low lights. We will discuss our performance by division and provide you with some performance comparisons against our peer group of competitors. We will highlight the strength of our assets and some of our action plans going forward. We will share with you some of our objectives and you will see how we are driving Corus towards our vision of Becoming Canada's Leading Entertainment Company.

Now lets look at 2002

But before we do, here is our Safe Harbor disclosure.

Our operating performance was great. Our share performance was not.

2002 was a tumultuous year with the September 11th terrorist attack in New York City impacting the world economy and the world psyche. The impact of which is still being felt today. The capital markets were impacted by an erosion of investor confidence because of Enron and Worldcom. This has resulted in a raft of new rules and policies that we must comply with. There was a global ad recession especially in Europe and there is sector uncertainty fuelled by the problems at Vivendi and TW/AOL. No company was immune from these events.

At Corus we initiated an aggressive three point plan as a response to the new market realities. We committed to debt reduction of $100 to $150 million. We committed to accelerate our pace to achieve consolidated EBITDA margins of 30% and we committed to a rationalization of our core assets.

We are pleased to report that we delivered on our commitment. We reduced our debt from $800 million at the end of the first quarter to $630 million at year end. We improved our industry leading operating margins in television and radio.

We significantly reduced our headcount last October by eliminating 150 positions in television, 110 in radio and 60 in content with additional reductions this past summer. We disposed of non core assets such as Klutz, the Comedy Network, and Viewers Choice while adding strategic assets such as W and Locomotion.

Although the market was tough for television and radio, our Content division Nelvana encountered the worst market in 30 years. Supply of product was at an all time high while demand dropped with a reduction in buyers. When those conditions exist the impact on revenue is significant. It dropped by 30%.

As a result of the dramatic change in the market we wrote down our investment in Nelvana even though we produced more episodes than the prior year and we reduced the amount of cash used in the business.

The write-down was required despite improved levels of new productions, a strengthened competitive position and record EBITDA for our production, distribution and merchandising divisions. Under the new accounting rules there is no longer a discussion of permanent impairment. If current market conditions dictate an impairment it must be written down. You cannot wait for a recovery.

Despite excellent performance in television and radio, the market focus shifted to Nelvana and drove down our share price by more than 30%.

Our subordinated notes however continue to trade at a premium reflecting the strength of our assets and investor confidence in our ability to manage them for long term value.

As you can see by the slide we had the poorest year over year performance against three of our Canadian peers.

However we faired much better against our U.S. Counterparts.

We would now like to turn to our operating performance to show you how well your divisions performed. Let's start with television. Our television division, under the leadership of Paul Robertson, had another great year with revenue of $284 million up 24% and EBITDA of $90 million up 22% for an overall margin of 31.6%.

As you can see by this chart our performance was superior to both Astral and CHUM whose margins were 27.9% and 7.5% respectively.

When you look at the growth comparisons we also measure up quite well. Astral is up 19% and Chum 22% at the revenue line while their EBITDA is up 32% and down 16%.

Television's success was not just financial. We relaunched WTN as W in the spring. The results have been dramatic with revenue growth tracking well ahead of last year and audiences up 50%. We are well on our way to making W the destination of choice for women.

We relaunched the Pay TV business with subscribers up 22%. We launched 5 digital channels, acquired a 50% interest in Locomotion and 7 million subscribers in South America, and increased our interest in Telelatino to 50.5%. I am sure you will agree with us when we say television had a great year, is the industry leader and well positioned for future growth and we continue to be positive on our outlook for 2003.

Our radio division, under the leadership of John Hayes, is also seeing improved results following a year of consolidations and relaunches at many of our stations. Revenue at $211 million was up 10% and EBITDA of $53 million was up 10% for an overall margin of 25%. We are still short of our overall target of 30% but as you can see by the next slide, we are well ahead of our Canadian competitors.

As you can see with margins of 25% we are well ahead of Rogers at 21%, Astral at 17% and CHUM at 10%. We trail our U.S. comparables of Emmis and Clear Channel who have margins of 44% and 41%. Although there are some fundamental differences between the U.S. and Canadian markets which make it difficult to achieve those targets, we have never the less set long term targets of 30 to 35%. If we can deliver margins that approach those in the U.S. then we will also earn the U.S. valuation multiples which are significantly higher than those in Canada.

When you compare our performance to Astral and Chum, we performed significantly better in revenue and EBITDA growth. Rogers results were not available.

As mentioned earlier we responded to the changes in the market place and moved aggressively to reduce our annual operating costs. We focused on getting our costs under control and then seizing the opportunity for superior performance by focusing on top line growth. We gave management the skills to achieve better performance through a management by objective process, establishment of a strategic planning process and by the creation of the Corus Sales University so that our sales team would have the tools to succeed.

We are cautiously bullish on radio for 2003. We need to maintain our focus on cost control while investing in marketing and listener research to drive top line revenue growth.

As we mentioned earlier it was a difficult year for Content. We took a $350 million write down on an asset that we acquired just two years ago for $540 million. There is no consolation in knowing that anyone who did an acquisition two years ago has an asset that is worth significantly less today. But those are the market realities. We saw our revenue per episode drop by 30%. We saw the collapse of the German market and the consolidation of the Canadian publishing market. It was not a good year to be in the content business.

However there were some things to be optimistic about. There is a positive outlook for merchandising with Beyblade and Rescue Heroes. As a parent you may not be pleased to see parents fighting for Beyblade merchandise on a retail shelf but it sure brings a smile to our face. We increased episodes produced from 242 to 252 while lowering our cost of production.

At the same time we maintained a strong U.S. presence and increased library sales by 30%. We were also able to dispose of Klutz, the specialty book publisher.

We are committed to the value of content and John Cassaday will tell you more about our vision and goals for Content in a few minutes.

As Heather mentioned in her opening comments our three year growth has been impressive. When we were spun out from Shaw three years ago, we were given the mandate to grow. And grow we have. Our revenue has increased from $162 million to $652 million for a compound annual growth rate of 59% while EBITDA has increased from $49 million to $156 million for growth of 47%.

So in summary 2002 was a great year from an operating performance point of view. We have some excellent assets and we have performed very well versus our peer group. 2003 is shaping up to be an exciting year and John Cassaday will join you in a few moments to share with you our vision and objectives for the year. We have a lot to be excited about, now if only we can get the share price up. Thank you.