



December 20, 2006

Mr. Douglas Barrett
Chair of the Canadian Television Fund
80 Commissioners Street
Toronto, ON MA 1A8

Dear Mr. Barrett:

We are writing to express our dissatisfaction with the performance, operations and governance of the Canadian Television Fund ("CTF"). Although Shaw is the largest private sector contributor of \$56 million to the CTF per year, we have no visibility into the operations of the Fund and CTF has no accountability to Shaw regarding the use of our contributions. Personally, I have never been consulted about our expectations for the CTF or whether we are satisfied with its performance. Without immediate and fundamental changes to the structure and governance of the CTF, Shaw will no longer support the Fund.

The CTF was established to support the creation of "high-quality and culturally significant Canadian television programming." Over the past 10 years, Shaw has contributed over \$350 million in direct subsidies to the Canadian production industry. The CTF, which evolved from the Cable Production Fund, was never intended as a permanent source of funding to subsidize broadcasters' and programmers' acquisition of Canadian programming. Our understanding was that after the initial five year period, the Fund would be self-sustaining and self-financing from a return on investments in successful productions.

Instead, CTF has become nothing more than a means of subsidizing broadcasters, pay and specialty services and independent producers to produce Canadian television programming that few watch and has no commercial or exportable value. In an environment where BDUs are increasingly faced with competitive market forces, it is inappropriate that we should be required to subsidize the production of content that adds little or no value to the broadcasting system. BDUs already make significant contributions to the system including paying well over a billion dollars annually to Canadian programmers who in turn spend hundreds of millions to acquire American programs.

Jim Shaw
CEO



Shaw Communications Inc.
Suite 900
630 - 3rd Avenue SW
Calgary, Alberta T2P 4L4

Tel: (403) 750-4576
Fax: (403) 750-4506

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Accordingly, we propose that the following actions be taken:

1. A complete review of the purpose and structure of the CTF with the objective of winding down private sector funding from BDUs over the next 12 months. Going forward the CTF should be self-funding through returns on its equity investments.
2. An immediate re-structuring of the governance of the CTF including a reduction in the size of the Board. The Department of Canadian Heritage and BDUs, based on the size of their contribution, should be the only parties responsible for nominating Directors as we wind the fund down.
3. The practice of setting aside 37% of the CTF's revenues for the CBC/SRC should be ended immediately. CBC already receives over \$1.2 billion from Canadian taxpayers in the form of grants and mandatory subscriber fees. If Canadians were aware of the additional subsidies from BDUs they would see them as unnecessary and unwarranted.

We feel at this time it is appropriate to withhold our contributions as we find it is not in the interest of Canadians to further fund this endeavor. Given our issues with the lack of accountability of the CTF, our Board member will be resigning as of today. We are available to meet and discuss our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Shaw", written in a cursive style.

Jim Shaw

cc: The Hon. Beverley J. Oda, P.C., M.P., Minister of Canadian Heritage
John Baird, President of the Treasury Board
The Hon. James Flaherty, P.C., M.P., Minister of Finance
Judith A. LaRoque, Deputy Minister, Canadian Heritage