

CRTV and SHAW CABLESYSTEMS LIMITED

QUESTIONS AND ANSWERS

A. Why sell to Shaw now when the members turned them down last November?

1. CRTV now has a written offer from Shaw, rather than simply a letter of intent which was all that it had last November.
2. The purchase price has been increased by \$8.5 million subject to adjustments.
3. Shaw has approval to “over wire” CRTV’s licenced area and therefore can compete for CRTV’s existing customers by providing a better service at a lower rate.
4. The cable industry has shrunk since November 2007 to where CRTV is now the 9th largest independent cable system in Canada. The western Canadian cable service industry is now dominated by Shaw. Shaw has the authority to “over wire” and provide direct competition to CRTV.
5. The Board has had the opportunity to negotiate with Shaw and obtain what it considers the best possible deal with Shaw.

B. What will happen to the CRTV employees?

Shaw has agreed to assume the collective agreement with all CRTV union employees. It has also agreed to hire all non union employees, other than the CEO, on substantially the same financial terms as they currently have with CRTV.

C. What happens to local programming?

Shaw has agreed to invest in local programming at 5% of its gross annual basic cable revenues, which is similar to CRTV’s traditional levels of funding, for five years after the closing date.

Shaw has also agreed to continue to offer NIEFS job postings on a basic cable channel for five years after the completion of the sale and to pay bursaries totalling \$4,000.00 per year to students in the School District 72 area for five years.

This will ensure that these local community services, which are currently offered by CRTV, will be retained for the next five years.

D. What happens to non profit organizations that currently have free internet access from CRTV?

Shaw has agreed to continue this free service for five years.

E. Why does CRTV propose to change its bylaws?

The current bylaws require 75% of all members to vote in favour of the sale of its assets. This means that over 10,000 votes would have to be cast in favour of the proposed sale. There is no facility in Campbell River large enough to accommodate the CRTV membership of nearly 13,000 people. It is also extremely unlikely that three-quarters of the membership would even vote, given the local turn out at Federal, Provincial and Municipal elections.

The proposed bylaw change requires 75% of those members *actually voting* to be in favour of the proposed sale. The Board believes that this is more democratic than the existing bylaw.

The proxy vote process enables every member to vote on the sale. The Rod Brind'Amour Arena will accommodate a maximum of 2,600 people. This could be very uncomfortable for many members. The proxy vote allows those with physical disabilities, those who work, those who are working in the evening or those who simply cannot attend, to vote on this very important matter.

F. How can I vote on the Special Resolutions?

There are 3 ways:

1. You can attend the Special Meeting in person. You must bring photo ID to be registered as a voting member; or
2. You can also vote by proxy and watching the meeting live on Channel 10. To do so you must complete the Instrument of Proxy contained in this package, naming Ken Croft, the Secretary of CRTV, or Travis Renney, a director of CRTV, as your proxy and mail it in the supplied stamped and addressed envelope. Your vote will be tabulated by Valiant Trust Company scrutineers, who will also be present at the meeting to tally the votes of those who vote in person. By using the instrument of proxy form, you get to vote without attending the meeting; or

3. You can name another person who will attend the meeting in person as your proxy and give that person the right to vote on your behalf. The named person must bring the Instrument of Proxy with him or her to the meeting and register to vote on your behalf. Picture ID will be required.

These 3 options give every member the right and the opportunity to participate in this very important decision.

G. What will each member receive from the sale?

CRTV is required to pay all of its debts at the time of closing, which will include bank debt, employee accruals, severance and bonuses, the costs of the sale, accounts payable and other costs that it will incur in winding up the Society. Adjustments will be made to the purchase price at the closing which may increase or decrease the purchase price somewhat.

Each member will receive \$100.00 for the debenture paid to join CRTV. The best estimate at this time of the maximum payment to each member as a result of the sale is more than \$3,000.00 plus the \$100 debenture payout. However the final number will not be known until some time after the special meeting to ratify the proposed sale. Accounting details will be provided to each member at that time.

H. What about Income Tax?

CRTV has received three legal opinions which state that it is a non profit organization which is exempt from paying income tax. The Board has requested an advance tax ruling from the Canada Revenue Agency on this point. It will up to 6 months to obtain this ruling. The tax opinions received to date from highly qualified tax lawyers state that each member will pay capital gains tax on the money that is received from the sale of the CRTV assets, other than the \$100.00 debenture payment. The amount of such tax will vary from member to member, depending on other taxable income received by each member during the relevant taxation year. CRTV suggests that you consult with your accountant if you want to receive further details on your potential tax liability.