CHUM LIMITED

RENEWAL

ANNUAL INFORMATION FORM

JANUARY 17, 2003

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DOCUMENTS INCORPORATED BY REFERENCE

The consolidated audited financial statements of CHUM Limited (the "Company" or "CHUM") for the years ended August 31, 2001 and 2002 reported on by PricewaterhouseCoopers LLP, Chartered Accountants are attached hereto and incorporated by reference herein.

The information contained under the heading "Management's Discussion and Analysis" on pages 33-45 of the CHUM Limited annual report for the year ended August 31, 2002 (in the form filed with the Ontario Securities Commission) is attached hereto and incorporated by reference herein.

Certain statements contained in this Annual Information Form, or incorporated by reference herein, are "forward-looking statements" and are prospective. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Many of these factors are beyond the control of the Company. Consequently, all forward-looking statements made in this Annual Information Form or the documents incorporated by reference herein are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized.

NAME AND INCORPORATION OF ISSUER

CHUM is incorporated under the *Business Corporations Act* (Ontario). Originally incorporated on October 2, 1944 by letters patent under Ontario law under the name York Broadcasters Limited, the Company changed its name to Radio CHUM-1050 Limited by supplementary letters patent dated April 27, 1959 and to its present name, CHUM Limited, by supplementary letters patent dated May 12, 1967. The Company reorganized its capital by supplementary letters patent dated June 10, 1967 in preparation for an initial public offering of its shares. CHUM completed its initial public offering of Class A shares and became a reporting issuer in all provinces of Canada in July, 1967. CHUM further reorganized its capital by supplementary letters patent dated September 30, 1969, to provide (i) for additional common shares ("Common Shares") and for Class B non-voting shares ("Class B Shares") which were offered to the public by way of a prospectus later in 1969 and (ii) for the conversion of the outstanding Class A shares into two Class B Shares and one Common Share for each Class A share held. None of the Class A shares remain outstanding. On November 24, 1970, supplementary letters patent were issued by the Company providing for transfer restrictions to protect broadcasting licences issued under the *Broadcasting Act* (Canada) (see "Description of Business - Regulatory Environment - Licensing"). On September 1, 1983, the Company amalgamated with all of its then wholly-owned subsidiaries to continue as CHUM Limited. A French language version of the Company's name (CHUM Limitée) was adopted by articles of amendment dated December 10, 1985. On September 4, 1986, the Company amended its articles to create an unlimited number of Common Shares and Class B Shares and to split the issued and outstanding Common Shares and Class B Shares, in each case on the basis of three shares for every one share held. On September 1, 1988, September 1, 1997, September 1, 1999 and March 1, 2000, CHUM amalgamated with recently acquired and/or formed subsidiaries to continue as CHUM Limited.

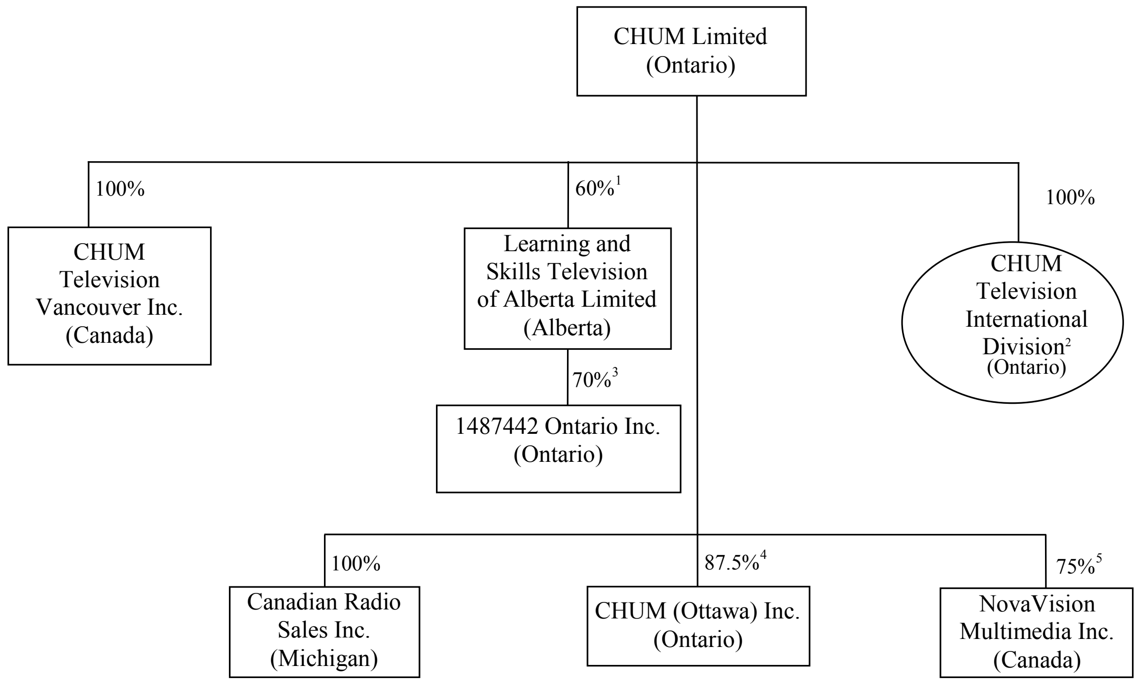
The Company's registered office is located at 1331 Yonge Street, Toronto, Ontario M4T 1Y1.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Prior to 1957, CHUM owned only one radio station, CHUM-AM. CHUM is now one of Canada's leading media companies and content providers and owns and operates 28 radio stations, eight local television stations and 17 specialty channels, as well as an environmental music distribution division. Through its international licensing arrangements and joint ventures, the Company's original content is seen in over 150 countries worldwide. CHUM content is also provided to online audiences on new media platforms, including interactive television, wireless services and exclusive CHUM-branded Internet properties.

The following table outlines the relationships between CHUM and its affiliates (with jurisdiction of incorporation of each affiliate in parentheses):



Note: Interests shown are voting interests.

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1 The remaining 40% is owned by various officers of the Citytv division of CHUM and various management staff of Learning and Skills Television of Alberta Limited.
2 Currently consists of CHUMCity International Inc., CHUMCity International Ltd. and CHUMCity International Corp., each of which is an Ontario corporation and wholly-owned by CHUM.
3 Carrying on business as The Learning Annex. The remaining 30% is owned by SGC Communications, an unrelated third party.
4 The remaining 12.5% is owned by Rawlco Capital Ltd., an unrelated third party.
5 The remaining 25% is owned by NovaVision Communications Inc., an unrelated third party.

CHUM also holds a 50% voting interest in MusiquePlus Inc., a Canadian corporation, which offers two different French video music services (MusiquePlus and MusiMax) on cable television and produces French language television programs through its subsidiary, TV MaxPlus Productions Inc. in Quebec (Astral Media Inc. owns the remaining 50% of MusiquePlus Inc.). CHUM also holds a 70.1% partnership interest in Pulse 24, which operates the CP24 speciality service in Ontario (the remaining 29.9% is owned by an unrelated party; in addition, another unrelated third party holds an option to acquire, for nominal consideration, a partnership interest which, if exercised, would result in both partners' interests being reduced on a pro rata basis, with CHUM's interest falling to approximately 56%).*

CHUM holds a 50% voting interest in Sun Radio Limited, which operates radio station CIEZ-FM in Halifax, Nova Scotia. The remaining 50% interest is owned by Newcap Inc.

The Company is also engaged in the environmental background music business in British Columbia, Ontario and the Atlantic Provinces through its division, CHUM Satellite Services and, in Quebec, through its 75% voting interest in NovaVision Multimedia Inc.

Through its CHUM Television International division, the Company has expanded its business to countries outside Canada. Its CHUMCity Interactive division delivers on-line programming to reach an even broader audience. The Company has also established a radio programme distribution division, CHUM Radio Network, which distributes programming across Canada.

Three-Year History

Since September 1, 1999, the Company has continued to expand its broadcasting and related interests in Canada and its interests in other countries. Notable among its activities during the period commencing September 1, 1999 were the following:

- On July 6, 2000, the Canadian Radio-television and Telecommunications Commission ("CRTC") approved the Company's application for a new television station, CIVI, in Victoria with a rebroadcast transmitter serving Vancouver and the Lower Mainland of British Columbia. The Company launched this new station on October 4, 2001.

- On September 1, 2000, the Company launched a new radio station, CHST-FM, known as "STAR 102.3", in London, Ontario.

- On November 24, 2000, in response to a submission of numerous applications by CHUM for new digital specialty television services, the CRTC awarded the following new licences to CHUM and its related entities:

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* Under the terms of the partnership agreement relating to Pulse 24, certain matters require unanimity of partners.

CATEGORY 1 SERVICES

Title	Licensee	Percent Owned by CHUM
Book Television: The Channel	Learning and Skills Television of Alberta Limited	60%
Fashion Television Channel	CHUM Limited	100%
Perfecto, La Chaine	MusiquePlus Inc.	50%

CATEGORY 2 SERVICES

Title	Licensee	Percent Owned by CHUM
Academy Television	Learning and Skills Television of Alberta Limited	60%
CareersTV – The Jobs and Management Channel	Learning and Skills Television of Alberta Limited	60%
Master Music	CHUM Limited	100%
Moods	CHUM Limited	100%
MuchLoud	CHUM Limited	100%
MuchMore Classic Video	CHUM Limited	100%
MuchOnDemand	CHUM Limited	100%
MuchPop	CHUM Limited	100%
MuchVibe	CHUM Limited	100%
Court TV Canada	Learning and Skills Television of Alberta Limited	60%

Broadcasting regulations require that Category 1 Services be carried by broadcast distributor undertakings (cable, direct-to-home (“DTH”) and multi-media distribution systems (“MMDS”)), while the carriage of Category 2 Services is discretionary. All of the Category 1 Services (except Perfecto, La Chaine) and three of the Category 2 Services (Court TV Canada, MuchLoud and MuchVibe) launched on September 7, 2001. The launch date for the other services is not yet known.

- Effective February 1, 2001, CHUM acquired radio broadcasting undertaking CKLY-FM in Lindsay, Ontario from Centario Communications Inc.

- On May 7, 2001, the Company officially launched The TEAM Sports Radio Network, a division of CHUM Radio. "The TEAM" was Canada's first 24-hour-a-day, seven days a week, all-sports network, offering coverage of major sports events and topics of interest surrounding the sporting world including baseball, golf, basketball, football and hockey. The TEAM originated, and was broadcast from, 1050 CHUM Toronto and operated coast-to-coast on CHUM AM stations (Halifax 920, Montreal 990, Ottawa 1200, Peterborough 1420, Kingston 1380, Kitchener 1090 and Winnipeg 1290) and in Calgary and Vancouver on stations which had entered into affiliate agreements with CHUM (Calgary 960 and Vancouver 1040). Each local station in The TEAM also maintained its local sports coverage and local news. In August 2002, The TEAM Sports Radio Network ceased operation as the network did not perform to expectations. The Company's Vancouver, Ottawa and Montreal stations have remained as all sports stations. The other AM stations in Halifax, Kingston and Peterborough now feature a nostalgia music format while the stations in Winnipeg, Kitchener and Toronto have resumed their former oldies format.

- On May 7, 2001, the World's #1 Oldies Station (formerly CHUM 1050-AM radio) began to stream oldies around the clock via the internet – "The World's #1 Oldies Station" at www.1050chum.com.

- On June 4, 2001, the CRTC awarded nine additional licences to CHUM for Category 2 digital specialty television services: Soap TV, World Film Channel, Relationship Television (subsequently launched under the name "SexTV: The Channel"), Drive-In Classics, International Film Channel, Pulse 24 (Prairies), Pulse 24 (Alberta), Pulse 24 (B.C.) and Pulse 24 (Ottawa). Drive-In Classics and SexTV: The Channel were launched on September 7, 2001. The launch date for the remaining services is not yet known.

- On June 7, 2001, the CRTC announced its decision to allow media distributors to have ownership interests, including controlling interests, in analog, pay and specialty programming services. In announcing its decision, the CRTC stressed that certain principles designed to ensure fair and equitable treatment despite this policy decision would apply. Nevertheless, it is not yet known what impact, if any, this will have on the Company or others who are engaged in producing specialty programming and who do not also control distribution channels for that programming. The Company has not yet experienced any material adverse impact from this decision.

- On August 8, 2001, the Company, through its subsidiary Learning and Skills Television of Alberta Limited, purchased a 70% interest in The Learning Annex, a continuing education school offering short personal and professional development courses on a wide range of subjects. ACCESS and Canadian Learning Television broadcast certain of these courses. Learning and Skills Television of Alberta Limited has an option to acquire the remaining 30% of The Learning Annex at any time after August 8, 2003.

- On October 31, 2001, CHUM purchased all of the issued and outstanding shares of CHUM Television Vancouver Inc. (formerly CKVU Sub Inc.), the operator of CKVU-TV, in Vancouver, British Columbia and its rebroadcasting facilities in Courtenay, British Columbia, from Global Communications Limited (formerly, CanWest Television Inc.). The acquisition price of $125 million plus adjustments of approximately $8 million was financed entirely by way of a loan advanced by a major Canadian chartered bank. During the fiscal year ended August 31, 2002, the Company experienced a negative impact from this acquisition on the Company's operating results and financial position. Based on results during the current fiscal year, it is anticipated that the acquisition will be a contributor to operating profit beginning in fiscal 2003.

- On October 31, 2001, in order to finance the acquisition of CHUM Television Vancouver Inc., the Company entered into an expanded credit facility with a major Canadian chartered bank. On April 12, 2002, the Company completed a refinancing of this facility through a syndicated credit facility for an amount of up to $300 million. This facility provides for a revolving operating facility and revolving term loan facility, both on an unsecured basis, and bears interest based on prime rates or bankers' acceptance rates plus applicable spreads based on certain ratios maintained by the Company. The effective interest rates for the year ended August 31, 2002 were 5.4% and 5.1% (2001 – 5.1%) for the operating and term loan facilities, respectively. The facilities have terms to April 2005, unless extended in accordance with the agreement. This facility is on terms and conditions which are not unusual for a loan of this nature.

- On November 26, 2001, CHUM acquired 5.25 million common shares of Iceberg Media.com Inc. for certain of CHUM's assets used in connection with its business known as "Bonzaroo". At the same time CHUM agreed to provide $1.5 million in radio advertising inventory to Iceberg Media.com Inc. On June 24, 2002, CHUM sold the shares to Standard Radio Inc. pursuant to that corporation's public offer to acquire all of the shares of Iceberg Media.com Inc.

- On November 29, 2001, CHUM and its subsidiary, Nova Vision Multimedia Inc., entered into an arrangement with Bell ExpressVu through which the Company's Toronto-based division, CHUM Satellite Services, and Montreal-based Nova Vision Multimedia Inc. will broadcast *Vu!tv* business television services, a division of Bell ExpressVu. Established in July 2000, *Vu!tv* focuses on providing businesses across Canada with satellite communications.

- Effective December 31, 2001, CHUM acquired 50% of the outstanding shares of Sun Radio Limited which operates radio station CIEZ – FM in Halifax, Nova Scotia. The remaining 50% interest is held by Newcap Inc.

- Effective February 1, 2002, CHUM acquired CFWM-FM Winnipeg from Standard Broadcasting Corporation Limited to permit a multiple licence operation with CHUM's existing Winnipeg radio stations, CFST-AM and CHIQ-FM and, in exchange, Standard Radio Inc., a subsidiary of Standard Broadcasting Corporation Limited, acquired CHOM-FM in Montreal to add to its existing Montreal stations, CJAD-AM and CJFM-FM. In addition to the assets of CFWM-FM, CHUM received a cash consideration of $8 million.

- In December, 2001, the CRTC heard submissions as to whether it should grant new conventional television licences in the Toronto, Hamilton and

Kitchener-Waterloo markets. CHUM intervened in these hearings against the licensing of any new television station in Toronto or Southern Ontario. On April 8, 2002 the CRTC released its decision granting two new licences: one for a new multilingual ethnic television station to serve Toronto; the second one for a new English language over-the-air television station with an additional transmitter to serve Toronto.

DESCRIPTION OF THE BUSINESS

Revenues

CHUM derives virtually all of its revenues from the sale of airtime to advertisers and from subscription revenue. Over 74.1% of the Company's revenues are generated from its activities in Ontario. Despite the addition of the Company's two new television stations in British Columbia, management expects that the revenues generated from activities in Ontario will continue to exceed two-thirds of the overall revenues of the Company in the foreseeable future.

Advertising Sales

Advertising revenues from the sale of broadcast time are generated at national, regional and local levels. Most national advertising is purchased by suppliers of goods and services provided and marketed throughout the country, while most local and regional advertising is purchased by local and regional retailers who supply goods and services within a well-defined local or regional area. For each of CHUM's radio and television stations, the rate charged per unit of time sold varies directly with the size of its listening and/or viewing audiences and the demand for advertising time.

Likewise, the number of units of broadcast time sold by each station varies according to the demand for radio and television advertising time and according to the ability of the CHUM stations to compete in their markets with other commercial communications media. Advertising revenues are also subject to certain limitations imposed by the CRTC with respect to the number of allowable commercial minutes.

National advertising time is sold by sales forces maintained by the Company for radio and television to advertising agencies and national advertisers. Regional and local advertising is sold to retail advertisers by sales forces also maintained by the Company. Each retail sales force is supported by a creative department which writes and produces commercials for retail advertisers to be broadcast in the times purchased by the advertisers.

In many instances, the creative departments work directly with retail clients to develop special advertising and merchandising promotions. The CHUM stations also maintain merchandising departments to support advertising campaigns with promotional activities.

Subscription Revenue

Specialty/digital television channels have a dual revenue stream. In addition to advertising revenues described above, specialty/digital television networks earn subscription revenues which are paid to the specialty services by cable and direct-to-home ("DTH") satellite distributors on a per subscriber basis. The distributors, in turn, charge their subscribers for the specialty channels as part of a basic service, in theme packages of services or, in the case of the digital services, on a stand-alone basis at a premium cost, as well as in theme packages.

Revenue Trends

The Company's advertising sales in the current fiscal year for radio and television (both conventional and specialty) have been strong. During the fall of 2002, the Company exceeded sales budgets through to the end of the first third of fiscal 2003. In addition, the Company's airtime sales budgets to the end of February 2003 are expected to be achieved because sales have been booked with more advance notice and for longer periods than was the case last year. However, given the current economic downturn coupled with continuing unsettled global events, this trend may not continue through to the end of fiscal 2003.

On April 8, 2002, the CRTC granted two new conventional television licenses to serve Toronto. (See "General Development of the Business – Three-Year History"). CHUM anticipates that these two new licences, particularly the English language television station licence, will likely have an adverse impact on the revenue and profits for Citytv Toronto and CHUM's television stations in Southern Ontario, following the proposed launch in the Fall of 2003. As part of its recent licensing renewal, the Company was granted certain flexibility in the license conditions for its Ontario television stations to respond to the more competitive market conditions. (See "Description of the Business – Regulatory Environment – Television Services").

For further discussion concerning revenue trends, please refer to "Management's Discussion and Analysis" on pages 33 – 45 of the CHUM Limited annual report for the year ended August 31, 2002, which is attached hereto and incorporated by reference herein.

<u>Services</u>

Radio station programming consists of musical and spoken word material that includes the presentation of musical recordings, news and public affairs, traffic and weather information and commentary, free public service announcements and paid advertisements as broadcast by announcers, newscasters, reporters and commentators. Programming material is created and organized by off-air production and creative staff. Each station has developed a distinctive programming format directed toward a specific audience segment in the community served. The programming offered by CHUM's television stations covers a wide range of television services in Canada including independent, specialty channels (music, arts and entertainment), and educational television services.

Success in achieving programming objectives is measured by surveys conducted regularly during the year primarily by the Bureau of Broadcast Measurement ("BBM") for radio and ACNielsen Company of Canada ("ACNielsen") and BBM for television. The resulting data from the BBM and ACNielsen surveys provide important criteria for decision-making by advertising clients to purchase broadcast time, enable CHUM to assess its performance against the results of prior surveys and aid the stations in determining programming and sales strategies. BBM and ACNielsen surveys consistently confirm the high level of accomplishment by the CHUM stations and the attractiveness of their programming to audiences and advertisers alike. (See "Description of the Business - Broadcasting Activities").

CHUM Satellite Services ("CSS") provides environmental background music services which allow subscribers/retailers to intersperse commercial messages over a music sound system. This division is the Canadian distributor of "Music by MUZAK"™ satellite services, providing 61 channels of satellite-delivered digital music programs. As a result of CHUM's acquisition and integration of Standard Sound Systems Company Limited and its ownership of a 75% interest in NovaVision Multimedia Inc., the CSS division is able to serve national chain accounts across Canada. In addition to music services, CSS provides in-store and telephone messaging services, sales of related equipment and video imaging (which includes in-store video advertising and video networking). As a result of a continuing arrangement with Bell ExpressVu, (see "General Description of the Business – Three-Year History") CSS also broadcasts *Vu!tv* business television, a division of Bell ExpressVu.

CHUM Radio Network ("CRN") has been operating since 1994 and distributes full length and short form programs to radio stations broadcasting across Canada. "Music On-Line" with Marilyn Denis, "Renovations", "The Funnies" and "Dr. Joy Browne" are just some of the shows on the CRN roster.

Broadcasting Activities

CHUM's radio and television stations compete not only with other broadcasters, but also with newspapers, magazines, outdoor advertising, direct mail and other forms of media. The discussion below focuses on competition with the Company's stations in the same medium.

RADIO

CHUM operates radio stations from coast-to-coast in Canada with carefully researched formats designed to reach the highest possible audience numbers in each city served. The Company's management group brings decades of experience to this responsibility and recognizes the importance of providing information and entertainment, as well as on-going participation with cultural and charitable community events.

The tables below set out certain information related to the Company's AM and FM radio broadcasting activities:

AM Broadcasting Activities

Station	Frequency KHz	Licence Expiry Dates
CFUN-AM, Vancouver, B.C.	1410	August 31, 2006
CFST-AM, Winnipeg, Man.	1290	August 31, 2004
CKWW-AM, Windsor, Ont.	800	August 31, 2003
CKLW-AM, Windsor, Ont.	580	August 31, 2003
CKKW-AM, Kitchener, Ont.	1090	August 31, 2003
CHUM-AM, Toronto, Ont.	1050	August 31, 2006
CFRA-AM, Ottawa, Ont.	580	August 31, 2005
CFGO-AM, Ottawa, Ont.	1200	August 31, 2005
CKPT-AM, Peterborough, Ont.	1420	August 31, 2005
CKLC-AM, Kingston, Ontario	1380	August 31, 2005
CFJR-AM, Brockville, Ont.	830	August 31, 2005
CKGM-AM, Montreal, Que.	990	August 31, 2006
CJCH-AM, Halifax, N.S.	920	August 31, 2004

FM Broadcasting Activities

Station	Frequency MHz	Licence Expiry Dates
CHQM-FM, Vancouver, B.C.	103.5	August 31, 2006
CHIQ-FM, Winnipeg, Man.	94.3	August 31, 2005
CIMX-FM, Windsor, Ont.	88.7	August 31, 2003
CIDR-FM, Windsor, Ont.	93.9	August 31, 2003
CFCA-FM, Kitchener, Ont.	105.3	August 31, 2003
CHUM-FM, Toronto, Ont.	104.5	August 31, 2006
CKKL-FM, Ottawa, Ont.	93.9	August 31, 2004
CJMJ-FM, Ottawa, Ont.	100.3	August 31, 2005
CKQM-FM, Peterborough, Ont.	105.1	August 31, 2003
CFLY-FM, Kingston, Ont.	98.3	August 31, 2004
CJPT-FM, Brockville, Ont.	103.7	August 31, 2004
C100-FM, Halifax, N.S.	100.1	August 31, 2004
CHST-FM, London, Ont.	102.3	August 31, 2006
CKLY-FM, Lindsay, Ont.	91.9	August 31, 2003
CIEZ-FM, Halifax, N.S.	96.5	August 31, 2004
CFWM-FM, Winnipeg, Man.	99.9	August 31, 2004

The Company's CRTC licence for the CHUM Radio Network expires on August 31, 2006.

The following is a profile of CHUM Radio and the audiences it serves across Canada.

Vancouver

CHUM operates three stations in Vancouver. CFUN-AM is a talk radio station directed at a female audience between 25 and 54. CHQM-FM plays soft adult contemporary music and appeals to female audiences aged 35 to 54. The TEAM 1040 (an affiliated station)[1] is a sports talk radio station offering sports, entertainment and play-by-play programming to males aged 25 to 54. The greater Vancouver market consists of 15 commercial, three multilingual and four CBC-owned, non-commercial stations.

Winnipeg

CHUM operates three stations in Winnipeg. CHIQ-FM and CFWM-FM are the market leaders with Winnipeg's 25 to 54 year olds. CHIQ-FM, Q94, is an adult contemporary station appealing to women aged 25 to 54. CFWM-FM, "BOB-FM", appeals to adults aged 25 to 54. CFST-AM is an oldies radio station catering to the baby boomer generation in the city. The Winnipeg market consists of 11 private and two CBC-owned, non-commercial radio stations.

1 TEAM 1040 is operated under an agreement with Grand Slam Radio Inc., which owns radio station CKST-AM in Vancouver.

Windsor

CHUM operates four stations in Windsor. CKWW-AM, 580 Memories, is a nostalgia station that serves listeners aged 35 to 64. CKLW-AM, "The Information Station", delivers news, talk, how-to advice and play-by-play sports to adults in the Windsor market aged 35 to 64. Serving both the Windsor and Detroit market, CIDR-FM, Lite Rock 93.9, plays light rock for the 25 to 54 age group. CIMX-FM, 89X, is a modern rock station that is targeted to males aged 18 to 44. No other radio stations are licensed by the CRTC to serve Windsor.

London

CHUM operates one station in London, CHST-FM, "Star 102.3", which serves the 18 to 44 age group by playing hot adult contemporary music. The London market consists of seven commercial stations and one college station.

Kitchener

CHUM operates two stations in the Kitchener-Waterloo area. Oldies 1090, CKKW-AM serves the 35 to 64 year-old baby boomer demographic with oldies music from the 50's, 60's and 70's. KOOL, CFCA-FM, targets listeners between 18 and 49 with a mix of classic and current rock. The Kitchener-Waterloo area market consists of five commercial stations.

Toronto

CHUM operates two stations in Toronto. 1050 CHUM-AM is the only oldies station in the market and it is programmed to the 35 to 64 year old population with the hits of the 50's, 60's, 70's and 80's. CHUM-FM 104.5 serves the 25 to 54 year old population of the Greater Toronto Area with "Today's Best Music". The Greater Toronto Area consists of 17 English language commercial stations, four multi-lingual commercial stations and three CBC-owned non-commercial radio stations.

Peterborough

CHUM operates two stations in Peterborough. 1420 Memories, CKPT-AM is a nostalgia radio station serving the population aged 45 and older in the Kawartha area. CKQM-FM, Country 105, plays today's country music for the 25 to 54 age group. There are four local commercial radio stations in the Peterborough market.

Lindsay

CHUM operates one station in Lindsay, CKLY-FM, broadcasting as Y92, which is a full service adult contemporary radio station serving the Kawartha Lakes and Victoria County communities. Y92 is the only station directly serving the area.

Kingston

CHUM operates two stations in Kingston. CKLC-AM, 1380 Memories, plays nostalgia music appealing to the 45 and older audience in the Kingston market. CFLY-FM is the market leader with the area's 25 to 54 year olds, playing adult contemporary music. There are 5 commercial radio stations serving Kingston.

Brockville

CHUM operates two stations in Brockville. CFJR-AM plays the best "Favourites of Yesterday and Today" for the adults in the market of Brockville aged 35 to 64. CJPT-FM, The Point, serves the Brockville, Thousand Islands and Kingston area with hot adult contemporary music and appeals to adults aged 18 to 49. CFJR-AM and The Point are the only local radio stations in Brockville.

Ottawa

CHUM operates 4 English stations in Ottawa. CFGO-AM or TEAM 1200 is the only sports radio station in the area and it provides sports talk, entertainment and play-by-play programming for Ottawa's men aged 25 to 54. CJMJ-FM, Majic 100 plays adult contemporary music that attracts the largest audience of adults and females aged 25 to 54 in the market. CFRA-AM is Ottawa's source for news and talk programming and appeals to adults aged 25 to 64, with an emphasis on males. CKKL-FM, KOOL-FM plays adult contemporary hits and appeals to 18 to 49 year olds in Ottawa and Hull. Ottawa is a 17-station radio market with 10 English language and 3 French language commercial stations and 2 CBC-owned non-commercial stations in each language.

Montreal

CHUM operates one station in Montreal. CKGM-AM, TEAM 990, offers sports talk and play-by-play programming directed at males aged 25 to 54. There are 18 radio stations serving the Montreal Census Metropolitan Area: six English language, seven French language, one multi-lingual and two CBC-owned, non-commercial radio stations in each language.

Halifax

CHUM operates three stations in Halifax. AM 920 CJCH, Yesterday's Favourites, plays the softer hits from the past appealing to the 35 to 64 age group. C100-FM is an adult contemporary hit radio station. Its appeal to both men and women from age 18 to 54 makes C100-FM the dominant station in the Halifax market. CIEZ-FM, FM 96.5, plays Classic Hits of the 60's, 70's and 80's and has a target audience of adults aged 35 to 54, with an emphasis on females. CHUM owns 50% of CIEZ-FM. Halifax is home to seven commercial and two CBC-owned, non-commercial radio stations.

CHUM RADIO NEW MEDIA

CHUM Radio ventured into the online world in 1995 with the launch of several Internet sites including www.chum.com and www.chumfm.com.

CHUM New Media extends the radio brands by creating new content and interactive destinations for the Company's online audience. CHUM Radio Internet sites deliver news, weather, sports, community information, concert listings, artist information, contests, audio streaming and video-on-demand programs to local audiences and online communities around the globe.

CHUM Radio currently owns and operates numerous on-line properties, including www.chumfm.com and www.1050chum.com. These Internet properties complement and help build the Company's traditional media business through promotion and permission marketing.

TELEVISION

CHUM maintains a strong competitive position in television broadcasting in markets across Canada and is also increasing its presence and influence in international markets.

The table below sets out certain information related to the Company's television broadcasting activities:

Conventional Television/Specialty Station	Primary Channel Location	Principal Market Area	Licence Expiry Dates
Citytv [1] [2]	Channel 57	Toronto, Ottawa and Southern Ontario	August 31, 2009
CKVR-TV [1] [2]	Channel 3	Barrie and Central Ontario	August 31, 2009
CHRO-TV [2]	Channel 6	Ottawa/Pembroke	August 31, 2009
CFPL-TV [2]	Channel 10	London, Ontario	August 31, 2009
CHWI-TV [2]	Channel 60	Windsor, Ontario	August 31, 2009
CKNX-TV [2]	Channel 8	Wingham, Ontario	August 31, 2009
CIVI-TV[1] [2]	Channel 53	Victoria, British Columbia	August 31, 2004
(CKVU-TV) [1] [2] Citytv Vancouver	Channel 10 Vancouver	Vancouver, British Columbia	August 31, 2004
ACCESS (Alberta)[1]	Channel 9 Channel 13	Edmonton, Alberta Calgary, Alberta	August 31, 2003 August 31, 2003
CP24 (Pulse 24)	Cable and Satellite[3]	Southern Ontario	August 31, 2003
MuchMusic	Cable and Satellite [3]	Across Canada	August 31, 2006
Bravo!	Cable and Satellite [3]	Across Canada	August 31, 2007
Space, The Imagination Station	Cable and Satellite [3]	Across Canada	August 31, 2003
MuchMoreMusic	Cable and Satellite [3]	Across Canada	August 31, 2003
Star! (The Entertainment Information Station)	Cable and Satellite [3]	Across Canada	August 31, 2003
Canadian Learning Television	Cable and Satellite [3]	Across Canada	August 31, 2003

MusiquePlus	Cable and Satellite (3)	Across Canada	August 31, 2008
MusiMax	Cable and Satellite (3)	Across Canada	August 31, 2003
Fashion Television Channel	Cable and Satellite (3)	Across Canada	August 31, 2007
BookTelevision: The Channel	Cable and Satellite (3)	Across Canada	August 31, 2007
CourtTV Canada	Cable and Satellite (3)	Across Canada	August 31, 2007
Drive-In Classics (The Drive-In Channel)	Cable and Satellite (3)	Across Canada	August 31, 2007
SexTV: The Channel (Relationship Television)	Cable and Satellite (3)	Across Canada	August 31, 2007
MuchVibe	Cable and Satellite (3)	Across Canada	August 31, 2007
MuchLoud	Various Cable	Across Canada	August 31, 2007

Note: (1) Each of these television stations also operates rebroadcasting stations on other channels.
(2) Denotes conventional television.
(3) Each of these services is delivered on various cable and satellite (DTH) channel locations.

The Company has also been granted licences expiring August 31, 2007 for each of the following: Perfecto, La Châine; Academy Television; CareersTV – The Jobs and Management Channel; MasterMusic; Moods; MuchMoreClassicVideo; MuchOn Demand; MuchPop; Soap TV; World Film Channel; International Film Channel; Pulse 24 (Prairies); Pulse 24 (Alberta); Pulse 24 (B.C.) and Pulse 24 (Ottawa).

The following descriptions profile the stations and specialty channels and services of CHUM Television, together with certain related activities.

Citytv

Citytv is one of Canada's largest independent television stations. Based in Toronto, Citytv's strong local voice offers a distinct alternative to other conventional television offerings. The station's unique combination of original, locally focussed programming, high-energy news and stylized method of production has received international attention. See "CHUM Television International". Coverage extends to over 4 million households representing a total population of 10 million in Ontario and an additional 3 million people outside Ontario through satellite. Citytv targets an audience of ages 25 to 54.

MuchMusic

MuchMusic broadcasts across the country from its streetfront, downtown broadcast centre in Toronto 24-hours-a-day, delivering a high-tech, state-of-the-art "real time" music television experience. MuchMusic airs live daily with a continuous combination of original show-specific and "flow" music entertainment programming. Specialty shows focus on the latest music-related news, views and information that include frequent visits by established and up-and-coming international and Canadian musical stars. MuchMusic is distributed via cable and satellite to 7.1 million households across Canada. MuchMusic targets an audience of ages 12 to 34.

Bravo! – NewStyleArtsChannel

Bravo! – NewStyleArtsChannel, is dedicated to entertaining, stimulating and enlightening the hearts and minds of viewers with a taste for more complex television. This channel balances longer form structured programs with shorter pieces to create a fluid mix of distinctive music, dance, opera, drama, literature, cinema and visual art from Canada and worldwide. Bravo! – NewStyleArtsChannel is distributed to 5.9 million households across Canada through cable and satellite. Bravo! – NewStyleArtsChannel targets an audience of ages 35 to 54.

Space, The Imagination Station

Space, The Imagination Station is a 24-hour-a-day, national science fiction, science fact, speculation and fantasy channel. The program mix includes science fiction classics and current popular series, plus feature films, documentaries, specials and daily original productions with a slant on information and new-age speculation. Space is distributed via cable and satellite to 4.8 million households across Canada. Space targets an audience of ages 25 to 49.

MuchMoreMusic

MuchMoreMusic is Canada's music programming and entertainment channel offering 24-hours-a-day of adult contemporary, light rock, classic hits, soul, rhythm and blues, as well as some jazz and new age music videos, concerts and specialty programming. MuchMoreMusic is distributed via cable and satellite to 6.3 million households across Canada. MuchMoreMusic targets an audience of ages 18 to 34.

Star! (The Entertainment Information Station)

Star! is one of Canada's primary sources for entertainment news and information, behind the scenes features and candid interviews with the world's biggest stars. It offers viewers extensive live pre-show coverage of awards, premieres and galas from the world of entertainment unlike that offered by any other Canadian television broadcaster. Star! is distributed to 3.8 million subscribers across Canada via cable and satellite. Star! targets an audience of ages 18 to 49.

Canadian Learning Television

Canadian Learning Television ("CLT"), which is owned by Learning and Skills Television of Alberta, is Canada's only national educational television specialty service. Linked to universities and colleges across the country, the programming line-up is challenging, informative, and entertaining. This service, which focuses on adult lifelong learning, offers program strands on such topics as careers, film and media studies, personal development sciences, management studies, computer programs, course connections, and books and literature.

CLT's schedule, with its accompanying website, is designed to motivate and help viewers to study, learn, obtain credits, update skills and advance career interests. CLT is distributed via cable and satellite to 3.4 million households across Canada. CLT targets an audience of ages 35 and older.

ACCESS Television

Based in Edmonton, ACCESS - the Education Station, also owned by Learning and Skills Television of Alberta, is Alberta's educational television service acknowledged for pioneering a successful new model in privatized, new style, educational television through contemporary television and interactive web-based programs. With transmitters in Edmonton and Calgary, in addition to cable carriage throughout Alberta, the ACCESS signal reaches over 85% of Alberta's population and is also carried by satellite distributors Bell ExpressVu and StarChoice throughout Canada. ACCESS is distributed to approximately 2.1 million households across Canada.

Learning and Skills Television of Alberta also owns a 70% interest in The Learning Annex. The Learning Annex is a continuing education school offering short personal and professional development courses in health and healing, media and communications, sports and fitness, spirituality, relationships and high tech with a focus on personal growth and business and career opportunities. A number of Learning Annex courses are televised on ACCESS and Canadian Learning Television.

The New Net

The five stations listed below are now known and marketed in Ontario as The New Net. Since its launch in fiscal 1998, The New Net's targeted audiences in defined regions of central, eastern and southern Ontario have proven attractive to regional advertisers.

- **CKVR – The NewVR**. Since it ceased to be a CBC-affiliate and began operating as an independent station in 1995, Barrie's The New VR continues to build a solid local audience with its focus on Central Ontario news. Although the station is based in Barrie, Ontario, it also attracts a significant Toronto base with its strong series programming and is available to approximately 2.7 million households in Ontario.

- **CHRO – The NewRO**. The New RO has become a reflection of urban Ottawa life and culture, while maintaining its strong Valley Region roots. Using The New Net format, The New RO has a strong local news and information mix, and also offers syndicated programming and movies. The station is available to approximately 560,000 households serving the National Capital Region and the Ottawa Valley.

- **CFPL – The NewPL, CKNX – The NewNX and CHWI – The NewWI**. Together, The New PL London, The New NX Wingham and the New WI Windsor are an important complement to The New Net. While the stations carry certain programs common to The New Net, each station maintains a separate character and strong local identity through local news, information programming and station branding. The stations are available to approximately 730,000 households in southwestern Ontario.

The NewVR, NewRO and NewPL are also carried by both Canadian satellite services as part of their basic packages, making them available to approximately 1.5 million English market satellite subscribers.

Cable Pulse 24 ("CP24")

CP24 is Canada's first and only regional, 24-hour-local news channel, offering viewers a variety of parallel and simultaneous continuous streams of information with an enriched visual screen. In addition to regular full motion news, the enriched screen delivers attractive graphics and text which provide frequently updated information at-a-glance, including: date, time, weather forecasts, headlines, sports scores, stock market quotations and key indices. CP24's daytime and primetime schedules are editorially themed "NewsFlow". CP24 is distributed via cable and satellite to 2.8 million households, with key concentration in southern Ontario. CP24 targets an audience of ages 25 to 54.

MusiquePlus

At the heart of Quebec's cultural and artistic scene, MusiquePlus is located in Montreal and delivers a 24-hour French language music service via satellite, based on the same distinctive non-studio formatted working system as MuchMusic. MusiquePlus is distributed via cable and satellite to 2.1 million households. MusiquePlus targets an audience of ages 12 to 34 and attracts audiences which are proportional, given population differences in the covered markets, to those of MuchMusic in English Canada.

MusiMax

MusiMax, a French Adult Music station, emanates from the same storefront/streetfront location as its sister station, MusiquePlus. MusiMax's videos and musical programs focus on adult contemporary jazz, classical, country, world beat and Francophone music, with a target age group of 25 to 54. The service is distributed via satellite to cable and satellite to 1.6 million households, with key concentration in eastern Canada. MusiMax targets an audience of ages 18 to 49 and attracts audiences which are proportional, given population differences in the covered markets, to those of MuchMoreMusic in English Canada.

CIVI - THE NEW VI

The New VI provides Victoria and Vancouver Island residents with a unique local station that offers programming targeted to the broad range of diverse Vancouver Island interests. The programming content responds to these interests, through a mix of local programming and distinct Canadian and foreign programming and also includes New Net programming similar to the programming carried on The New Net stations in Southern Ontario.

The station is available to over 793,000 households serving Victoria and Vancouver Island residents.

Citytv Vancouver (CKVU – 13)

CKVU 13, a long established local, alternative television service that reflects the views, interests and diversity of the residents of the Greater Vancouver Area, was re-launched in June, 2002 as Citytv Vancouver. Citytv Vancouver carries Canadian and foreign programming similar to Citytv in Toronto, combined with original, local programming that reflects the new reality of a multicultural, multilingual and multiracial Vancouver. The station is available to over 850,000 households serving the Greater Vancouver Area. It is also carried as part of the basic package on both DTH services and is available to approximately 1.5 million English market satellite subscribers.

Fashion Television Channel

Fashion Television Channel provides a stylized look at art, architecture, photography and design. It offers viewers a fast-paced collage of fashion collections, photo sessions, backstage footage and interviews. The service is distributed via digital cable and satellite to subscribers across Canada, and is targeted at audiences of ages 18 to 49.

BookTelevision: The Channel

BookTelevision: The Channel is a channel devoted to the communication of ideas, artistic expression and verbal power, from novels, comics, movies and advertising to street slang and popular lyrics. BookTelevision is 60% owned by CHUM and is distributed via digital cable and satellite to subscribers across Canada. BookTelevision is targeted at audiences aged 25 to 54.

CourtTV Canada

CourtTV Canada is Canada’s first and only 24-hour channel dedicated to programming about the people involved in law, order, safety and security in society. CourtTV Canada, in partnership with the U.S. based CourtTV, combines CourtTV’s daytime live trial coverage and legal analysis from inside U.S. courts with legal and police dramas, movies, documentaries and series from Canada and abroad. CourtTV Canada is 60% owned by CHUM and is distributed via digital cable and satellite to subscribers across Canada. CourtTV is targeted at audiences aged 25 to 54.

Drive-In Classics (The Drive-in Channel)

Drive-In Classics is a movie channel that focuses on the drive-in movies of the 50's, 60's and 70's. Drive-In Classics broadcasts a wide array of feature films intended for a wide variety of viewers. Drive-In Classics is distributed via digital cable and satellite to subscribers across Canada. Drive-In Classics is targeted at audiences aged 18 to 49.

SexTV: The Channel (Relationship Television)

SexTV: The Channel explores sexuality in all its diversity, encompassing everything from physiology to fashion, language to lifestyles, eros to erudition. SexTV: The Channel approaches sexuality as a topic to explore in a respectful, clever and entertaining manner. SexTV: The Channel is distributed via digital cable and satellite to subscribers across Canada. SexTV: The Channel is targeted at audiences aged 18 to 34.

MuchLoud

MuchLoud is a music programming and entertainment channel dedicated to alternative, hard rock, metal, classic metal and punk music through videoflow, interviews, specials and artist profiles. MuchLoud is distributed via Rogers, Cogeco and other digital cable providers to subscribers in southern Ontario. MuchLoud is targeted at audiences aged 18 to 34.

MuchVibe

MuchVibe is a music and entertainment channel dedicated to the growing interest in urban music. Programming includes Hip Hop, Rap, R&B, Soul and Reggae music videos, as well as urban music related programming and specials. MuchVibe is distributed via digital cable and satellite to subscribers across Canada. MuchVibe is targeted at audiences aged 12 to 34.

CHUM Television International

This division, directly and through wholly-owned subsidiaries of the Company, handles distribution and development, programming, formatting and worldwide licensing of CHUM Television's Citytv, MuchMusic and other specialty stations. In addition to originally produced programming seen in over 150 countries, the distinctive production style and programming philosophy of Citytv and MuchMusic have been adopted with growing success internationally. While program sales to broadcasters worldwide is the cornerstone of this division’s business, full station brand, format and channel licensing represent the most active new sector for the Company from a sales and development perspective and have been implemented in a number of countries including the United States, Argentina, Finland, Columbia and Spain.

CHUMCITY INTERACTIVE

CHUM Television went online, through its CHUMCity Interactive division, in 1994 with the launch of www.muchmusic.com and www.citytv.com.

CHUMCity Interactive has packaged and made available to online audiences CHUM Television’s creative broadcast content in popular entertainment and information categories. Fully integrated and supported by the Company’s TV brands, CHUMCity Interactive delivers digital news and information, music and entertainment, science fiction, science fact, lifestyle and education content to online communities worldwide. CHUMCity Interactive currently operates a number of online destinations, including: www.citytv.com, www.muchmusic.com, www.bravo.ca, www.muchmoremusic.com, www.spacecast.com, www.star-tv.com, www.clt.ca, www.pulse24.com and www.accesslearning.com. These sites complement the Company’s traditional media business.

Principal Properties

The principal properties of CHUM are the lands and buildings on which the offices, broadcasting studios, transmitters and electronic and other broadcasting equipment for the stations are located. The tables below describe the location, purpose and nature of the Company's interest in its principal properties:

BROADCAST STUDIO FACILITIES, BUSINESS OFFICES AND TRANSMITTER SITES - FREEHOLD PROPERTIES

Station/Division	Type of Facility	Location
CFST-AM/CHIQ-FM CFST-AM CHIQ-FM	Broadcast studio and business office Transmitter site Transmitter site	1445 Pembina Highway Winnipeg, Manitoba R3T 5C2 Ft. Whyte, Manitoba Regional Municipality of McDonald, Manitoba
CKWW-AM/CIMX-FM and CKLW-AM/CIDR-FM CKWW-AM, CIMX-FM and CIDR-FM CKLW-AM	Broadcast studio and business office Transmitter sites Transmitter site	1640 Ouellette Avenue Windsor, Ontario, N8X 1L1 Anderdon Township, Ontario Malden Township, Ontario
CHST-FM and The New PL CHST-FM and The New PL	Broadcast studio and business office Transmitter site	1 Communications Road Box 5810 London, Ontario, N6A 6E9 City of London, County of Middlesex, Ontario
CHUM-AM/CHUM-FM CHUM-AM	Broadcast studio and business office Transmitter site	1331 Yonge Street Toronto, Ontario, M4T 1Y1 Clarkson, Ontario
CKPT-AM/CKQM-FM CKPT-AM	Broadcast studio and business office Transmitter site	59 George Street North Peterborough, Ontario, K9J 6Y8 Peterborough, Ontario
CFRA-AM/CKKL-FM, CFGO-AM/CJMJ-FM, and The New RO The New RO CFRA-AM CFGO-AM	Broadcast studio and business office Transmitter site Transmitter site Transmitter site	87 George Street Ottawa, Ontario, K1N 9H7 Forest Lea Road Pembroke, Ontario, K8A 7T3 (The New RO only) Township of Alice, Ontario Rideau, Ontario Nepean, Ontario
CJCH-AM/CI00-FM/CIEZ-FM CJCH-AM/CI00-FM	Broadcast studio and business office Transmitter sites	2900 Agricola Street Halifax, Nova Scotia, B3K 4E9 Halifax, Nova Scotia
CKLY-FM	Broadcast studio and business office	249 Kent Street Lindsay, Ontario, K9J 2Z3

Station/Division	Type of Facility	Location
Citytv, MuchMusic, Bravo!, Space, MuchMoreMusic, CP24, CHUMCity International Inc., CityInteractive, Star!, Fashion Television Channel, Sex TV, Drive-In Classics, MuchVibe, MuchLoud	Broadcast studio and business Office (1)	299 Queen Street West Toronto, Ontario, M5V 2Z5
Citytv	Transmitter site	Southwest Oxford Township, Ontario
The New VR The New VR	Broadcast studio and business office Transmitter site	33 Beacon Road Barrie, Ontario, L4M 4T9 Barrie, Ontario
CIVI-TV	Broadcast studio and business office	1420 Broad Street Victoria, B.C., V8W 2B1
CityTV Vancouver	Broadcast studio and business office	180 West 2nd Avenue Vancouver, British Columbia V5Y 3T9
CFUN-AM	Transmitter site	Delta, British Columbia
CKKW-AM	Transmitter site	North Dumfries Township, Ontario
CKLC-AM CFLY-FM	Transmitter site Transmitter site	Wolfe Island, Ontario Harrowsmith, Ontario
CFJR-AM CJPT-FM	Transmitter site Transmitter site	Elizabethtown Township, Ontario Front of Escott Township, Ontario
The New WI	Transmitter site	Township of Wheatley, Ontario
The New NX	Transmitter site	Township of Corrick, Ontario

(1) Business offices are also located in owned real property located at 260 Richmond Street West, Toronto, Ontario.

BROADCAST STUDIO FACILITIES, BUSINESS OFFICES AND TRANSMITTER SITES - LEASEHOLD PROPERTIES

Station/Division	Type of Facility	Location
CHUM-FM (2)	Transmitter site	Toronto, Ontario
CKQM-FM (2)	Transmitter site	Peterborough, Ontario
CKKL-FM and CJMJ-FM (2)	Transmitter site	Camp Fortune, Quebec
CKLY-FM (2)	Transmitter site	Kawartha Lakes City, Ontario
Citytv (2)	Transmitter site Transmitter site	Toronto, Ontario Township of Osgood, Ontario
CKVR-TV (1)	Transmitter site	Water Tower, Parry Sound, Ontario
MuchMusic, Bravo!, Space, MuchMoreMusic, Star!, Fashion Television Channel, Drive-In Classics, SexTV	Satellite Distribution	Satellite, Anik F1
CP24	Transmitter site	via fibre to cable companies

Station/Division	Type of Facility	Location
The New RO	Transmitter site	Ottawa-Carlton, Ontario
CIVI-TV (1)	Transmitter site	Camosack (Victoria), British Columbia and Mount Seymour, British Columbia
Citytv Vancouver	Transmitter sites	320 Musgrave Road Salt Spring Island, British Columbia V8K 1N5 Lot 33, Nelson District Courteney, British Columbia
CFUN/CHQM-FM	Broadcast studio and business office	380 West Second Avenue Vancouver, British Columbia V5Y 1C8
CHQM-FM (1)	Transmitter site	Vancouver, British Columbia
MuchLoud	Cable Distribution	Fibreline, Rogers Cable
MuchVibe	Satellite Distribution	Nimiq 1
CKKW-AM/CFCA-FM	Broadcast studio and business office	255 King Street North Kitchener, Ontario, N2J 4V2
CFCA-FM (2)	Transmitter site	Wilmot Township, Ontario
CKLC-AM/CFLY-FM	Broadcast studio and business office	168 Wellington Street P.O. Box 1380 Kingston, Ontario, K7L 4E5
CFJR-AM/CJPT-FM	Broadcast studio and business office	601 Stewart Boulevard P.O. Box 666 Brockville, Ontario, K6V 5V9
CIEZ-FM	Transmitter Site	Halifax, Nova Scotia
CFWM-FM	Transmitter Site	Hwy 2, Starbuck, Manitoba
CKGM-AM CKGM-AM (1)	Broadcast studio and business office Transmitter site	1310 Greene Avenue Montreal, Quebec, H3L 2B5 Ville Mercier, Quebec
The New WI	Broadcast studio and business office	300 Ouellette Avenue Suite 200 Windsor, Ontario, N9A 7B4
The New NX	Broadcast studio and business office	215 Carling Terrace Wingham, Ontario, N0G 2W0
MusiquePlus & MusiMax MusiquePlus & MusiMax	Broadcast studio and business office Satellite Distribution	355 Ste. Catherine Street W. Montreal, Quebec, H3B 1A5 Satellite, Anik F1

Station/Division	Type of Facility	Location
Learning and Skills Television of Alberta, ACCESS, Canadian Learning Television, Book Television and CourtTV Canada CJAL (3) CIAN (3) CourtTV Canada Canadian Learning Television, Book Television	Broadcast studio and business office Transmitter site Transmitter site Satellite Distribution Satellite Distribution	3720 - 76th Avenue Edmonton, Alberta, T6B 2N9 Edmonton, Alberta Calgary, Alberta Nimiq 1 Satellite, Anik F1
CHUM Satellite Services	Business Office	1410 Kootenay Street Vancouver, British Columbia, V5K 4R1
CHUM Satellite Services	Business Office	87 Steelcase Road West Markham, Ontario, L3R 2M4
CHUM Satellite Services	Business Office	192 Joseph Zatzman Drive Unit 7 Dartmouth, Nova Scotia, B3B 1N4
NovaVision Multimedia Inc.	Business Office	1560 de Louvain West Montreal, Quebec, H4N 3B3

(1) Transmitter on leasehold land is owned by the Company.
(2) Space leased by the Company on existing tower owned by a third party.
(3) Learning and Skills Television of Alberta Limited (ACCESS).

In addition, the Company leases various distribution facilities from third parties. These facilities include roof rights for the placement of some of the Company's antenna towers and land and space for other portions of the Company's distribution system, including satellite transmission facilities. All leases are in good standing.

The owned properties of the Company are not encumbered in any material way.

Employees

As at August 31, 2002, the Company had 2,690 employees.

Trade-marks and Other Intellectual Property

The Company owns and/or uses:

- a number of trade-marks and/or service marks for its business registered with the Trade-Marks Offices in Canada, and/or elsewhere in the world, including the United States and other countries;
- a number of trade-marks, service marks, trade names, call letters and other identifiers for its business which are not registered with any Trade-Marks Offices, but are identified with its business in Canada, and/or elsewhere in the world, including in the United States and other countries; and
- a number of registered domain names and/or URL's for its business throughout the world, (collectively, the "Marks").

The Company has been licensed by the owners of the Bravo mark in the United States to use the Bravo mark in Canada in association with the Bravo! speciality channel.

Many of the Company's Marks are well known in Canada and elsewhere in the world. Such Marks include CHUM, CITYTV, CHUMCITY, MUCHMUSIC, FASHION TELEVISION, PULSE 24, www.citytv.com, www.star-tv.com and www.muchmusic.com. Through its online business and its foreign licensing many of its Marks are reaching significant foreign audiences.

The Company owns copyright in Canada and elsewhere in the world in that radio and television programming and online formatting/content produced or acquired by it.

Regulatory Environment

Licensing

The radio and television broadcasting undertakings owned and operated by the Company are regulated by the CRTC under the *Broadcasting Act* (Canada) and all such undertakings are licensed by the CRTC. The current *Broadcasting Act* was proclaimed in force in June, 1991. Under this Act, the CRTC is permitted to authorize licences for terms of up to seven years. Such licences are generally renewed except in cases of serious breach of the conditions attached to the licence or the regulations of the CRTC.

CRTC regulations require each of the CHUM radio and television stations to maintain a specified percentage of Canadian content in its programming. Licensed broadcasting undertakings must also meet technical operating requirements under the *Radiocommunication Act* (Canada) and regulations thereunder. Failure to meet the terms of the licences granted to the Company by the CRTC may result in their suspension, revocation or non-renewal. Conditions may be imposed by the CRTC on broadcasting licences which may affect the profitability of the holders of such licences.

The Company currently complies with all regulations applicable to its operations and with the conditions attached to its licences.

The activities of CSS are not subject to CRTC regulation.

Under the *Broadcasting Act*, the Canadian government has directed the CRTC not to issue, amend or renew broadcasting licences to applicants who are not Canadian as defined in such direction. The government's order to the CRTC permits a maximum foreign ownership of 20% of the voting shares of an operating licensee company and a maximum foreign ownership of 33 1/3% of the voting shares of a holding company that has a subsidiary operating company licensed under the *Broadcasting Act*. The government's order imposes no limits on the ownership (including beneficial ownership and direct or indirect control) of non-voting shares subject to a test for "control in fact". Accordingly, the maximum allowable foreign ownership of voting shares in an operating licensee is 46.7%, being 20%, directly, in the operating licensee and 33 1/3% of the remaining 80%, indirectly, that is owned by the licensee's holding company.

In addition, the chief executive officer and 80% of the members of the board of directors of the operating company must be Canadian. As well, the holding company and its directors are prohibited from exercising any control or influence over any programming decisions of the subsidiary operating company where Canadians beneficially own and control, directly or indirectly, less than 80% of the voting shares of the holding company and less than 80% of the votes; the chief executive officer of the holding company is a non-Canadian; or less than 80% of the directors of the holding company are Canadians. The CRTC retains the discretion to determine as a question of fact whether a given licensee is controlled by non-Canadians.

In order to ensure that the Company remains qualified as an eligible Canadian corporation, as indicated above and consistent with the practice of most companies holding broadcasting licenses under the *Broadcasting Ac*t, CHUM's articles of incorporation contain certain restrictions on the ownership of its shares. CHUM's articles provide that the Company's directors may refuse to issue any share or permit the registration of a transfer of any share that would, in their opinion, jeopardize or adversely affect the right of the Company or any subsidiary thereof to obtain, maintain, amend or renew a licence to operate a broadcasting undertaking as defined in the *Broadcasting Act*. The articles also provide that, for the purpose of determining the beneficial owner of a share to be issued, or in respect of which the registration of a transfer is requested, the directors may require that there shall first be submitted to the Company a declaration in writing signed by the person in whose name shares are proposed to be registered setting forth the name of the person for whose use or benefit the share is held and other information sufficient to enable the directors to determine the identity and citizenship of the person or persons acquiring underlying beneficial ownership of such shares. In accordance with the articles of the Company, share certificates representing any share in the capital of the Company bear upon their face a legend to the effect that the right to register the transfer of the shares in the capital of the Company represented by such certificate is restricted. It is the policy of the Company's directors to allow registration of the Class B Shares where the proposed transferee of beneficial ownership is a non-resident or non-citizen of Canada, provided the Company's transfer agent has first notified the directors of such proposed transfer to ensure that the ownership requirements of the *Broadcasting Act* continue to be satisfied.

Prior approval of the CRTC is required for certain transactions affecting ownership or control of broadcasting licensees. Transferees of ownership must demonstrate to the CRTC that such transfer is in the public interest and, in most cases, the purchaser must provide specific tangible benefits designed to benefit the Canadian broadcasting system. For transfer of ownership applications involving television broadcasting services, a commitment to provide benefits of 10% of the value of the transaction is generally expected; in the case of the transfer of profitable radio undertakings, the commitment is equal to 6% of the value of the transaction.

Radio Services

Radio broadcasting activities are regulated under the *Radio Regulations, 1986*, which provide general regulations and rules specific to AM and FM undertakings. In addition, specific terms and conditions are found in the broadcasting licence of each radio station.

The CRTC revised its commercial radio policy in 1998. As part of these revisions, the CRTC increased the required Canadian music content level from 30% to 35%.

The 1998 changes also permitted increased consolidation of ownership. Consequently, in markets with fewer than eight commercial stations operating in a given language, an owner may be authorized to own or control up to three stations operating in that language, with a maximum of two stations broadcasting in any one frequency band. In markets with eight or more commercial radio stations operating in a given language, an owner may be authorized to own or control up to two AM stations and two FM stations in the said language. The CRTC remains alert to concerns which can be raised regarding the impact on diversity of news voices and the level of competition in a particular market. The CRTC will assess these concerns when examining transfers of ownership or issuance of new licences.

Television Services

In June 1999, the CRTC issued a new policy with respect to Canadian television programming. The policy maintains Canadian content levels for conventional television broadcasters at 60% of all programming and 50% in prime time, but introduces new measures designed to support Canadian programming while providing broadcasters with greater regulatory flexibility. Under the new policy, the largest multi-station groups (which do not include the Company) are no longer subject to Canadian program expenditure requirements, but are required to broadcast a minimum of eight hours a week of "priority programming" in peak viewing hours (being 7-11 pm). "Priority programming" includes Canadian-produced drama, music and dance, variety, entertainment magazines, long form documentaries and certain (non-news and non-sports) regional programs. The largest multi-station groups have also been granted flexibility in respect of local programming obligations. Smaller multi-station groups, including CHUM, are expected to adopt similar priority programming obligations, but with greater flexibility.

Commencing May 6, 2002, the CRTC considered the licence renewal applications for all of the Company's conventional television stations, with the exception of

CIVI-TV Victoria (its current broadcasting licence does not expire until August 31, 2004). At the hearing, the Company sought the flexibility necessary to respond to the licensing of new conventional television stations in Southern Ontario, in particular with respect to local programming obligations. On October 21, 2002, the Company received full seven-year licence term renewals for all of its conventional television stations, except for Citytv Vancouver (CKVU-TV), which was renewed for a two-year term, to coincide with the term remaining in the licence for CIVI-TV Victoria. The Company was granted certain flexibility in the licence conditions for its Ontario stations in order to respond to the more competitive market conditions.

Licence obligations for specialty services, including Canadian program expenditure requirements and Canadian content levels, continue to be established by the CRTC on a case-by-case basis, taking into account the specific type, genre and program offering of each service. Obligations are reviewed by the CRTC at the time of licence renewal.

Pursuant to the CRTC's new policy framework for digital pay and specialty services, established in January 2000, analog and Category 1 digital specialty services are guaranteed to have access to Canadian broadcast distributors, but may not compete directly in the same programming genre. Category 2 digital specialty services are provided no such guaranteed distribution, and may be directly competitive with other Category 2 services, but may not compete with Category 1 or analog specialty services. As of December 2001, more than 45 Canadian digital specialty services had launched on at least one Canadian broadcast distributor. The net result of the CRTC's new policy framework is a more competitive, open entry environment for all Canadian specialty services.

Environmental Protection Requirements

The Company's business is such that no material environmental concerns arise in the operation of its business.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Financial results for each of the last three fiscal years are summarized below:

Year Ended August 31
($ thousands except per share data)

	2002	2001	2000
Revenue, less agency commissions (1)	$479,939	$413,132	$376,081
Net earnings before other items	14,130	17,529	25,920
Net earnings before other items per Class B and Common Share (2)	1.21	1.51	2.23
Total assets	690,817	485,280	440,366
Long-term debt	274,458	59,362	64,633
Dividends paid per Class B and Common Share	0.22	0.22	0.22
Net earnings	14,130	17,529	25,920
Net earnings per Class B and Common Share	1.21	1.51	2.23

Notes

1. In accordance with industry practice, agency/commissions on advertising sales are deducted from gross revenues prior to recording such revenues.

2. The Company has two classes of outstanding shares: Common Shares and non-voting Class B Shares. Holders of Class B Shares are not entitled to vote at meetings of shareholders of the Company except as provided by law. In addition, the Company's articles do not provide a mechanism permitting holders of Class B Shares to participate in any take-over bid for the Common Shares of the Company which does not expressly include an offer for the Class B Shares.

Financial results for the eight quarters ended August 31, 2002 are summarized below:

Preceding Eight Quarters
($ thousands except for per share data)
(unaudited)

Three Months Ended	Revenue	Net Earnings	Net Per Class B and Common Share
August 31, 2002	$116,704	($4,035)	(0.35)
May 31, 2002	131,278	7,373	0.63
February 29, 2002	108,400	3,134	0.27
November 30, 2001	123,557	7,658	0.66
August 31, 2001	103,801	1,594	0.14
May 31, 2001	109,278	7,675	0.66
February 28, 2001	88,924	254	0.02
November 30, 2000	111,129	8,006	0.69

For each of the last eight quarters there have been no extraordinary or other items reported except for the gain on the exchange of assets reported in the quarter ending February 28, 2002.

DIVIDENDS

In its 2002 fiscal year, the Company declared and paid a regular quarterly dividend of 2¢ per share and a special dividend of 14¢ per share to holders of its Class B Shares. The holders of Common Shares received a regular annual dividend of 8¢ per share and a special dividend of 14¢ per share. The dividends for the fiscal year ended August 31, 2002, totalling 22¢ per share for Class B Shares and Common Shares, remained unchanged from 2001. Since September 1, 2002, the Company paid a regular quarterly dividend of 2¢ per share to holders of its Class B Shares on December 1, 2002. The Company's credit facility agreement contains certain restrictions on the payment of dividends by it and certain of its subsidiaries and certain standard financial covenants (with which the Company is in compliance) which could, theoretically, restrict the Company's ability to pay dividends.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The disclosure contained on pages 33-45 of the Company's annual report for the year ended August 31, 2002 under the heading "Management's Discussion and Analysis" is herein incorporated by reference.

MARKET FOR SECURITIES

The Company's Common Shares and Class B Shares are listed and posted for trading on the Toronto Stock Exchange under the symbols "CHM" and "CHM.B", respectively.

DIRECTORS AND OFFICERS

The following table sets out, for each of the directors and executive officers of the Company, the person's name, municipality of residence, positions with the Company and, if a director, the year in which such person became a director. The term of office for each of the directors expires at the time of the next annual meeting of the Company unless they are then re-elected.

Name and Municipality of Residence	Position with Company	Year of Becoming Director (if applicable)
Jay Switzer (Toronto, Ontario)	Director, President and Chief Executive Officer, CHUM Limited, President, CHUM Television (1) (4)	2002
Allan Frederick Waters (Toronto, Ontario)	Director (1)	1952
Frederick George Sherratt (Toronto, Ontario)	Director (1)	1969
Robert Murray Sutherland, Q.C. (Toronto, Ontario)	Director (2) (3) (4)	1970
Marjorie Valentine Waters (Toronto, Ontario)	Director	1978
Taylor Craig Baiden, B.Comm., C.A. (Toronto, Ontario)	Director, Vice-President, Finance and Secretary and Treasurer	1988
James Allan Waters	Director, Chairman of the	1988

(Aurora, Ontario)	Board and President CHUM Radio (1)	
Ron Allan Waters (Toronto, Ontario)	Director, Vice-Chairman of the Board (1)	1988
Sheryl Valentine Bourne (Richmond Hill, Ontario)	Director	1988
Lawrence William Lamb (Ennismore, Ontario)	Director (4) (5) (6) (7)	1997
John (Jack) Mattenley (Innisfil, Ontario)	Director (3) (4) (6)	2000
Moses Znaimer (Toronto, Ontario)	Vice President, Corporate Development	
C. Eric Verkade, B.Math.,C.A. (Toronto, Ontario)	Controller	
Denis Havey, B.Sc.,M.A.,C.A. (Toronto, Ontario)	Assistant-Controller	

(1) Effective December 2, 2002, Mr. Allan Waters ceased to be Chairman of the Board and President, and Mr. Fred Sherratt ceased to be Vice-Chairman of the Board. Mr. Switzer was appointed President and Chief Executive Officer on that date. Mr. Jim Waters assumed the role of Chairman and Mr. Ron Waters assumed the role of Vice-Chairman, and both ceased to hold the title of Executive Vice-President, positions previously held by them.
(2) Audit Committee Chairman and Compensation Committee Chairman
(3) Corporate Governance Committee Member
(4) Jay Switzer joined CHUM in September 1983 as Program Manager, Citytv and has held a number of increasingly senior positions in the Company. He was appointed President, CHUM Television in October 2000. Mr. Sutherland's principal occupation during the last five years has been as a partner of and counsel to Fasken Martineau DuMoulin LLP, Barristers and Solicitors; prior to October, 1997, Mr. Lamb was President of Major Marketing Broadcasters Limited, a national radio sales organization, after which his principal occupation has been as a company director. Mr. Mattenley's principal occupation during the last five years has been as a company director.
(5) Compensation Committee Member
(6) Audit Committee Member
(7) Corporate Governance Committee Chairman

Except as noted above, each of the directors of the Company has held his/her position with the Company (or another position with the Company) or other principal occupation as indicated above for the preceding five years.

The Company is required to have an Audit Committee and does not have an executive committee.

As of January 6, 2003, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 95.6 percent of the common shares of the Company.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, and information on the principal holders of the Company's securities, is contained in the Company's information circular dated November 6, 2002 for its most recent annual meeting of shareholders held on December 16, 2002 and additional financial information is provided in the Company's comparative audited financial statements for its most recently completed financial year contained in its Annual Report for the year ended August 31, 2002. A copy of these documents and this Annual Information Form may be obtained upon request from the Secretary of the Company. Except when securities of the Company are in the course of distribution pursuant to a short form prospectus or a preliminary short form prospectus, the Company may require the payment of reasonable charges from persons, other than security holders of the Company, requesting copies of these documents.

Management Report

The consolidated financial statements and other information contained in this annual report are the responsibility of the management of CHUM Limited.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain estimates that reflect management's best judgments. Financial and other information contained elsewhere are consistent with these consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that the consolidated financial statements accurately and reliably reflect the Company's operating results and that assets are adequately accounted for and safeguarded.

The consolidated financial statements have been reviewed by the Audit Committee and, together with the other information in this annual report, have been approved by the Board of Directors. PricewaterhouseCoopers LLP, an independent firm of chartered accountants, has audited the consolidated financial statements and provided a professional opinion (see Auditors' Report).

October 31, 2002

ALLAN WATERS
President
CHUM Limited

TAYLOR C. BAIDEN
Vice-President, Finance and
Treasurer and Secretary

Auditors' Report

To the Shareholders of CHUM Limited

We have audited the consolidated balance sheets of CHUM Limited as at August 31, 2002 and 2001 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

CHARTERED ACCOUNTANTS

Toronto, Canada
October 25, 2002

Consolidated Balance Sheets

AS AT AUGUST 31 (in thousands of dollars)	2002	2001
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	**$ 7,472**	$ -
Accounts receivable	**98,426**	82,824
Income taxes recoverable	**2,916**	-
Program rights	**56,836**	48,342
Prepaid expenses and other assets	**15,875**	11,783
	181,525	142,949
Program rights	**91,249**	96,757
Investments and other assets	**3,978**	3,347
Fixed assets (note 3)	**189,088**	168,337
Broadcast licences	**86,119**	-
Goodwill (note 5)	**138,858**	73,890
	690,817	485,280
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	**-**	52,511
Accounts payable and accrued liabilities	**55,577**	56,322
Income taxes payable	**-**	3,051
Current portion of long-term debt (note 6)	**175**	4,166
Program rights payable	**57,618**	52,327
	113,370	168,377
Program rights payable	**26,780**	32,680
Long-term debt (note 6)	**247,678**	26,682
Future income taxes (note 10)	**37,573**	4,369
Minority interest	**1,608**	935
	427,009	233,043
SHAREHOLDERS' EQUITY		
Capital stock (note 8)	**21,343**	21,343
Retained earnings	**242,465**	230,894
	263,808	252,237
	690,817	485,280

APPROVED BY THE BOARD OF DIRECTORS

DIRECTOR

DIRECTOR

Consolidated Statements of Earnings

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars, except per share amounts)	**2002**	2001
REVENUE—less agency commissions	**$479,939**	$413,132
EXPENSES		
Operations	**428,518**	356,254
Depreciation	**23,008**	17,399
Amortization of goodwill	**-**	2,012
Interest	**12,200**	6,510
Interest and other income	**(988)**	(1,479)
	462,738	380,696
Operating income	**17,201**	32,436
Gain on exchange of assets (note 4(b))	**9,737**	-
	26,938	32,436
Provision for income taxes (note 10)	**12,336**	14,440
Earnings before minority interest	**14,602**	17,996
Minority interest in earnings of subsidiaries	**472**	467
Net earnings for the year	**14,130**	17,529
Net *earnings per Class B share and per common share* (note 8(b))	**1.21**	1.51

Consolidated Statements of Retained Earnings

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars)	**2002**	2001
Retained earnings—Beginning of year,		
as previously reported	**$230,894**	$217,737
Change in accounting policy (note 2)	**-**	(1,813)
Retained earnings—Beginning of year,		
as restated	**230,894**	215,924
Net earnings for the year	**14,130**	17,529
	245,024	233,453
Deduct		
Dividends paid ($0.08 per share, regular and		
$0.14 per share, special)		
Class B shares	**1,817**	1,817
Common shares	**742**	742
	2,559	2,559
Retained earnings—End of year	**242,465**	230,894

Consolidated Statements of Cash Flows

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars)	2002	2001
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	**$ 14,130**	$ 17,529
Items not affecting cash		
Depreciation and amortization	**23,008**	19,411
Minority interest	**472**	467
Future income taxes	**4,464**	(884)
Income tax reductions not requiring cash	**-**	13
Gain on exchange of assets	**(9,737)**	-
	32,337	36,536
Change in non-cash balances related to operations	**(29,581)**	(4,585)
	2,756	31,951
INVESTING ACTIVITIES		
Additions to fixed assets, net	**(35,515)**	(57,061)
Acquisitions—net of cash acquired	**(129,882)**	(1,060)
Decrease (increase) in investments	**(142)**	546
Proceeds on exchange of assets	**8,000**	-
Proceeds on sale of investment	**-**	2,274
	(157,539)	(55,301)
FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	**(52,511)**	28,963
Dividends paid	**(2,559)**	(2,559)
Financing costs	**(1,345)**	-
Long-term debt repayments	**(5,160)**	(3,054)
Increase in long-term debt	**223,830**	-
	162,255	23,350
Change in cash and short-term investments during the year	**7,472**	-
Cash and short-term investments—Beginning of year	**-**	-
Cash and short-term investments—End of year	**7,472**	-
SUPPLEMENTARY INFORMATION		
Income taxes paid	**13,840**	20,763
Interest paid	**9,825**	6,060

Notes to Consolidated Financial Statements

AUGUST 31, 2002 and 2001 (in thousands of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements present the operations of the Company, its subsidiaries, and its 50% interest in MusiquePlus Inc. and Sun Radio Limited accounted for on a proportionate consolidation basis. All other investments are carried at cost.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

Revenue recognition

Revenue earned from sales of airtime is recognized in the accounts when the advertisement is aired. Revenues are recorded net of agency commissions as these charges are paid directly to the agency by the advertiser.

Cash and short-term investments

Cash and short-term investments include highly liquid investments with original maturities of three months or less at the time of purchase.

Program rights

For television stations, the Company reports an asset and a liability for the licence agreements entered into to acquire broadcast and distribution rights of feature films and syndicated programs. Agreements are recorded when the program cost is reasonably determinable and the program material is available for telecast or resale.

The costs of broadcast rights are amortized over the period of the rights contract on the basis of usage or time. The costs of distribution rights are billed as recoverable, if pre-sold at the inception of the licence, or otherwise amortized over the period of the rights contract based on estimated future revenuegenerating capacity. Such costs are allocated between current and non-current assets using management's estimate of usage or recovery in the next year.

Costs of program rights are written off when deemed to be of no value, and are reported at net amortized cost.

Liabilities for program rights are payable in instalments in accordance with the licence agreements or on the basis of usage of the program material. The liability is segregated between current and non-current using payment terms and management's estimate of usage in the next year.

Depreciation

Depreciation is provided on a declining balance basis using the following rates: buildings—4% to 5%; broadcasting equipment—20% to 30%; and other—8% to 30%. Leasehold improvements are amortized on a straight-line basis over the term of the lease plus one renewal period.

Start-up costs

Start-up costs for the preparation of new applications to the Canadian Radio-television and Telecommunications Commission (CRTC) are expensed. Start-up costs for licences of successful applications, which are awarded by the CRTC, are capitalized from the date they are awarded to the date revenue is generated for the service. Start-up costs are amortized over a period that reflects their expected future benefit, not exceeding five years.

Goodwill and broadcast licences

Goodwill and broadcast licences with indefinite lives are not subject to amortization and are tested annually for impairment by applying a fair value test.

Income taxes

The Company accounts for income taxes under the asset and liability method. Under this method, future income tax assets and liabilities are recognized for future income tax consequences attributable to the differences between financial statement carrying values and tax bases of assets and liabilities. Future income tax assets and liabilities are measured using the enacted tax rates relating to the period in which they are expected to be settled. The effects of changes in substantially enacted income tax rates on future income tax assets and liabilities are recognized in income in the period the income tax rate is enacted.

Post-employment benefits

The cost of providing benefits through defined benefit pensions is actuarially determined and recognized in earnings using the projected benefits method pro-rated on service. Differences arising from plan amendments, changes in assumptions and experience gains and losses are recognized in earnings over the expected average remaining service life of employees. The cost of providing benefits through defined contribution pension plans is charged to earnings when contributions become payable.

Financing costs

Debt issue costs are capitalized and amortized over the term of the related credit facility.

2. CHANGES IN ACCOUNTING POLICIES

Goodwill

Effective September 1, 2001, the Company adopted a new accounting standard of the Canadian Institute of Chartered Accountants (CICA) in respect of "Goodwill and Other Intangible Assets." Under this standard, goodwill is not amortized but is assessed for impairment annually. This standard has been applied prospectively. The table below provides a reconciliation of previously reported earnings to the earnings and earnings per share adjusted for goodwill amortization.

	2002	2001
Reported net earnings	**$ 14,130**	$ 17,529
Goodwill amortization, net of income taxes	**-**	1,716
Adjusted net earnings	**14,130**	19,245
Reported earnings per share	**1.21**	1.51
Goodwill amortization, net of income taxes	**-**	0.15
Adjusted earnings per share	**1.21**	1.66

Income taxes

Effective September 1, 2000, the Company adopted a new accounting standard of the CICA in respect of income taxes. This change in accounting policy has been applied prospectively. As a result of this change, retained earnings have been reduced and future income taxes increased by $1,813 as at September 1, 2000.

Post-employment benefits

Also, effective September 1, 2000, the Company adopted a new accounting standard of the CICA in respect of employee future benefits. This standard changed the method used in valuing plan assets, the discount rate to be used and resulted in increased disclosures. This change in accounting policy has been applied prospectively and did not have a material effect on the financial results of the Company.

3. FIXED ASSETS

Fixed assets consist of:

	2002	2001
Cost		
Land	**$ 20,687**	$ 18,623
Buildings	**95,564**	85,624
Broadcasting equipment	**173,199**	154,274
Other	**59,517**	52,768
	348,967	311,289
Accumulated depreciation		
Buildings	**19,748**	18,335
Broadcasting equipment	**102,801**	92,200
Other	**37,330**	32,417
	159,879	142,952
	189,088	168,337

4. SIGNIFICANT BUSINESS TRANSACTIONS

a) On October 31, 2001, the Company acquired 100% of the outstanding common shares of CHUM Television Vancouver Inc. (formerly CKVU Sub Inc.), which holds the rights to operate CKVU-TV in Vancouver, B.C., from CanWest Television Inc. for a purchase price of $133,012. The Company accounted for the acquisition using the purchase method and the results of CHUM Television Vancouver Inc. have been included in these consolidated financial statements since that date. The purchase price allocation was finalized in the fourth quarter.

The acquired broadcast licence has an indefinite life and is not subject to amortization. Of the future income tax liabilities, $26,767 relates to the broadcast licence and $2,158 relates to temporary differences associated with the fixed assets. Goodwill was assigned to the television segment and is not deductible for income tax purposes.

b) Effective February 1, 2002, the Company sold its radio station CHOM-FM in Montreal to Standard Broadcasting Corporation Limited in exchange for the assets of CFWM-FM in Winnipeg and $8,000 cash. The transaction resulted in a gain of $9,737. The acquired broadcast licence has an indefinite life and is not subject to amortization.

c) During the year, the Company acquired 50% of CIEZ-FM in exchange for the settlement of a note receivable valued at $856.

d) During the year, the Company's 60%-owned subsidiary, Learning and Skills Television of Alberta, acquired an educational training company for $465 cash. Goodwill of $588 was assigned to the television segment.

The following table summarizes the assets acquired and liabilities assumed at the date of acquisitions.

	CKVU-TV	CFWM-FM	Other
Current assets	$ 11,915	$ 8,517	$ 24
Fixed assets	7,933	668	113
Broadcast licence	79,000	6,332	787
Goodwill	69,375	-	588
	168,223	15,517	1,512
Current liabilities	6,286	285	84
Future income tax liabilities	28,925	-	(94)
Minority interest	-	-	201
	35,211	285	191
Net assets acquired	133,012	15,232	1,321

5. GOODWILL

	Television	Radio	Other	Total
Balance—August 31, 2001	$ 7,404	$ 60,849	$ 5,637	$ 73,890
Goodwill acquired during the year	69,963	-	-	69,963
Goodwill disposed of during the year	-	4,995	-	4,995
Balance—August 31, 2002	77,367	55,854	5,637	138,858

6. LONG-TERM DEBT

	2002	2001
Mortgage at 9.35%, maturing 2006	**$ 2,289**	$ 2,436
Revolving operating facility	**61,270**	-
Revolving term loan facility	**174,294**	17,869
Preferred shares at 10.00%, redeemable 2009	**10,000**	10,000
Note payable at prime rate, maturing 2002	**-**	543
	247,853	30,848
Less: Current portion	**175**	4,166
	247,678	26,682

On October 31, 2001, the Company entered into a new loan agreement with its primary banker, providing for operating and term loan facilities aggregating $235,000, on an unsecured basis. The purchase price for the Company's acquisition of CHUM Television Vancouver Inc. was funded through the term portion of that loan, which had a maturity date of December 31, 2004. The credit facility included certain covenants requiring the Company to maintain certain financial ratios. The Company's bankers subsequently increased the loan facilities by $20,000 until April 30, 2002.

On April 12, 2002, the Company completed a syndication of credit facilities for an amount of up to $300,000, replacing the previous loan agreement. This new facility provides for a revolving operating facility and a revolving term loan facility, both on an unsecured basis, and bears interest based on prime rates or bankers' acceptance rates plus applicable spreads based on certain ratios maintained by the Company. The effective interest rates for the year ended August 31, 2002 were 5.4% and 5.1% (2001—5.1%) for the operating and term loan facilities, respectively. The facilities have terms to April 2005, unless extended in accordance with the agreement. This new loan agreement is on substantially the same terms and conditions as the previous agreement.

The preferred shares have been treated as debt for accounting purposes, as they bear a fixed rate of return and are retractable at the option of the holder. The preferred shares are classified as long-term debt on the consolidated balance sheets and dividends are classified as interest expense in the consolidated statements of earnings.

7. COMMITMENTS

Program rights

As at August 31, 2002, the Company reported program rights payable for the years ending August 31, 2003 to 2006 totalling $84,398 (2001—$85,007). In addition, commitments for the purchase of program rights have been concluded where the program material has not yet been made available for telecast. Estimated future commitments total $55,734 (2001—$69,577), of which approximately $45,744 (2001—$48,430) is due over the next 12 months.

Leases

The Company is committed under operating leases for rental of properties, broadcasting facilities and other equipment extending for varying periods to 2015.

Future minimum payments are as follows:

Year ending August 31, 2003	$	6,903
2004		5,869
2005		4,854
2006		3,277
2007		2,937
2008 and subsequent years		9,123
		32,963

8. CAPITAL STOCK

	2002	2001
Non-voting shares		
Authorized		
Unlimited number of non-voting, Class B shares		
Issued		
8,259,551 shares	**$ 19,253**	$ 19,253
Common shares		
Authorized		
Unlimited number of common shares		
Issued		
3,374,015 shares	**2,090**	2,090
	21,343	21,343

a) The holders of the Class B shares are entitled to receive, if, as and when declared by the board of directors, annual non-cumulative dividends at the rate of 8¢ per share. No dividends shall be declared on the common shares in any year until dividends of 8¢ per share have been paid on the Class B shares. In any year, when such dividends have been paid on both the Class B and common shares, any further dividends shall be paid equally on the Class B and common shares.

The Class B and common shareholders are entitled to share equally in any distribution of the Company's assets on winding up.

b) Net earnings per Class B share and per common share have been calculated on the basis of the weighted average number of shares outstanding during the year of 11,633,566 (2001—11,633,566) shares.

9. POST-EMPLOYMENT BENEFITS

The Company has a defined benefit pension plan available to all full-time employees of CHUM Limited and a defined contribution pension plan available to all full-time employees of CHUM Television Vancouver Inc. The change in the funded status of the Company's defined benefit pension plan was as follows:

	2002	2001
Change in benefit obligation		
Benefit obligation—Beginning of year	$ 30,225	$ 26,487
Service cost	2,027	2,021
Interest cost	2,182	1,946
Plan participants' contributions	1,107	873
Benefits paid	(2,076)	(1,102)
Benefit obligation—End of year	33,465	30,225
Change in plan assets		
Fair value of plan assets—Beginning of year	28,778	30,789
Actual return on plan assets	(1,497)	(3,142)
Employer's contribution	1,913	1,360
Plan participants' contributions	1,107	873
Benefits paid	(2,076)	(1,102)
Fair value of plan assets—End of year	28,225	28,778
Funded status	(5,240)	(1,447)
Unrecognized net actuarial loss	9,048	5,493
Unrecognized transitional asset	(3,391)	(3,602)
Prepaid benefit cost	417	444
Weighted average assumptions as at August 31		
Discount rate	6.75%	6.75%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	5.50%	5.50%

The Company's net benefit plan expense is as follows:

	2002	2001
Current service cost	$ 2,027	$ 2,021
Interest cost	2,182	1,946
Expected return on plan assets	(2,194)	(2,352)
Amortization of transitional obligation	(212)	(212)
Amortization of net actuarial gain	137	-
	1,940	1,403

The Company recognized $238 in the period for the Company's defined contribution pension plan.

10. INCOME TAXES

The differences between the effective income tax rate reflected in the provision for income taxes and the Canadian statutory income tax rate are as follows:

	2002	2001
	%	%
Corporate statutory rate of income taxes	39.7	42.7
Adjusted for the effect of		
Non-deductible goodwill	-	1.8
Non-deductible preferred share dividend	1.5	1.3
Future income tax rate reductions	-	(5.2)
Large corporations tax	2.7	1.4
Other	1.9	2.5
	45.8	44.5

The provision for (recovery of) income taxes comprises:

	2002	2001
Current	$ 7,872	$ 15,324
Future	4,464	(884)
	12,336	14,440

Future income tax liabilities and assets consisted of the following:

	2002	2001
Liabilities		
Start-up costs	$ 1,338	$ 1,246
Broadcast licence	28,925	-
Goodwill	6,508	3,181
Fixed assets	1,079	-
Other	158	319
	38,008	4,746
Assets		
Fixed assets	-	377
Other	435	-
	435	377
	37,573	4,369

11. SEGMENTED INFORMATION

The Company's principal business activities are carried out through three reportable segments: television, radio and other. Television consists of the Company's Ontario and British Columbia television stations and specialty channels. Radio consists of AM and FM stations across the country. Other consists of the Company's background music network and head office function.

Information on the operating groups is as follows:

				2002
	Television	Radio	Other	Total
Revenues	$356,579	$111,524	$ 11,836	$479,939
Operating income (loss)	26,832	11,303	(20,934)	17,201
Total assets	554,831	123,118	12,868	690,817
Fixed asset expenditures	31,643	4,939	1,852	38,434
Depreciation	17,536	4,556	916	23,008

				2001
	Television	Radio	Other	Total
Revenues	$292,530	$108,697	$ 11,905	$413,132
Operating income (loss)	31,363	15,755	(14,682)	32,436
Total assets	351,301	122,153	11,826	485,280
Fixed asset expenditures	50,437	5,428	1,196	57,061
Depreciation and amortization of goodwill	13,423	5,193	795	19,411

12. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Financial instruments are financial assets or liabilities of the Company where, in general, the Company has the right to receive cash or another financial asset from another party or the Company has the obligation to pay another party cash or other financial assets. Financial assets and liabilities include bank indebtedness, accounts receivable, certain investments, accounts payable and accrued liabilities, program rights payable, income taxes payable and long-term debt. The carrying amounts in the consolidated balance sheets approximate fair values due to the limited term and nature of these instruments.

The fair value of certain investments is not readily determinable as there are no fixed terms of repayment. The fair value of long-term program rights is also not readily determinable.

Management's Discussion & Analysis

OPERATING RESULTS

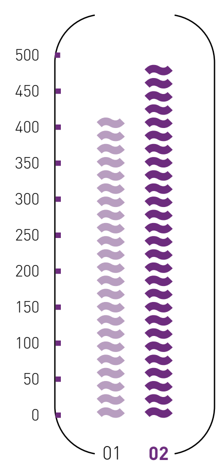
The Company's operating results reflect its business of broadcasting through ownership and operation of 28 radio stations (13 AM and 15 FM), the CHUM Radio Network, eight television stations and 10 Specialty television networks across Canada, all operating as divisions of the Company. Learning and Skills Television of Alberta Limited (ACCESS, Canadian Learning Television, Book Television, CourtTV) and Pulse 24 Partnership (CablePulse 24) are business entities of which the Company owns 60% and 70.1% respectively. The Company's 50% interest in MusiquePlus Inc., which offers two different French music video services, MusiquePlus and MusiMax, operates in partnership with Astral Media Inc. The Company has a 50% interest in Sun Radio Limited (CIEZ-FM), operating in partnership with Newcap Inc. The Company is also engaged in the environmental background music business through the CHUM Satellite Services division and its 75% interest in NovaVision Multimedia Inc., serving the Quebec market. Each of its broadcasting stations and the background music business operate autonomously under local management, reporting to senior officers of the Company.

Consolidated revenue for the 12 months ended August 31, 2002 was $479.9 million, an increase of $66.8 million or 16.2%, compared with $413.1 million in 2001. Contributing factors for the net increase over last year were:

- Radio revenues increased to $111.5 million from $108.7 million in the previous year, an increase of $2.8 million or 2.6%. While AM sales were below those for the previous 12 months, primarily as a result of low sales from the TEAM Sports Radio Network (The TEAM), the Company's FM radio stations continued to make solid revenue gains year over year as a result of strong rating positions in their respective markets.

- Television revenues for the year increased to $356.6 million, up $64.1 million from $292.5 million reported last year, representing a 21.9% increase. First-time revenues from the Company's new businesses that commenced operations in fiscal 2002—CIVI-TV,

revenue*
(in millions of dollars)

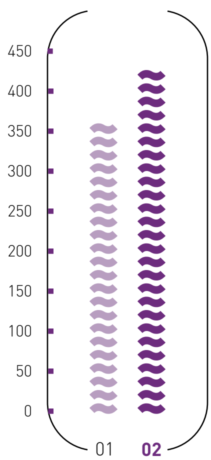


*Less agency commissions

Management's Discussion & Analysis

Victoria, British Columbia, CITY-TV Vancouver, British Columbia (formerly CKVU Sub Inc.) and seven new digital Specialty channels—accounted for $32.3 million of the increase. Excluding these new business operations, Conventional television and Specialty television experienced increased revenues of 7.8% and 13.9% respectively, when compared with the corresponding period last year, contrary to market predictions of slow advertising growth.

operations expense
(in millions of dollars)



Operations expense increased in fiscal 2002 to $428.5 million, up $72.2 million from $356.3 million or 20.3% when compared with last year. Approximately 69% of the Company's total operations expense comprises employee remuneration and benefits, together with purchased programming costs. The remaining 31% includes other programming costs, regulatory licensing fees, technical facilities maintenance costs, distribution, research, advertising, general administration and overhead expenses. Factors to be considered are:

- Radio operations expense increased 6.7% when compared with the corresponding period last year. The TEAM operations expense accounted for the majority of this increase and includes one-time exit costs from the sports format. The TEAM ceased operations on August 27, 2002 and a number of the radio stations in the sports format reverted to music-based formats.

- Operations expense for Conventional and Specialty television increased by 26.3% when compared with operations expense for the corresponding period last year. As mentioned above, CIVI-TV, Citytv Vancouver, and seven new digital Specialty channels all commenced operations in fiscal 2002. Together, they account for 17.7% of the television operations expense increase in fiscal 2002. The balance of the increase came from television businesses operating in fiscal years 2001 and 2002.

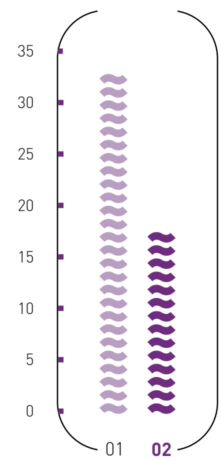
Depreciation expense in fiscal 2002 increased over the previous year's charge by $5.6 million. This increase can be attributed to a cost of $3.5 million from the new businesses described above. The balance of the increased depreciation expense is the result of ongoing capital spending projects at Citytv and MuchMusic, located at the CHUMCity Building at 299 Queen Street West, Toronto.

In fiscal 2002, interest expense increased to $12.2 million from $6.5 million the previous year, resulting from an increase in debt levels to facilitate the acquisition of new businesses during the year. The effective interest rate for fiscal 2002 amounted to 5.5%.

Operating income for fiscal 2002 amounted to $17.2 million, compared with $32.4 last year. The decrease in operating income resulted from the combined losses of the new businesses commencing operation in fiscal 2002, one-time exit costs of The TEAM, increased depreciation charges and higher interest expense.

operating income

(in millions of dollars)



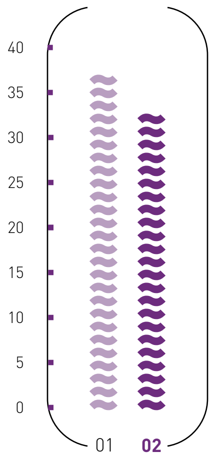
Net earnings for fiscal 2002 included a gain on the exchange of certain local radio assets whereby the Company acquired CFWM-FM, Winnipeg in exchange for CHOM-FM, Montreal. In addition to the assets of CFWM-FM, the Company received a cash consideration of $8 million. Net of future income taxes, the gain amounted to $6.3 million ($9.7 million net of future income taxes of $3.4 million).

The effective income tax rate in fiscal 2002 of 45.8% increased from 44.5% charged in fiscal 2001. As reported last year, the Company adopted the asset and liability accounting method for income taxes in fiscal 2001. The accounting standard of the Canadian Institute of Chartered Accountants was applied prospectively. As a result, in fiscal 2001 there was a one-time adjustment for the effect of future income tax rate reductions, and this reduced the effective income tax rate by 5.2% last year.

Earnings per share (EPS) for both Class B and common shares for fiscal 2002 was $1.21, calculated on the weighted average number of shares outstanding for the year of 11.6 million. Excluding the gain on the exchange of assets noted above, earnings per Class B and common share would have been $0.67 for the year ended August 31, 2002. The EPS for fiscal 2001 was $1.51, based on the weighted average number of shares outstanding of 11.6 million.

Management's Discussion & Analysis

cash flow
(in millions of dollars)



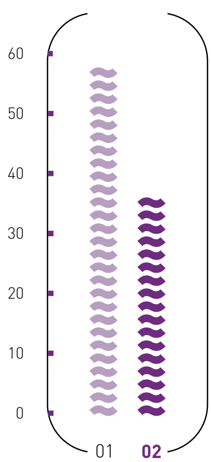
Effective September 1, 2001, the Company adopted a new standard for goodwill and other intangible assets, on a prospective basis. Under this standard, goodwill is no longer amortized. Excluding goodwill amortization from the comparative figures, EPS for fiscal 2001 would have been $1.66.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities before change in non-cash balances related to operations decreased by $4.2 million to $32.3 million, or $2.78 per share, compared with $36.5 million or $3.14 per share last year.

Short-term program rights increased by $8.5 million and short-term program rights payable increased by $5.3 million in fiscal 2002 for a net use of cash of $3.2 million. This, together with a decrease in long-term program rights, net of the decrease in long-term program rights payable, has decreased cash by $3.6 million. At year-end, the Company had reported total liabilities and future commitments payable estimated at $140.1 million for the years ending August 31, 2003 to 2006. The Company continues to resell certain of these rights to non-competing Canadian broadcasting operations, including Specialty and Conventional television. The proceeds from the sale of these rights continue to offset the cost of the total purchase price. These offsets are becoming less significant, as the Company maintains these program rights for its own use in its newly acquired television properties.

additions to fixed assets, net
(in millions of dollars)



Total expenditures, net of proceeds on disposals, made to acquire fixed assets during the year amounted to $35.5 million compared with $57.1 million last year. Included in additions in fiscal 2002 were capital expenditures of $10.7 million to complete equipment purchases for the New VI, and the new digital Specialty channels. The Company completed the second year of a three-year facilities improvement program at the CHUMCity Building at 299 Queen Street West, Toronto that was established to expand automation and to improve efficiencies. These ongoing capital projects at Citytv Toronto and the Specialty television networks located in the CHUMCity Building were in excess of $12 million.

The balance of expenditures was for normal replacement of, and improvements to, broadcasting and other equipment during the year.

The net cash spent to acquire CHUM Television Vancouver Inc. (formerly CKVU Sub Inc., now known as Citytv Vancouver) amounted to $129.4 million.

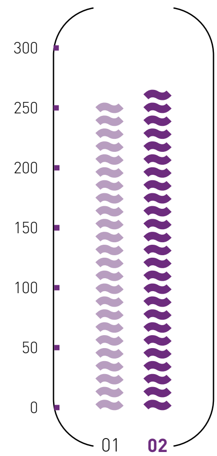
The Company received $8 million as the cash portion of the transaction whereby CHUM exchanged its ownership in CHOM-FM, Montreal for CFWM-FM, Winnipeg.

On October 31, 2001, the Company entered into a new loan agreement with its primary banker, providing for operating and term loan facilities, aggregating $235 million, on an unsecured basis. The purchase price for the Company's acquisition of CHUM Television Vancouver Inc. was funded through the term portion of that loan, with a maturity date of December 31, 2004. The credit facility provided for interest based on the Company's bankers' prime rate and included covenants requiring the Company to maintain certain financial ratios. The Company's bankers subsequently increased the loan facilities by $20 million to April 30, 2002.

On April 12, 2002, the Company completed a syndication of credit facilities for an amount of up to $300 million, replacing the previous loan agreement. This new facility provides for a revolving operating facility and a revolving term facility, both on an unsecured basis. The operating facility is repayable in April 2005, unless extended in accordance with the agreement, and the term facility also matures in April 2005. This new loan agreement contains essentially the same terms and conditions as the previous agreement.

In fiscal 2002, the Company declared and paid a regular quarterly dividend of $0.02 per share and a special dividend of $0.14 per share to holders of its Class B shares. The common shareholders received a regular annual dividend of $0.08 per share and a special dividend of $0.14 per share. These dividends for fiscal 2002, totalling $0.22 per share for Class B and common shares, were unchanged from fiscal 2001.

shareholders' equity
(in millions of dollars)



Management's Discussion & Analysis

CURRENT AND FUTURE OPERATIONS

Over the past several years, CHUM Limited has generated stable earnings from its core businesses, allowing the Company to internally fund operations and significantly expand the business. The Company introduced new Specialty services and increased its radio properties, together with other initiatives, prior to fiscal 2001. This was accomplished with minimal borrowing required for the higher capital expenditures. The past year has witnessed CHUM Limited significantly increase its debt load to support construction of the new conventional television station in Victoria, B.C. (CIVI-TV), the cash purchase of a Conventional television station in Vancouver, B.C. (CKVU-TV), and the launch of seven new digital Specialty channels. While this expansion has somewhat restricted financial flexibility, it has helped the Company improve its size and scale of economics. Although the results of operations of the new television stations in British Columbia did not meet expectations this year, the Company believes that the new television and radio assets on the West Coast will provide stable cash flow from another major market beyond Ontario in the future. This can only strengthen and facilitate further horizontal growth for the Company. The Company acquires national exhibition rights when buying programs and, with the added television properties, it has a higher revenue base with which to amortize costs. The Company believes that geographic expansion through new investments will be key to improving its financial strength as these new segments generate new sources of cash flow and earnings.

Among the Company's priorities, CHUM Limited is focused on improving its operating income before depreciation, amortization, interest, other income and taxes. Factors that have put pressure on margins in recent years include:

- Ongoing integration efforts for acquisitions.
- Losses from newer businesses.
- Start-up costs for new television and radio stations.
- Restructuring and reformatting costs.

These are all normal consequences of the types of acquisition and new business activities in which the Company has been involved over the last several years, the effect of which is expected to lessen as these new operations are assimilated by the Company.

FISCAL 2002 YEAR IN REVIEW

Radio

- CHUM Limited entered into an agreement with Newcap Inc. on November 14, 2002 under which the Company agreed to acquire 50% of the outstanding shares of SUN Radio Limited operating radio station CIEZ-FM in Halifax, Nova Scotia. CRTC approval was granted on December 12, 2001 and the transaction closed on January 22, 2002, effective December 31, 2001. This acquisition complements the Company's already profitable radio properties CJCH-AM and CIOO-FM in Halifax.

- CHUM Limited and Standard Broadcasting Corporation Limited agreed on June 25, 2001 to exchange certain local radio assets whereby CHUM acquired CFWM-FM, Winnipeg to permit a Multiple Licence Operation with its existing Winnipeg radio stations, CFST-AM and CHIQ-FM and, in exchange, Standard Radio Inc., a subsidiary of Standard Broadcasting Corporation Limited, acquired CHOM-FM in Montreal. In addition to the assets of CFWM-FM, CHUM Limited received a cash consideration of $8 million. CRTC approval was received on December 20, 2001 and the transaction was effective from February 1, 2002, the closing date. CFWM-FM has been successful from the beginning of the Company's ownership. Spring 2002 ratings showed a 52% share increase in the age 12+ audience demographic.

- On April 15, 2002 CHUM Limited entered into an agreement with Grand Slam Radio Inc. whereby the Company has agreed to purchase the assets of Vancouver radio station, CKST-AM 1040. This purchase is subject to CRTC approval and an application for the transfer of the licence was filed with the CRTC on April 25, 2002. The CRTC hearing for this application is scheduled for the week of October 28, 2002 in Kitchener, Ontario.

- On June 7, 2002, CHUM Limited made an application to move CKLY-FM's transmitter in Lindsay to provide a more viable and attractive service for both listeners and local advertisers, subsequently contributing to a more financially stable CKLY-FM. This application is being handled as a Public Notice where a public hearing is not necessary and a decision is expected within the next two months.

- The application filed in August 2001 requesting that CHUM Limited be allowed to convert CFJR-AM Brockville to CFJR-FM Brockville was heard by the CRTC at the same hearing as the CHUM Television renewals on May 6, 2002. A decision has not been released to date.

- On August 27, 2002, a decision was reached to revert the format on 1050 CHUM-AM, Toronto, to Oldies radio from The TEAM sports radio programming. Other CHUM Limited AM radio stations in the network also changed to a music format. It became evident that the investment in both time and money in The TEAM was not producing the results the Company had anticipated. Share of audience numbers were not satisfactory and advertisers were not placing orders on the network. It was decided not to continue with a sports network, since it would mean sizeable losses for the foreseeable future, without any offsetting benefit to the Company. The operating loss for The TEAM for the year ended August 31, 2002 was in excess of $10 million. The Company did not cancel sports programming in all markets. TEAM 1040 in Vancouver, TEAM 1200 in Ottawa and TEAM 990 in Montreal continue operating satisfactorily as all-sports stations.

Television

- On September 7, 2001, seven new digital Specialty channels were successfully launched. Operating losses for six of the seven new digital Specialty channels for the four months ended December 31, 2001 were capitalized, as no subscriber revenue was earned on the six channels during the same four months (free preview period).

The new digital services performed better than expected in their first year of operation and overall are expected to break even in their third year of operation.

- CIVI-TV (the New VI) in Victoria, British Columbia was launched on October 4, 2001. The CRTC approved the transfer of 100% control of CKVU-TV to CHUM Limited on October 15, 2001 and the transaction closed and became effective on October 31, 2001. On July 22, 2002 CKVU-TV was re-launched as Citytv Vancouver, bringing CHUM's style of intensely local, interactive, culturally diverse television to Vancouver. These two new Conventional over-the-air stations, did not meet targets set for the year. The Vancouver advertising market was seriously affected by the general economic uncertainty, with overall television sales in that market down by almost 20% compared with the previous year. Improvements in the market since then, and the launch of the new format in Vancouver, have already enhanced the outlook for fiscal 2003 and advertising sales are on track to meet our budgeted projections.

- In December 2001, the CRTC heard submissions as to whether it should grant new Conventional television licences in the Toronto, Hamilton and Kitchener-Waterloo markets. CHUM intervened in these hearings against the licensing of any new television station in Toronto or Southern Ontario. On April 8, 2002 the CRTC released its decision granting two new licences: one for a new multilingual ethnic television station to serve Toronto; the second for a new English language over-the-air television station with an additional transmitter, to serve Toronto. CHUM anticipates that these two new licences, particularly the English language television station licence, will likely have an adverse impact on the revenue and profits for Citytv Toronto and CHUM's television stations in Southern Ontario, following the proposed launch in the Fall of 2003.

- Commencing May 6, 2002, the CRTC considered the licence renewal applications for all the Company's Conventional television stations, with the exception of CIVI-TV Victoria (its current broadcasting licence does not expire until August 31, 2004). At the hearing, the Company sought the flexibility necessary to respond to the licensing of new Conventional television stations in Southern Ontario, in particular with respect to local programming obligations. On October 21, 2002, the Company received full seven-year licence term renewals for all of its Conventional television stations, except for Citytv Vancouver (CKVU-TV), which was renewed for a two-year term, to coincide with the term remaining in the licence for CIVI-TV Victoria. The Company was granted certain flexibility in the licence conditions for its Ontario stations in order to respond to the more competitive market conditions.

- CHUM Television also continued to develop its international licensing activities. Citytv Barcelona, a new licensee, is operating successfully and other potential opportunities are being explored in the People's Republic of China, Finland and the U.S.A. Program sales continue to be strong and were on target for the year.

NEW INITIATIVES

Radio

- On September 4, 2002, CHUM Limited and Milestone Media Broadcasting Ltd. filed an application with the CRTC for approval of the establishment of a new Urban-formatted FM radio station in Edmonton, Alberta. The station would be operated by a partnership in which CHUM Limited would hold a 51% controlling interest and Milestone would hold a 49% interest. The partners believe that, based on their combined broadcasting resources, expertise and the resulting synergies, they are uniquely qualified to provide this new format. A hearing date has not been set.

Television

- CHUM Limited has filed applications with the CRTC for two new Conventional television licences in Central Alberta, one of the largest English-language markets in Canada. The establishment of these stations would be consistent with the Company's strategy of strengthening its national sales and programming position. The CRTC may issue a call for applications in the near future.

- In July 2002, the Company announced that Citytv Toronto had filed an application with the CRTC for an over-the-air digital licence. The Company expects to be the first Canadian broadcaster to launch in High Definition Television (HDTV) format. The capital costs for broadcasting in HDTV are included in the Citytv Toronto three-year facilities improvement plan. An HDTV picture is roughly four times sharper than Digital Video Disc (DVD) technology and provides digital image and sound in a wide-screen picture. It is anticipated that most Canadian homes will have an HDTV set within the next 10 years.

OTHER

The Company's revenues are primarily derived from the sale of airtime, influenced by a fluctuating economic climate, changing regulatory environment and new sources of competition. The Company's growing subscription revenues now account for approximately 17% of total revenues. The broadcast industry has experienced large-scale mergers and acquisitions since 2000, in large part related to convergence of media. These conditions and industry developments are closely monitored by the Company to ensure that appropriate strategic opportunities are researched and developed in order to solidify our position as a key player in this sector. These circumstances have not had an immediate impact on the Company's ability to compete effectively, but with consolidation, access to programming, staff and other resources, the business environment may become more competitive.

DIGITAL RADIO

CHUM Limited is a leading member of Digital Radio Roll-Out Inc. (DRRI), the Canadian digital radio consortium of private and public broadcasters, mandated to implement full-time digital audio broadcasting

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(DAB) services utilizing Eureka 147 technology in the L-Band. DAB is running on 57 stations in Toronto, Vancouver, Montreal and Windsor, making digital radio available to over 10 million listeners. CRTC approval of DAB licence applications for Ottawa is expected at the end of this year and all major broadcasters in this market have applied.

In the Fall of 2001, D.E.M. Allen and Associates Ltd. were awarded a contract by DRRI for the coverage planning required for the Windsor-Quebec City corridor (including Ottawa), Calgary to Edmonton and the Greater Vancouver Area. This is a very comprehensive document that provides the details of the requirements for each DAB location and will assist in the development of DAB networks in the future.

Digital radio receivers are now available at a reasonable cost for homes and portable markets. While there is much work to be done in terms of the development of services, the extension of coverage, the associated business planning and all facets of marketing, CHUM Limited will continue to support the implementation of digital radio in Canada.

ROYALTIES AND RIGHTS

As previously reported, two reproduction rights collectives have filed tariffs against commercial radio stations: Société du droit de reproduction des auteurs, compositeurs et editeurs au Canada (SODRAC) and the Canadian Musical Reproduction Rights Agency (CMRRA). SODRAC is a collective representing reproduction rights holders of largely French and foreign language music. The CMRRA represents major English language music publishers and the owners of reproduction rights in much of the English language music that stations play.

The two tariffs seek compensation from commercial radio stations for all reproductions of music made by such stations. The Canadian Association of Broadcasters (CAB) has determined that the two tariffs represent unacceptably high proposals, particularly since SODRAC and CMRRA members are already compensated through the Society of Composers, Authors and Music Publishers of Canada (SOCAN) for the public performance of the same music. CAB mounted an aggressive strategy to oppose these tariffs and presented a forceful case to the Copyright Board during the April/May 2002 hearing. The Board's decision is expected later this year.

The Copyright Board hearing for the Conventional television tariff will be held on April 15, 2003 covering the tariff years 1998-2002 and possibly 2003. The Board consolidated this tariff hearing with the hearings for Specialty and pay services. On behalf of its Conventional television members, CAB is seeking a rollback from the current tariff rate of 1.8% to 1.4%, as well as administrative improvements to the modified blanket licence (MBL) option to make it more convenient and less expensive for members to utilize. In 1998, the Copyright Board ordered SOCAN to work out an MBL scheme with CAB, whereby the blanket licence between television stations and SOCAN would be discontinued to reflect any direct licensing of broadcasting with composers. SOCAN is seeking to increase the tariff rate to 2.1% and to abolish the MBL. With respect to the Specialty and pay tariff, providers of such services are directly participating in this hearing.

In June 2001, the federal government initiated the Section 92 review (mandatory review of the Copyright Act) with a copyright reform consultation process, in which CAB has been an active participant. CAB has announced that it will be fully engaged in the reform process as it moves forward to advance its members' copyright interests.