

**PROSPECTUS SUPPLEMENT
TO AN AMENDED AND RESTATED SHORT FORM SHELF PROSPECTUS DATED JUNE 8, 2000**

This prospectus supplement, together with the amended and restated short form shelf prospectus dated June 8, 2000 to which it relates, as amended or supplemented, and each document incorporated by reference in the 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. No securities commission or any similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

New Issue

June 12, 2000

**clearNET
CLEARNET COMMUNICATIONS INC.
Cdn\$150,000,000**

6.75% Convertible Unsecured Subordinated Debentures due 2010

To be dated June 15, 2000

To mature June 15, 2010

Clearnet Communications Inc. ("Clearnet" or the "Company") hereby offers (the "Offering") 6.75% convertible unsecured subordinated debentures (the "Debentures") maturing on June 15, 2010. Interest on the Debentures will accrue from the date of closing and will be payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2000.

The Debentures may not be redeemed by Clearnet prior to June 15, 2003. Thereafter, for the period from June 15, 2003 to and including June 15, 2005, the Debentures may be redeemed by Clearnet, in whole or, from time to time, in part, at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Class A non-voting shares of Clearnet (the "Class A Non-Voting Shares") on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30 day period ending five trading days preceding the date on which the notice of redemption is given exceeds 125% of the conversion price referred to below. After June 15, 2005, the Debentures will be redeemable by Clearnet, in whole or, from time to time, in part, at par plus accrued and unpaid interest. Subject to regulatory approval, Clearnet may, at its option, repay the principal amount of the Debentures on redemption or repurchase on Change of Control (as defined herein) or at maturity through the issuance or exchange of freely tradeable Class A Non-Voting Shares. Further particulars of the interest, redemption, repurchase and maturity provisions of the Debentures are set out under "Description of the Debentures".

The Debentures are subordinated to Clearnet's present and future senior indebtedness and do not limit Clearnet's ability to incur additional indebtedness. As at March 31, 2000, Clearnet has outstanding Cdn\$2.5 billion in total consolidated indebtedness.

Conversion Privilege

Each Debenture is convertible at the option of the holder into Class A Non-Voting Shares at any time prior to the close of business on the last business day prior to the earlier of the date fixed for redemption or repurchase or the maturity date at a conversion price of Cdn\$65.00 per Class A Non-Voting Share, being a rate of approximately 15.3846 Class A Non-Voting Shares per Cdn\$1,000 principal amount of Debentures, subject to adjustment in certain events.

The Debentures offered hereby will not be precluded as investments under certain statutes. See "Eligibility for Investment".

The Class A Non-Voting Shares are listed and posted for trading on the Toronto Stock Exchange and are quoted on the NASDAQ National Market System ("NASDAQ") in the United States. The closing price of the Class A Non-Voting Shares on the Toronto Stock Exchange and NASDAQ on June 9, 2000 was Cdn\$49.50 and US\$33.625, respectively. Application has been made to list the Debentures as well as the Class A Non-Voting Shares issuable on conversion, redemption, repurchase or maturity of the Debentures on the Toronto Stock Exchange and to quote such shares on NASDAQ.

Price: 100%, plus accrued interest, if any

	Price to The Public ⁽¹⁾	Underwriters' Commission ⁽²⁾	Net Proceeds to Clearnet ⁽³⁾
Per Debenture	Cdn\$1,000	Cdn\$30	Cdn\$970
Total	Cdn\$150,000,000	Cdn\$4,500,000 ⁽³⁾	Cdn\$145,500,000

(1) Per Cdn\$1,000 principal amount of Debentures.

(2) Clearnet has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the United States Securities Act of 1933, as amended. See "Underwriting".

(3) Before deducting expenses of the Offering payable by Clearnet estimated at Cdn\$750,000.

The Underwriters, as principals, conditionally offer the Debentures subject to prior sale, if, as and when issued and sold by Clearnet and delivered to and accepted by the Underwriters in accordance with the conditions of the underwriting agreement described under "Underwriting" and subject to the approval of certain legal matters on behalf of Clearnet by Blake, Cassels & Graydon LLP of Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP of New York, New York and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP of Toronto, Ontario and by Morrison & Foerster LLP of New York, New York. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Debentures will be available for delivery in book-entry form only on closing of the Offering, which is expected to occur on or about June 19, 2000, or such other date as may be agreed upon, but not later than July 14, 2000.

Certain of the Underwriters are affiliates of Canadian chartered banks which are lenders to subsidiaries of Clearnet. Accordingly, Clearnet may be considered a connected issuer of such Underwriters under certain applicable securities legislation. See "Use of Proceeds" and "Underwriting".

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EXCHANGE RATE DATA

The following table sets forth certain exchange rates based on the noon buying rate in The City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). Such rates are set forth as United States dollars per Cdn\$1.00 and are the inverse of rates quoted by the Federal Reserve Bank of New York for Canadian dollars per US\$1.00. On June 9, 2000, the inverse of the Noon Buying Rate was Cdn\$1.00 equals US\$0.6773.

	Year ended December 31,			Three Month Period ended March 31,	
	1997	1998	1999	1999	2000
	Exchange rate at end of period	0.6997	0.6504	0.6925	0.6626
Average exchange rate during period ⁽¹⁾	0.7223	0.6743	0.6751	0.6616	0.6887
Highest exchange rate during period	0.7493	0.7105	0.6925	0.6724	0.6969
Lowest exchange rate during period	0.6945	0.6341	0.6462	0.6535	0.6790

(1) The average of the exchange rates on the last day of each month during the applicable period.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying amended and restated short form shelf prospectus of Clearnet dated June 8, 2000 (the "Prospectus") solely for the purposes of this Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

Any statement contained in this Prospectus Supplement or in any document incorporated or deemed to be incorporated by reference into the Prospectus for the purpose of this Offering shall be deemed to be modified or superseded, for the purpose of this Prospectus Supplement, 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 that statement. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement, except as so modified or superseded.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained elsewhere in this Prospectus Supplement and the accompanying Prospectus to which it relates and in the documents incorporated by reference herein and therein. Unless the context otherwise indicates, references in this Prospectus Supplement to “Clearnet” or the “Company” are references to Clearnet Communications Inc., its consolidated subsidiaries and predecessor companies. EXCEPT AS OTHERWISE INDICATED, ALL DOLLAR AMOUNTS ARE EXPRESSED IN CANADIAN DOLLARS AND REFERENCES TO “CDN\$” OR “\$” ARE TO CANADIAN DOLLARS.

The Company

Clearnet is one of Canada’s leading wireless communications companies, offering a unique combination of wireless services addressing the varied needs of distinct market segments. As at March 31, 2000, Clearnet’s personal communication services (“PCS”) network covered 16.8 million (28 million with analogue cellular) POPs (the population which, in whole or in substantial part, is included in a coverage area is referred to as “POPs”) and Clearnet’s enhanced specialized mobile radio (“ESMR”) Mike network covered 20.5 million POPs. As at March 31, 2000, Clearnet provided wireless services to 635,855 subscribers, consisting of: 374,267 PCS subscribers (25,057 of which were added in the first quarter of 2000); 238,275 ESMR subscribers (28,154 of which were added in the first quarter of 2000); and 23,313 analogue specialized mobile radio (“SMR”) subscribers. As Clearnet holds one of only two high-capacity 30 MHz PCS licences in Canada and is the only company with two state-of-the-art and complementary digital wireless services in Canada, Clearnet is uniquely positioned to aggressively pursue a sizable share of the Canadian wireless industry’s future growth.

The Offering

Issue	\$150,000,000 aggregate principal amount of Convertible Unsecured Subordinated Debentures due June 15, 2010.
Interest	6.75% per annum, payable semi-annually on June 15 and December 15 commencing December 15, 2000. The December 15, 2000 interest payment will represent accrued interest from the closing date of the Offering to December 15, 2000.
Maturity	June 15, 2010.
Subordination	The Debentures are subordinated to Clearnet’s present and future senior indebtedness and do not limit Clearnet’s ability to incur additional indebtedness. As at March 31, 2000, Clearnet had outstanding \$2.5 billion in total consolidated indebtedness. The Debentures will not be secured by any mortgage, pledge, hypothec or other charge.
Conversion	Each Debenture is convertible at the option of the holder into Class A Non-Voting Shares at any time prior to the close of business on the last business day prior to the earlier of the date fixed for redemption or repurchase or the maturity date at a conversion price of \$65.00 per Class A Non-Voting Share (the “Conversion Price”) being at a rate of approximately 15.3846 Class A Non-Voting Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain circumstances.
Redemption	The Debentures are not redeemable prior to June 15, 2003. Thereafter, for the period from June 15, 2003 to and including June 15, 2005, the Debentures may be redeemed by Clearnet, in whole or, from time to time, in part, at par plus accrued and unpaid interest, on at least 30 days’ notice, provided that the volume weighted average trading price of the Class A Non-Voting Shares on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30 day period ending five trading days prior to the date on which notice of redemption is given exceeds 125% of the Conversion Price. After June 15, 2005, the Debentures may be redeemed by the Company in whole, or from time to time, in part, at par plus accrued and unpaid interest.

Change of Control	Upon a Change of Control (as defined below), holders of the Debentures will have the right to require the Company to repurchase their Debentures, in whole or in part, at a price equal to 101% of the principal amount of the Debentures plus accrued and unpaid interest thereon.
Share Payment Option	Clearnet may, at its option and subject to receiving applicable regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy its obligations to pay amounts payable on the Debentures upon redemption, upon repurchase in the event of a Change of Control or at maturity by issuing or exchanging and delivering to the holder for such amounts of Debentures, in whole or in part, that number of freely tradeable, fully paid and non-assessable Class A Non-Voting Shares obtained by dividing such amounts by 95% of the Current Market Price (as defined in the Indenture described below) of the Class A Non-Voting Shares on the date of redemption, maturity or repurchase, as applicable.
Payment of Interest	Subject to receiving applicable regulatory approvals, Clearnet shall have the revocable right to elect, from time to time, to issue and deliver Class A Non-Voting Shares to the Trustee (as defined below) to raise funds in order to satisfy its obligation to pay interest on the Debentures.
Use of Proceeds	The net proceeds of the sale of Debentures are estimated to be approximately Cdn\$144.8 million (US\$98.0 million), after deduction of fees and expenses, and will be used to fund a portion of the Company's capital expenditures related to expansion of the Company's digital wireless networks, operating cash flow requirements, refinancing of outstanding indebtedness (other than bank loans) and for general corporate and working capital purposes, which may include the acquisition of wireless spectrum in Industry Canada auctions and the selective acquisitions of complementary businesses. The Company has no present understandings, commitments or agreements with respect to any such transaction.
Share Capital of Clearnet.	<p>Clearnet's capital structure and the corporate governance provisions applicable to Clearnet have been designed to comply with the Canadian ownership and control requirements of the <i>Telecommunications Act</i> (Canada) and the regulations thereunder. The authorized capital of Clearnet consists of an unlimited number of Class A Non-Voting Shares, 1,851,376,400 Class B Shares (the "Class B Shares"), 18,513,764 Class C subordinate voting shares (the "Class C Shares"), 18,513,764 Class D subordinate voting shares (the "Class D Shares") and an unlimited number of preference shares. As at March 31, 2000 there were the equivalent of 58,242,851 Class A Non-Voting Shares issued and outstanding (assuming conversion of all other outstanding classes of shares into Class A Non-Voting Shares but not the exercise of outstanding options or warrants), comprised of 41,145,584 Class A Non-Voting Shares issued and outstanding, 3,213,935 Class A Non-Voting Shares issuable on conversion of 321,393,512 Class B Shares issued and outstanding, 6,092,591 Class A Non-Voting Shares issuable on conversion of 6,092,591 Class C Shares issued and outstanding and 7,790,741 Class A Non-Voting Shares issuable on conversion of 7,790,741 Class D Shares issued and outstanding. There are no preference shares issued and outstanding. As at March 31, 2000, the voting interests of Clearnet were held as follows: approximately 95.86% by holders of the Class B Shares, 1.82% by holders of the Class C Shares and 2.32% by holders of the Class D Shares.</p>
	<p>The Class C Shares and Class D Shares are convertible into Class A Non-Voting Shares on a 1:1 basis and share <i>pro rata</i> with the Class A Non-Voting Shares on any dividend or distribution. One hundred Class B Shares are</p>

convertible into one Class A Non-Voting Share. Each Class B Share is entitled to 1/100th of the entitlement of the Class A Non-Voting Shares, Class C Shares and Class D Shares on any dividend or distribution by Clearnet. Each Class B Share, Class C Share and Class D Share has attached to it one vote; however, the Class B Shares carry a disproportionately higher vote per equivalent equity interest. The holders of Class B Shares, Class C Shares and Class D Shares, voting separately as classes, are entitled to elect a specified number of directors per class, subject to adjustment based on changes in relative equity interests, and certain of such holders have certain anti-dilutive rights. Each Class C Share and Class D Share is also convertible into 100 Class B Shares unless such conversion affects the Company's eligibility under Canadian telecommunications legislation. Clearnet may constrain or restrict the issue, transfer and ownership of voting shares, if necessary, to ensure that Clearnet Inc. and Clearnet PCS Inc. remain qualified to hold licences under legislation such as the *Telecommunications Act* (Canada) and the *Radiocommunication Act* (Canada).

Take-over Bid Protection Under applicable Canadian law, an offer to purchase shares of any class of shares of Clearnet would not necessarily require that an offer be made to purchase shares of the other classes of shares. An agreement has been entered into among the holder of the Class C Shares, the holder of the Class D Shares and the principal holders of the Class B Shares, Clearnet and a trustee on behalf of all shareholders, in order to ensure that the holders of any one class of shares, will not sell their shares in certain takeover bid transactions unless a substantially similar offer is made to holders of the Class A Non-Voting Shares. See "Take-Over Bid Protection".

Dividend Policy Clearnet does not anticipate declaring or paying cash dividends in the foreseeable future, but intends to retain future earnings for reinvestment in its business and repayment of indebtedness.

Listing Application has been made to have the Debentures listed on the Toronto Stock Exchange and the Class A Non-Voting Shares issuable on conversion, maturity, redemption or repurchase thereof listed on the Toronto Stock Exchange and quoted on NASDAQ. The Class A Non-Voting Shares are quoted on the NASDAQ under the symbol "CLNT" and listed and posted for trading on the Toronto Stock Exchange under the symbol "NET.A".

Summary Consolidated Financial and Operating Data

Summary financial and statistical data presented below as at December 31, 1999 and 1998 and for the years ended December 31, 1999, 1998 and 1997 and as at March 31, 2000 and for the three-month periods ended March 31, 2000 and 1999 have been derived from the audited consolidated comparative financial statements as at and for the year ended December 31, 1999 (the "Consolidated Financial Statements") and the interim unaudited consolidated financial statements as at and for the period ended March 31, 2000, respectively, except for the operating data.

	Three Months Ended March 31,		Years Ended December 31,		
	2000	1999 ⁽¹⁾	1999 ⁽¹⁾	1998 ⁽¹⁾	1997 ⁽¹⁾
	(in 000's except per share data)				
Income Statement Data:					
Amounts under Canadian GAAP					
Revenue:					
Network	\$ 95,783	\$ 55,024	\$ 281,427	\$ 143,399	\$ 35,904
Equipment sales, rental and service	17,671	13,813	72,066	84,830	62,046
Total revenue	113,454	68,837	353,493	228,229	97,950
Expenses:					
Network service	33,358	25,002	105,120	97,458	37,809
Equipment, rental and service costs	43,884	28,717	170,070	169,147	83,207
Marketing	20,653	13,403	72,806	57,596	39,606
General and administrative	59,212	47,150	202,804	186,378	114,934
Amortization	55,456	41,585	190,245	141,552	83,791
Operating loss	(99,109)	(87,020)	(387,552)	(423,902)	(261,397)
Foreign exchange gain (loss)	500	(1,018)	(4,723)	(3,408)	2,181
Interest expense	(61,660)	(39,462)	(193,225)	(121,045)	(34,181)
Income tax provision	(855)	(705)	(2,725)	(2,070)	(2,832)
Future income tax benefit	—	—	—	—	76,229
Net loss	(161,124)	(128,205)	(588,225)	(550,425)	(220,000)
Net loss per share	(2.78)	(2.36)	(10.77)	(11.01)	(5.34)
Weighted average shares outstanding ⁽²⁾	57,968	54,267	54,639	50,001	41,195
EBITA ⁽³⁾	(43,653)	(45,435)	(197,307)	(282,350)	(177,606)
	<u>As at March 31, 2000</u>		<u>As at December 31,</u>		
	<u>Actual</u>	<u>Adjusted⁽⁴⁾</u>	<u>1999⁽¹⁾</u>	<u>1998⁽¹⁾</u>	
	(in 000's)				
Balance Sheet Data:					
Amounts under Canadian GAAP					
Working capital	\$ 191,644	\$ 336,394	\$ 164,137	\$ (94,385)	
Capital assets, net	1,148,708	1,148,708	1,137,722	932,154	
Intangible and other assets, net	288,204	288,204	293,414	293,598	
Total assets	1,805,787	1,950,537	1,790,497	1,400,653	
Long-term debt and capital leases, excluding current portion ...	2,294,918	2,294,918	2,109,812	1,213,091	
Total liabilities	2,466,736	2,466,736	2,300,606	1,447,962	
Shareholders' equity (deficiency)	(660,949)	(516,199)	(510,109)	(47,309)	

	Three Months Ended		Years Ended December 31,		
	March 31,				
	2000	1999	1999	1998	1997
Operating Data:					
POPs (000's)					
Mike	20,500	16,700	20,400	16,400	13,981
PCS ⁽⁵⁾	16,800	14,000	16,500	13,700	10,500
Subscribers					
Total Digital and SMR	635,855	383,349	584,581	349,005	151,912
Digital ⁽⁶⁾	612,542	346,930	559,331	308,473	95,225
Mike	238,275	130,575	210,121	114,095	44,549
PCS	374,267	216,355	349,210	194,378	50,676
SMR	23,313	36,419	25,250	40,532	56,687
ARPU, per month (\$) ⁽⁷⁾					
Digital ⁽⁶⁾	\$ 53.96	\$ 53.59	\$ 55.23	\$ 58.38	\$ 65.72
Mike	65.72	68.23	68.91	73.32	72.28
PCS	46.87	44.85	46.97	49.60	44.24
SMR	23.65	20.51	21.35	21.90	22.24
Churn (per month)					
Digital ⁽⁶⁾⁽⁸⁾	2.29%	1.62%	1.78%	1.44%	1.27%
Mike	1.93%	1.56%	1.64%	1.28%	1.50%
PCS ⁽⁸⁾	2.52%	1.66%	1.87%	1.54%	0.47%
SMR	2.15%	3.00%	3.14%	2.81%	1.66%
Employees — full-time equivalents (at period end)	2,532	1,969	2,327	2,000	1,668

- (1) Adjusted to give retroactive effect to the application of the provisions of the new Canadian accounting standard for income taxes. See notes to the interim unaudited consolidated financial statements as at and for the period ended March 31, 2000.
- (2) Weighted average shares outstanding are represented as Class A Non-Voting Share equivalents (see note 6 to the Consolidated Financial Statements).
- (3) EBITA consists of operating income (loss) before amortization (amortization includes depreciation under accounting principles generally accepted in Canada ("Canadian GAAP")). EBITA is presented because it is a commonly used measure of operating performance in the telecommunications industry. EBITA should not be considered an alternative to net income as a measure of operating performance or to cash provided by (used for) operating activities as a measure of liquidity.
- (4) Adjusted to give effect to this Offering. In accordance with Canadian GAAP, the Debentures are included in Shareholders' deficiency and distributions are charged to retained earnings. Pursuant to U.S. generally accepted accounting principles ("U.S. GAAP"), the Debentures would be included in long-term debt and distributions included in interest expense.
- (5) Population coverage area indicated for PCS is that portion of the population in metropolitan areas which is covered by digital service. Extended national population coverage to approximately 28 million is provided through analogue roaming service.
- (6) Digital includes both Mike and PCS.
- (7) Average Revenue per Subscriber Unit per month.
- (8) Churn excluding PCS returns within 30-day guarantee period.

THE COMPANY

Clearnet is one of Canada's leading wireless communications companies, offering a unique combination of wireless services addressing the varied needs of distinct market segments. As at March 31, 2000, Clearnet's PCS network covered 16.8 million (28 million with analogue cellular) POPs and Clearnet's ESMR Mike network covered 20.5 million POPs. As at March 31, 2000, Clearnet provided wireless services to 635,855 subscribers, consisting of: 374,267 PCS subscribers (25,057 of which were added in the first quarter of 2000); 238,275 ESMR subscribers (28,154 of which were added in the first quarter of 2000); and 23,313 SMR subscribers. As Clearnet holds one of only two high-capacity 30 MHz PCS licences in Canada and is the only company with two state-of-the-art and complementary digital wireless services in Canada, Clearnet is uniquely positioned to aggressively pursue a sizable share of the Canadian wireless industry's future growth.

CAPITALIZATION

The following table sets forth the cash, cash equivalents and short-term investments and the capitalization of Clearnet as at March 31, 2000 on an actual basis and as at March 31, 2000 as adjusted to give effect to this Offering. This table should be read in conjunction with the Consolidated Financial Statements of Clearnet and the interim unaudited consolidated financial statements of Clearnet as at and for the period ended March 31, 2000, both of which are incorporated by reference into this Prospectus Supplement.

	March 31, 2000	
	Actual	As adjusted ⁽¹⁾
	(in thousands)	
Cash, cash equivalents and short-term investments ⁽²⁾	\$ 197,674	\$ 342,424
Long-term debt and capital lease obligations ⁽³⁾ :		
14.75% Senior Discount Notes Due 2005 ⁽²⁾	\$ 402,475	\$ 402,475
11.75% Senior Discount Notes Due 2007	431,879	431,879
10.40% Senior Discount Notes Due 2008	363,759	363,759
10.75% Senior Discount Notes Due February 2009	112,298	112,298
10.125% Senior Discount Notes Due May 2009	406,811	406,811
May 2009 Notes Swaps	8,369	8,369
Lucent Credit Facilities ⁽⁵⁾	365,715	365,715
Mike Credit Facilities	203,600	203,600
Capital leases ⁽⁴⁾	12	12
Total long-term debt	2,294,918	2,294,918
Shareholders' deficiency ⁽⁴⁾ :		
6.75% Convertible Unsecured Subordinated Debentures due 2010	—	144,750
Class A Non-Voting Shares ⁽⁵⁾ : unlimited authorized; 41,145,584 issued and outstanding	725,900	725,900
Class B Shares 1,851,376,400 authorized; 321,393,512 issued and outstanding	5,359	5,359
Class C Shares 18,513,764 authorized; 6,092,591 issued and outstanding	74,655	74,655
Class D Shares 18,513,764 authorized; 7,790,741 issued and outstanding	99,722	99,722
Preference Shares: unlimited authorized; issued and outstanding nil	—	—
Outstanding Warrants 966,229	6,270	6,270
Deficit	(1,572,899)	(1,572,899)
Contributed Surplus	44	44
Total shareholders' deficiency	(660,949)	(516,199)
Total capitalization	\$1,633,969	\$1,778,719

(1) Adjusted to give effect to this Offering. In accordance with Canadian GAAP, the Debentures are included in Shareholders' deficiency and distributions are charged to retained earnings. Pursuant to U.S. GAAP, the Debentures would be included in long-term debt and distributions included in interest expense.

(2) The Canadian dollar amount assumes conversion of U.S. dollars to Canadian dollars based on the Noon Buying Rate on March 31, 2000 of US\$0.6879 = Cdn\$1.00.

- (3) See Notes 5 and 9 to the Consolidated Financial Statements for a description of certain indebtedness, including obligations under capital leases.
- (4) See Note 6 to the Consolidated Financial Statements for a description of the relative rights of the classes of shares.
- (5) Does not include 4,183,784 Class A Non-Voting Shares as at March 31, 2000 pursuant to outstanding options granted to officers, directors and employees. Does not reflect any exercise of the Warrants to purchase 966,229 Class A Non-Voting Shares. The Company has reserved 5,400,000 Class A Non-Voting Shares under its stock option plan.

USE OF PROCEEDS

The net proceeds of the sale of Debentures are estimated to be approximately Cdn\$144.8 million (US\$98.0 million) and will be used to fund a portion of the Company's capital expenditures related to expansion of the Company's digital wireless network, operating cash flow requirements, refinancing of outstanding indebtedness (other than bank loans) and for general corporate and working capital purposes, which may include the acquisition of wireless spectrum in Industry Canada auctions and the selective acquisitions of complementary businesses. The Company has no present understandings, commitments or agreements with respect to any such transaction.

INTEREST AND ASSET COVERAGES

The interest and asset coverages set forth below give *pro forma* effect to the Offering and to borrowings subsequent to March 31, 2000. The ratios as at March 31, 2000 and for the twelve months then ended are based on unaudited financial information.

For the twelve month period ended December 31, 1999, and the twelve month period ended March 31, 2000, the Company's consolidated loss before income taxes and interest expense was \$392.3 million and \$402.8 million, respectively. Annual interest expenses for the periods were \$205.9 million and \$228.1 million, respectively. The following coverages were calculated on a consolidated basis for the twelve month period ended December 31, 1999 and the twelve month period ended March 31, 2000 (in the case of interest coverage) and as at December 31, 1999 and March 31, 2000 (in the case of asset coverage):

	<u>March 31, 2000</u>	<u>December 31, 1999</u>
Interest coverage on long-term debt obligations	—	—
Net tangible asset coverage on long-term debt ⁽¹⁾⁽²⁾	0.6 times	0.6 times

- (1) Net tangible asset coverage on long-term debt is equal to total tangible assets less liabilities (excluding long-term debt), divided by long-term debt.
- (2) The gross proceeds of this Offering have been included in long-term debt for purposes of the asset coverage calculations.

PRICE RANGE AND TRADING VOLUME OF CLASS A NON-VOTING SHARES

The Class A Non-Voting Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol NET.A and quoted on NASDAQ under the symbol CLNT. The closing price of the Class A Non-Voting Shares on the Toronto Stock Exchange and NASDAQ on June 9, 2000 was Cdn\$49.50 and US\$33.625, respectively. The following table sets forth the high and low trading prices and the approximate trading volumes for the Class A Non-Voting Shares on the Toronto Stock Exchange and NASDAQ for the periods indicated:

	Toronto Stock Exchange			NASDAQ		
	Price Range (Cdn\$)		Volume	Price Range (US\$)		
	High	Low		High	Low	Volume
1998						
First Quarter	21.75	15.60	2,662,500	15.500	10.875	7,897,700
Second Quarter	22.50	14.00	5,001,400	16.000	9.563	12,362,800
Third Quarter	17.65	9.00	4,944,100	11.875	6.000	16,092,000
Fourth Quarter	13.95	10.65	5,261,000	9.125	6.844	10,461,000
1999						
First Quarter	21.60	12.45	8,098,000	14.375	8.125	10,721,900
Second Quarter	22.20	16.00	7,901,600	14.875	10.937	11,791,800
Third Quarter	28.85	20.00	6,704,900	19.625	13.875	17,837,200
Fourth Quarter	49.65	26.00	7,611,600	34.500	17.250	26,241,700
2000						
First Quarter	66.15	44.00	6,428,000	46.000	30.313	16,209,800
April	73.00	48.80	1,161,800	50.250	32.563	3,727,300
May	64.80	33.05	1,658,400	44.375	21.750	5,401,200
June (to June 9)	58.70	45.00	1,350,800	39.625	30.000	1,755,200

RISK FACTORS

An investment in the Debentures offered hereby is speculative and involves a significant degree of risk. Reference is made to "Operating Risks and Uncertainties" in Management's Discussion and Analysis incorporated in the Prospectus by reference. In addition to the other information contained in this Prospectus Supplement and in the documents incorporated by reference, prospective investors should carefully consider the following factors in evaluating Clearnet and its business before making an investment in the Debentures offered hereby:

Risk Factors Relating to the Debentures

Adverse Consequences of Financial Leverage

Total liabilities of the Company on a consolidated basis as at March 31, 2000 were approximately \$2.5 billion. System infrastructure purchases under purchase agreements related to the ESMR and PCS networks, inventory purchases made in connection with the commercial service in Clearnet's markets and operating losses in connection with the implementation of the networks will cause a significant increase in liabilities of Clearnet and its subsidiaries. The level of Clearnet's indebtedness could have important consequences to holders of Clearnet's securities including the following: (i) the ability of Clearnet to obtain additional financing in the future for capital expenditures could be restricted; (ii) a substantial portion of Clearnet's cash flow from operations must be dedicated to the payment of the principal of, and interest on, its indebtedness and may therefore not be available for other purposes; (iii) Clearnet's flexibility in planning for, or reacting to, changes to its business and market conditions could be restricted; (iv) Clearnet may in the future become more highly leveraged than certain of its competitors, which might place Clearnet at a competitive disadvantage; and (v) Clearnet could be more vulnerable in the event of a downturn in its business.

Ability to Service Debt; Future Operating Losses

The Company will be required to make its first payment of interest on the Debentures on December 15, 2000. Annual cash interest requirements on the Debentures will be \$10.1 million. The Company will not be required to pay the first semi-annual cash interest payment on its Senior Discount Notes due 2005 (the "2005 Notes") until June 15,

2001, on its Senior Discount Notes due 2007 (the “2007 Notes”) until February 13, 2003, on its Senior Discount Notes due 2008 (the “2008 Notes”) until November 15, 2003, on its Senior Discount Notes due February 2009 (the “February 2009 Notes”) until August 15, 2004 and on its Senior Discount Notes due May 2009 (the “May 2009 Notes”) until November 1, 2004. Based on amounts outstanding at March 31, 2000, commencing June 15, 2001, the annual cash requirements on the 2005 Notes will be approximately US\$46 million, commencing February 13, 2003, the annual cash interest requirements on the 2007 Notes will be approximately \$67 million, commencing November 15, 2003, the annual cash interest requirements on the 2008 Notes will be approximately \$52 million, commencing August 15, 2004, the annual cash interest requirements on the February 2009 Notes will be approximately \$18 million and commencing November 1, 2004, the annual cash interest requirements on the May 2009 Notes will be approximately US\$42.5 million. Clearnet expects significant future capital requirements (capital expenditures and negative EBITA), over the next several years, including a projected \$500 million in 2000 for primarily capital expenditures related to the expansion of Clearnet’s digital wireless networks and, to a lesser extent, negative EBITA requirements related to the expected significant future expansion of Clearnet’s digital subscriber base. There can be no assurance that Clearnet will achieve or sustain profitability or positive cash flow from operating activities in the future. If Clearnet cannot achieve operating profitability or positive cash flow from operating activities, it may not be able to meet its debt service or working capital requirements or obtain the additional capital required in its business plan.

Additional Risk of Subordination

The payment of principal of and interest on the Debentures is subordinated in right of payment, as set forth in the Indenture (as defined below), to the payment in full of all senior indebtedness of Clearnet, whether outstanding on the date of issuance of the Debentures or thereafter incurred. As at March 31, 2000, Clearnet had outstanding \$2.5 billion of total consolidated indebtedness.

Holding Company Structure; Secured Indebtedness

Clearnet is a holding company with no material business operations, sources of income or assets of its own other than the shares of and inter-company notes with its subsidiaries. The Debentures will be obligations exclusively of Clearnet. Clearnet’s existing operations are currently conducted through its wholly-owned subsidiaries, Clearnet Inc. and Clearnet PCS Inc. Its ability to meet its debt service obligations, including payment of principal, premium, if any and interest on the Debentures, is dependent upon the cash flow of its subsidiaries and the payment of funds by its subsidiaries to Clearnet in the form of loans, dividends, fees or otherwise. Clearnet Inc. and Clearnet PCS Inc. are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Debentures or to make any funds available therefor, whether in the form of loans, dividends or otherwise. Because its subsidiaries will not guarantee the payment of principal of or interest on the Debentures, any right of Clearnet to receive assets of its subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Debentures to participate in the distribution of proceeds from those assets) will be effectively subordinated to the claims of such subsidiaries’ creditors (including tax authorities, trade creditors and lenders). As of March 31, 2000, Clearnet Inc. and Clearnet PCS Inc. had approximately \$765 million of total liabilities outstanding (excluding amounts owing to Clearnet), which is senior to the Debentures. Certain of Clearnet Inc.’s and Clearnet PCS Inc.’s financing agreements limit their ability to pay certain amounts to Clearnet. In addition, the Indenture does not limit the ability of Clearnet and its subsidiaries to incur additional indebtedness and to enter into new agreements that restrict the ability of each subsidiary to pay dividends or make or repay loans or other payments to Clearnet. Clearnet’s subsidiaries will be able to incur substantial additional indebtedness and will likely do so.

In addition, the Debentures will not be secured by any of Clearnet’s assets. Certain obligations of Clearnet’s operating subsidiaries are secured by a security interest in substantially all their assets and by their shares and notes evidencing inter-company loans held by Clearnet. If Clearnet becomes insolvent or is liquidated, or if payment under any credit facility is accelerated, the lenders would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to the terms of the credit facility. Accordingly, such lenders will have a prior claim with respect to such assets and pledged shares.

Asset Value In Event of Default

At March 31, 2000, the assets of Clearnet’s principal operating subsidiaries included intangible assets in the amount of \$235 million, consisting primarily of radio licences issued by Industry Canada, the value of which will

continue to depend significantly upon the success of Clearnet's business and the growth of the ESMR, PCS and wireless communications industries in general. In the event of a default on indebtedness or a liquidation of Clearnet, there can be no assurance that the value of these assets will be sufficient to satisfy Clearnet's obligations. See "— Holding Company Structure; Secured Indebtedness".

Bankruptcy and Related Laws

The Company is incorporated under the laws of Canada and its principal operating assets are located in Canada. Under bankruptcy laws in the United States, courts typically have jurisdiction over a debtor's property, wherever located, including property situated in other countries.

The rights of the Trustee to enforce remedies are likely to be significantly impaired by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to Clearnet. For example, both the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada) contain provisions enabling "an insolvent person" to obtain a stay of proceedings as against its creditors and others and to prepare and file a proposal for consideration by all or some of its creditors to be voted on by the various classes of its creditors. Such a restructuring proposal, if accepted by the requisite majorities of creditors and if approved by the court, would be binding on persons who might not otherwise be willing to accept it. Moreover, this "proposal" legislation permits, in certain circumstances, the insolvent debtor to retain possession and administration of its property, even though it may be in default under the applicable debt instrument.

The powers of the court under the *Bankruptcy and Insolvency Act* (Canada) and particularly under the *Companies' Creditors Arrangement Act* (Canada) have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, it is impossible to predict if payments under the Debentures would be made following commencement of or during such a proceeding, whether or when the Trustee could exercise its rights under the Indenture or whether and to what extent holders of the Debentures would be compensated for any delay, if any, in payments of principal and interest.

Change of Control Offer

Upon a Change of Control (as defined below under "Description of the Debentures — Change of Control"), holders of the Debentures will have the right to require Clearnet to repurchase their Debentures, in whole or in part, at a price equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. There can be no assurance that Clearnet would have sufficient funds to repurchase the Debentures and to consummate such purchase or that it could do so under any of its other financing agreements. In particular, a Change of Control may result in Clearnet having to refinance the indebtedness outstanding under the Debentures. There can be no assurance that Clearnet would be able to refinance such indebtedness or, if such refinancing were to occur, that such refinancing would be on terms favourable to Clearnet.

Risk Factors Relating to the Class A Non-Voting Shares

No Vote By Holders of Class A Non-Voting Shares

The Class A Non-Voting Shares do not carry any right to vote at meetings of shareholders. Without the approval of the holders of the Class A Non-Voting Shares, holders of Class B Shares will be able, subject to applicable law and Canadian securities regulatory policies, to (i) amend Clearnet's Articles of Continuance (the "Articles") and By-Laws; (ii) effect an amalgamation or approve certain other corporate transactions; (iii) defeat any take-over attempt for control of Clearnet; (iv) elect a majority of the 11 directors; and (v) otherwise control the outcome of virtually all matters submitted to a general shareholder vote. Certain of the foregoing matters require the approval of Motorola Canada Limited ("Motorola Canada") and Nextel International, Inc. ("Nextel International") as the holders of Class C Shares and Class D Shares.

Volatility of Trading Price

The market price of Clearnet's Class A Non-Voting Shares has fluctuated significantly and may be highly volatile depending on a wide variety of matters, including news announcements, changes in general market conditions and dilution related to Class A Non-Voting Shares issuable upon conversion, redemption or repurchase upon a Change of Control (as defined below) or at maturity of the Debentures. If Clearnet is unable for any reason to continue the implementation of its Mike and PCS networks, the market price of Clearnet's Class A Non-Voting Shares could be materially adversely affected. In addition, news announcements regarding competitive developments, regulatory

action, quarterly results of operations or litigation impacting Clearnet may adversely affect the price of the Class A Non-Voting Shares.

If the Company elects to exercise the Share Payment Option (as defined below), such election could depress the price of the Class A Non-Voting Shares. As a result, holders who subsequently sell Class A Non-Voting Shares received in connection with the Share Payment Option could receive proceeds representing less than the face value of the Debentures.

Absence of Dividends

The Company does not plan to pay dividends on its shares, including the Class A Non-Voting Shares, for the foreseeable future. Clearnet currently intends to retain any earnings for reinvestment in its business and repayment of indebtedness. In addition, the indentures governing Clearnet's senior discount notes restrict the payment of dividends by Clearnet.

Shares Eligible for Future Sale; Dilution

As at March 31, 2000, Clearnet had 58,242,851 Class A Non-Voting Share equivalents outstanding assuming conversion of all outstanding Class B Shares, Class C Shares and Class D Shares into Class A Non-Voting Shares. As of March 31, 2000, options to purchase 4,183,784 Class A Non-Voting Shares were outstanding and unexercised under the employee stock option plan. In addition, Clearnet has reserved 400,000 Class A Non-Voting Shares for issuance pursuant to its employee stock purchase plan. In addition, as at March 31, 2000, warrants comprising part of the units issued by Clearnet in December 1995 are outstanding and exercisable to purchase in the aggregate 966,229 Class A Non-Voting Shares at a price of US\$16.36 per share (subject to adjustment in certain circumstances). An increase in the number of shares that may become available for sale in the public market, or the perception that such sales could occur, may adversely affect the market price prevailing from time to time of the Class A Non-Voting Shares in the public market and could impair Clearnet's ability to raise additional capital through the sale of its equity securities. Dilution to holders of Class A Non-Voting Shares may result from future equity offerings to finance the expansion of Clearnet's Mike and PCS networks or from issuances in conjunction with business acquisitions.

DESCRIPTION OF THE DEBENTURES

The following description of the Debentures is a brief summary of their material attributes and characteristics, which does not purport to be complete and is qualified in its entirety by reference to the Indenture (as defined below). The following summary uses words and terms which have been defined in the Indenture. For full particulars, reference is made to the accompanying Prospectus and to the Indenture.

General

The Debentures offered hereby will be issued under a trust indenture dated as of June 8, 2000 (the "Trust Indenture") between Clearnet and Montreal Trust Company of Canada, as trustee (the "Trustee"), as supplemented by a first supplemental indenture to be dated as of the date of the first issue of securities thereunder (the "First Supplemental Indenture") between Clearnet and the Trustee providing for, among other things, the creation and issue of the Debentures. The Trust Indenture is described in the Prospectus. The Trust Indenture and the First Supplemental Indenture are collectively referred to herein as the "Indenture".

The Debentures are general unsecured obligations of Clearnet, subordinated in right of payment to all existing and future Senior Debt of Clearnet as described under "— Subordination" and convertible into Class A Non-Voting Shares as described under "— Conversion". The Indenture does not contain any financial covenants or restrictions on the payment of dividends, the incurrence of Senior Debt or issuance or repurchase of securities.

Principal, Maturity and Interest

The Debentures will be limited to an aggregate principal amount of \$150 million. The Debentures mature on June 15, 2010 and bear interest from the date of closing of the Offering at a rate of 6.75 % per annum. Subject to the Company exercising its Share Payment Option described below, on maturity or redemption, the Company will repay the indebtedness represented by the Debentures by paying the Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures plus any accrued and unpaid interest thereon. Cash interest on the Debentures is payable semi-annually in arrears on June 15 and December 15 of each year, commencing

December 15, 2000. The December 15, 2000 interest payment will represent accrued interest from the closing date to December 15, 2000. Interest will be computed on the basis of a 365-day calendar year. The yearly rate of interest that is equivalent to the rate payable under the Debentures is the rate payable multiplied by the actual number of days in the year and divided by 365 and is disclosed herein solely for the purpose of providing the disclosure required by the *Interest Act* (Canada). Clearnet may elect to issue and deliver Class A Non-Voting Shares to the Trustee to raise funds in order to satisfy Clearnet's obligation to pay interest on the Debentures as further described under "— Share Payment Option".

The Debentures will be issued only in fully registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof.

Optional Redemption

The Debentures are not redeemable prior to June 15, 2003. Thereafter, for the period from June 15, 2003 to and including June 15, 2005, the Debentures may be redeemed at the option of the Company, in whole or from time to time, in part, on at least 30 days' notice at a redemption price equal to par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Class A Non-Voting Shares on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30 day period ending five trading days prior to the date on which notice of redemption is given exceeds 125% of the Conversion Price. After June 15, 2005, the Debentures are redeemable in whole or from time to time, in part, at a redemption price equal to par plus accrued and unpaid interest.

In the case of a redemption for less than all of the Debentures, the Debentures to be redeemed will be selected by the Trustee in such manner as the Trustee deems equitable.

Share Payment Option

Payment of Principal at Maturity or on Redemption

Clearnet may, at its option and subject to receiving applicable regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy its obligation to pay the outstanding principal amount payable on the Debentures upon redemption or at maturity by issuing or exchanging and delivering to the holder for the principal amount of Debentures, in whole or in part, that number of freely tradeable, fully paid and non-assessable Class A Non-Voting Shares obtained by dividing such principal amount by 95% of the Current Market Price of the Class A Non-Voting Shares on the date of redemption or maturity, as applicable (the "Share Payment Option").

To exercise the Share Payment Option, the Company must give not less than 40 and not more than 60 days' prior notice of such election to the Trustee and the Debentureholders.

Payment of Interest

Subject to receiving applicable regulatory approvals, Clearnet shall have the revocable right to elect, from time to time, to issue and deliver Class A Non-Voting Shares to the Trustee (the "Class A Non-Voting Share Interest Payment Election") to raise funds in order to satisfy its obligation to pay interest on the Debentures (the "Interest Obligation"). The Supplemental Indenture provides that, unless an Event of Default has occurred and is continuing, upon such election by Clearnet, the Trustee shall have the power to (i) accept delivery of Class A Non-Voting Shares from Clearnet, (ii) accept bids with respect to, and consummate sales of, such Class A Non-Voting Shares, each as Clearnet shall direct in its absolute discretion, (iii) invest the proceeds of such sales in short-term Canadian Government Obligations which mature prior to an applicable Interest Payment Date and/or use such proceeds to satisfy the Interest Obligation in respect of which the Class A Non-Voting Share Interest Payment Election was made and (iv) perform any other action necessarily incidental thereto. The amount received by a holder of a Debenture in respect of the Interest Obligation will not be affected by whether or not Clearnet elects to raise funds to satisfy the Interest Obligation by making a Class A Non-Voting Share Interest Payment Election.

Change of Control

Upon a Change of Control, the Company must commence, within 45 days of the occurrence of the Change of Control, and consummate an Offer to Purchase for all Debentures then outstanding. The Offer to Purchase shall be made at a purchase price equal to 101% of the principal amount of the Debentures, plus accrued and unpaid interest thereon. Prior to mailing the notice to holders of Debentures commencing such Offer to Purchase, but in any event within 45 days following any Change of Control, the Company shall (i) repay in full all indebtedness of the Company

that would prohibit the repurchase of the Debentures pursuant to the Offer to Purchase or (ii) obtain any requisite consents under instruments governing any such indebtedness to permit repurchase of the Debentures. The Company shall first comply with the provisions of the immediately preceding sentence before it shall be required to repurchase the Debentures.

Cleynet will comply with the requirements of United States and Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures in connection with a Change of Control.

Substantially the same change of control provisions are contained in each of the indentures for Cleynet's Senior Discount Notes. As at March 31, 2000, Cleynet had outstanding \$2.5 billion in total consolidated indebtedness.

Cleynet may, at its option and subject to receiving applicable regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy its obligation to pay the price payable for the Debentures upon repurchase in the event of a Change of Control by issuing or exchanging and delivering to the holder for such amount of Debentures, in whole or in part, that number of freely tradeable, fully paid and non-assessable Class A Non-Voting Shares obtained by dividing such amount by 95% of the Current Market Price of the Class A Non-Voting Shares on the date of repurchase.

To exercise this payment option, the Company must give not less than 30 days' prior notice of such election to the Trustee and the Debentureholders.

The Indenture contains the following defined terms relevant to the Change of Control provisions:

"*Change of Control*" means the occurrence of any of the following events: (i) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the United States *Securities Exchange Act of 1934*, as amended), other than the Permitted Investors, becomes the "beneficial owner" (as defined in Rule 13d-3 under the United States *Securities Exchange Act of 1934*, as amended) of Voting Stock having more than 50% of the voting power of the total Voting Stock of Cleynet; *provided* that a Change of Control will be deemed not to occur pursuant to this clause (i) if the acquiring person is a corporation with outstanding debt securities having a maturity at original issuance of at least one year and if such debt securities are rated Investment Grade for a period of at least 30 consecutive days, beginning on the date of such event, or if the person is a corporation that is not and does not have any outstanding debt securities that are rated at any time during a period of 30 consecutive days beginning on the date of such event, such corporation has Total Common Equity as of the date of the event and as of the trading day immediately following such event of at least US\$1 billion (in either case, a "Further Permitted Investor"); (ii) individuals who, on the day of the Closing Date and the date occurring two years prior to the date of determination, constitute the Board of Directors of the Company (together with any new directors elected by a Permitted Investor, by a Further Permitted Investor or by a person whose election by the Board of Directors or by the Company's shareholders was approved by the nominating committee of the Board of Directors, a majority of the members of which were members of the Board of Directors at the later of the Closing Date and the beginning of such period and new directors elected by Permitted Investors, by Further Permitted Investors or by directors whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or (iii) the Company consolidates or amalgamates with, or merges with or into, another Person (other than a Permitted Investor) or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person (other than a Permitted Investor), or any Person (other than a Permitted Investor) consolidates or amalgamates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock (other than Redeemable Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock (giving effect to such issuance). A sale or change of control of a Permitted Investor will not constitute a Change of Control under the Indenture.

"*Offer to Purchase*" means an offer to purchase Debentures by the Company from the Holders commenced by mailing a notice to the Trustee and each Holder stating: (i) the covenant contained in the Indenture pursuant to which the offer is being made and that all Debentures validly tendered will be accepted for payment on a *pro rata* basis; (ii) the purchase price and the related Payment Date; (iii) that any Debenture not tendered will continue to accrue interest pursuant to its terms; (iv) that, unless the Company defaults in the payment of the purchase price, any Debenture accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the

Payment Date; (v) that Holders electing to have a Debenture purchased pursuant to the Offer to Purchase will be required to surrender the Debenture to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date; (vi) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Debentures delivered for purchase and a statement that such Holder is withdrawing his election to have such Debentures purchased; and (vii) that Holders whose Debentures are being purchased only in part will be delivered replacement Debentures equal in principal amount to the unpurchased portion of the Debentures surrendered; *provided* that each Debenture purchased and each new Debenture delivered shall be in a principal amount of \$1,000 or integral multiples thereof. On the Payment Date, the Company shall (i) accept for payment on a *pro rata* basis, Debentures or portions thereof tendered pursuant to an Offer to Purchase; (ii) deposit with the Paying Agent money sufficient to pay the purchase price of all Debentures or portions thereof so accepted; and (iii) deliver, or cause to be delivered, to the Trustee all Debentures or portions thereof so accepted together with an Officers' Certificate specifying the Debentures or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Debentures so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Debenture equal in principal amount to any unpurchased portion of the Debenture surrendered; *provided* that each Debenture purchased and each new Debenture issued shall be in a principal amount of \$1,000 or integral multiples thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date. The Trustee shall act as the Paying Agent for an Offer to Purchase. The Company will comply with all applicable securities laws and regulations in the event that the Company is required to repurchase Debentures pursuant to an Offer to Purchase.

“*Permitted Investors*” means, as of the date of determination, any and all of (i) the Company’s Subsidiaries, (ii) Lenbrook Inc., (iii) Motorola, Inc., (iv) Nextel Communications, Inc. and (v) Wholly Owned Subsidiaries of any of the Persons described in clauses (ii), (iii) and (iv). Notwithstanding the foregoing, no person described in the foregoing clauses (ii), (iii) or (iv) which engages in a corporate restructuring or other extraordinary transaction for the purpose of circumventing the provisions described under “Repurchase of Notes upon a Change of Control” shall be a Permitted Investor.

“*Redeemable Stock*” means any class or series of Capital Stock of any Person that by its terms or otherwise is (i) required to be redeemed prior to the Maturity Date, (ii) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Maturity Date or (iii) convertible into or exchangeable for Capital Stock referred to in clause (i) or (ii) above or Indebtedness having a scheduled maturity prior to the Maturity Date; *provided* that any Capital Stock that would not constitute Redeemable Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a “change of control” occurring prior to the Maturity Date shall not constitute Redeemable Stock if the “change of control” provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions described under the heading “— Change of Control” and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Debentures as are required to be repurchased pursuant to the provisions described under the heading “— Change of Control”.

“*Total Common Equity*” of any Person means, as of any day of determination, the product of (i) the aggregate number of outstanding shares of Common Stock of such Person on such day (which shall not include any options or warrants on, or securities convertible or exchangeable into, shares of Common Stock of such Person) and (ii) the average closing price of such Common Stock over the 20 consecutive Trading Days immediately preceding such day. For purposes of calculating Total Common Equity on the trading day immediately following an event described in clause (i) of the definition of “Change of Control”, the average closing price shall be equal to the closing price on such Trading Day. If no such closing price exists with respect to shares of any such class, the value of such shares for purposes of clause (ii) of the preceding sentence shall be determined by the Board of Directors in good faith and evidenced by a Board Resolution filed with the Trustee.

“*Voting Stock*” means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of voting members of the governing body of such Person.

Conversion

Conversion Rights

The Debentures are convertible at the option of the holder into fully paid and non-assessable Class A Non-Voting Shares at any time prior to the close of business on the Business Day immediately preceding the maturity date or, if called for redemption, the Business Day immediately preceding the date specified for redemption of such Debentures, at a conversion price of \$65.00 (the “Conversion Price”) per Class A Non-Voting Share, which is equivalent to approximately 15.3846 Class A Non-Voting Shares for each \$1,000 principal amount of Debentures. In addition to the applicable number of Class A Non-Voting Shares, the holder of a Debenture surrendered for conversion shall be entitled to receive accrued and unpaid interest in respect thereof for the period up to the date of conversion from the date of the latest interest payment date.

No fraction of a Class A Non-Voting Share will be issued upon conversion of the Debentures. In lieu of such fraction of a share, the holder will receive a cash payment which will be determined according to the then current market value of such fraction of a share on the Toronto Stock Exchange.

Adjustment

The Indenture provides for the adjustment of the Conversion Price in certain events, including:

- (a) the subdivision or consolidation of the outstanding Class A Non-Voting Shares;
- (b) the distribution by Clearnet of Class A Non-Voting Shares (or securities convertible into or exchangeable for Class A Non-Voting Shares) to all or substantially all the holders of Class A Non-Voting Shares by way of stock dividend or otherwise, other than a distribution of Class A Non-Voting Shares (or securities convertible into or exchangeable for Class A Non-Voting Shares) by way of Dividends Paid in the Ordinary Course;
- (c) the distribution by Clearnet of rights, options or warrants to all or substantially all the holders of Class A Non-Voting Shares entitling such holders, during a period expiring not more than 45 days after the record date for such distribution, to subscribe for or purchase Class A Non-Voting Shares (or securities convertible into or exchangeable for Class A Non-Voting Shares) at a price per share (or, in the case of securities convertible into or exchangeable for Class A Non-Voting Shares, at a conversion price or an exchange price per share at the date of issue of the security) which is less than 95% of the Current Market Price of the Class A Non-Voting Shares on such record date; or
- (d) the distribution by Clearnet to all or substantially all the holders of Class A Non-Voting Shares of securities (other than those referred to above) or of property or other assets (including cash or debt securities) otherwise than by way of Dividends Paid in the Ordinary Course.

There will be no adjustment to the Conversion Price in respect of any of the distributions referred to in (b), (c) or (d) above if the holders of Debentures are entitled to participate in the distribution as though they had converted their Debentures prior to the applicable record date or effective date for such distribution.

Clearnet will give registered Debentureholders at least 14 days’ prior notice of the record date or effective date for each of the distributions referred to in (b), (c) or (d) above. Debentureholders will be entitled to receive notice of any adjustments to the Conversion Price. Clearnet will not be required to make adjustments to the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1% and any adjustment which is not required to be made will be carried forward and will be taken into consideration at the time of any subsequent adjustment.

Subject to certain conditions described therein, the Indenture will also provide for an adjustment to the conversion price and/or the class and/or number of securities issuable on conversion of the Debentures if there is (x) a reclassification of the Class A Non-Voting Shares, (y) a consolidation, amalgamation, merger or arrangement of the Company with another entity, or (z) a transfer of all or substantially all of the Company’s assets.

The Indenture contains the following defined terms relevant to the adjustment provisions:

“*Current Market Price*” is defined in the Indenture as an amount equal to the volume weighted average trading price of Class A Non-Voting Shares on the Toronto Stock Exchange for 20 consecutive trading days ending five trading days prior to the date of determination.

“*Dividends Paid in the Ordinary Course*” is defined in the Indenture as dividends paid on the Class A Non-Voting Shares in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) subject to certain exceptions, rights, options or warrants to purchase any shares, property or other assets of the Company, or (iv) property or other assets of the Company, in each case to the extent that the amount or value of such dividends in the aggregate does not exceed the greater of:

- (A) 150% of the aggregate amount or value of dividends paid by the Company on the Class A Non-Voting Shares in its immediately preceding financial year; and
- (B) 100% of the consolidated net income of the Company (before extraordinary items but after dividends payable on all shares ranking prior to or on a parity with the Class A Non-Voting Shares with respect to the payment of dividends) for its immediately preceding financial year.

Purchase

Clearnet has the right at any time to purchase the Debentures in the market or by tender or private contract, subject to regulatory requirements.

Cancellation

All Debentures converted, redeemed or purchased as aforesaid will be cancelled forthwith and may not be reissued or resold.

Subordination

The payment of the principal of and interest on the Debentures is subordinated in right of payment, as set forth in the Indenture, to the payment in full of all Senior Debt, whether outstanding on the date of the Indenture or thereafter incurred. The term “Senior Debt” is defined in the Indenture to mean the principal of, the premium (if any) and interest on: (i) indebtedness, other than indebtedness represented by the Debentures, for money borrowed by the Company or for money borrowed by others for the payment of which the Company is liable; and (ii) indebtedness incurred, assumed or guaranteed by the Company in connection with the acquisition by it or by others of any business, property, services or other assets excluding indebtedness incurred in relation to any such acquisitions made in the ordinary course of business; and (iii) renewals, extensions and refundings of any such indebtedness, unless, in any of the cases specified above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not to be superior in right of payments to the Debentures. As at March 31, 2000, Clearnet had outstanding \$2.5 billion in Senior Debt which is senior to the Debentures.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Company, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Company, then the holders of all Senior Debt will receive payment in full of all Senior Debt before the Holders shall be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures. The Indenture will also provide that the Company shall not make any payment, and the Holders shall not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by compensation, setoff, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures or (ii) at any time when an event of default has occurred under the Senior Debt and is continuing and notice of such event of default has been given by or on behalf of the holders of Senior Debt to the Company, unless the Senior Debt has been repaid in full.

The Debentures will not be secured by any mortgage, pledge, hypothec or other charge.

Events of Default

Events of Default are described in the Prospectus and reference is made to that document for a list of the events which constitute an Event of Default with respect to the Debentures.

If an Event of Default occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Debentures then outstanding, by written notice to Clearnet (and to the Trustee if

such notice is given by the Holders), may, and the Trustee at the request of such Holders shall, declare the principal amount and accrued interest, if any, on the Debentures to be immediately due and payable.

Modification

The Trust Indenture provides that modifications and alterations thereto and to the Debentures issued thereunder (including, among others, modification of the Conversion Price) may be made if authorized by an extraordinary resolution. Reference is made to the Prospectus for a description of modification provisions.

Book Entry, Delivery and Form

Debentures will be issued in the form of fully registered global Debentures (“Global Debentures”) held by, or on behalf of, The Canadian Depository for Securities Limited and, if necessary, The Depository Trust Company, or their respective successors, (together, the “Depositories”) as custodians for their participants.

All Debentures will be represented in the form of Global Debentures registered in the name of the Depositories or their nominees. Purchasers of Debentures represented by Global Debentures will not receive Debentures in definitive form. Rather, the Debentures will be represented only in book-entry form (unless the Company, in its sole discretion, elects to prepare and deliver definitive Debentures in fully registered form). Beneficial interests in the Global Debentures, constituting ownership of the Debentures, will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect participants of the Depositories (“participants”). Each purchaser of a Debenture represented by a Global Debenture will receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Debenture is purchased in accordance with the practices and procedures of the selling Underwriter or Underwriters. The practices of the Underwriters may vary but generally customer confirmations are issued promptly after execution of a customer order. The Depositories will be responsible for establishing and maintaining book-entry accounts for their participants having interests in Global Debentures.

If required to do so by law, if the book-based system ceases to exist, if the Company determines that the Depositories are no longer willing or able to discharge properly their responsibilities as depository and the Company is unable to locate a qualified successor, or if the Company at its option elects to terminate the record entry system through the Depositories for any reason, the Company, with the consent of the Trustee, which consent shall not be unreasonably withheld, shall have the right to terminate the book-entry system and provide that beneficial owners of Debentures represented by Global Debentures at such time will receive Debentures in registered and definitive form (“Definitive Debentures”).

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures will be effected through records maintained by the Depositories for such Global Debentures or their nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the Company elects, in its sole discretion, to prepare and deliver Definitive Debentures, beneficial owners who are not participants in the Depositories’ book-entry systems, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures, may do so only through participants in the Depositories’ book-entry systems.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner’s interest in a Debenture represented by a Global Debenture (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of Definitive Debentures may only transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal office in the City of Toronto or such other city or cities as may from time to time be designated by the Company whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees. No transfer of a Debenture will be registered during the period beginning 15 days before the day of the mailing of a notice of redemption of the Debentures and ending at the close of business on the day of such mailing or during the periods commencing on any Regular Record Date or Special Record Date and ending on the next following Interest Payment Date.

Payments

Payments of interest and principal on each Global Debenture will be made to the Depositories or their nominees, as the case may be, as registered holder of the Global Debenture. As long as a Depository or its nominee is the registered owner of a Global Debenture, such Depository or its nominee, as the case may be, will be considered the sole legal owner of the Global Debenture for the purposes of receiving payments of interest and principal on the Debenture and for all other purposes under the Indenture and the Debenture. The record date for the payment of interest will be that day which is the thirtieth day of the month preceding the month of the applicable Interest Payment Date (or the first business day following such date if not a business day). Interest payments on Global Debentures will be made by electronic funds transfer on the day interest is payable and delivered to a Depository or its nominee, as the case may be.

The Company understands that each Depository or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, will credit participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of such Depository or its nominee. The Company also understands that payments of interest and principal by participants to the owners of beneficial interest in such Global Debenture held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such participants. The responsibility and liability of the Company in respect of payments on Debentures represented by Global Debentures is limited solely and exclusively, while the Debentures are registered in Global Debenture form, to making payment of any interest and principal due on such Global Debenture to a Depository or its nominee.

If Definitive Debentures are issued instead of or in place of Global Debentures, payments of interest on each Definitive Debenture will be made by electronic funds transfer, if agreed to by the Holder, or by cheque dated the Interest Payment Date and mailed to the address of the Holder appearing in the register maintained by the registrar for the Debentures, at the close of business on the last business day (a business day for this purpose being a day on which banking institutions are open in the City of Toronto) of the month preceding the month of the applicable Interest Payment Date. Payment of principal at maturity will be made at the principal office of the Paying Agent in the City of Toronto (or in such other city or cities as may from time to time be designated by the Company) against surrender of the Debentures. If the due date for payment of any amount of principal or interest on any Debenture is not, at the place of payment, a business day (being a day other than a Saturday, Sunday or a day on which financial institutions at the place of payment are authorized or obligated by law or regulation to close) such payment will be made on the next business day and the Holder shall not be entitled to any further interest or other payment in respect of such delay.

Commission Reports and Reports to Holders

The Company shall file with the Trustee and provide Holders, within 15 days after the filing thereof with the United States Securities and Exchange Commission, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the United States Securities and Exchange Commission may by rule and regulation prescribe) that the Company is required to file with the United States Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the United States *Securities Exchange Act of 1934*, as amended. Notwithstanding that the Company may not be required to remain subject to the reporting requirements of Section 13(a) or 15(d) of the United States *Securities Exchange Act of 1934*, as amended, or any successor provision thereto, the Company shall continue to file with the United States Securities and Exchange Commission and to provide the Trustee, and Holders (a) within 140 days after the end of each fiscal year, annual reports on Form 20-F or 40-F as applicable (or any successor form) containing the information required to be contained therein (or required in such successor form) and (b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form 6-K (or any successor form) which, regardless of applicable requirements, shall, at a minimum, contain such information required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Company has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements and generally accepted accounting principles.

Continued Listing

The Company shall take all reasonable steps and actions and do all such acts and things as may be required (a) as long as it meets the minimum listing requirements of such institutions, to maintain the listing and posting for trading

of the Debentures and the Class A Non-Voting Shares on the Toronto Stock Exchange and the quotation of the Class A Non-Voting Shares on the NASDAQ and (b) to maintain its status as a reporting issuer, or the equivalent thereof, not in default of the requirements of the applicable securities legislation of each of the Provinces of Canada.

Governing Law

Each of the Indenture and the Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such Province.

SHARE CAPITAL OF CLEARNET

Cleartnet's capital structure and the corporate governance provisions applicable to Cleartnet have been designed to comply with the Canadian ownership and control requirements of the *Telecommunications Act* (Canada) and the regulations thereunder. The authorized capital of Cleartnet consists of an unlimited number of Class A Non-Voting Shares, 1,851,376,400 Class B Shares, 18,513,764 Class C Shares, 18,513,764 Class D Shares and an unlimited number of preference shares. As at March 31, 2000 there were the equivalent of 58,242,851 Class A Non-Voting Shares issued and outstanding (assuming conversion of all other outstanding classes of shares into Class A Non-Voting Shares but not the exercise of outstanding options or warrants), comprised of 41,145,584 Class A Non-Voting Shares issued and outstanding, 3,213,935 Class A Non-Voting Shares issuable on conversion of 321,393,512 Class B Shares issued and outstanding, 6,092,591 Class A Non-Voting Shares issuable on conversion of 6,092,591 Class C Shares issued and outstanding and 7,790,741 Class A Non-Voting Shares issuable on conversion of 7,790,741 Class D Shares issued and outstanding. There are no preference shares issued and outstanding. As at March 31, 2000, the voting interests of Cleartnet were held as follows: approximately 95.86% by holders of the Class B Shares, 1.82% by holders of the Class C Shares and 2.32% by holders of the Class D Shares.

The Class C Shares and Class D Shares are convertible into Class A Non-Voting Shares on a 1:1 basis and share *pro rata* with the Class A Non-Voting Shares on any dividend or distribution. One hundred Class B Shares are convertible into one Class A Non-Voting Share. Each Class B Share is entitled to 1/100th of the entitlement of the Class A Non-Voting Shares, Class C Shares and Class D Shares on any dividend or distribution by Cleartnet. Each Class B Share, Class C Share and Class D Share has attached to it one vote; however, the Class B Shares carry a disproportionately higher vote per equivalent equity interest. The holders of Class B Shares, Class C Shares and Class D Shares, voting separately as classes, are entitled to elect a specified number of directors per class, subject to adjustment based on changes in relative equity interests, and certain of such holders have certain anti-dilutive rights. Each Class C Share and Class D Share is also convertible into 100 Class B Shares unless such conversion affects the Company's eligibility under Canadian telecommunications legislation. Cleartnet may constrain or restrict the issue, transfer and ownership of voting shares, if necessary, to ensure that Cleartnet Inc. and Cleartnet PCS Inc. remain qualified to hold licences under legislation such as the *Telecommunications Act* (Canada) and the *Radiocommunication Act* (Canada).

The following is a description of all material provisions of the Class A Non-Voting Shares:

Subject to the prior rights of holders of any outstanding preference shares, the holders of outstanding Class A Non-Voting Shares are entitled to receive dividends on the same basis as the holders of Class C Shares and Class D Shares and on a 100 for one basis relative to the holders of Class B Shares, out of assets legally available therefor at such times and in such amounts as the board of directors of Cleartnet may from time to time determine without preference or distinction among or between these classes.

The holders of Class A Non-Voting Shares are not entitled to vote at any meetings of the shareholders of Cleartnet except as prescribed by law. The holders of Class A Non-Voting Shares shall be entitled to receive notice of and to attend meetings of holders of voting shares of Cleartnet except meetings at which only holders of a specified class of shares are entitled to vote.

The Class A Non-Voting Shares rank *pari passu* on a share for share basis with the Class C Shares and Class D Shares and on a 100 for one share basis with the Class B Shares without priority or seniority in the remaining property of Cleartnet upon liquidation, dissolution or winding-up of Cleartnet or any other distribution of the assets of Cleartnet among its shareholders for the purpose of winding-up its affairs. The Class A Non-Voting Shares are not redeemable and holders thereof have no pre-emptive or subscription rights to purchase any securities of Cleartnet.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The discussion below is intended to be a general description of the Canadian income tax considerations generally applicable to an investment in the Debentures. It does not take into account the individual circumstances of any particular investor. Therefore, prospective investors are urged to consult their own tax advisors with respect to the tax consequences of an investment in the Debentures.

Certain Canadian Federal Income Tax Considerations

In the opinion of Blake, Cassels & Graydon LLP, Canadian counsel for the Company, and Osler, Hoskin & Harcourt LLP, Canadian counsel for the Underwriters, the following is a general summary of the principal Canadian federal income tax considerations generally applicable to a holder of Debentures (a “Holder”) who acquires such Debentures pursuant to this Offering and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the “Tax Act”), holds a Debenture and a Class A Non-Voting Share acquired under the terms of a Debenture, as capital property and deals with the Company at arm’s length. Generally, a Debenture or Class A Non-Voting Share will be considered to be capital property to a Holder provided that the Holder does not hold the Debenture and a Class A Non-Voting Share in the course of carrying on a business and has not acquired the Debentures or Class A Non-Voting Shares as an adventure in the nature of trade. Debentures or Class A Non-Voting Shares held by certain “financial institutions” (as defined in section 142.2 of the Tax Act) will generally not be capital property to such holders and will be subject to special rules contained in the Tax Act. This summary does not take into account these special rules and Holders to whom these rules may be relevant should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the “Regulations”), the current provisions of the Canada-United States Income Tax Convention (the “Convention”) and counsel’s understanding of the current published administrative practices of the Canada Customs and Revenue Agency (“CCRA”). This summary takes into account all specific proposals to amend the Tax Act and Regulations (the “Tax Proposals”) publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. There is no assurance that the Tax Proposals will be enacted in the current form or at all. This summary does not otherwise take into account or anticipate any changes in law or the administrative practice of the CCRA, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

Each Holder is urged to consult with such Holder’s own tax advisor with respect to the Canadian federal income tax consequences set forth below as applicable to the Holder’s particular circumstances and any other federal, provincial, state, local or foreign tax consequences to it of holding and disposing of Debentures and Class A Non-Voting Shares.

Residents of Canada

The following summary is applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is or is deemed to be resident in Canada. Certain such Holders whose Debentures or Class A Non-Voting Shares might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

Taxation of Interest and Other Amounts on Debentures

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a Debenture that accrues to the Holder to the end of that taxation year or becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such amount was included in its income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a Debenture received or receivable by such Holder in that year (depending upon the method regularly followed by the Holder in computing income), to the extent that such amount was not otherwise included in the Holder’s income for that or any preceding taxation year.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for a refundable tax of $6\frac{2}{3}\%$ on investment income. For this purpose, investment income will generally include interest income.

Any amount paid by the Company as a penalty or bonus because of early repayment of all or part of the principal amount of the Debenture will be deemed to be received by the Holder as interest on the Debenture and included in the Holder’s income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for periods ending after the payment of such amount.

On a disposition or deemed disposition of a Debenture, including a payment on maturity, or redemption or a purchase for cancellation, but not a conversion of a Debenture into Class A Non-Voting Shares pursuant to a Holder’s right of conversion, a Holder will generally also be required to include in income the amount of interest accrued on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder’s income for the taxation year or a previous taxation year.

Disposition of Debentures

In general, a disposition or deemed disposition including a redemption, payment on maturity or purchase for cancellation but not a conversion of a Debenture into Class A Non-Voting Shares pursuant to a Holder’s right of conversion of a Debenture will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and other amounts included in the Holder’s income on a redemption of the Debenture, exceed (or are less than) the adjusted cost base of the Debenture to the Holder immediately before the disposition and any reasonable costs of disposition.

If the Company pays any amount on redemption, repurchase or maturity of a Debenture by issuing Class A Non-Voting Shares to the Holder, the Holder’s proceeds of disposition will be equal to the fair market value of the Class A Non-Voting Shares so received, which may result in a capital gain or capital loss. The cost to a Holder of Class A Non-Voting Shares so received will be equal to the fair market value of such Class A Non-Voting Shares. The adjusted cost base to the Holder of Class A Non-Voting Shares so received will be averaged with the adjusted cost base of all other Class A Non-Voting Shares held by such Holder as capital property.

Under the current provisions of the Tax Act, three-quarters of the amount of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year generally must be included in the Holder’s income in that year, and three-quarters of the amount of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year generally may be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act. A capital gain realized by an individual may give rise to a liability for alternative minimum tax. Under the Tax Proposals, the three-quarters inclusion rate for gains and losses is proposed to be changed to two-thirds in respect of dispositions of property occurring after February 27, 2000, with appropriate adjustments to related items.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for an additional refundable tax of $6\frac{2}{3}\%$ on investment income. For this purpose, investment income will generally include taxable capital gains.

Exercise of Conversion Privilege

A Holder that converts a Debenture into Class A Non-Voting Shares pursuant to the conversion right will not be considered to realize a capital gain or capital loss on such conversion. The cost to such Holder of the Class A Non-Voting Shares acquired on such conversion will be equal to the Holder’s adjusted cost base of the Debenture immediately before the conversion. The adjusted cost base to the Holder of the Class A Non-Voting Shares acquired on the conversion will be averaged with the adjusted cost base of all other Class A Non-Voting Shares held by such Holder as capital property. Under the current administrative practice of the CCRA, a Holder who, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Class A Non-Voting Share may either treat this amount as proceeds of disposition of a portion of a Debenture, thereby realizing a capital gain or capital loss, or alternatively, may reduce the adjusted cost base of the Class A Non-Voting Shares that the Holder receives on the conversion by the amount of the cash received.

Class A Non-Voting Shares

Dividends declared and paid on Class A Non-Voting Shares will be included in a Holder's income as taxable dividends received from a taxable Canadian corporation. The normal gross-up and dividend tax credit rules will apply to dividends received by an individual, and dividends received by a Holder that is a corporation will normally be deductible in computing its taxable income. Certain corporations may be liable to pay a refundable tax under Part IV of the Tax Act on such dividends.

A disposition or deemed disposition of a Class A Non-Voting Share will generally result in the Holder realizing a capital gain (or capital loss) to the extent that proceeds of disposition are greater (or less) than the aggregate of the Holder's adjusted cost base of the Class A Non-Voting Share and any reasonable costs related to the disposition. The tax treatment of capital gains and losses is discussed above under "Disposition of Debentures".

In the case of a Holder that is a corporation, the amount of any capital loss otherwise determined resulting from the disposition or deemed disposition of a Class A Non-Voting Share may be reduced by the amount of dividends previously received or deemed to have been received thereon in accordance with detailed rules contained in the Tax Act in this regard. Analogous rules apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Class A Non-Voting Shares or where such partnership or trust itself is a member of a partnership or beneficiary of a trust that owns Class A Non-Voting Shares.

Non-Residents of Canada

The following summary is applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not resident or deemed to be a resident of Canada and does not use or hold a Debenture or Class A Non-Voting Share acquired under the terms thereof in carrying on business in Canada (a "Non-Resident"). Special rules, which are not discussed below, may apply to a Holder who is a Non-Resident insurer which carries on business in Canada and elsewhere.

Taxation of Interest on Debentures

Based on counsel's understanding of the current administrative practice of the CCRA, a Holder who is a Non-Resident will not be subject to Canadian withholding tax in respect of interest, principal or premium paid or credited on the Debentures by the Company provided the Holder deals with the Company at arm's length within the meaning of the Tax Act at the time of such payment or credit. For purposes of the Tax Act, related persons, as defined therein, are deemed not to deal at arm's length and it is a question of fact whether persons not related to each other deal at arm's length.

Exercise of Conversion Privilege

The conversion of a Debenture into Class A Non-Voting Shares on the exercise of a conversion privilege by a Holder will not constitute a disposition of the Debenture and, accordingly, a Holder who is a Non-Resident will not realize a gain or loss on such conversion.

Disposition of Debentures and Class A Non-Voting Shares

A Holder who is a Non-Resident will not be subject to tax under the Tax Act in respect of any capital gain realized by such Holder on a disposition of a Debenture or Class A Non-Voting Share, as the case may be, unless the Debenture or Class A Non-Voting Share constitutes "taxable Canadian property" of the Holder for purposes of the Tax Act and the Holder is not entitled to relief under an applicable tax treaty or convention. As long as the Class A Non-Voting Shares are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange), the Debentures and the Class A Non-Voting Shares acquired on conversion or other payment under a Debenture generally will not constitute taxable Canadian property of a Holder who is a Non-Resident unless at any time during the five-year period immediately preceding the disposition of the Debenture or the Class A Non-Voting Shares, as applicable, the Holder, persons with whom the Holder does not deal at arm's length or the Holder together with such persons, owns or is considered to own (or had an option to acquire) not less than 25% of the issued shares of any class or series of shares of the capital stock of the Company. For this purpose, a Holder will be considered to own Class A Non-Voting Shares into which such person's Debentures may be converted.

Taxation of Dividends

Under the Tax Act, dividends on Class A Non-Voting Shares paid or credited to a Non-Resident will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends. This withholding tax may be reduced pursuant to the terms of an applicable tax treaty between Canada and the country of residence of the non-resident. In general, the rate of this withholding tax in respect of dividends paid to a resident of the United States for purposes of the Convention who is the beneficial owner of the Class A Non-Voting is reduced to 15% pursuant to the Convention. Moreover, under the Convention, dividends paid to certain, religious, scientific, literary, educational or charitable organizations and certain pension organizations that are resident in, and generally exempt from tax, in the United States, are exempt from Canadian non-resident withholding tax. Provided that certain administrative procedures are observed by such an organization, the Company would not be required to withhold such tax from dividends paid or credited to such organization.

SHAREHOLDERS' AGREEMENT

The Company is a party to a shareholders' agreement dated October 20, 1994 among itself, the holders of the issued and outstanding Class B Shares, Motorola Canada as the holder of all of the outstanding Class C Shares and Nextel International as the holder of all of the outstanding Class D Shares (the "Shareholders' Agreement"). Each of the Class B Shares, Class C Shares and Class D Shares is entitled to one vote per share and is referred to as a "Voting Share." The Shareholders' Agreement imposes certain restrictions on the transfer of Class B Shares, such as to non-Canadians or to Canadian competitors of Clearnet or to Canadians who have not agreed to become a party to the Shareholders' Agreement and the transfer restriction agreement. See "Take-Over Bid Protection". It also imposes restrictions on the transfer of Class C Shares and Class D Shares (collectively, "Non-Public Subordinate Voting Shares"), except to a person who has agreed to become a party to the Shareholders' Agreement and the transfer restriction agreement and, if such transferee is not a Canadian who has committed to convert such shares immediately into Class B Shares, who is approved by a majority of the holders of each of the classes of voting shares not proposed to be transferred. However, pursuant to the Shareholders' Agreement, Motorola Canada and Nextel International can, in certain circumstances, transfer Class C Shares and Class D Shares, respectively, without the approvals of the holders of a majority of each of the other classes of Voting Shares.

The holders of the Voting Shares have agreed in the Shareholders' Agreement to exercise their voting and approval rights to ensure that no additional shares will be issued without the consent of (i) in the case of an issuance of Class B Shares (except upon permitted conversions of Class C or Class D Shares) or shares having rights which are more favourable than the rights attached to the Class B Shares, the holders of a majority of each class of Voting Shares or (ii) in the case of an issuance of either class of Non-Public Subordinate Voting Shares (except upon permitted conversions of Class B Shares) or shares having rights which are more favourable than the rights attached to the class of Non-Public Subordinate Voting Shares, the holders of a majority of each of the classes of Non-Public Subordinate Voting Shares. None of the share terms, Articles or By-laws of the Company may be amended without the approval of the holders of a majority of each of the Class B Shares, the Class C Shares and the Class D Shares. The above-mentioned requirement to obtain the consent of holders of a class of Non-Public Subordinate Voting Shares does not apply if the shares remaining within the class constitute less than both 50% of the shares initially in the class and 10% of Clearnet's outstanding equity or if for any reason the equity interest of either class of Non-Public Subordinate Voting Shares falls below 5% of Clearnet's outstanding equity (except upon certain permitted conversions of Class B Shares).

Holders of Class B Shares have agreed not to convert such shares into Non-Public Subordinate Voting Shares unless such shares were originally obtained by them pursuant to a conversion of Non-Public Subordinate Voting Shares into Class B Shares. In addition, holders of Class B Shares holding greater than 1% of Clearnet's outstanding equity at the time of the Company's initial public offering in October 1994 and holders of Class B Shares who later become Class B Shareholders and hold greater than 5% of Clearnet's outstanding equity have, in certain circumstances pursuant to the Shareholders' Agreement, an anti-dilutive right in the event of any issuance of any equity securities of Clearnet and can exercise that right to maintain their relative equity interests in Clearnet through a purchase of the class of shares that is the subject of the issuance or a purchase of shares of the same class as the shares which that shareholder already owns.

The holders of the Non-Public Subordinate Voting Shares holding greater than 7.5% of Clearnet's outstanding equity have, in certain circumstances pursuant to the Shareholders' Agreement, an anti-dilutive right in the event of

any issuance of any shares or equity securities (including Debentures) of Clearnet and can exercise that right in order to maintain their relative equity interests in Clearnet through a purchase of Debentures or matching debentures convertible into shares of the same class as the shares which that shareholder already owns. All such shareholders have waived anti-dilute rights arising from this Offering.

Non-Canadian holders of Voting Shares may be required to either sell or convert their shares if (i) Clearnet's board of directors determines that Clearnet is in contravention of, or is about to contravene, the eligibility requirements under the *Telecommunications Act* (Canada) or the *Radiocommunication Act* (Canada) or (ii) Clearnet's board of directors determines it to be in Clearnet's best interest to be able to issue more Voting Shares to non-Canadians.

TAKE-OVER BID PROTECTION

Under applicable Canadian law, an offer to purchase Voting Shares would not necessarily require that an offer be made to purchase Class A Non-Voting Shares. In compliance with the rules of the Canadian stock exchanges, Lenbrook Inc., Madison Dearborn Capital Partners, L.P. and Ontario Municipal Employees Retirement Board, being the holders of an aggregate of more than 80% of the outstanding Class B Shares, Motorola Canada as the holder of Class C Shares and Nextel International as the holder of Class D Shares (the "Principal Voting Shareholders") have entered into an agreement dated October 20, 1994 (the "Transfer Restriction Agreement") with Montreal Trust Company of Canada (the "Trustee") and Clearnet in order to provide all shareholders including the holders of the Class A Non-Voting Shares with certain rights in the event of a take-over bid for Voting Shares. A take-over bid, generally defined, is an offer to acquire outstanding equity or voting shares where as a result thereof the offeror would own more than 20% of the shares of the class.

Pursuant to the Transfer Restriction Agreement, the Principal Voting Shareholders have covenanted not to sell the Voting Shares owned, directly or indirectly, by the Principal Voting Shareholders under circumstances in which (i) such offer or acceptance could constitute a take-over bid under the *Securities Act* (Ontario); and (ii) the *Securities Act* (Ontario) would have required the same offer to be made to all holders of Class A Non-Voting Shares in Ontario if the offer or acceptance had been for Class A Non-Voting Shares rather than Voting Shares. For this purpose, the requirements of the *Securities Act* (Ontario) are applicable regardless of the jurisdiction in which the offer or acceptance of an offer takes place. The prohibition on sales of Voting Shares will not apply if an offer substantially the same in all material respects is made concurrently to purchase all other equity or Voting Shares of the Company including the Class A Non-Voting Shares, which identical offer has no condition attached other than the right not to take-up and pay for shares tendered if no shares are purchased pursuant to the original offer.

Under the Transfer Restriction Agreement, the Principal Voting Shareholders have also covenanted that they will not transfer any Voting Shares (other than a transfer to a pledgee as security) pursuant to an offer that is not made on substantially the same terms to holders of all other shares including the Class A Non-Voting Shares unless the person or company acquiring the Voting Shares becomes a party to the Transfer Restriction Agreement.

The Transfer Restriction Agreement contains provisions for the authorization of action by the Trustee to enforce the rights thereunder on behalf of the holders of the Class A Non-Voting Shares. The obligation of the Trustee to take such action is conditional on Clearnet or holders of the Class A Non-Voting Shares providing such funds and indemnity as the Trustee may reasonably require. No holder of Class A Non-Voting Shares has the right, other than through the Trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Transfer Restriction Agreement, unless the Trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Class A Non-Voting Shares after provision of reasonable funds and indemnity to the Trustee.

The Transfer Restriction Agreement provides that it may not be amended, and no provisions thereof may be waived, except with the approvals of at least two-thirds of the votes cast by the holders of each class of Voting Shares and two-thirds of the votes cast by the holders of Class A Non-Voting Shares, in each case voting separately as a class, present or represented at a meeting duly called for the purpose of considering such amendment or waiver.

No provision of the Transfer Restriction Agreement limits the rights of any holder of Class A Non-Voting Shares under applicable securities legislation.

UNDERWRITING

RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Merrill Lynch Canada Inc. and National Bank Financial Inc. (collectively, the “Underwriters”) and the Company have entered into an underwriting agreement dated June 12, 2000 (the “Underwriting Agreement”) to underwrite the sale of the Debentures in Canada and the United States.

Under the terms and the conditions of the Underwriting Agreement, Clearnet has agreed to sell, and the Underwriters have severally agreed to purchase, the Debentures for aggregate gross proceeds to Clearnet of \$150 million, payable in cash against delivery of a certificate or certificates representing such Debentures in the proportion of aggregate principal amount of Debentures as set forth opposite its name below:

<u>Underwriter</u>	<u>Proportion of Aggregate Principal amount of Debentures</u>
RBC Dominion Securities Inc.	32.43%
CIBC World Markets Inc.	32.43%
BMO Nesbitt Burns Inc.	10.81%
TD Securities Inc.	10.81%
Merrill Lynch Canada Inc.	8.11%
National Bank Financial Inc.	5.41%

The Underwriting Agreement provides, among other things, that the Company will pay to the Underwriters a commission of 3.0% of the gross proceeds in consideration for their services in connection with the Offering. The closing of the Offering will take place on June 19, 2000, or such other date as may be agreed upon, but not later than July 14, 2000.

RBC Dominion Securities Corporation, CIBC World Markets Corp., BMO Nesbitt Burns Corp., TD Securities (USA) Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and NBC International (USA) Ltd. (collectively, the “U.S. Affiliates”), the U.S. broker-dealer affiliates of RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Merrill Lynch Canada Inc. and National Bank Financial Inc., respectively, will offer and sell the Debentures in the United States. Any Debentures so offered in the United States will be offered by the U.S. Affiliates directly to the public. In the event that any such sales are effected, the U.S. Affiliates will purchase such Debentures from their respective Canadian affiliate concurrently with, and conditional upon, the closing of the purchase of the Debentures by the Underwriters, at the public offering price set forth on the cover page of this Prospectus Supplement, or such price less an amount to be mutually agreed, which amount will not be greater than the Underwriters’ commission.

The obligations of the Underwriters under the Underwriting Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. The Underwriters, however, will take up and pay for all of the Debentures offered pursuant to this Prospectus Supplement if any of such Debentures are purchased under the Underwriting Agreement.

The Offering is being made concurrently in all the provinces of Canada and in the United States pursuant to a multijurisdictional disclosure system implemented by securities regulatory authorities in Canada and the United States. Subject to applicable law, the Underwriters may offer the Debentures outside the United States and Canada.

The Debentures may be sold by the Underwriters, from time to time, at the offering price or at prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

The Debentures are offered subject to receipt and acceptance by the Underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The Company has agreed that, without the prior written consent of RBC Dominion Securities Inc. and CIBC World Markets Inc. on behalf of the Underwriters, and subject to certain exceptions, they will not for a period of 60 days after the closing of the Offering, (i) offer, pledge, sell, contract to sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, Class A Non-Voting Shares or any securities convertible into or exercisable or exchangeable for Class A Non-Voting Shares (including, without limitation, the Class B, Class C and Class D Shares), or (ii) enter

into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Class A Non-Voting Shares or such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Class A Non-Voting Shares or such other securities (including, without limitation, the Class B, Class C and Class D Shares), in cash or otherwise, other than the Debentures offered hereby and the issuance of Class A Non-Voting Shares upon conversion, redemption or repayment of the Debentures, except in the case of (i) and (ii) above for issuances of Class A Non-Voting Shares in connection with the exercise of warrants, outstanding options, issuances under the employee stock option or purchase plans, the ClearShares Stock Incentive Plan, the Shareholders' Agreement or any acquisition, merger, consolidation or amalgamation transaction involving the Company and any corporation or corporations dealing at arm's length (as such term is used in the Tax Act), with the Company.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this Offering, bid for or purchase Debentures or Class A Non-Voting Shares. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading or raising the price of such securities. These exceptions include a bid or purchase permitted under the bylaws and rules of the Toronto Stock Exchange relating to market stabilization and passive market making activities. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Debentures or Class A Non-Voting Shares and short positions created by the Underwriters involve the sale by the Underwriters of a greater number of Debentures than they are required to purchase from Clearnet in the Offering. These activities may stabilize, maintain or otherwise affect the market price of the Debentures or Class A Non-Voting Shares, which may be higher than the price that might otherwise prevail in the open market; these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Company has agreed to indemnify the Underwriters and the Underwriters' U.S. affiliates against certain liabilities, including liabilities under the United States *Securities Act of 1933*, as amended, and Canadian provincial securities legislation.

Certain of the Underwriters are affiliates of Canadian chartered banks (collectively, the "Banks"). The Banks have provided to Clearnet a syndicated credit facility dated April 22, 1999, as amended (the "Mike Credit Facility") (which consists of \$350 million in revolving operating and working capital loans (\$203.6 million outstanding as at March 31, 2000)) to Clearnet Inc., a wholly-owned subsidiary of the Company. One of the Banks has committed to lend up to \$75 million to Clearnet PCS Inc., a wholly-owned subsidiary of the Company. Clearnet Inc. is also a party to several cross-currency swap agreements with certain of the Banks representing aggregate notional principal amount of US\$420 million and maximum mark-to-market exposure to Clearnet Inc. of US\$50 million. As a result, the Company may be considered a "connected issuer" of such Underwriters for the purposes of certain applicable securities legislation. None of the net proceeds of this Offering will be used to repay debt owing to the Banks.

Clearnet Inc. is and has been in compliance with the terms of the Mike Credit Facility. Neither the Banks nor the Underwriters were involved in the Company's initial decision to distribute the Debentures offered hereby. The Underwriters negotiated the terms and conditions of the Offering and will not benefit in any manner from the Offering other than the payment of their commission as described above.

Certain of the Underwriters and their affiliates render investment banking and financial advisory services to Clearnet and its affiliates from time to time.

ELIGIBILITY FOR INVESTMENT

Eligibility of the Debentures offered hereby for investment by purchasers to whom any of the following statutes apply is, in certain cases, governed by criteria which such purchasers are required to establish as policies or guidelines pursuant to the applicable statute (and, where applicable, the regulations thereunder) and is subject to the prudent investment standards and general investment provisions provided therein:

Insurance Companies Act (Canada)
Trust and Loan Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
Employment Pension Plans Act (Alberta)
Insurance Act (Alberta)

Loan and Trust Corporations Act (Alberta)
Financial Institutions Act (British Columbia)
An Act respecting insurance (Québec)
Supplemental Pension Plans Act (Québec)
An Act respecting trust companies and savings companies (Québec)

As of the date hereof, in the opinion of Blake, Cassels & Graydon LLP and Osler, Hoskin & Harcourt LLP, the Debentures, when issued, would be qualified investments for purposes of the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans (collectively, the “Deferred Income Plans”) and for trusts governed by registered education savings plans within the meaning of such Act, other than deferred profit sharing plans of which the Company or a corporation with which the Company does not deal at arm’s length within the meaning of the Tax Act is an employer. In the opinion of such counsel, the Debentures will not, on the date of issue, be “foreign property” for purposes of the Tax Act for Deferred Income Plans and other persons subject to tax under Part XI of the Tax Act, and the Regulations thereunder.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the Debentures offered hereunder will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP, Toronto, Ontario and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP, Toronto, Ontario. Certain legal matters with respect to matters of United States law are being passed upon for the Company by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York and for the Underwriters by Morrison & Foerster LLP, New York, New York. The partners and associates of such law firms as a group beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company.

U.S. GAAP RECONCILIATION

The unaudited interim financial statements of Clearnet incorporated by reference in the Prospectus are prepared in accordance with Canadian GAAP, which are different in some respects from U.S. GAAP and the accounting rules and regulations of the Securities and Exchange Commission of the United States. The material differences between Canadian GAAP used in the preparation of the Company’s unaudited interim financial statements as at March 31, 2000 and for the three months ended March 31, 2000 and 1999 and U.S. GAAP are described below. For a discussion of the principal differences between Canadian GAAP and U.S. GAAP, see Note 14 to the Consolidated Financial Statements, and notes to the interim unaudited consolidated financial statements as at and for the period ended March 31, 2000.

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position at March 31, 2000 and the results of operations and cash flows for the three months ended March 31, 2000 and 1999.

	March 31, 2000		
	<u>Canadian GAAP</u>	<u>Adjustments</u>	<u>U.S. GAAP</u>
Balance Sheet Summary:			
Other assets	1,800,374	—	1,800,374
Deferred foreign exchange	5,413	(5,413)	—
	<u>1,805,787</u>	<u>(5,413)</u>	<u>1,800,374</u>
Total liabilities	2,466,736	—	2,466,736
Shareholders' deficiency	(660,949)	(5,413)	(666,362)
	<u>1,805,787</u>	<u>(5,413)</u>	<u>1,800,374</u>

	March 31, 1999 ⁽¹⁾		
	<u>Canadian GAAP</u>	<u>Adjustments</u>	<u>U.S. GAAP</u>
Other assets	1,479,453	—	1,479,453
Deferred foreign exchange	28,128	(28,128)	—
	<u>1,507,581</u>	<u>(28,128)</u>	<u>1,479,453</u>
Total liabilities	1,681,871	—	1,681,871
Shareholders' deficiency	(174,290)	(28,128)	(202,418)
	<u>1,507,581</u>	<u>(28,128)</u>	<u>1,479,453</u>

	3 months ended	
	<u>March 31, 2000</u>	<u>March 31 1999⁽¹⁾</u>
Income statement summary:		
Net loss under Canadian GAAP	(161,124)	(128,205)
Deferred foreign exchange gain (loss)	(983)	6,287
Premium on repurchase of long-term debt	4,600	—
Net loss before extraordinary item	(157,507)	(121,918)
Premium on repurchase of long-term debt	(4,600)	—
Net loss and comprehensive loss under U.S. GAAP	<u>(162,107)</u>	<u>(121,918)</u>
Net loss per share before extraordinary item under U.S. GAAP	<u>(2.72)</u>	<u>(2.25)</u>
Net loss per share under U.S. GAAP	<u>(2.80)</u>	<u>(2.25)</u>
Average number of Class A equivalent shares outstanding during the period under U.S. GAAP (in thousands)	<u>57,968</u>	<u>54,267</u>

- (1) Adjusted to give effect to the application of the provisions of the new Canadian accounting standard for income taxes retroactively. As a result of the application of this new standard, the previous difference between U.S. and Canadian GAAP has been eliminated. See notes to the interim unaudited consolidated financial statements as at and for the periods ended March 31, 2000 and 1999.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contain a misrepresentation or are not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF CLEARNET COMMUNICATIONS INC.

Dated: June 12, 2000

The amended and restated short form prospectus dated June 8, 2000, together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this supplement as required by the securities laws of all provinces of Canada and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.

(Signed) GEORGE A. COPE
President and Chief Executive Officer

(Signed) ROBERT G. MCFARLANE
Executive Vice President and Chief Financial Officer

On Behalf of the Board of Directors

(Signed) JOHN H. PHILLIPS
Director

(Signed) WADE OOSTERMAN
Director

UNDERWRITERS' CERTIFICATE

Dated: June 12, 2000

To the best of our knowledge, information and belief, the amended and restated short form prospectus dated June 8, 2000, together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this supplement as required by the securities laws of all of the provinces of Canada and, to our knowledge, does not contain any misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

RBC DOMINION SECURITIES INC.

By: (Signed) NEIL M. SELFE

CIBC WORLD MARKETS INC.

By: (Signed) STEPHEN E. KUWAHARA

BMO NESBITT BURNS INC.

By: (Signed) BRENT D. FULLARD

TD SECURITIES INC.

By: (Signed) PATRICK B. MENELEY

MERRILL LYNCH CANADA INC.

By: (Signed) ERIK CHARBONNEAU

NATIONAL BANK FINANCIAL INC.

By: (Signed) XAVIER GUILLARD

The following includes the name of each person having an interest, either directly or indirectly, to the extent of not less than 5% of the capital of:

RBC DOMINION SECURITIES INC.: an indirect wholly-owned subsidiary of a Canadian chartered bank.

CIBC WORLD MARKETS INC.: a wholly-owned subsidiary of a Canadian chartered bank.

BMO NESBITT BURNS INC.: a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited, an indirect majority-owned subsidiary of a Canadian chartered bank.

TD SECURITIES INC.: a wholly-owned subsidiary of a Canadian chartered bank.

MERRILL LYNCH CANADA INC.: an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc.

NATIONAL BANK FINANCIAL INC.: an indirect wholly-owned subsidiary of a Canadian chartered bank.

Amended and Restated Short Form Prospectus dated June 8, 2000

THIS SHORT FORM PROSPECTUS HAS BEEN FILED UNDER PROCEDURES IN EACH OF THE PROVINCES OF CANADA WHICH PERMIT CERTAIN INFORMATION WITH RESPECT TO THESE SECURITIES TO BE DETERMINED AFTER THIS SHORT FORM PROSPECTUS HAS BECOME FINAL AND PERMIT THE OMISSION FROM THIS SHORT FORM PROSPECTUS OF SUCH INFORMATION. SUCH PROCEDURES REQUIRE THE DELIVERY TO PURCHASERS OF A PROSPECTUS OR A PROSPECTUS SUPPLEMENT CONTAINING THIS OMITTED INFORMATION WITHIN A SPECIFIED TIME AFTER AGREEING TO PURCHASE ANY OF THE SECURITIES.

This short form 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 commission or any similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada (the permanent information record in Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Clearnet Communications Inc., 200 Consilium Place, Scarborough, Ontario (telephone (416) 279-2000). For the purpose of the Province of Québec, this prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Secretary of the Company at the above-mentioned address and telephone number.

New Issue

clearNET

\$2,000,000,000

Debt Securities (unsecured)

Clearnet Communications Inc. (the "Company") may offer and issue from time to time, during the two-year period that this Prospectus, including any amendments thereto, is valid, up to \$2,000,000,000 aggregate principal amount (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) of unsecured debt securities which may consist of debentures, notes, bonds and/or other similar evidences of indebtedness (collectively referred to as "Debt Securities"). Debt Securities may be offered, separately or together, in separate series, in amounts, at prices and on terms to be determined based on market conditions at the time of sale. Debt Securities will be direct, unconditional and unsecured obligations of the Company. See "Description of Debt Securities".

The Debt Securities offered hereby, if issued on the date hereof, would be eligible for investment under the Income Tax Act (Canada) and would not be precluded as investments under certain other statutes. See "Eligibility for Investment". An investment in Debt Securities bears certain risks, including consolidated earnings insufficient to pay interest on total debt in the twelve month periods ended December 31, 1999 and March 31, 2000. See "Risk Factors".

A prospectus supplement (a "Prospectus Supplement") or any pricing supplement (a "Pricing Supplement") with respect to a particular series of Debt Securities will set forth the terms of any Debt Securities offered, including, where applicable and without limitation, the specific designation, aggregate principal amount, currency, denominations, maturity, premium, conversion provisions, whether debt is senior or subordinated, rate (which may be fixed or variable) and time of payment of interest, terms for redemption, the initial public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any listing on an exchange, and other terms in connection with the offering and sale of Debt Securities in respect of which this Prospectus is being delivered. Where required by statute, regulation or policy, and where Debt Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Debt Securities will be included in the Prospectus Supplement describing such Debt Securities.

The Company may offer and sell Debt Securities to or through underwriters or dealers, and also may offer and sell Debt Securities directly to other purchasers or through agents. See "Plan of Distribution". A Prospectus Supplement relating to each series or issue of Debt Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such series or issue, the principal amounts, if any, to be purchased by underwriters and the compensation of any such underwriters, dealers or agents. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities will not be listed on any securities exchange. The offering is subject to approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP, Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

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Unless the context otherwise indicates, references in this Prospectus to "Clearnet" or the "Company" are references to Clearnet Communications Inc., its consolidated subsidiaries and predecessor companies.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company, filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the audited consolidated comparative financial statements as at and for the year ended December 31, 1999 and the report of the auditors thereon contained in the Company's Annual Report to Shareholders for the year ended December 31, 1999 (the "Consolidated Financial Statements");
- (b) Management's Discussion and Analysis of financial results for the year ended December 31, 1999 contained in the Company's Annual Report to Shareholders for the year ended December 31, 1999 ("Management's Discussion and Analysis");
- (c) the Management Proxy Circular dated as of March 17, 2000 except the sections entitled "Clearnet's Approach to Corporate Governance", "Mandate and Composition of the Compensation Committee" and "Shareholder Return Performance Graph";
- (d) the Renewal Annual Information Form of the Company dated May 19, 2000 (the "Renewal AIF"); and
- (e) the Report to Shareholders for the First Quarter of 2000 consisting of the interim unaudited consolidated financial statements as at and for the period ended March 31, 2000.

Any documents of the types referred to above and any material change reports (excluding confidential reports) filed by the Company pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the completion or withdrawal of this continuous offering shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the 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 statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, the untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

A Prospectus Supplement containing the specific terms of an offering of Debt Securities, updated disclosure of interest and asset coverage ratios, if applicable, and other information relating to the Debt Securities, will be delivered to prospective purchasers of such Debt Securities together with this Prospectus and will be deemed to be incorporated

into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Debt Securities covered by that Prospectus Supplement.

Upon a new annual information form and the related annual financial statements being filed by the Company, with, and, where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all quarterly financial statements, material change reports and information circulars filed prior to the commencement of the Company's financial year in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for purposes of further offers and sales of Debt Securities hereunder.

REFERENCE TO CURRENCY

Unless the context otherwise requires, all references herein to currency are references to Canadian dollars. For Debt Securities issued in other than Canadian currency, potential purchasers should be aware that foreign exchange fluctuations are likely to occur from time to time and that the Company does not make any representation with respect to currency values from time to time. Investors should consult their own advisors with respect to the potential risk of currency fluctuations. On June 7, 2000 the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York was \$1.00 Canadian = \$0.6764 U.S. dollars.

CLEARNET COMMUNICATIONS INC.

Clearnet Communications Inc. is a holding company which was continued under the *Canada Business Corporations Act* on October 20, 1994. The Company has two wholly-owned subsidiaries, Clearnet Inc. and Clearnet PCS Inc., both of which exist under the *Canada Business Corporations Act*. The registered head office of each company is located at 200 Consilium Place, Scarborough, Ontario, Canada and Clearnet's telephone number is (416) 279-2000.

Clearnet Inc. owns and operates a digital wireless business communications service under the Mike trade mark, an analogue dispatch Specialized Mobile Radio ("SMR") service and a multi-location mobile communications sales and service dealership division.

Clearnet PCS Inc. owns and operates a PCS network in metropolitan areas in Canada including Halifax, Quebec City, Montreal, Toronto, Ottawa-Hull, Calgary, Edmonton, Vancouver and Victoria and will continue to build out its network into certain additional Canadian urban centres over the next few years. Clearnet PCS Inc. holds one of two national 30 MHz licences in the 1.9 GHz band and is one of four licensees in that band.

USE OF PROCEEDS

Except as may otherwise be set forth in a Prospectus Supplement, the net proceeds to be received by the Company from the issue and sale from time to time of Debt Securities will be added to the general funds of the Company to be used to fund capital expenditures and for other general corporate purposes. Each Prospectus Supplement will contain specific information concerning the use of proceeds from each sale of Debt Securities. The Company may, from time to time, issue debt instruments and incur additional indebtedness otherwise than through the issue of Debt Securities pursuant to this Prospectus.

INTEREST AND ASSET COVERAGES

The interest and asset coverages set forth below do not give *pro forma* effect to any offering of Debt Securities or any change in indebtedness not reflected in the financial statements of the Company for the twelve month periods ended December 31, 1999 and March 31, 2000. The ratios as at March 31, 2000 and for the twelve month period then ended are based on unaudited financial information.

For the twelve months ended December 31, 1999 and March 31, 2000, the Company's consolidated loss before income taxes and gross interest expense was \$385.9 million and \$396.4 million, respectively. Gross annual interest expense for these periods was \$193.2 million and \$215.4 million, respectively. The following coverages were calculated on a consolidated basis for the twelve month periods ended December 31, 1999 and March 31, 2000 (in the case of interest coverage) and as at December 31, 1999 and March 31, 2000 (in the case of asset coverage):

	<u>December 31, 1999</u>	<u>March 31, 2000</u>
Interest coverage on long-term debt obligations	—	—
Net tangible asset coverage on long-term debt ⁽¹⁾	0.6 times	0.6 times

Note:

(1) Net tangible asset coverage on long-term debt is equal to total tangible assets, less liabilities (excluding long-term debt), divided by long-term debt.

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 will be issued under an indenture to be dated as of the date hereof (the "Trust Indenture") among the Company and Montreal Trust Company of Canada, as trustee (the "Trustee"). 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 provisions of the Trust Indenture. All capitalized terms are as defined in the Trust Indenture (unless otherwise defined herein).

General

Debt Securities offered by this Prospectus will be limited to an aggregate principal amount of Cdn.\$2,000,000,000 or the equivalent thereof in one or more foreign currencies. The Trust Indenture provides that Debt Securities may be issued thereunder from time to time in one or more series.

The Debt Securities will be direct, unconditional and unsecured obligations of the Company.

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

- (i) the 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 may elect the currency in which payments thereon are to be made and if so, the manner of such election;
- (v) 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;
- (viii) any special provisions for the payment of additional interest with respect to such Debt Securities;
- (ix) any additional covenants included for the benefit of Holders of such Debt Securities;
- (x) any additional Events of Default provided with respect to such Debt Securities;
- (xi) any exchange on which Debt Securities of a series will be listed;
- (xii) terms for any conversion or exchange into other securities;
- (xiii) whether the debt is senior or subordinated; and
- (xiv) any other terms of such Debt Securities.

Denominations, Registration and Transfer

Unless otherwise provided pursuant to the provisions of the Trust Indenture with respect to a particular series of Debt Securities, the Debt Securities will be issued in fully registered form without coupons attached in either global or definitive form and in denominations and integral multiples as set out in the applicable Prospectus Supplement. Other than in the case of book-entry only securities, Debt Securities may be presented for registration of transfer (with the form of transfer endorsed thereon duly executed) at the Corporate Trust Office of the Trustee in Toronto or at the office of any transfer agent designated by the Company for such purpose with respect to any series of Debt Securities referred to in the Prospectus Supplement. No service charge will be made for any transfer, conversion or exchange of the Debt Securities but the Company may require payment of a sum to cover any tax or other governmental charge payable in connection therewith. Such transfer, conversion or exchange will be effected upon the Trustee or such transfer agent, as the case may be, being satisfied with the documents of title and the identity of the person making the request. If a Prospectus Supplement refers to any transfer agents in addition to the Trustee initially designated by the Company with respect to any series of Debt Securities, the Company may at any time rescind the designation of any such transfer agent or approve any change in the location through which such transfer agent acts.

In the case of book-entry only securities, a global certificate or certificates representing the Debt Securities will be held by a designated depository for its participants. The Debt Securities must be purchased or transferred through such participants, which includes securities brokers and dealers, banks and trust companies. The depository will establish and maintain book-entry accounts for its participants acting on behalf of Holders of the Debt Securities. The interest of such Holders of Debt Securities will be represented by entries in the records maintained by the participants. Holders of Debt Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each Holder will receive a customer confirmation of purchase from the participants from which the Debt Securities are purchased in accordance with the practices and procedures of that participant.

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 Corporate Trust Office of the Trustee in Toronto. 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 at the close of business on the record date for such interest or by electronic funds transfer.

Modification of the Trust Indenture

With certain exceptions, the Trust Indenture, the rights and obligations of the Company and the rights of the Holders of a particular series of Debt Securities may be modified by the Company with the consent of the Holders of not less than a majority in aggregate principal amount of the Debt Securities of such series then outstanding; but no such modification may be made which would (i) extend the fixed maturity of any Debt Security of such series, or

reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Debt Security of such series so affected; or (ii) reduce the above-stated percentage of Debt Securities of such series, the consent of the Holders of which is required to modify or alter the Trust Indenture, without the consent of the Holders of all Debt Securities of such series then outstanding.

Events of Default

The Trust Indenture provides that any one or more of the following events shall constitute an Event of Default with respect to any series of Debt Securities thereunder: (i) default in the payment of the principal of (or premium, if any, on) any Debt Securities when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, or in any obligation to repurchase Debt Securities when required pursuant to the Trust Indenture; (ii) default in the payment of interest on any Debt Securities when the same becomes due and payable, and such default continues for a period of 30 days; (iii) default in the performance of or breach of any other covenant or agreement of the Company in the Trust Indenture or under the Debt Securities and such default or breach continues for a period of 30 consecutive days after written notice to the Company by the Trustee or the Holders of 25% or more in aggregate principal amount of the Outstanding Debt Securities; (iv) if any final judgment or order (not covered by insurance) for the payment of money in excess of U.S.\$5 million in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self insurance or retention as not so covered) shall be rendered against the Company or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 30 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$5 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or (v) certain voluntary or involuntary events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary. The Company is required to file with the Trustee an annual officers' certificate as to the absence of certain defaults under the Trust Indenture.

The Trust Indenture provides that if an Event of Default specified therein shall occur and be continuing with respect to a series of Debt Securities issued thereunder, the Trustee may in its discretion and shall upon request of the Holders of not less than 25% in principal amount of the Outstanding Debt Securities of such series declare the principal of, together with accrued interest on, all Debt Securities of such series to be due and payable. In certain cases, the Holders of a majority in principal amount of the Outstanding Debt Securities of such series may on behalf of the Holders of all such Debt Securities and any related coupons waive any past default or Event of Default and rescind and annul any such declaration and its consequences.

The Trust Indenture contains a provision entitling the Trustee, subject to its duty during a default to act with the required standard of care, to be indemnified by the Holders of Debt Securities of such series or any related coupons before proceeding to exercise any right or power under the Trust Indenture at the request of such Holders. The Trust Indenture provides that no Holder of Debt Securities of any series may pursue a remedy with respect to the Trust Indenture except in the case of failure of the Trustee to act.

Defeasance

Defeasance of Certain Obligations

The Company may omit to comply with the terms, provisions or conditions of the negative pledge or the restrictions on amalgamations described below and any such omission shall not be an Event of Default, provided: (i) the Company has, at least 91 days prior thereto, irrevocably deposited with the Trustee, as specific security pledged for, and dedicated solely to, the due payment and ultimate satisfaction of its obligations under the Trust Indenture with respect to the Debt Securities of the series affected, (a) funds in the currency or currencies in which such Debt Securities are payable, and/or (b) an amount of 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 or currencies in which Debt Securities of such series are payable, and that are not subject to prepayment, redemption or call, as will together with the predetermined and certain income to accrue thereon without consideration of any reinvestment thereof, be sufficient (in the case of such obligations, through the payment of interest and principal thereunder) to pay (x) the principal of (and premium, if any) and interest on the outstanding Debt Securities of the particular series on their stated due dates or maturity, as the case may be, and (y) any mandatory prepayments on the day on which such

prepayments are due and payable; (ii) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Debt Securities affected will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such deposit and defeasance in respect of the Company's obligations and will be subject to Canadian federal income tax as if such deposit and defeasance had not occurred; (iii) such deposit will not result in a breach or violation of, or constitute a default under, the Trust Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound; (iv) no Event of Default with respect to the Debt Securities of such series or event that, with notice or lapse of time, would become such an Event of Default shall have occurred and be continuing on the date of such deposit; (v) if the Debt Securities affected are listed on any stock exchange or securities exchange, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that such deposit and defeasance will not cause such Debt Securities to be delisted; and (vi) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating compliance with all conditions precedent to the defeasance.

Other Defeasance Arrangements

If so described in the Prospectus Supplement related to Debt Securities of a specific series, the Company may enter into certain other arrangements providing for the due payment and ultimate satisfaction of its obligations with respect to such series of Debt Securities by the deposit with the Trustee of funds or obligations of the type referred to under "Defeasance of Certain Obligations". The Prospectus Supplement will more fully describe the provisions, if any, relating thereto.

Amalgamation, Consolidation, Conveyance, Transfer or Lease

The Trust Indenture provides that the Company will not merge or amalgamate with any other corporation or enter into any reorganization or arrangement or effect any conveyance, transfer or lease of all or substantially all of its assets, unless, in such case: (i) either the Company shall be the continuing corporation, or the successor corporation (or the person that leases or that acquires by conveyance, sale or transfer all or substantially all of the Company's assets) (such corporation or person being referred to as "Successor Corporation") shall expressly, by supplemental indenture, assume and become bound by the obligations of the Company under the terms of the Trust Indenture; (ii) either the Company or the Successor Corporation, as the case may be, following such amalgamation, reorganization, arrangement, conveyance, sale, transfer or lease would be permitted (on a consolidated basis) to issue funded obligations in a principal amount of not less than \$1.00 based on a *pro forma* consolidated balance sheet of the Company or the Successor Corporation, as the case may be, after giving effect to such transaction, and (iii) the Company or such Successor Corporation shall not immediately thereafter be in default under the Trust Indenture or in respect of the Debt Securities of any series. Any such Successor Corporation shall agree to be bound by the terms of the Trust Indenture as principal obligor in place of the Company as if such successor had been named in the Trust Indenture as the Company.

ELIGIBILITY FOR INVESTMENT

Eligibility of the Debt Securities offered hereby for investment by purchasers to whom any of the following statutes apply is, in certain cases, governed by criteria which such purchasers are required to establish as policies or guidelines pursuant to the applicable statute (and, where applicable, the regulations thereunder) and is subject to the prudent investment standards and general investment provisions provided therein:

<i>Insurance Companies Act (Canada)</i>	<i>Loan and Trust Corporations Act (Alberta)</i>
<i>Trust and Loan Companies Act (Canada)</i>	<i>Financial Institutions Act (British Columbia)</i>
<i>Pension Benefits Standards Act, 1985 (Canada)</i>	<i>An Act respecting insurance (Québec)</i>
<i>Loan and Trust Corporations Act (Ontario)</i>	<i>Supplemental Pension Plans Act (Québec)</i>
<i>Pension Benefits Act (Ontario)</i>	<i>An Act respecting trust companies and savings companies (Québec)</i>
<i>Employment Pension Plans Act (Alberta)</i>	
<i>Insurance Act (Alberta)</i>	

In the opinion of Blake, Cassels & Graydon LLP, the Debt Securities, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans,

registered retirement income funds and deferred profit sharing plans other than trusts governed by deferred profit sharing plans of which any of the employers is the Company or is an employer with which the Company does not deal at arm's length within the meaning of the *Income Tax Act* (Canada) (collectively, the "Deferred Income Plans") and for trusts governed by registered education savings plans, all within the meaning of such Act. In the opinion of Blake, Cassels & Graydon LLP, the Debt Securities will not, on the date of issue, be "foreign property" for purposes of the *Income Tax Act* (Canada) for Deferred Income Plans and other persons subject to tax under Part XI of the *Income Tax Act* (Canada), and the Regulations thereunder.

RISK FACTORS

Prospective investors in Debt Securities should consider carefully the matters set forth in the section entitled "Operating Risks and Uncertainties" in Management's Discussion and Analysis incorporated herein by reference and in all material change reports since then.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities to or through underwriters or dealers, and also may sell Debt Securities to one or more other purchasers directly or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters or agents, the purchase price or prices of the Debt Securities and the proceeds to the Company from the sale of the Debt Securities.

The Debt Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Underwriters, dealers and agents who participate in the distribution of the Debt Securities may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Debt Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Debt Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

LEGAL MATTERS

Certain legal matters in connection with any offering hereunder will be passed upon by Blake, Cassels & Graydon LLP, Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York for the Company. The partners and associates of such law firms as a group beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contain a misrepresentation or are not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser. Rights and remedies also may be available to purchasers under U.S. law; purchasers may wish to consult with a U.S. lawyer for particulars of these rights.

CERTIFICATE OF CLEARNET COMMUNICATIONS INC.

Dated: June 8, 2000

The short form prospectus dated February 28, 2000, as amended by this amended and restated short form prospectus dated June 8, 2000, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities laws of all provinces of Canada and for the purposes of the *Securities Act* (Québec) and regulations thereunder, this short form prospectus, as supplemented by documents incorporated herein by reference, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) GEORGE A. COPE
President and Chief Executive Officer

(Signed) ROBERT G. MCFARLANE
Executive Vice President
and Chief Financial Officer

On Behalf of the Board of Directors

(Signed) JOHN H. PHILLIPS
Director

(Signed) WADE OOSTERMAN
Director

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