

MATERIAL CHANGE REPORT

Section 75 of the *Securities Act* (Ontario)
Section 85 of the *Securities Act* (British Columbia)
Section 118 of the *Securities Act* (Alberta)
Section 84 of *The Securities Act, 1988* (Saskatchewan)
Section 73 of the *Securities Act* (Québec)
Section 81 of the *Securities Act* (Nova Scotia)
Section 76 of *The Securities Act, 1990* (Newfoundland)

ITEM 1: *REPORTING ISSUER*

Corus Entertainment Inc. ("Corus").

ITEM 2: *DATE OF MATERIAL CHANGE*

September 17, 2000.

ITEM 3: *PRESS RELEASE*

A press release was issued on September 18, 2000 by Corus and Nelvana Limited ("Nelvana") in Toronto, Ontario. A copy of the press release is annexed hereto.

ITEM 4: *SUMMARY OF MATERIAL CHANGE*

On September 17, 2000, Corus entered into a support agreement (the "Support Agreement") with Nelvana which sets forth the terms and conditions upon which Corus and a subsidiary of Corus (collectively, the "Offeror") will make an offer (the "Offer") to acquire all of the outstanding multiple voting shares ("MVS") and subordinate voting shares ("SVS") of Nelvana (the MVS and SVS of Nelvana are collectively referred to as the "Shares"). Under the Support Agreement, the Offer will be made for the consideration set forth below, subject to certain terms and conditions including those summarized below. Corus has agreed to mail a take-over bid circular to the shareholders of Nelvana no later than October 23, 2000.

On September 17, 2000, Corus also entered into an irrevocable lock-up agreement (the "MVS Lock-Up Agreement") with the holders of all of the MVS ("MVS Holders"), which provides that the MVS Holders will deposit pursuant to the Offer all Shares beneficially owned or controlled by them. The MVS Holders beneficially own MVS and SVS representing, each on a fully-diluted basis, approximately 17.1% of the outstanding Shares and approximately 65.6% of the votes attaching to all outstanding Shares.

On September 17, 2000, Corus also entered into a lock-up agreement ("SW Lock-Up Agreement") with SW NV Operating Limited Partnership ("SW-NV") which provides that SW-NV will

(i) exercise or convert, as applicable, the warrants and convertible debenture of Nelvana held by SW-NV into SVS representing approximately 6.6% of the outstanding Shares on a fully-diluted basis, upon the conditions to the Offer being satisfied or waived, and (ii) thereafter deposit pursuant to the Offer the Shares beneficially owned or controlled by them.

Under the Offer, the Offeror will offer to purchase, subject to certain conditions summarized below, all of the outstanding Shares, including SVS which may become outstanding on the exercise of options to purchase SVS, on the basis of, at the option of the shareholder, subject to proration, (a) \$48.00 in cash; or (b) \$0.05 in cash plus a minimum of 0.982 and a maximum of 1.2 Corus Class B non-voting participating shares ("Corus Non-Voting Shares") for each Share. The aggregate purchase price for Corus under the Offer will be satisfied 60% in cash and 40% in Corus Non-Voting Shares.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

On September 17, 2000, Corus entered into the Support Agreement with Nelvana which sets forth the terms and conditions upon which the Offeror will make the Offer to acquire all of the outstanding Shares. Under the Support Agreement, the Offer will be made for the consideration set forth below, subject to certain terms and conditions including those summarized below. In addition, Nelvana's board of directors has unanimously agreed to support the Offer and to recommend to its shareholders to tender their Shares to the Offer. Corus has agreed to mail a take-over bid circular to the shareholders of Nelvana no later than October 23, 2000.

On September 17, 2000, Corus also entered into the MVS Lock-Up Agreement with the MVS Holders, which provides that the MVS Holders will deposit pursuant to the Offer all Shares beneficially owned or controlled by them. The MVS Holders beneficially own MVS and SVS representing, each on a fully-diluted basis, approximately 17.1% of the outstanding Shares and approximately 65.6% of the votes attaching to all outstanding Shares.

On September 17, 2000, Corus also entered into the SW Lock-Up Agreement with SW-NV which provides that SW-NV will (i) exercise or convert, as applicable, the warrants and convertible debenture of Nelvana held by SW-NV into SVS representing approximately 6.6% of the outstanding Shares on a fully-diluted basis, upon the conditions to the Offer being satisfied or waived, and (ii) thereafter deposit pursuant to the Offer the Shares beneficially owned or controlled by them.

Under the Offer, the Offeror will offer to purchase, subject to certain conditions referred to below, all of the outstanding Shares, including SVS which may become outstanding on the exercise of options to purchase SVS, on the basis of, at the option of the shareholder:

- (a) \$48.00 in cash (the "Cash Option"); or
- (b) \$0.05 in cash plus that number of Corus Non-Voting Shares equal to the quotient, the numerator of which is \$47.95 (being \$48.00 less \$0.05) and the denominator of which is the volume weighted average trading price (the "Corus Average Trading Price") of Corus Non-Voting Shares on The Toronto Stock Exchange (the "TSE") for the 10 trading days ending on the third trading day immediately preceding the day on which the Offeror takes up any Shares under the Offer, subject to a minimum of 0.982 and a maximum of 1.2 Corus Non-Voting Shares (the "Share Option"),

for each Share, with each shareholder being entitled to tender a portion of its Shares to the Cash Option and the balance to the Share Option. The maximum cash consideration available under the Offer will be approximately \$323 million. The consideration payable under the Offer will be pro rated as necessary to ensure that the total consideration is satisfied as to 60% in cash and 40% in Corus Non-Voting Shares.

The Offer will be open for acceptance for 21 days, subject to the right of the Offeror to extend the period during which the Shares may be deposited under the Offer under certain circumstances.

The Offer will be subject to customary conditions, including obtaining regulatory approvals, and the condition that there shall have been deposited under the Offer and not withdrawn all of the outstanding MVS and 66 2/3% of the outstanding SVS. The Support Agreement also provides for the payment by Nelvana to Corus of a break fee in certain customary circumstances.

Corus and its subsidiaries have cash on hand, an available credit facility and other liquid assets in an amount sufficient to satisfy the cash requirements under the Offer.

*ITEM 6: RELIANCE ON SUBSECTION 75(3) OF THE
ONTARIO SECURITIES ACT OR EQUIVALENT PROVISIONS*

Not applicable.

ITEM 7: OMITTED INFORMATION

Not applicable.

ITEM 8: SENIOR OFFICER

For further information, please contact Thomas C. Peddie, Senior Vice President and Chief Financial Officer of Corus at (416) 642-3770.

ITEM 9: STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 27th day of September, 2000.

by signed (Thomas C. Peddie)
Thomas C. Peddie
Senior Vice President
and Chief Financial Officer



FOR IMMEDIATE RELEASE

CORUS ENTERTAINMENT TO BUY NELVANA FOR \$C554 MILLION

Corus Gains Strong Position in Content with Acquisition of Leading Animation Producer

Toronto, September 18, 2000 -- Corus Entertainment Inc. (TSE: CJR.B and NYSE: CJR) and Nelvana Limited (TSE: NTV and NASDAQ: NELV) today announced that their respective Boards have unanimously approved the acquisition of Nelvana by Corus at a price of Cdn. \$48.00 per Multiple Voting and Subordinate Voting Share of Nelvana. Corus currently holds 675,000 Subordinate Voting Shares of Nelvana and the effective price to Corus is Cdn. \$46.58 per share when these shares are included. The aggregate purchase price to Corus for the shares not already owned will be approximately Cdn. \$540 million. Corus will satisfy the purchase price 60% in cash and 40% in Corus Class B Non-Voting Shares.

"The opportunity to acquire an outstanding Canadian content company with exceptional international credentials presents itself very rarely," says John Cassaday, President and Chief Executive Officer of Corus. "Nelvana's focus -- children's entertainment -- is completely in line with Corus' strategy, and the quality and consumer recognition of Nelvana's characters and brands is unparalleled. The new revenue opportunities we can create together through vertical integration and the leverage of content and cross promotion on multiple platforms will strengthen Corus' position as one of Canada's leading entertainment and media companies. We believe this is an excellent transaction for the Corus shareholder group."

"In joining forces with Corus, Nelvana has cemented a strategic alliance with one of Canada's most important and successful channel owners and access to greater capital to build the world's premiere independent children's entertainment company," says Michael Hirsh, Co-Chief Executive Officer of Nelvana. "In response to the global trend towards the convergence of content and distribution, we are confident this significant potential will be realized within Corus. We believe this deal is terrific for all Nelvana shareholders and employees."

Michael Hirsh and Patrick Loubert will remain Co-Chief Executive Officers of Nelvana and Clive Smith will remain Senior Executive Vice-President, all under multi-year employment contracts.

Nelvana is a leading integrated children's entertainment company which develops, produces, markets and distributes high quality media content and related products to children worldwide. The company operates through two core businesses: Production and Distribution and Branded Consumer Products. Through its Production and Distribution business, Nelvana produces 2-D and 3-D animated programming, as well as live action. Nelvana's growing library has over 1,450 cumulative half-hour episodes, including such well known television and feature film properties as *Franklin*, *Little Bear*, *Babar* and *Pippi Longstocking*.

...2/

Nelvana's Branded Consumer Products division includes: Kids Can Press and recently acquired Klutz, making it the leading children's publisher in Canada and one of the top 10 in the U.S. Merchandise licensing of both classic and contemporary character brands completes the division. Nelvana owns a 20% interest in Teletoon, and currently has two applications for digital licenses before the CRTC.

"Corus is pleased to gain the expertise of Michael Hirsh, Patrick Loubert and Clive Smith as they join our growing team," says Heather Shaw, Executive Chair of Corus. "These three visionaries founded Nelvana in 1971 and have built it into a world-class animation company with first-class content and production assets.

"In acquiring Nelvana, Corus strategically positions itself for further international growth. Nelvana distributes its programs to over 160 countries with 80% of its revenue generated from international sources. Corus will continue Nelvana's tradition of developing highly visible and marketable new productions and further building its extensive international program library. We will leverage this acquisition through our strong balance sheet, and we are truly delighted to welcome such experts into our company."

This announcement comes at a time when Nelvana is celebrating the launch of a stellar programming season with more series airing on U.S. and Canadian television than any other independent producer of children's entertainment. The award-winning studio has over 20 series currently airing on major TV networks and specialty services throughout North America. Nelvana's series have garnered many international awards, including an Emmy for Outstanding Animated Program (Special Class) for the 3-D series, *Rolie Polie Olie*.

The Offer

Corus has agreed to make an offer to acquire all outstanding Multiple Voting and Subordinate Voting Shares of Nelvana for Cdn. \$48.00 per share, payable 60% in cash and 40% in Corus Class B Non-Voting Shares, subject to pro ration.

The price of Corus Class B Non-Voting Shares for the share option will be based on a 10-day volume weighted average price of the Corus shares on the TSE ending three days prior to the expiry of the offer, subject to a Corus share price maximum of \$48.83 and a minimum share price of \$39.95.

The Multiple Voting Shareholders of Nelvana have irrevocably agreed to tender their shares to the offer. This group represents approximately 65% of the votes and approximately 16% of the total shares of Nelvana on a fully diluted basis. In addition, the Board of Directors of Nelvana has unanimously agreed to support the transaction and to recommend to its shareholders that they tender their shares in favour of it. An independent committee of the Nelvana Board unanimously recommended approval of the transaction.

In addition to customary conditions, the offer for Nelvana is contingent on the tender of 100% of the Multiple Voting Shares and a minimum of 66 2/3% of the Subordinate Voting Shares. Corus and Nelvana have executed a Support Agreement which contains terms and conditions typical for transactions of this nature, including the payment to Corus of standard break-up fees in the event the transaction is not completed in certain circumstances.

...3/

Corus expects to mail the offer to Nelvana shareholders by mid-October. Closing is expected to occur by mid-November.

This Press Release is not an offer of securities for sale in the United States. Corus' Class B Non-Voting Shares may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of Corus' Class B Non-Voting Shares to be made in the United States will be made by means of a prospectus that may be obtained from Corus and will contain detailed information about Corus and its management, as well as financial statements. Corus intends to register the Class B Non-Voting Shares offered as consideration in the United States.

Certain statements included in this release may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, among others, the following: the impact of conditions in the entertainment, information and communications industries; risks associated with the economic, political and regulatory policies of local governments and laws and policies of Canada; the potential impact of increased competition in the company's markets; and other factors which are described in the company's filings with the Securities and Exchange Commission.

Corus Entertainment Inc. is one of Canada's leading media companies. Its principal assets consist of 49 radio stations (subject to CRTC approval of the proposed acquisition of Metromedia Broadcasting), specialty television networks, Pay TV and conventional television assets. Corus is also prominent in the digital music market and various advertising services companies. A publicly traded company, Corus is listed on the Toronto (CJR.B) and New York (CJR) Stock Exchanges.

-30-

NOTE TO EDITORS

There will be a conference call for Analysts and Investors at 9:00 a.m. ET today. To participate in the audio teleconference, please call 1-888-740-9683.

Corus and Nelvana will hold a news conference today beginning at 11:30 a.m. ET at the Corus offices located at 181 Bay Street, Suite 1630. To participate in the audio teleconference of the Press Conference, please call 1-888-209-3796.

For more information, contact:

John Cassaday
President and CEO
Corus Entertainment Inc.
Phone: (416) 642-3770

...4/

Suzan Ayscough
Director, Communications
Corus Entertainment Inc.
Phone: (416) 642-3770

Michael Hirsh
Co-CEO
Nelvana Limited
Phone: (416) 588-5571 x 201

Margo Raport
Director, Communications
Nelvana Limited
Phone: (416) 588-5571 x 249