

SHAW COMMUNICATIONS INC

Form F-10

November 12, 2003

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As filed with the Securities and Exchange Commission on November 12, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-10

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

SHAW COMMUNICATIONS INC.

(Exact Name of Registrant as Specified in Its Charter)

Alberta, Canada
(Province or other jurisdiction of
incorporation or organization)

4841
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification No.)

**SUITE 900 630-3rd AVENUE S.W.
CALGARY, ALBERTA
CANADA T2P 4L4
(403) 750-4500**

(Address, including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

**CT CORPORATION SYSTEM
111 EIGHTH AVENUE, 13TH FLOOR
NEW YORK, NY 10011
(212) 894-8940**

(Name, address, including zip code and telephone number,
including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

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PROVINCE OF ALBERTA, CANADA
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box below):

A. upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. at some future date (check appropriate box below)

1. pursuant to Rule 467(b) on _____ at _____ (designate a time not sooner than seven calendar days after filing).

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- 2. o pursuant to Rule 467(b) on _____ at _____ (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on _____.
- 3. o pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
- 4. o after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. x

Pursuant to Rule 429 under the Securities Act of 1933 this registration statement also includes Cdn\$324,410,000 of securities previously registered on Registration Statement No. 333-14114.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per Security	Proposed maximum aggregate offering price (1)	Amount of registration fee (2)
Debt Securities				
Class 1 Preferred Shares				
Class 2 Preferred Shares				
Total	\$ 100,000,000	100%	\$ 100,000,000	\$ 6,165.39

(1) Canadian Dollars. Estimated solely for purposes of calculating the registration fee.

(2) U.S. Dollars. Calculated using exchange rate in effect on November 11, 2003 of .7621 U.S. Dollars per Canadian Dollar as set forth in the Wall Street Journal.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registration statement shall become effective as provided in Rule 467 under the Securities Act of 1933 or on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PART I

**INFORMATION REQUIRED TO BE DELIVERED
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Amendment No. 1 dated November 6, 2003 to Short Form Base Shelf Prospectus dated November 23, 2001

This Amendment, together with the Short Form Base Shelf Prospectus dated November 23, 2001, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

**Shaw Communications Inc.
\$900,000,000**

Debt Securities

Class B Non-Voting Participating Shares**

**Class 1 Preferred Shares
Class 2 Preferred Shares**

The short form base shelf prospectus (the Prospectus) dated November 23, 2001 of Shaw Communications Inc. is amended by providing that the maximum aggregate offering amount of debt securities that may be offered and issued from time to time under the Prospectus is increased from \$800,000,000 (or the equivalent in one or more foreign currencies, including United States dollars) to \$900,000,000 (or the equivalent in one or more foreign currencies, including United States dollars) and, in particular, deleting the references to \$800,000,000 contained on the face page of the Prospectus and under the heading About this Prospectus and substituting therefor \$900,000,000 . The first sentence of the first paragraph of the text on the face page of the Prospectus, as so amended, reads as follows:

Shaw Communications Inc. (Shaw or the Corporation) may offer and issue from time to time, debt securities (the Debt Securities) and Class B Non-Voting Participating Shares, Class 1 Preferred Shares and Class 2 Preferred Shares (collectively, Equity Securities) (and, together with the Debt Securities, the Securities) of up to \$900,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) during the 25 month period that this short form shelf prospectus, including any amendments thereto, is valid.

The third sentence of the second paragraph under the heading About this Prospectus , as so amended, reads as follows:

We may, from time to time, sell any combination of the Securities described in this prospectus in one or more offerings up to an aggregate principal amount of \$900,000,000.

** The class B Non-Voting Participating Shares have not been and will not be registered and will not be offered for sale or sold in the United States.

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This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise.

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

November 23, 2001

Shaw Communications Inc.

\$800,000,000

Debt Securities

Class B Non-Voting Participating Shares^{}**

Class 1 Preferred Shares

Class 2 Preferred Shares

Shaw Communications Inc. (Shaw or the Corporation) may offer and issue from time to time, debt securities (the Debt Securities) and Class B Non-Voting Participating Shares, Class 1 Preferred Shares and Class 2 Preferred Shares (collectively, Equity Securities) (and, together with the Debt Securities, the Securities) of up to \$800,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) during the 25 month period that this short form shelf prospectus, including any amendments thereto, is valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (a Prospectus Supplement).

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered; and (ii) in the case of Equity Securities, the designation of the particular class and series, the number of shares offered, the issue price, dividend rate, if any, and any other terms specific to the Equity Securities being offered. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities.

For the purpose of calculating the Canadian dollar equivalent of the aggregate principal amount of Securities issued under this short form prospectus from time to time, Debt Securities denominated in, and Equity Securities denominated or issued in, a currency (the Securities Currency) other than Canadian dollars will be translated into Canadian dollars at the date of issue of such Securities using the spot wholesale transactions buying rate of the Bank of Canada for the purchase of Canadian dollars with the Securities Currency in effect as of noon (Toronto time) on the date of issue of such Securities.

This short form shelf prospectus constitutes a public offering of these Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Corporation may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such issue and the compensation of any such underwriters, dealers or agents. The Class B Non-Voting Participating Shares of Shaw are currently listed on The Toronto Stock Exchange under the symbol SJR.B and the New York Stock Exchange Inc. under the symbol SJR . Unless otherwise specified in

the applicable Prospectus Supplement, Debt Securities will not be listed on any securities exchange. The offering is subject to approval of certain legal matters on behalf of the Corporation by Fraser Milner Casgrain LLP, Calgary, Alberta and Sherman & Howard LLC, Denver, Colorado. **Our earnings coverage ratio for the actual twelve months ended August 31, 2001 is less than one-to-one. See Earnings Coverage.**

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

Shaw is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this prospectus in accordance with Canadian disclosure requirements. Prospective investors in the United States should be aware that such requirements are different from those of the United States. Shaw has prepared the financial statements included or incorporated herein by reference in accordance with Canadian generally accepted accounting principles, and they are subject to Canadian auditing and auditor independence standards. Thus, they may not be comparable to the financial statements of United States companies.

You should be aware that the purchase of these securities may have tax consequences both in the United States and Canada. This prospectus or any applicable Prospectus Supplement may not describe these tax consequences fully for investors who are resident in, or citizens of, the United States.

Enforcement of civil liabilities under United States federal securities laws may be affected adversely by the fact that Shaw is incorporated in Alberta, Canada, most of its officers and directors and most of the experts named in this prospectus are residents of Canada, and all or a substantial portion of the assets of Shaw and said persons may be located outside the United States.

**The Class B Non-Voting Participating Shares have not been registered and will not be offered for sale or sold in the United States.

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ABOUT THIS PROSPECTUS

In this prospectus, unless otherwise specified or the context otherwise requires, references to Shaw, the Corporation, us, we or our mean Shaw Communications Inc. and its consolidated subsidiaries. Unless otherwise specified, all dollar amounts contained herein are expressed in Canadian dollars, and references to dollars, Cdn\$ or \$ are to Canadian dollars and all references to US\$ are to United States dollars. All financial information included and incorporated by reference in this prospectus is determined using generally accepted accounting principles which are in effect from time to time in Canada (Canadian GAAP). U.S. GAAP means generally accepted accounting principles which are in effect from time to time in the United States.

This prospectus is part of a registration statement on Form F-9 relating to our Debt Securities, Class 1 Preferred Shares and Class 2 Preferred Shares that we filed with the United States Securities and Exchange Commission (SEC). We have not registered with the SEC and will not make offers or sales of our Class B Non-Voting Participating Shares in the United States pursuant to this prospectus. We may, from time to time, sell any combination of the Securities described in this prospectus in one or more offerings up to an aggregate principal amount of \$800,000,000. This prospectus provides you with a general description of the Securities that we may offer. Each time we sell Securities under the registration statement, we will provide a prospectus supplement (Prospectus Supplement) that will contain specific information about the terms of that offering of Securities. The Prospectus Supplement may also add, update or change information contained in this prospectus. Before you invest, you should read both this prospectus and any applicable Prospectus Supplement together with additional information described under the heading **Where You Can Find More Information**. This prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Reference is made to the registration statement and the exhibits thereto for further information with respect to Shaw and the Securities.

Shaw prepares its consolidated financial statements in accordance with Canadian GAAP, which may differ from U.S. GAAP. Therefore, the consolidated financial statements of Shaw incorporated by reference in this prospectus, in any applicable Prospectus Supplement and in the documents incorporated by reference in this prospectus or in any applicable Prospectus Supplement may not be comparable to financial statements prepared in accordance with U.S. GAAP.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Shaw Communications Inc., Suite 900, 630 3rd Avenue S.W., Calgary, Alberta, T2P 4L4 (telephone (403) 750-4500) or by accessing the Corporation's disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com. For the purpose of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Corporate Secretary of Shaw Communications Inc. at the above-mentioned address and telephone number.

In addition to its continuous disclosure obligations under the securities laws of the provinces of Canada, Shaw is subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports and other information with the SEC. Under the multijurisdictional disclosure system adopted by the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. You may read any document we furnish to the SEC at the SEC's public reference rooms at Room 1024, 450 Fifth Street N.W., Washington, D.C. 20549 and 500 West Meridian Street, Suite 1400, Chicago, Illinois 60661. You may also obtain copies of the same documents from the

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public reference room of the SEC at 450 Fifth Street, N.W., Washington D.C. 20549 by paying a fee. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

Under the short form prospectus system adopted by the securities commissions and other regulatory authorities in each of the provinces of Canada and under the multijurisdictional disclosure system adopted by the United States and Canada, we are permitted to incorporate by reference the information we file with securities commissions in Canada, which means that we can disclose important information to you by referring you to those documents. Information that is incorporated by reference is an important part of this prospectus. We incorporate by reference the documents listed below, which were filed with the securities commission or other similar authority in each of the provinces of Canada and with the SEC:

- (a) our audited consolidated financial statements as at and for the years ended August 31, 2001 and 2000, together with the auditors report thereon;
- (b) the information contained under the heading "Management's Discussion and Analysis" contained on pages 5 to 23 of the 2001 Annual Report of Shaw to its shareholders;
- (c) our Proxy Information Circular and Management Solicitation dated October 31, 2001, excluding the information contained therein under the headings "Composition of the Compensation Committee", "Report on Executive Compensation" and "Performance Graph"; and
- (d) our Annual Information Form dated January 18, 2001, excluding the information incorporated therein under the heading "Management's Discussion and Analysis".

Any documents of the type referred to in the preceding paragraph, or similar material, including all Annual Information Forms, all information circulars, all financial statements, all material change reports (excluding confidential reports, if any), all updated earnings coverage ratio information, as well as all Prospectus Supplements disclosing additional or updated information, filed by us with securities commissions or similar authorities in the relevant provinces of Canada subsequent to the date of this prospectus and prior to 25 months from the date hereof shall be deemed to be incorporated by reference into this prospectus. We also incorporate by reference all future annual reports and any other information we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, if and to the extent expressly provided in such report, until we sell all of the Securities.

A Prospectus Supplement containing the specific variable terms of an offering of Securities will be delivered to purchasers of such Securities together with this prospectus and will be deemed to be incorporated by reference into this prospectus as of the date of such Prospectus Supplement and only for the purposes of the offering of the Securities covered by that Prospectus Supplement.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. Any statement or document so modified or superseded shall not, except to the extent so modified or superseded, be incorporated by reference and constitute a part of this prospectus.

Upon a new Annual Information Form and related annual financial statements being filed with and, where required, accepted by, the applicable securities regulatory authorities during the currency of this prospectus, the previous Annual Information Form, annual financial statements and all interim financial statements, material change reports and management proxy circulars filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of Securities under this prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus or any applicable Prospectus Supplement and on the other information included in the registration statement of which this prospectus forms a part. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference

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in this prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.

FORWARD LOOKING STATEMENTS

Certain statements included and incorporated by reference herein constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. When used, the words anticipate, believe, expect, plan, intend and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, references to future capital expenditures (including the amount and nature thereof), business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of Shaw's business and operations, plans and references to the future success of Shaw. These forward-looking statements are based on certain assumptions and analyses made by Shaw in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of Shaw is subject to a number of risks and uncertainties, including, but not limited to, general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by Shaw; increased competition in the markets in which Shaw operates and from the development of new markets for emerging technologies; changes in laws, regulations and decisions by regulators in Shaw's industries in both Canada and the United States; Shaw's status as a holding company with separate operating subsidiaries; changing conditions in the entertainment, information and communications industries; risks associated with the economic, political and regulatory policies of local governments and laws and policies of Canada and the United States; and other factors, many of which are beyond the control of Shaw. Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, our actual results may vary materially from those as described herein. Consequently, all of the forward-looking statements made in this short form prospectus and the documents incorporated by reference herein are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Shaw will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Shaw.

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BUSINESS OF THE CORPORATION

Introduction

Shaw Communications Inc. (Shaw or the Corporation) is a diversified Canadian communications company whose core business is providing broadband cable television, Internet and satellite services. Shaw provides broadband cable television, Internet and satellite services to approximately 2.8 million customers. Shaw also holds a portfolio of investments in telecommunications, Internet infrastructure and interactive television companies. Shaw's total revenue for the years ended August 31, 2001 and 2000, was approximately \$1,572.0 million and \$971.0 million, respectively. As at August 31, 2001, Shaw had assets of approximately \$8.8 billion. Shaw's executive offices are at Suite 900, 630 3rd Avenue S.W., Calgary, Alberta, Canada, T2P 4L4; telephone number (403) 750-4500.

Recent Developments

Following the end of Shaw's fiscal year on August 31, 2000, several significant developments have occurred in Shaw's business.

Cable Television

In the cable television business, Shaw has continued its strategy of clustering cable systems to achieve operating efficiencies through shared facilities and services and reduced operating redundancies. Shaw has grown to become the second largest cable television company in Canada, and is the largest cable television provider in western Canada. As at August 31, 2001, Shaw served approximately 2.1 million cable television customers in five provinces (British Columbia, Alberta, Saskatchewan, Manitoba and Ontario), representing approximately 25% of the Canadian cable television market.

Following the end of its fiscal year on August 31, 2000, Shaw completed two transactions that further consolidated Shaw's position as the dominant provider of cable television services in western Canada. Effective November 1, 2000, Shaw exchanged its cable operations in southern Ontario and New Brunswick, which collectively serve approximately 604,000 subscribers, for the cable operations of Rogers Communications Inc. in British Columbia (Vancouver and surrounding area), which serve approximately 626,000 subscribers. The exchange of cable systems represented a net gain of approximately 22,000 subscribers for Shaw at a cost of approximately \$104.2 million.

Pursuant to an offer to purchase dated December 21, 2000, Shaw acquired all of the common shares of Moffat Communications Limited (Moffat). Moffat provided cable, broadcast and specialty television and Internet services through subsidiaries in Canada and the United States. Moffat served approximately 312,000 cable and Internet subscribers in Alberta, Manitoba and northwestern Ontario and approximately 71,000 cable and Internet subscribers in Florida and Texas. In addition, Moffat owned WTN, a nationally distributed Canadian specialty television network, and CKY-TV, the CTV Television Network affiliate in Winnipeg, Manitoba; both of which were subsequently sold for aggregate proceeds to us of over \$240 million. Moffat was subsequently amalgamated with another Shaw subsidiary to form Videon CableSystems Inc.

As a result of the foregoing transactions, Shaw has approximately 75% of its Canadian subscribers clustered in five cities in western Canada (Vancouver and Victoria, British Columbia; Calgary and Edmonton, Alberta; and Winnipeg, Manitoba) and is the dominant provider of cable television services in western Canada. In furtherance of its focused business strategy, on August 31, 2001, Shaw sold its cable television systems in Nova Scotia for proceeds of approximately \$210 million.

Satellite

Shaw's involvement in the satellite industry is through its 99.7% interest in Canadian Satellite Communications Inc. (Cancom), a Canadian satellite services company. Cancom provides satellite-based solutions to businesses and owns 100% of Star Choice Communications Inc. (Star Choice), one of two active, licenced direct-to-home (DTH) operators in Canada. Star Choice provides digital DTH television

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services to approximately 629,000 subscribers as at August 31, 2001. Shaw's interest in, and eventual control of, Cancom and Star Choice was acquired through several transactions between 1997 and 2001.

Following the end of its fiscal year on August 31, 2000, pursuant to an offer to purchase dated January 5, 2001, Shaw acquired an additional 2,771,524 common shares (Cancom Shares) of Cancom, representing 5.3% of the issued and outstanding Cancom Shares. As a result, Shaw increased its ownership from 94.3% to 99.6% of the issued and outstanding Cancom Shares. On March 30, 2001, Shaw mailed a notice of compulsory acquisition to the remaining shareholders of Cancom to mandatorily acquire the 0.4% of the outstanding Cancom Shares held by them. Subsequent to the 100% buyout, a third party exercised its warrants in Cancom resulting in a dilution of Shaw's ownership to 99.7%.

USE OF PROCEEDS

Unless otherwise indicated in an applicable Prospectus Supplement relating to Securities, we will use the net proceeds we receive from the sale of the Securities for debt repayment, general corporate purposes, and working capital requirements. The amount of net proceeds to be used for any such purpose will be set forth in the applicable Prospectus Supplement. We may, from time to time, issue debt instruments, incur additional indebtedness and issue Equity Securities other than through the issue of Securities pursuant to this prospectus.

EARNINGS COVERAGE

The following consolidated financial ratio is calculated for the twelve month period ended August 31, 2001 and gives effect to the issuance of all of our long-term debt and repayment or redemption thereof as of that date. This coverage ratio does not give effect to the issuance of Securities that may be issued pursuant to this prospectus and any Prospectus Supplement, since the aggregate principal amounts and the terms of such Securities are not presently known.

	Twelve months ended August 31, 2001
Interest(1)(4) (\$000s)	206,935
Earnings coverage on long-term debt(2) (\$000s)	(218,632)
Ratio of earnings to interest(3)(4)	n/a

Notes:

- (1) Interest excludes return entitlements on the COPrS, SHELS and the Zero Coupon Loan included in shareholders' equity.
- (2) Earnings are net income before the deduction of interest on long-term debt, income taxes and equity in losses of investees.
- (3) The actual dollar amount of coverage deficiency to attain a ratio of one-to-one for the actual twelve months ended August 31, 2001 was approximately \$426 million.
- (4) Under U.S. GAAP, the COPrS, SHELS and the Zero Coupon Loan would be treated as debt and the return entitlements treated as interest. On that basis, the interest requirement for the actual twelve months ended August 31, 2001 would change to \$277 million and the earnings deficiency to attain a one-to-one ratio would be \$496 million.

If we offer Debt Securities having a term to maturity in excess of one year or Equity Securities which are preferred shares under this prospectus and a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such securities.

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DESCRIPTION OF DEBT SECURITIES

The following description of the terms of Debt Securities sets forth certain general terms and provisions of Debt Securities in respect of which a Prospectus Supplement will be filed. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Debt Securities.

Debt Securities may be issued under an indenture (the "Trust Indenture") to be entered into between the Corporation and Computershare Trust Company of Canada, as indenture trustee (the "Trustee"). A copy of the form of the Trust Indenture has been or will be filed with the SEC as an exhibit to the registration statement of which this prospectus is a part. Debt Securities may also be issued under any other indentures between Shaw and a trustee or trustees as will be described in a Prospectus Supplement for such Debt Securities. The following summary of certain provisions of the Trust Indenture does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture. All capitalized terms are as defined in the Trust Indenture (unless otherwise defined herein). Prospective investors should rely on information in the applicable Prospectus Supplement if it is different from the following information.

General

The Trust Indenture provides that Debt Securities may be issued thereunder from time to time in one or more series (a "Series"). Specific terms and conditions which apply to such Series will be set out in a supplement to the Trust Indenture. The Debt Securities will be direct, unconditional and, unless otherwise indicated in the relevant Prospectus Supplement, unsecured obligations of the Corporation. The Trust Indenture does not limit the aggregate principal amount of Debt Securities (which may include debentures, notes and other evidences of indebtedness) which may be issued thereunder, and Debt Securities may be denominated and payable in currencies other than Canadian or U.S. dollars. The Indenture also permits us to increase the principal amount of any Series of Debt Securities previously issued and to issue that increased principal amount. As of the date hereof, no Debt Securities are outstanding under the Trust Indenture.

The Prospectus Supplement relating to the particular Series of Debt Securities offered thereby will describe the terms of such Debt Securities, including, where applicable:

- (i) the specific designation, aggregate principal amount and denominations of such Debt Securities;
- (ii) the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;
- (iii) the date or dates on which such Debt Securities will mature and the portion (if less than all of the principal amount) of such Debt Securities to be payable upon declaration of an acceleration of maturity;
- (iv) the currency or currencies in which such Debt Securities are being sold and in which the principal of (and premium, if any), and interest, if any, on, such Debt Securities will be payable, whether the holder of any such Debt Securities or the Corporation may elect the currency in which payments thereon are to be made and, if so, the manner of such election;
- (v) whether the Debt Securities of such Series are interest bearing and, in the case of interest bearing Debt Securities, the rate or rates (which may be fixed or variable) per annum at which such Debt Securities will bear interest, if any;
- (vi) the date from which interest on such Debt Securities, whether payable in cash, in kind, or in shares, will accrue, the date or dates on which such interest will be payable and the date on which payment of such interest will commence;
- (vii) the dates on which and the price or prices at which such Debt Securities will, pursuant to any required repayment provisions, or may, pursuant to any repurchase or redemption provisions, be repurchased, redeemed or repaid and the other terms and provisions of any such optional repurchase or redemption or required repayment;

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- (viii) the manner of payment and the place of payment for such Debt Securities;
- (ix) any special provisions for the payment of additional interest with respect to such Debt Securities;
- (x) any additional covenants included for the benefit of holders of such Debt Securities;
- (xi) the general terms or provisions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;
- (xii) any additional events of default provided with respect to such Debt Securities;
- (xiii) the purpose, if any, for which the net proceeds from the issue of such Debt Securities are to be used by the Corporation;
- (xiv) the terms, if any, pursuant to which such Debt Securities are subject to defeasance;
- (xv) whether a registrar, paying agent or other series agent will be appointed for such Debt Securities and, if so, the identity of, or the manner for determining the identity of, such registrar, paying agent or other series agent;
- (xvi) any exchange on which Debt Securities of a Series will be listed;
- (xvii) terms for any conversion or exchange into other securities;
- (xviii) the extent and manner, if any, to which payment on or in respect of such Debt Securities will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Corporation;
- (xix) whether such Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of such Debt Securities in bearer form and as to exchanges between registered and bearer form;
- (xx) whether such Debt Securities will be issuable in the form of one or more Registered Global Debt Securities and, if so, the identity of the Depository for those Registered Global Debt Securities;
- (xxi) any index pursuant to which the amount of payments of principal of and any premium and interest on such Debt Securities will or may be determined;
- (xxii) any special tax implications of or any special tax provision or indemnities relating to Debt Securities of such Series; and
- (xxiii) any other terms of such Debt Securities.

Unless otherwise indicated in the applicable Prospectus Supplement, the Trust Indenture does not afford the Holders the right to tender Debt Securities to Shaw for repurchase, or provide for any increase in the rate or rates of interest per annum at which the Debt Securities will bear interest.

Payment

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of (and premium, if any) on Debt Securities will be made in the designated currency against surrender of such Debt Securities at the office of the Trustee in Calgary, Alberta. Unless otherwise indicated in the Prospectus Supplement related thereto, payment of any instalment of interest on Debt Securities will be made to the Person in whose name such Debt Security is registered immediately prior to the close of business on the record date for such interest by electronic funds transfer.

Negative Pledge

The Trust Indenture will include a covenant to the effect that, so long as any Debt Securities are outstanding, the Corporation will not, and will not permit any Subsidiary of the Corporation to, create, incur or assume any Lien, other than Permitted Liens, on or over any present or

future Cable Properties of the Corporation or of any of its Subsidiaries or on any shares in the capital of any Cable Subsidiary of the

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Corporation, securing any Indebtedness for Borrowed Money of the Corporation or such Subsidiary, without also simultaneously or prior thereto securing, or causing such Subsidiary to secure, indebtedness under the Trust Indenture so that the Debt Securities are secured equally and rateably with or prior to such other Indebtedness for Borrowed Money for so long as such other Indebtedness for Borrowed Money remains secured.

Consolidation, Amalgamation, Merger and Sale of Assets

The Trust Indenture provides that the Corporation may not consolidate or amalgamate with or merge into any other Person, or convey, transfer, lease or dispose of its properties and assets substantially as an entirety to any other Person, unless the Person formed by such consolidation or amalgamation or into which the Corporation is merged or the Person which shall have acquired or leased all such properties or assets (1) shall be a corporation, partnership or trust organized and existing under the laws of Canada or any province or territory thereof or the United States, any state thereof or the District of Columbia, and shall expressly assume the Corporation's obligations for the due and punctual payment of the principal of and premium, if any, and interest on the Debt Securities and the performance and observance of every covenant and condition of the Trust Indenture on the part of the Corporation to be performed and (2) immediately after giving effect to such transaction, no Event of Default, or event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing.

If, as a result of any such transaction, any properties or assets of the Corporation or any Subsidiary of the Corporation become subject to a Lien, then, unless such Lien could be created, incurred or assumed pursuant to the Trust Indenture provisions described under the Negative Pledge covenant above without equally and rateably securing the Debt Securities, the Corporation, simultaneously with or prior to such transaction, will cause the Debt Securities to be secured equally and rateably with or prior to the indebtedness secured by such Lien for so long as such indebtedness is secured thereby.

Payment of Additional Amounts

All payments made by or on behalf of the Corporation under or with respect to the Debt Securities will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other government charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (Canadian Taxes) unless the Corporation is required to withhold or deduct Canadian Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. Unless otherwise specified in the applicable Prospectus Supplement, if the Corporation is so required to withhold or deduct any amount for or on account of Canadian Taxes from any payment made under or with respect to the Debt Securities, the Corporation will pay as additional interest such additional amounts (Additional Amounts) as may be necessary so that the net amount received by each holder of Debt Securities after such withholding or deduction (including with respect to Additional Amounts) will not be less than the amount the holder of Debt Securities would have received if such Canadian Taxes had not been withheld or deducted (a similar indemnity will also be provided to holders of Debt Securities that are exempt from withholding but are required to pay tax directly on amounts otherwise subject to withholding); provided, however, that no Additional Amounts will be payable with respect to a payment made to a holder of Debt Securities (an Excluded Holder) in respect of the beneficial owner thereof (i) with which the Corporation does not deal at arm's length (for purposes of the *Income Tax Act* (Canada)) at the time of the making of such payment, (ii) which is subject to such Canadian Taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian Taxes or (iii) which is subject to such Canadian Taxes by reason of its carrying on business in or being connected in any way with Canada or any province or territory thereof otherwise than by the mere holding of Debt Securities or the receipt of payment thereunder. The Corporation will make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in

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accordance with applicable law. The Corporation will pay all taxes, interest and other liabilities which arise by virtue of any failure of the Corporation to withhold, deduct and remit to the relevant authority on a timely basis the full amounts required in accordance with applicable law. At least 30 days prior to each date on which any payment under or with respect to Debt Securities is due and payable, if the Corporation to its knowledge will be obligated to pay Additional Amounts with respect to such payment, the Corporation will deliver to the Trustee a certificate of the Corporation stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders of Debt Securities on the payment date. The foregoing obligations shall survive any termination, defeasance or discharge of the Trust Indenture.

Tax Redemption

Under the Trust Indenture, except as may be specified in a Prospectus Supplement, the Debt Securities will be subject to redemption in whole, but not in part, at the option of the Corporation, at any time, on not less than 15 nor more than 60 days prior written notice, at 100% of the principal amount, together with accrued interest thereon to the redemption date, if there is more than an insubstantial risk that the Corporation has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Debt Securities, any Additional Amounts as a result of an amendment to or change in the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any amendment to or change in any official position regarding the application or interpretation of such laws or regulations, which change is announced or becomes effective on or after the date of this prospectus.

Events of Default

The following are summaries of Events of Default under the Trust Indenture with respect to any Series of Debt Securities thereunder: (a) default in the payment of any interest (including Additional Amounts) on any Debt Security when it becomes due and payable, and continuance of such default for a period of 30 days; (b) default in the payment of the principal of (or premium, if any, on) any Debt Security at its Maturity; (c) default in the performance, or breach, of any covenant or warranty of the Corporation in the Trust Indenture in respect of the Debt Securities (other than a covenant or warranty a default in the performance of which or the breach of which is specifically dealt with elsewhere in the Trust Indenture), and continuance of such default or breach for a period of 60 days after written notice to the Corporation by the Trustee or to the Corporation and the Trustee by the Holders of at least 25% in aggregate principal amount of the Debt Securities of all such affected Series then Outstanding (considered as one class); (d) failure to pay when due, after the expiration of any applicable grace period, any portion of the principal of, or involuntary acceleration of the maturity of, Indebtedness for Borrowed Money of the Corporation or of any of its Cable Subsidiaries, in either case having an aggregate principal amount outstanding in excess of \$75 million; and (e) certain events of bankruptcy, insolvency or reorganization of the Corporation or any of its Cable Subsidiaries.

If an Event of Default occurs and is continuing with respect to the Debt Securities, then and in every such case the Trustee or the Holders of at least 25% in aggregate principal amount of the Debt Securities of all affected Series then Outstanding (considered as one class) may declare the entire principal amount of all Debt Securities and all interest thereon to be immediately due and payable. However, at any time after a declaration of acceleration with respect to any Debt Securities has been made, but before a judgment or decree for payment of the money due has been obtained, the Holders of a majority in aggregate principal amount of the Debt Securities of all affected Series then Outstanding (considered as one class) may, except in certain circumstances, by written notice to the Corporation and the Trustee rescind and annul such acceleration.

The Trust Indenture provides that, subject to the duty of the Trustee during an Event of Default to act with the required standard of care, the Trustee shall be under no obligation to exercise any of its rights and powers under the Trust Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for indemnification of the Trustee and certain other limitations set forth in the Trust Indenture, the Holders of a majority in aggregate principal

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amount of the Debt Securities of all affected Series then Outstanding (considered as one class) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities.

No Holder of a Debt Security will have any right to institute any proceeding with respect to the Trust Indenture, or for the appointment of a receiver, manager, receiver and manager or trustee, or for any other remedy thereunder, unless (a) such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Debt Securities, (b) the Holders of at least 25% in aggregate principal amount of the Debt Securities of all affected Series then Outstanding (considered as one class) have made a written request to the Trustee, and such Holder or Holders have offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and (c) the Trustee has failed to institute such proceeding, and has not received from the Holders of a majority in aggregate principal amount of the Debt Securities of all affected Series then Outstanding (considered as one class) a direction inconsistent with such request, within 60 days after such notice, request and offer. However, such limitations do not apply to a suit instituted by the Holder of a Debt Security for the enforcement of payment of the principal of or any premium or interest (including Additional Amounts) on such Debt Security on or after the applicable due date specified in such Debt Security.

The Corporation will be required to furnish to the Trustee annually a statement by certain of its officers as to whether or not the Corporation, to the best of their knowledge, is in compliance with all conditions and covenants of the Trust Indenture and, if not, specifying all such known defaults.

Defeasance

The Trust Indenture provides that, if the applicable Prospectus Supplement provides that a Series is defeasable at the option of the Corporation, the Corporation will be discharged from any and all obligations in respect of the Debt Securities of any Series then Outstanding (except with respect to the authentication, transfer, exchange or replacement of Debt Securities or the maintenance of a Place of Payment and certain other obligations set forth in the Trust Indenture) upon irrevocable deposit with the Trustee, in trust, of funds in the currency in which such Series of Debt Securities is payable and/or Government Obligations which will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent chartered accountants to pay the principal of and premium, if any, and each instalment of interest, on such Series of Outstanding Debt Securities (Defeasance). Such trust may only be established if, among other things, (a) the Corporation has delivered to the Trustee an Opinion of Counsel in Canada, or counsel in any other jurisdiction specified in the applicable Prospectus Supplement, (who may be independent counsel for the Corporation) or a ruling from the taxation authority specified in the applicable Prospectus Supplement to the effect that the Holders of the Debt Securities of that Series will not recognize income, gain or loss for Canadian federal, or any other jurisdiction specified in the applicable Prospectus Supplement, income tax purposes as a result of such Defeasance and will be subject to Canadian federal, or any other jurisdiction specified in the applicable Prospectus Supplement, income tax on the same amounts, in the same manner and at the same times as would have been the case had such Defeasance not occurred; (b) no Event of Default or event that, with the passing of time or the giving of notice, or both, shall constitute an Event of Default shall have occurred and be continuing; (c) the Corporation is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada); and (d) other customary conditions precedent are satisfied. The Corporation may exercise its Defeasance option notwithstanding its prior exercise of its Covenant Defeasance option described in the following paragraph if the Corporation meets the conditions described in the preceding sentence at the time the Corporation exercises the Defeasance option.

The Trust Indenture provides that, at the option of the Corporation, unless and until the Corporation has exercised its Defeasance option described in the preceding paragraph, the Corporation may omit to comply with the Negative Pledge covenant and certain other covenants and such omission shall not be deemed to be an Event of Default under the Trust Indenture with respect to that Series of Debt Securities upon irrevocable deposit with the Trustee, in trust, of funds in the currency in which such Series of Debt Securities is payable and/or Government Obligations which will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent chartered accountants to pay the principal of and premium, if any,

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and each instalment of interest, on the Debt Securities of such Series (Covenant Defeasance). If the Corporation exercises its Covenant Defeasance option, the obligations under the Trust Indenture other than with respect to such covenants and the Events of Default other than with respect to such covenants shall remain in full force and effect. Such trust may only be established if, among other things, (a) the Corporation has delivered to the Trustee an Opinion of Counsel in Canada, or counsel in any other jurisdiction specified in the applicable Prospectus Supplement, or a ruling from the taxation authority specified in the applicable Prospectus Supplement to the effect that the Holders of the Debt Securities of that affected Series will not recognize income, gain or loss for Canadian federal, or any other jurisdiction specified in the applicable Prospectus Supplement, income tax purposes as a result of such Covenant Defeasance and will be subject to Canadian federal, or any other jurisdiction specified in the applicable Prospectus Supplement, income tax on the same amounts, in the same manner and at the same times as would have been the case had such Covenant Defeasance not occurred (b) no Event of Default or event that, with the passing of time or the giving of notice, or both, shall constitute an Event of Default shall have occurred and be continuing; (c) the Corporation is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada); and (d) other customary conditions precedent are satisfied.

Modification and Waiver

Modifications and amendments of the Trust Indenture and to the Debt Securities thereunder may be made by the Corporation and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Debt Securities of all Series then Outstanding and affected (considered as one class) or a majority in principal amount of Debt Securities then Outstanding and affected by the modification or amendment voted at a duly constituted meeting at which the Holders of more than 10% in principal amount of Debt Securities thereby affected are present, to add any provisions to, or change in any manner or eliminate any of the provisions of, the Trust Indenture or modify in any manner the rights of the Holders of the Debt Securities of each such affected Series; provided however, that no such modification or amendment may, without the consent of the Holder of each Debt Security then Outstanding and affected thereby or the consent of 100% of the principal amount of the Holders of Debt Securities affected thereby voted at a duly constituted meeting, (a) change the Stated Maturity of the principal of, or any instalment of interest, on that Debt Security, (b) reduce the principal amount of, or the premium, if any, or interest, on that Debt Security, (c) reduce the amount of principal of that Debt Security payable upon acceleration of the Maturity thereof, (d) change the Place of Payment for that Debt Security, (e) change the currency or currency unit of payment of principal of (or premium, if any), or interest on, that Debt Security, (f) impair the right to institute suit for the enforcement of any payment on or with respect to that Debt Security, (g) reduce the percentage of principal amount of Debt Securities of the affected Series then Outstanding, the consent of the Holders of which is required for modification or amendment of the Trust Indenture or for waiver of compliance with certain provisions of the Trust Indenture or for waiver of certain defaults or (h) modify any provisions of the Trust Indenture relating to the modification and amendment of the Trust Indenture or the waiver of past defaults or covenants except as otherwise specified in the Trust Indenture.

The Holders of a majority in aggregate principal amount of the Debt Securities of all Series then Outstanding and affected (considered as one class) or a majority in principal amount of Debt Securities then Outstanding and affected by the waiver voted at a duly constituted meeting at which the Holders of more than 10% in principal amount of Debt Securities affected thereby are present, may on behalf of the Holders of all affected Debt Securities waive compliance by the Corporation with certain restrictive provisions of the Trust Indenture. The Holders of a majority in aggregate principal amount of Debt Securities of all Series then Outstanding and affected with respect to which a default or breach or an Event of Default shall have occurred and be continuing (considered as one class) or a majority in principal amount of Debt Securities and then Outstanding and affected by the waiver voted at a duly constituted meeting at which the Holders of more than 10% in principal amount of Debt Securities affected thereby are present may on behalf of the Holders of all such affected Debt Securities waive any past or prospective default or breach or Event of Default and its consequences under the Trust Indenture, except a default in the payment of the principal of (or premium, if any) and interest, if any, on any Debt Security or in respect of a provision which under the Trust Indenture cannot be modified or amended without the consent of the Holder of each Debt Security affected or the

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consent of 100% of the principal amount of the Holders of Debt Securities then Outstanding and affected thereby voted at a duly constituted meeting. The Trust Indenture or the Debt Securities may be amended or supplemented, without the consent of any Holder of Debt Securities, to cure any ambiguity or inconsistency or to make any change that does not have a materially adverse effect on the rights of any Holders of Debt Securities.

Governing Law

The Debt Securities issued under the Trust Indenture will be governed by and construed in accordance with the laws of Province of Alberta.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Trust Indenture. Reference is made to the Trust Indenture for the full definition of all such terms.

Attributable Value means, as to any particular lease under which any Person is at the time liable for a term of more than 12 months, and at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (excluding any subsequent renewal or other extension option held by the lessee), discounted from the respective due dates to the date of determination at a rate equivalent to the rate used for the purposes of financial reporting in accordance with Canadian GAAP. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labor costs and similar charges.

Cable Properties means Cable Television Systems, together with any lines of fibre optic or co-axial cable, transmitters, off-air antennae and microwave system hardware located in Canada and used primarily in operating a Cable Television System.

Cable Subsidiary means a Subsidiary whose principal assets are Cable Properties.

Cable Television System means a licensed cable distribution undertaking under the *Broadcasting Act* (Canada).

Capital Lease Obligation of any Person means the obligation to pay rent or other payment amounts under a lease of (or other arrangements conveying the right to use) real or personal property of such Person which is required to be classified and accounted for as a capital lease or a liability on the face of a balance sheet of such Person in accordance with generally accepted accounting principles and which has a term of at least 12 months. The stated maturity of such obligation shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

Capital Stock of any Person means any and all shares, interests, participations, rights in, or other equivalents (however designated) of corporate stock of such Person.

Consolidated Net Tangible Assets means the total amount of assets of any Person and its Subsidiaries on a consolidated basis, after deducting therefrom (i) all current liabilities (excluding any indebtedness classified as a current liability), (ii) all goodwill, tradenames, trademarks, patents, unamortized debt discounts and financing costs and all other like intangible assets and (iii) appropriate adjustments on account of minority interests of other Persons holding shares of the Subsidiaries of such Person, all as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (but, in any event, as of a date within 150 days of the date of determination) and computed in accordance with Canadian GAAP.

Disqualified Stock of any Person means any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is

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redeemable at the option of the holder thereof, in whole or in part, on or prior to the stated maturity of the Debt Securities.

Government Obligations means, in respect of any Series of Debt Securities, direct obligations of, or obligations the payment of principal of and interest, if any, on which are fully guaranteed by, the government that issued the currency in which the Debt Securities of such Series are payable and which are payable in the same currency as such Series.

Guarantee by any Person means any obligation, contingent or otherwise, of such Person guaranteeing any Indebtedness for Borrowed Money of any other Person (the primary obligor), whether directly or indirectly, and including, without limitation, any obligation of such Person, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness for Borrowed Money or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness for Borrowed Money, (ii) to purchase property, securities or services for the purpose of assuring the holder of such Indebtedness for Borrowed Money of the payment of such Indebtedness for Borrowed Money, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness for Borrowed Money, in each case having the effect of guaranteeing any such Indebtedness for Borrowed Money (and Guaranteed, Guaranteeing and Guarantor shall have the meanings correlative to the foregoing); provided, however, that the Guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business nor any obligation which such Person is permitted to satisfy, at its option, by the issuance of Capital Stock which is not Disqualified Stock.

Indebtedness for Borrowed Money means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such person and whether or not contingent, (i) every obligation of such Person for money borrowed, (ii) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including any such obligations incurred in connection with the acquisition of property, assets or businesses, (iii) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business), (iv) every Capital Lease Obligation of such Person and the Attributable Value of any other lease for a term of more than 12 months, (v) the maximum fixed redemption or repurchase price of Disqualified Stock of such Person at the time of determination, (vi) every obligation the payment of which could not be considered as interest in accordance with Canadian generally accepted accounting principles under interest rate or currency protection agreements of such Person and (vii) every obligation of the type referred to in clauses (i) through (vi) of another Person the payment of which such Person has Guaranteed or in respect of which such Person has reimbursement obligations with respect to letters of credit, bankers acceptances or similar facilities issued for the account of such Person in respect thereof, but expressly excluding any Capital Stock which is not Disqualified Stock.

Lien means, with respect to any properties or assets, any mortgage or deed of trust, pledge, hypothecation, assignment for security, deposit arrangement, security interest, lien, charge or other security agreement or encumbrance of any kind or nature whatsoever on or with respect to such properties or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing and any lease of property or assets for a term of more than 12 months).

Permitted Liens of the Corporation or any of its Cable Subsidiaries at any particular time includes:

- (i) with respect to any Series of Debt Securities, Liens existing on the date on which the Debt Securities of such Series are issued;
- (ii) any Lien in favour of a governmental entity in connection with the operations of such Person or any Subsidiary of such Person and not in respect of the financing thereof;
- (iii) Liens in favour of such Person or a Wholly-Owned Subsidiary of such Person (but only so long as it is a Wholly-Owned Subsidiary of such Person);

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- (iv) any Lien in respect of Purchase Money Obligations;
- (v) Liens on property or assets existing at the time of acquisition thereof by such Person, provided that such Liens were not incurred in anticipation of such acquisition;
- (vi) Liens on property or assets of a corporation existing at the time such corporation becomes a Cable Subsidiary of the Corporation, or is liquidated or merged into, or amalgamated or consolidated with, the Corporation or a Cable Subsidiary of the Corporation or at the time of the sale, lease or other disposition to the Corporation or a Cable Subsidiary of the Corporation of all or substantially all of the properties and assets of a corporation;
- (vii) any Lien arising under the lease or leases forming part of any Sale and Leaseback Transaction entered into by the Corporation or a Cable Subsidiary of the Corporation provided that, unless the applicable lease or leases are otherwise Permitted Liens, the Corporation or a Cable Subsidiary of the Corporation shall apply, within 180 days of the consummation of such Sale and Leaseback Transaction, an amount equal to the Attributable Value in respect of such lease or leases to (a) the redemption, retirement or defeasance of the Debt Securities or other Indebtedness for Borrowed Money of the Corporation or such Subsidiary ranking at least *pari passu* with the Debt Securities or (b) the purchase or other acquisition (including by way of lease) of property substantially similar to the property sold or transferred as determined by the Board of Directors;
- (viii) any renewal, refunding or extension of any Lien referred to in the foregoing clauses (i) through (vii), inclusive, provided that the principal amount of indebtedness secured thereby after such renewal, refunding or extension is not increased and the Lien is limited to the property or assets originally subject thereto and any improvements thereon; and
- (ix) Liens securing Indebtedness for Borrowed Money not secured by Liens referred to in the foregoing clauses (i) through (viii), inclusive, in an aggregate principal amount at any one time outstanding not to exceed 15% of Consolidated Net Tangible Assets.

Person means any natural person, corporation, firm, partnership, joint venture or other unincorporated association, trust, government or governmental authority.

Purchase Money Obligation means any monetary obligation (including a Capital Lease Obligation and rental obligations under any other lease for a term of more than 12 months) created, assumed or incurred prior to, at any time of, or within 9 months after, the acquisition (including by way of lease), construction or improvement of any real or tangible personal property, for the purpose of financing all or any part of the purchase price or lease payments in respect thereof, provided that the principal amount of such obligation may not exceed the unpaid portion of the purchase price or lease payments, as applicable, and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, thereto or erected or constructed thereon and the proceeds thereof.

Sale and Leaseback Transaction of any Person means an arrangement with any lender or investor or to which such lender or investor is a party providing for the leasing by such Person of any property or asset of such Person which has been or is being sold or transferred by such Person more than 9 months after the acquisition thereof or the completion of construction or commencement of operation thereof to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or asset. The stated maturity of such arrangement shall be the date of the last payment of rent or any other amount due under such arrangement prior to the first date on which such arrangement may be terminated by the lessee without payment of a penalty.

Subsidiary of any Person means a corporation or other business entity more than 50% of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof.

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Voting Stock of any Person means Capital Stock of such Person which ordinarily has voting power for the election of directors (or Persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

Wholly-Owned Subsidiary of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

Registered Global Debt Securities

The Registered Debt Securities of a particular Series may be issued in the form of one or more Registered Global Debt Securities which will be registered in the name of and be deposited with a Depository, or its nominee, each of which will be identified in the Prospectus Supplement relating to that Series. Unless and until exchanged, in whole or in part, for Securities in definitive registered form, a Registered Global Debt Security may not be transferred except as a whole by the Depository for a Registered Global Debt Security to a nominee of that Depository, by a nominee of that Depository to that Depository or another nominee of that Depository or by that Depository or any nominee of that Depository to a successor of that Depository or a nominee of a successor of that Depository.

The specific terms of the depositary arrangement with respect to any portion of a particular Series of Debt Securities to be represented by a Registered Global Debt Security will be described in the Prospectus Supplement relating to that Series. Shaw anticipates that the following provisions will apply to all depositary arrangements.

Upon the issuance of a Registered Global Debt Security, the Depository therefor or its nominee will credit, on its book entry and registration system, the respective principal amounts of the Debt Securities represented by that Registered Global Debt Security to the accounts of those persons having accounts with that Depository or its nominee (participants) as shall be designated by the underwriters, investment dealers or agents participating in the distribution of those Debt Securities or by Shaw if those Debt Securities are offered and sold directly by Shaw. Ownership of beneficial interests in a Registered Global Debt Security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a Registered Global Debt Security will be shown on, and the transfer of the ownership of those beneficial interests will be effected only through, records maintained by the Depository therefor or its nominee (with respect to beneficial interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants). The laws of some states in the United States require certain purchasers of securities to take physical delivery thereof in definitive form. These depositary arrangements and these laws may impair the ability to transfer beneficial interests in a Registered Global Debt Security.

So long as the Depository for a Registered Global Debt Security or its nominee is the registered owner thereof, that Depository or its nominee, as the case may be, will be considered the sole owner or Holder of the Debt Securities represented by that Registered Global Debt Security for all purposes under the Trust Indenture. Except as provided below, owners of beneficial interests in a Registered Global Debt Security will not be entitled to have Securities of the Series represented by that Registered Global Debt Security registered in their names, will not receive or be entitled to receive physical delivery of Debt Securities of that Series in definitive form and will not be considered the owners or Holders of those Debt Securities under the Trust Indenture.

Principal, premium, if any, and interest payments on a Registered Global Debt Security registered in the name of a Depository or its nominee will be made to that Depository or nominee, as the case may be, as the registered owner of that Registered Global Debt Security. None of Shaw, the Trustee or any paying agent for Debt Securities of the Series represented by that Registered Global Debt Security will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in that Registered Global Debt Security or for maintaining, supervising or reviewing any records relating to those beneficial interests.

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Shaw expects that the Depositary for a Registered Global Debt Security or its nominee, upon receipt of any payment of principal, premium or interest, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of that Registered Global Debt Security as shown on the records of that Depositary or its nominee. Shaw also expects that payments by participants to owners of beneficial interests in that Registered Global Debt Security held through those participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in street name, and will be the responsibility of those participants.

If the Depositary for a Registered Global Debt Security representing Debt Securities of a particular Series is at any time unwilling or unable to continue as Depositary, or if the Depositary is no longer eligible to continue as Depositary, and a successor Depositary is not appointed by Shaw within 90 days, Shaw will issue Registered Debt Securities of that Series in definitive form in exchange for that Registered Global Security. In addition, Shaw may at any time and in its sole discretion determine not to have the Debt Securities of a particular Series represented by one or more Registered Global Debt Securities and, in that event, will issue Registered Debt Securities of that Series in definitive form in exchange for all of the Registered Global Debt Securities representing Debt Securities of that Series.

DESCRIPTION OF EQUITY SECURITIES

General

The following sets forth the terms and provisions of the existing share capital of the Corporation. The particular terms and provisions of the Equity Securities offered by a Prospectus Supplement and the extent to which these general terms and provisions apply will be described in such Prospectus Supplement. The authorized share capital of Shaw consists of an unlimited number of Class A Voting Participating Shares (the Class A Shares), an unlimited number of Class B Non-Voting Participating Shares (the Class B Non-Voting Shares) (and, together with the Class A Shares, the Shaw Shares), an unlimited number of Class 1 preferred shares (the Class 1 Preferred Shares), issuable in series, an unlimited number of Class 2 preferred shares (the Class 2 Preferred Shares), issuable in series, an unlimited number of Class A preferred shares (the Class A Preferred Shares) and an unlimited number of Class B preferred shares (the Class B Preferred Shares). As at August 31, 2001, there were 11,403,972 Class A Shares, 220,368,357 Class B Non-Voting Shares and no preferred shares outstanding.

Class A Shares and Class B Non-Voting Shares

Voting Rights

The holders of Class A Shares are entitled to one vote per share at all meetings of shareholders. The holders of Class B Non-Voting Shares are entitled to receive notice of, to attend, and to speak at all meetings of shareholders but are not entitled to vote thereat except as required by law and except upon any resolution to authorize the liquidation, dissolution and winding-up of Shaw or the distribution of assets among the shareholders of Shaw for the purpose of winding up its affairs, in which event each holder of Class B Non-Voting Shares will be entitled to one vote per share.

Dividends

In general, subject to the rights of any preferred shares outstanding from time to time, holders of Class A Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors determines to declare on a share-for-share basis, as and when any such dividends are declared or paid, except that, during each Dividend Period (as defined below), the dividends (other than stock dividends) declared and paid on the Class A Shares will always be \$0.005 per share per annum less than the dividends declared and paid in such Dividend Period to holders of the Class B Non-Voting Shares, subject to proportionate adjustment in the event of