

These materials are important and require your immediate attention. The shareholders of Corus are required to make important decisions. If you have any doubt as to how to make such decisions, please contact your tax, financial, legal or other professional advisors. If you require further assistance, please do not hesitate to contact the Company's proxy solicitation agent, D.F. King Canada, toll free at 1-800-622-1678 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com.



ENTERTAINMENT

CORUS ENTERTAINMENT INC.

NOTICE OF SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR

FOR THE SPECIAL MEETING OF SHAREHOLDERS REGARDING THE PROPOSED ACQUISITION OF SHAW MEDIA INC. MARCH 9, 2016

February 9, 2016

**THE CORUS BOARD HAS APPROVED THE ACQUISITION AND RECOMMENDS THAT
SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS SET FORTH IN THE CIRCULAR**





February 9, 2016

Dear Corus shareholder:

On behalf of the Board of Directors (the "**Board**") of Corus Entertainment Inc. ("**Corus**" or the "**Company**"), we invite you to attend the special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of Class A participating shares (the "**Class A Shares**") and Class B non-voting participating shares (the "**Class B Shares**") of Corus to be held at Corus Quay, 25 Dockside Drive, Toronto, Ontario at 10:00 a.m. (Eastern Time) on March 9, 2016.

On January 13, 2016, Corus entered into a share purchase agreement (the "**Acquisition Agreement**") with Shaw Communications Inc. ("**Shaw**") to acquire (the "**Acquisition**") the business of Shaw Media Inc. ("**Shaw Media**") for \$2.65 billion. The Acquisition will be paid by a combination of cash and the issuance of Class B Shares to Shaw, as described in the accompanying management information circular (the "**Circular**").

CREATING A GROWTH-ORIENTED, INTEGRATED MEDIA AND CONTENT COMPANY WITH SCALE

We at Corus are very excited to present you with a unique opportunity to combine two of Canada's leading media companies in an acquisition that is expected to be immediately accretive to shareholders on an earnings per share and free cash flow per share basis. This compelling transaction strongly positions Corus, following completion of the Acquisition (the "**Combined Company**"), to compete and grow in a dynamic media landscape. The complementary suites of leading brands will create a large, integrated media and content company, transforming the Combined Company's enhanced scale and significant free cash flow into a powerful platform for growth. The Company will more than double in size, commanding 34.5% of Canada's English language television audience¹, while significantly increasing its financial scale, representing a combined \$1.9 billion in revenue, \$619 million in adjusted EBITDA and \$431 million in free cash flow² based on the fiscal 2015 results of both companies.

The Company expects that growth opportunities will be created in the Canadian market through enhanced advertising bundling, next generation advertising capabilities and the cross-promotion of content and brands across the Combined Company's diverse portfolio of media offerings. Internationally, the Company sees a significant opportunity to leverage its expertise to produce more quality Canadian content to drive increased global sales. Highly cash generative assets that deliver strong free cash flow are expected to enable the Company to maintain its current dividend of \$1.14 per Class B Share, while cost synergies with Shaw Media are expected to result in \$40 to \$50 million in annual operating savings, in addition to immediate savings of approximately \$15 million in corporate overhead charges that will no longer be allocated from Shaw to Shaw Media. A strong Board and exceptional management team, representing the deep and diverse skill sets of both Corus and Shaw Media, will oversee the execution of the integration and strive to advance the Company's growth objectives. See "Description of the Combined Company – Directors and Officers of the Combined Company".

The Acquisition significantly advances Corus' strategic objectives for growing the Company, which are:

1. Own and Control More Content – The Acquisition will strengthen the Company's portfolio of premium brands, bolstered by new partnerships and output deals, with Scripps Networks Interactive, National Geographic, A + E Networks and others. The size of the Combined Company's required expenditures on Canadian programming will enable increased ownership and production of Canadian content, which is

¹ Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada (English), Specialty and Conventional Channels, Monday – Sunday 2 am – 2 am, Audience Share %, Sum of Individuals ages 2+, % rounded to nearest whole number.

² FY2015 free cash flow excludes impact of debt servicing (interest and mandatory amortization) on incremental debt to finance the Acquisition and includes Corus' Pay TV business. Corus will discontinue its Pay TV business in FY 2016.

expected to increase global sales. The Combined Company will also gain greater access to exclusive, first run content.

2. Engage Our Audiences – The Acquisition creates a portfolio of best-in-class brands with exceptional content and with significant cross-promotional opportunities across television, radio and digital. With these capabilities, strengthened by its audience intelligence data, the Company expects to deepen its engagement with audiences.
3. Expand into New and Adjacent Markets – The Acquisition provides Corus with a national conventional television presence and is expected to facilitate the addition of next generation advertising capabilities. Through Global Television, Corus will gain meaningful scale and a powerful entry into an adjacent market. Management believes that this scale will accelerate ownership of more women's, kids' and family content for global distribution. Management intends to drive new revenue opportunities across the Company's business through enhanced content sharing, advertising bundling, cross-promotion and next generation advertising solutions.

INDEPENDENT ASSESSMENT OF ACQUISITION PROCESS AND PURCHASE PRICE

The Board established a special committee of independent directors (the “**Corus Special Committee**”). The Corus Special Committee was charged with, among other matters, reviewing, directing and supervising the process to be carried out by the Company and its professional advisors in assessing the Acquisition, reviewing and considering the proposed structure, terms and conditions of the Acquisition, and making a recommendation to the Board with respect thereto.

In evaluating the Acquisition, the Corus Special Committee secured an independent formal valuation and fairness opinion from Barclays Capital Canada Inc. and the Board secured a fairness opinion from RBC Dominion Securities Inc. Based on the formal fairness opinions from both institutions, the recommendation by the Corus Special Committee and further discussion with Corus' external financial and legal advisors, **the Board has approved the Acquisition and recommends that holders of Class A Shares and Class B Shares VOTE IN FAVOUR of the resolutions set forth in the Circular.**

VOTING TO APPROVE THE ACQUISITION

At the Meeting:

- (a) holders of the Class A Shares and Class B Shares will each be asked to consider and vote upon a resolution to approve the Acquisition on and subject to the terms of the Acquisition Agreement and the performance by Corus of its obligations thereunder, including, among other things, approval of the issuance of 71,364,853 Class B Shares forming part of the consideration to be paid to Shaw in connection with the Acquisition (the “**Acquisition Resolution**”); and
- (b) holders of the Class A Shares will be asked to consider and vote upon a resolution to allow the Board to fix the number of directors of the Company following the Acquisition, within the minimum and maximum number provided in the Articles of the Company.

In order for the Acquisition to proceed, the Acquisition Resolution must be approved by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares and the holders of Class B Shares, in each case voting separately as a class (excluding for these purposes, the votes cast by certain “related parties” to the Company in accordance with the “minority approval” requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*). For this purpose, the Class A Shares and Class B Shares held by JR Shaw, the Shaw Family Living Trust and certain other persons (collectively, the “**Excluded Shareholders**”), representing in the aggregate approximately 84.8% of the outstanding Class A Shares and approximately 8.1% of the outstanding Class B Shares, will be excluded. See “Overview of Regulatory Approvals – Canadian Securities Law Matters – MI 61-101” for further description in the Circular.

Assuming that all of the conditions to the closing of the Acquisition are satisfied, including shareholder approval of the Acquisition Resolution, the Acquisition is expected to close in the third quarter of fiscal 2016.

The attached Notice of Special Meeting and Circular describes in detail the Acquisition and the procedures to be followed at the Meeting. Please give this material your careful consideration, as it has been prepared to assist you in making an informed decision with respect to the Acquisition. Shareholders should review and carefully consider all of the information enclosed in the documents with your tax, financial, legal or other advisors. If you require further assistance, please do not hesitate to contact the Company's proxy solicitation agent, D.F. King Canada, toll free at 1-800-622-1678 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com.

To ensure that your shares will be represented at the Meeting, the Board urges you to complete, sign and date the applicable enclosed proxy form and return it in the envelope provided as soon as possible and, in any event, by no later than 10:00 a.m. (Eastern Time) on March 7, 2016. Please review the Circular for additional details on how to vote your shares.

We believe Corus' acquisition of Shaw Media represents a unique opportunity to combine two of Canada's leading media organizations into a large, growth-oriented, integrated media and content company that is strongly positioned to succeed in a dynamic media landscape. This will enhance shareholder value over the long term. We encourage you to vote in favour of this transformative acquisition and we thank you for your past and ongoing support of Corus.

Yours very truly,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

DOUGLAS D. MURPHY
President and Chief Executive Officer



The Path Ahead for Corus Shareholders	
Game-Changing Scale and Enhanced Shareholder Value	✓
Strong Growth Platform with New and Diversified Revenue Opportunities	✓
Expanding Portfolio of Owned Content is a Catalyst for Global Growth	✓
Well Positioned to Compete in a Dynamic Media Landscape	✓
Significant Operational Synergies Anticipated	✓
Best-in-Class Management Team and Strong Board Composition	✓
Advancing Corus' Strategic Objectives	✓
Barclays Valuation/Fairness Opinion and RBC Fairness Opinion	✓



THE BOARD HAS APPROVED THE ACQUISITION AND RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS SET FORTH IN THE CIRCULAR AND FORM OF PROXY.

QUESTIONS OR ASSISTANCE, PLEASE CALL D.F. KING TOLL-FREE AT 1-800-622-1678 OR VISIT WWW.ASTRONGNEWCORUS.COM FOR FURTHER DETAILS



CORUS ENTERTAINMENT INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of Class A participating shares (the "**Class A Shares**") and Class B non-voting participating shares (the "**Class B Shares**") and together with the Class A Shares, the "**Shares**") of Corus Entertainment Inc. ("**Corus**" or the "**Company**") will be held at Corus Quay, 25 Dockside Drive, Toronto, Ontario on Wednesday, the 9th day of March, 2016 at 10:00 a.m. (Eastern Time) for the following purposes:

1. to consider, and if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is attached as Schedule "A" to the accompanying management information circular (the "**Circular**") of Corus, approving the acquisition of all of the outstanding shares of Shaw Media Inc. ("**Shaw Media**") and all of the outstanding net indebtedness owing from Shaw Media to Shaw Communications Inc. ("**Shaw**"), or the completion of an alternative transaction to acquire the business of Shaw Media (the "**Acquisition**") from Shaw on, and subject to, the terms of the share purchase agreement dated January 13, 2016 entered into between Corus and Shaw, and the performance by Corus of its obligations thereunder, including, among other things, approval of the issuance of 71,364,853 Class B Shares forming part of the consideration to be paid to Shaw in connection with the Acquisition, all as more particularly set forth in the Circular (the "**Acquisition Resolution**");
2. provided that the Acquisition Resolution is approved, to approve an ordinary resolution to allow the board of directors of Corus to fix the number of directors of the Company, within the minimum and maximum number provided in the Articles of the Company, following the Acquisition; and
3. to transact such further and other business as may properly be brought before the Meeting and any adjournment(s) or postponement(s) thereof.

This Notice of Special Meeting is accompanied by the Circular, which provides additional information relating to the matters to be addressed at the Meeting, including the Acquisition, information regarding Shaw Media and certain pro forma and other combined information after giving effect to the Acquisition.

The Board has passed a resolution to fix February 5, 2016 (the "**Record Date**") as the record date for the determination of the Shareholders entitled to receive notice of and to vote at the Meeting, and any adjournment(s) or postponement(s) of the Meeting. Only Shareholders of record at the close of business (Eastern Time) on the Record Date will be entitled to vote at the Meeting, except to the extent that a Shareholder of record has transferred any Shares after that date and the transferee of such Shares establishes proper ownership and has requested, no later than 10 days before the Meeting, that such transferee's name be included in the list of Shareholders entitled to vote at the Meeting. Each holder of Class A Shares and/or Class B Shares is entitled to one vote for each such share held. Only the holders of Class A Shares of record at the close of business on the Record Date will be entitled to vote on the resolution allowing the Board to fix the number of directors of the Company following the Acquisition. Holders of Class B Shares are not entitled to vote on any matter proposed for consideration other than the Acquisition Resolution.

In order for the Acquisition to proceed, the Acquisition Resolution must be approved at the Meeting by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain "related parties" to the Company in accordance with the "minority approval" requirements of Part 8 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special*

Transactions). For this purpose, the Class A Shares and Class B Shares held by JR Shaw, the Shaw Family Living Trust and certain affiliates, together with their related parties and joint actors with such persons (collectively, the “**Excluded Shareholders**”), representing in the aggregate approximately 84.8% of the outstanding Class A Shares and approximately 8.1% of the outstanding Class B Shares, will be excluded, as described further in the Circular. See “Overview of Regulatory Approvals – Canadian Securities Law Matters – MI 61-101”.

Shareholders who are unable to attend the Meeting in person are requested to complete the accompanying proxy and mail it to the Company’s transfer agent, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1. A self-addressed envelope is provided for this purpose. Alternatively, Shareholders may, with the control number listed on the form of proxy, vote online at www.cstvotemyproxy.com, by telephone at 1-888-489-5760 (toll free Canada and U.S.) or by smartphone using the QR code provided. In order to be valid for use at the Meeting, the proxies must be received by the Company no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or an adjournment or postponement thereof. Beneficial owners are requested to complete the accompanying voting instruction form as specified in the request for the voting instruction form enclosed with the mailing to you.

DATED at Toronto, Ontario, this 9th day of February, 2016.

By the Order of the Board of Directors

A handwritten signature in black ink, appearing to be 'G. Maavara', with a long horizontal stroke extending to the right.

GARY MAAVARA
Secretary

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INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as of February 9, 2016, except where otherwise noted. No person has been authorized to give any information or to make any representations in connection with the Acquisition and the other matters discussed in this Circular other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company, Shaw or Shaw Media and should not be relied upon.

Certain information in this Circular pertaining to Shaw Media, including, but not limited to, the information contained in Schedules “C” and “D” to this Circular has been furnished by Shaw and Shaw Media. Although Corus does not have any knowledge that would indicate that such information contained herein concerning Shaw Media is untrue or incomplete, neither Corus nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for the failure by Shaw and Shaw Media to disclose events or information regarding Shaw Media that may affect the completeness or accuracy of such information.

Descriptions in this Circular regarding the terms of the Acquisition Agreement and the Governance and Investor Rights Agreement are summaries of the material terms of those documents and are subject to, and qualified in their entirety by, the full text of such agreements. The full text of the Acquisition Agreement is appended to this Circular as Schedule “B” and has been filed by Corus on SEDAR at www.sedar.com. The Governance and Investor Rights Agreement, substantially in the form attached as Exhibit A to the Acquisition Agreement, will be entered into at the closing of the Acquisition.

FORWARD-LOOKING INFORMATION

This Circular, the pro forma consolidated financial statements of Corus and certain material incorporated by reference includes or incorporates by reference certain statements that are “forward-looking information” within the meaning of applicable securities legislation. The forward-looking information in this Circular is presented for the purpose of providing disclosure of the current expectations of the Company’s future events or results, having regard to current plans, objectives and proposals, including the intention to proceed with the Acquisition, and such information may not be appropriate for other purposes. Forward-looking information relates to, among other things, the Company’s objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this Circular uses words such as “may”, “would”, “could”, “should”, “will” “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “pro forma” and similar expressions suggesting future outcomes or events to identify forward-looking information. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict.

Forward-looking information contained in this Circular includes, but is not limited to, statements relating to the following items:

- (a) the potential to create approximately \$40 to \$50 million of cost synergies in addition to immediate savings of approximately \$15 million in corporate overhead charges that will no longer be allocated from Shaw to Shaw Media;
- (b) the timing of realization of cost synergies and the areas from which cost synergies will be derived, such as from operational efficiencies, the consolidation of facilities and real estate, systems, programming expenditure and other savings;
- (c) the fact that the Acquisition would be immediately accretive to Corus on an earnings per share and free cash flow per share basis;
- (d) the financing of the Acquisition and related transactions, such as the repayment of the Existing Credit Facilities and the redemption of the Existing Notes, the borrowing under the Debt Bridge Facility, the New Term Credit Facility and the New Revolving Credit Facility, the Proposed Debt

- Offering, the Equity Offering and the Concurrent Private Placement, including the manner in which those transactions will be financed, the expected sources and uses of funds and the anticipated timing of when those financings will be completed;
- (e) that, following the Acquisition, Corus will maintain a strong balance sheet and financial profile;
 - (f) that Corus intends to maintain the existing annualized dividend rate of \$1.14 per Class B Share following closing of the Acquisition;
 - (g) the anticipated pro forma total debt / LTM Adjusted EBITDA ratio of approximately 3.9 times and the fact that management is targeting to reduce this ratio to below 3.0 times by the end of fiscal 2018;
 - (h) expectations regarding the Acquisition, including the satisfaction of conditions and approvals required to complete the Acquisition in accordance with the terms and conditions of the Acquisition Agreement and the timing of completion of the Acquisition, if at all;
 - (i) expectations regarding receipt of all necessary approvals, including CRTC Approval;
 - (j) the expectation that Corus' acquisition of Shaw Media will create a powerful integrated media and content company, with the scale to compete, the brands to entice and the content to engage;
 - (k) that the Acquisition will enable revenue diversification and strong free cash flow generation across the Combined Company's specialty and conventional television, radio, content and digital businesses;
 - (l) the highlights of the Combined Company, such as market share, audience reach and rankings of specialty channels;
 - (m) the belief that the Combined Company will have the scale and the assets to drive growth as a strong, future-focused media company;
 - (n) the ability of the Combined Company to purchase premium content and share it across the Company's portfolio in order to drive ratings and to be in a position to provide compelling advertising solutions to advertisers;
 - (o) the ability of the Combined Company to gain market share in the television advertising market;
 - (p) the Combined Company's intention to leverage the purchasing power and synergistic nature of the Global brand to strengthen the Company's content, marketing mix and cross-promotional capabilities at both the local and national levels;
 - (q) the belief that the Combined Company can monetize adult audiences watching kids' television through its "co-viewing" sales strategy;
 - (r) the belief that the increased Canadian Programming Expenditures or "CPE" available through the Acquisition will enable the Company to accelerate its strategic priority to own more content;
 - (s) expectations regarding the operations of the Shaw Media business and the Combined Company following completion of the Acquisition and the expectation that Corus' acquisition of Shaw Media will create a powerful integrated media and content company, with the scale to compete, the brands to entice and the content to engage viewers and audiences;
 - (t) financial information relating to the Combined Company;

- (u) the accuracy of management's assessment regarding the effects on the Combined Company following the successful completion of the Acquisition; and
- (v) the trading price of the Class B Shares.

Certain material assumptions made, and material risk factors with respect to, the forward-looking information referred to above include the following:

- with respect to synergies, management has assumed the ability to complete the Acquisition and integrate the business of Shaw Media in a timely manner and that the Combined Company will have the ability to achieve synergies consistent with management's current expectations. Risk factors include the ability of the Combined Company to successfully achieve operational efficiencies, the consolidation of facilities and real estate, systems, programming expenditure and other savings consistent with management's current expectations and those risk factors referred to in "– Integration of the Combined Company" under the heading "Risk Factors – Risks Related to the Acquisition";
- with respect to the Combined Company's balance sheet, financial profile, dividend rate and pro forma total debt / LTM Adjusted EBITDA ratio, management has assumed a capital structure consistent with that set out in "Consolidated Capitalization" (adjusting for the Acquisition and the other items referred to under such heading) and has assumed the amounts set out in the calculation of pro forma total debt / LTM Adjusted EBITDA ratio under "Non-IFRS Measures". Management has also assumed the maintenance of an annualized dividend rate of \$1.14 per Class B Share and that strong free cash flows of the Combined Company will continue and will be equal to or greater than the free cash flow of the Combined Company for the 2015 fiscal year, adjusted for the discontinuation of the Pay TV services and the impact of interest on incremental debt to finance the Acquisition. Risk factors include the fact that free cash flow of the Combined Company cannot be predicted with certainty and those risk factors referred to in "– Leverage Risk" and "– No Assurance of Future Performance" under the heading "Risk Factors – Risks Related to the Acquisition";
- with respect to financing, management has made certain assumptions with respect to fees, interest rates and the timing of completion of the Acquisition and the Proposed Debt Offering. Risk factors include those referred to in "– Execution of the Financing of the Acquisition" under the heading "Risk Factors – Risks Related to the Acquisition";
- with respect to the expected timing of the Acquisition, management has assumed that the Acquisition will close in the third quarter of fiscal 2016. Risk factors include the ability to obtain all required regulatory and other approvals on a timely basis, including the approval of Corus shareholders described in this Circular and those risk factors referred to in "– Possible Failure or Delay in the Acquisition" and "– Regulatory Approvals" under the heading "Risk Factors – Risks Related to the Acquisition"; and
- with respect to the attributes of the Combined Company and the ability of the Combined Company to successfully achieve the matters referred to above, management has made certain assumptions based on its knowledge of Shaw Media and its due diligence and other work in connection with its evaluation of the Acquisition. Risk factors include those referred to in "– Integration of the Combined Company", "– Unexpected Costs or Liabilities Related to the Acquisition" and "– No Assurance of Future Performance" under the heading "Risk Factors – Risks Related to the Acquisition" and those referred to under the heading "Risk Factors – Risks Related to Shaw Media's Business".

Whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond Corus' control, and the effects of which can be difficult to predict. Certain material factors or assumptions are applied in making forward-looking statements. With respect to the Acquisition, these material factors or assumptions also include, without limitation, factors and assumptions regarding completion of the Acquisition on terms set out in the Acquisition Agreement and in a manner consistent with management's expectations, the timing of completion of the Acquisition, the accuracy of management's assessment of the effects of the completion of the Acquisition, including the ability to generate synergies consistent with management's expectations, maintenance by the Company's board of directors of the dividend on the Class B Shares at its existing level and the ongoing performance of the businesses of Corus and Shaw Media. With respect to other forward-looking information, these material factors or assumptions include, without limitation, factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those

expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the ability of the Company to attract and retain advertising revenues; audience acceptance of the Company's and Shaw Media's television programs and networks; the Company's ability to recoup production costs; the availability of tax credits and the existence of co-production treaties; the Company's ability to compete in any of the industries in which it does business; the opportunities (or lack thereof) that may be presented to and pursued by the Company; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws or regulations; the Company's ability to integrate and realize anticipated benefits from its acquisitions and to effectively manage its growth; the Company's ability to successfully defend itself against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Potential investors should also refer to the risk factors described under the heading "Risk Factors" in this Circular and under the heading "Risk Factors" in the 2015 AIF and the management's discussion and analysis of the financial condition and results of operations of the Company for the year ended August 31, 2015. Corus cautions that the foregoing list of important factors that may affect future results is non-exhaustive.

In evaluating any forward-looking information contained or incorporated by reference in this Circular, Corus cautions readers not to place undue reliance on any such forward-looking information. All forward-looking information in this Circular speaks as of the date of this Circular. Unless otherwise required by applicable securities laws, the Company does not intend, nor does the Company undertake any obligation, to update or revise any forward-looking information contained or incorporated by reference in this Circular to reflect subsequent information, events, results, circumstances or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the Company's filings with securities regulatory authorities, including under the heading "Risks and Uncertainties" in the management's discussion and analysis of the financial condition and results of operations of the Company for the year ended August 31, 2015 and under the heading "Risk Factors" in the Company's 2015 AIF, which are available on SEDAR at www.sedar.com. These filings are also available on the Company's website at www.corusent.com. Information contained on, or accessible through, the Company's website is not deemed to form a part of, or be incorporated by reference into, this Circular, except as specifically provided in "Documents Incorporated by Reference".

REPORTING CURRENCY AND ACCOUNTING PRINCIPLES

Unless otherwise specified, all amounts contained within this Circular are reported in Canadian dollars. The financial statements of the Company are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All financial information of Shaw Media and the historical financial statements of Shaw Media contained in Schedule "D" to this Circular are reported in Canadian dollars and have been prepared in accordance with, or derived from financial statements prepared in accordance with, IFRS as issued by the International Accounting Standards Board.

The Company's fiscal year end occurs on August 31 in each calendar year. The fiscal year end of Shaw Media also occurs on August 31 in each calendar year.

NON-IFRS MEASURES

This Circular contains references to certain measures that do not have a standardized meaning under IFRS as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company presents non-IFRS measures, specifically "Adjusted EBITDA" (also referred to as "segment profit") and "free cash flow". In addition, Shaw Media presents non-IFRS measures, specifically "Adjusted EBITDA" (also referred to as "operating income before restructuring costs and amortization") and "free cash flow". In addition, the Circular presents Adjusted EBITDA (also referred to as "segment profit"), "free cash flow" and "pro forma total debt / LTM adjusted EBITDA" for the Combined Company. The Company believes these non-IFRS measures are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures. The non-IFRS measures described in this Circular (excluding the documents incorporated by reference) are set out below. Other non-IFRS measures are described in the documents incorporated by reference in this Circular.

"**Adjusted EBITDA**" is presented as an alternative measure of earnings for each of Corus and Shaw Media, and also for the Combined Company, assuming completion of the Acquisition. Adjusted EBITDA is also referred to by the Company as "segment profit" and by Shaw Media as "operating income before restructuring costs and amortization". The Company believes Adjusted EBITDA is an important measure as it allows the Company to evaluate the operating performance of the Company or Shaw Media, as the case may be, and the ability to service and/or incur debt. Therefore, it is calculated as net income (loss) before: (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; (iii) income tax expense; and (iv) items not indicative of core operating results, and not used in management's evaluation of the business' performance, such as: broadcast license and goodwill impairment; intangible impairment; business acquisition, integration and restructuring costs; and other (income) expense, net. Management believes that Adjusted EBITDA is also one of the measures used by the investing community to value the Company and would be one of the measures used by the investing community to value Shaw Media. Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Adjusted EBITDA should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The following table reconciles Adjusted EBITDA to net income (loss) for the fiscal year ended August 31, 2015, for each of Corus and Shaw Media and for the Combined Company, assuming completion of the Acquisition.

	Year ended August 31, 2015 (thousands of dollars)		
	Corus	Shaw Media	Combined
Net income (loss) for the year	(19,500)	172,767	153,267
Depreciation and amortization	24,057	30,195	54,252
Interest expense	50,936	(118)	50,818
Income tax expense	30,993	61,530	92,523
EBITDA	86,486	264,374	350,860
Broadcast license and goodwill impairment	130,000	-	130,000
Intangible impairment	51,786	-	51,786
Business acquisition, integration and restructuring costs	19,032	12,485	31,517
Other (income) expense, net	(10,117)	64,914	54,797
Adjusted EBITDA⁽¹⁾	277,187	341,773	618,960

Note:

(1) Adjusted EBITDA is also referred to by the Company as segment profit and by Shaw Media as operating income before restructuring costs and amortization.

“free cash flow” is presented as an alternative measure of cash flow for each of Corus and Shaw Media, and also for the Combined Company, assuming completion of the Acquisition. Free cash flow is calculated as cash provided by (used in) operating activities, less cash used in investing activities, as reported in the consolidated statements of cash flows, and then adjusting for the following: cash used for business combinations and strategic investments, cash received from strategic divestments; and cash due to parent. Management believes that free cash flow is a key metric used by the investing community that measures a company’s ability to repay debt, finance strategic business acquisitions and investments, pay dividends, and repurchase shares. Free cash flow does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Free cash flow should not be considered in isolation or as a substitute for cash flow prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The following table reconciles free cash flow to cash provided by (used in) operating activities for the year, for each of Corus and Shaw Media and for the Combined Company, assuming completion of the Acquisition, but excluding the impact of interest on incremental debt to finance the Acquisition.

	Year ended August 31, 2015 (thousands of dollars)		
	Corus	Shaw Media	Combined
Cash provided by (used in) operating activities	210,363	136,681	347,044
Cash used in investing activities	(28,915)	(115,092)	(144,007)
	181,448	21,589	203,037
Add back:			
Cash used for business combinations and strategic investments ⁽¹⁾	19,765	99,498	119,263
Due to parent	-	108,505	108,505
Free cash flow	201,213	229,592	430,805⁽²⁾

Notes:

- (1) Strategic investments are comprised of investments in venture funds and associated companies and includes interests relating to Shomi Partnership, which was not acquired.
- (2) Combined free cash flow excludes the impact of interest and mandatory amortization on incremental debt to finance the Acquisition.

“pro forma total debt / LTM Adjusted EBITDA ratio” for the Company is calculated as the total debt of Corus to be assumed upon completion of the Acquisition divided by the sum of the segment profit of Corus for the 12 months ended November 30, 2015 (less adjusted segment profit from the Pay TV business for the 12 months ended November 30, 2015), plus the operating income before restructuring costs and amortization of Shaw Media for the 12 months ended November 30, 2015.

The following table sets out the calculation of pro forma total debt / LTM Adjusted EBITDA ratio:

	(millions of dollars)
New Term Credit Facility	2,000
New Revolving Credit Facility	-
New senior unsecured notes to be issued pursuant to Proposed Debt Offering	300
Pro Forma Total Debt	2,300
LTM segment profit of Corus	280
Less: adjusted segment profit of Corus Pay TV business	(32)
LTM segment profit of Corus (excluding Pay TV business)	248
LTM operating income before restructuring costs and amortization of Shaw Media	341
Combined LTM Adjusted EBITDA of Corus (excluding Pay TV business) and Shaw Media	589
Pro forma total debt / LTM Adjusted EBITDA ratio	3.9



REASONS TO VOTE IN FAVOUR OF THE ACQUISITION RESOLUTION

The proposed Acquisition is expected to be a transformative transaction for the Company. Corus' acquisition of Shaw Media is expected to create a powerful integrated media and content company with the scale to compete, the brands to entice and the content to engage. In making their respective recommendations, the Corus Special Committee and the Board reviewed a significant amount of information and considered a number of factors, including those listed below. The Board has approved the Acquisition and recommends that Shareholders vote **IN FAVOUR** of the resolutions set out in this Circular and in the form of proxy.

Reasons to Vote FOR the Acquisition

Game-Changing Scale and Enhanced Shareholder Value: The Acquisition more than doubles Corus' scale. The Combined Company commands 34.5% of the English language television audience³ and represents fiscal 2015 revenue of \$1.9 billion, \$619 million in adjusted EBITDA and \$431 million in free cash flow⁴, which is expected to enable Corus to maintain its current dividend of \$1.14 per Class B share. The Acquisition is expected to be immediately accretive on an earnings per share and free cash flow per share basis.

Strong Growth Platform with New and Diversified Revenue Opportunities: The Combined Company will leverage its enhanced scale and scope (including specialty and conventional TV, radio, digital and content) to share and promote its content and brands across platforms and to offer more competitive advertising solutions.

Expanding Portfolio of Owned Content is a Catalyst for Global Growth: The international content market represents a significant opportunity for the Combined Company. The strength of its market-leading women, kids and family brands provides an even greater opportunity to scale up the production of quality Canadian Content to drive domestic ratings and increase global sales.

Well Positioned to Compete in a Dynamic Media Landscape: Leadership in key audience segments positions the Combined Company for success in the new Canadian "pick and pay" environment and the addition of Global Television offers a powerful entry into conventional television. Television represented an estimated \$3.2 billion in advertising in 2015⁵ and remains the most effective medium to reach mass audiences. In this dynamic media landscape, the Combined Company is well positioned to leverage opportunities to cross-promote its brands and content across platforms and to offer compelling bundled advertising solutions.

Significant Operational Synergies Anticipated: The Combined Company is expected to generate an estimated \$40 to \$50 million in annual cost synergies, in addition to immediate savings of approximately \$15 million in corporate overhead charges that will no longer be allocated from Shaw to Shaw Media.

Best-in-Class Management Team and Strong Board Composition: The Combined Company will bring together highly skilled talent from both companies to create an effective, growth-oriented team. The Board will benefit from the addition of three seasoned current and former Shaw executives.

Advancing Corus' Strategic Objectives: Management believes the Acquisition advances Corus' three strategic priorities, including to: (1) Own and Control More Content, (2) Engage Our Audiences and (3) Expand into New and Adjacent Markets.

Valuation and Fairness Opinions: An independent formal valuation and fairness opinion from Barclays Capital Canada Inc. determined that the fair market value of Shaw Media was in the range of \$2.45 to \$2.85 billion and that the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus. Corus' financial advisor, RBC Dominion Securities Inc., also determined that the acquisition price of \$2.65 billion was fair, from a financial point of view, to Corus.

³ Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada (English), Specialty and Conventional Channels, Monday – Sunday 2 am – 2 am, Audience Share %, Sum of Individuals ages 2+, % rounded to nearest whole number.

⁴ FY2015 free cash flow excludes impact of debt servicing (interest and mandatory amortization) on incremental debt to finance the Acquisition and includes Corus' Pay TV business. Corus will discontinue Pay TV business in FY 2016.

⁵ Source: Television Bureau of Canada (now known as Think TV) Time Sales Survey – 2014/2015 Broadcast Year (weeks 1-52), Total Canada, 12 month net revenue (\$ billions).

CORUS ENTERTAINMENT INC.

SPECIAL MEETING OF SHAREHOLDERS March 9, 2016

MANAGEMENT INFORMATION CIRCULAR

PART I - Q&A ON THE ACQUISITION, VOTING RIGHTS AND SOLICITATION OF PROXIES

The following is intended to answer certain key questions concerning the Acquisition and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular. Capitalized terms used in this summary and elsewhere in this Circular and not otherwise defined have the meanings given to them under the heading "Glossary of Terms" in this Circular.

What is this document?

This Circular is a management information circular sent to Corus shareholders in advance of a special meeting of shareholders as set out in the Notice of Special Meeting of Shareholders. This Circular provides additional information in respect of the business of the Meeting, Corus and Shaw Media. References in this Circular to the Meeting include any adjournment(s) or postponement(s) that may occur. You can vote at the Meeting in person (if you are a registered shareholder) or by proxy. A form of proxy or voting instruction form accompanies this Circular.

When and where is the Meeting?

The Meeting will be held at Corus Quay, 25 Dockside Drive, Toronto, Ontario at 10:00 a.m. (Eastern Time) on March 9, 2016.

Who is soliciting my proxy?

Proxies are being solicited in connection with this Circular by the management of the Company. Costs associated with the solicitation will be borne by the Company. The solicitation will be made primarily by mail, but proxies may also be solicited personally by regular employees of the Company for which no additional compensation will be paid. In addition, the Company has retained the services of D.F. King Canada to solicit proxies for the Company for a management fee of approximately \$80,000 plus disbursements and other expenses.

Who can attend the Meeting?

Holders of Class A Shares and Class B Shares of record at the close of business (Eastern Time) on February 5, 2016 and their duly appointed representatives will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Registered holders of Shares of record and their duly appointed proxyholders may attend the Meeting in person. If you are a Non-Registered Shareholder and wish to attend the Meeting in person, you may appoint yourself as proxyholder by inserting your name in the appropriate space on the paper proxy form or voting instruction form, or electronic proxy if voting electronically, or by following the instructions provided by your Intermediary.

What will Shareholders be voting on at the Meeting?

At the Meeting, the holders of the Class A Shares and Class B Shares will each be asked to consider and vote upon a resolution to approve the Acquisition on, and subject to, the terms of the Acquisition Agreement and the performance by Corus of its obligations thereunder, including, among other things, approval of the issuance of

71,364,853 Class B Shares forming part of the consideration to be paid to Shaw in connection with the Acquisition. The full text of the Acquisition Resolution is set out in Schedule "A" to this Circular.

Provided that the Acquisition Resolution is approved, the holders of the Class A Shares will also be asked to consider and vote upon a resolution to allow the Board to fix the number of directors of the Company following the Acquisition, within the minimum and maximum number provided in the Articles of the Company.

Who is eligible to vote at the Meeting and what are the voting approval levels required?

The holders of Class A Shares and Class B Shares of record at the close of business on February 5, 2016, being the Record Date, will be entitled to vote on certain matters at the Meeting. Each holder of Class A Shares and/or Class B Shares is entitled to one vote for each such share held.

Holders of Class A Shares and Class B Shares will be asked to vote on the Acquisition Resolution at the Meeting.

- *Acquisition Resolution:* In order for the Acquisition to proceed, the Acquisition Resolution must be approved at the Meeting by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain "related parties" to the Company in accordance with the "minority approval" requirements of Part 8 of MI 61-101). As JR Shaw and the Shaw Family Living Trust are each a "related party" of an interested party (Shaw), pursuant to MI 61-101, the Shaw Family Living Trust and certain affiliates, together with their related parties and joint actors with such persons, will each be considered an Excluded Shareholder. See "Overview of Regulatory Approvals – Canadian Securities Law Matters – MI 61-101". To the knowledge of the Company, the Excluded Shareholders hold an aggregate of 2,906,496 Class A Shares and 6,827,100 Class B Shares, representing in the aggregate approximately 84.8% of the outstanding Class A Shares and approximately 8.1% of the outstanding Class B Shares. The Shares held by Excluded Shareholders will be excluded for purposes of calculating the requisite approval of the Acquisition Resolution in accordance with the "minority approval" requirements under MI 61-101 and the requirements of the TSX.

The Company currently has 3,425,672 Class A Shares outstanding, of which 2,906,496 will be excluded for purposes of the required "minority approval" of the Acquisition Resolution by the holders of the Class A Shares. As a result, only 519,176 Class A Shares will be eligible for inclusion in a determination of whether the "minority approval" threshold for the Class A Shares has been met in respect of the Acquisition Resolution. A significant majority of the Class A Shares not held by members of the Shaw family are held by current and former directors and officers of Corus.

In addition, holders of Class A Shares will also be asked to vote on the resolution allowing the Board to fix the number of directors of the Company, within the minimum and maximum number provided in the Articles of the Company.

- *Resolution Allowing the Board to Fix the Number of Board Directors:* At the annual general meeting of Corus shareholders held on January 13, 2016, the Shareholders fixed the size of the Board at 10 directors. Following the closing of the Acquisition, pursuant to the Governance and Investor Rights Agreement, Corus has agreed to grant Shaw the right to nominate up to three nominees to the Board (subject to certain ownership thresholds). In order to appoint these additional directors, the Board size must be increased.

As a result, provided Shareholder Approval of the Acquisition Resolution is received, holders of Class A Shares of record at the close of business on the Record Date will also be asked to vote separately as a class on the resolution allowing the Board to fix the number of directors of the Company following the Acquisition, within the minimum and maximum number provided in the Articles of the Company. Holders of Class B Shares are not entitled to vote on any matter proposed for consideration other than the Acquisition Resolution and, accordingly, will not be entitled to vote on the resolution allowing the Board to fix the number of board directors.

What is the proposed Acquisition?

The proposed Acquisition refers to the acquisition by Corus from Shaw of all of the issued and outstanding shares of Shaw Media and all of the outstanding net indebtedness owing from Shaw Media to Shaw, or the completion of an alternative transaction to acquire the business of Shaw Media on, and subject to, the conditions set out in the Acquisition Agreement entered into on January 13, 2016 between Corus and Shaw. The purchase price in respect of the transaction is \$2.65 billion, to be paid through a combination of \$1.85 billion in cash and by the issuance to Shaw of 71,364,853 Class B Shares (representing the Consideration Shares). The transaction will give Corus ownership of Shaw Media's leading brands, resulting in a Combined Company with a portfolio of 45 specialty television services, including leading women and lifestyle, kids and family and general entertainment brands, a national network of 15 conventional television stations, 39 radio stations, a global original content business and a suite of digital assets.

Upon closing of the Acquisition, Shaw is expected to hold approximately 37.8% of the aggregate outstanding Class B Shares (taking into account the 32,770,000 Class B Shares issuable in satisfaction of Subscription Receipts issued under the Equity Offering and Concurrent Private Placement). The Acquisition Agreement provides that, on closing of the Acquisition, Corus and Shaw will enter into the Governance and Investor Rights Agreement. Pursuant to this agreement, Shaw will agree to lock-up arrangements whereby 100% of the Class B Shares received from Corus in connection with the Acquisition will be subject to restrictions on sale, with 1/3 of the locked-up shares being released after 12 months, another 1/3 being released after 18 months and the final 1/3 being released after 24 months, in each case, following the closing date of the Acquisition. Shaw has further agreed that 100% of its shares subject to these lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) will participate in the Company's DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements.

How does the Company intend to finance the cash portion of the Acquisition?

The Purchase Price for the Acquisition is \$2.65 billion, to be satisfied by Corus through a combination of \$1.85 billion in cash consideration and by the issuance of the Consideration Shares to Shaw at an agreed value per share of \$11.21 for an aggregate value of \$800 million.

The cash consideration for the Acquisition and the re-financing of existing Corus debt will be financed through a combination of debt and equity.

- *New Credit Facilities and Bridge Facilities:* Corus entered into commitment letters on January 12, 2016 with a Canadian chartered bank, which has agreed to provide fully committed financing for the Acquisition and certain related refinancings. The source of financing for the Acquisition will be partially drawn from: (i) up to \$2.3 billion in the New Credit Facilities, consisting of a \$300 million revolving credit facility and a \$2.0 billion term credit facility; and (ii) the Debt Bridge Facility in the aggregate principal amount of up to \$300 million. As a result of the completion of the Equity Offering and Concurrent Private Placement, the amounts available for Corus to draw under the Corus Debt Financings have been reduced by \$260 million and may be further reduced to the extent any other Corus Offerings are completed prior to the closing of the Acquisition. See "Description of the Acquisition – Financing the Acquisition".
- *Equity Offering:* The Acquisition will be partially financed by the net proceeds received by Corus from the sale of Subscription Receipts under the Equity Offering. On February 3, 2016, Corus completed its offering of 25,400,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt, for gross proceeds of approximately \$228,600,000. On February 5, 2016, the underwriters in the Equity Offering exercised their option to purchase an additional 3,810,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt, for additional gross proceeds of approximately \$34,290,000, representing total gross proceeds from the Equity Offering of \$262,890,000. See "Description of the Acquisition – Financing the Acquisition – Equity Offering".
- *Concurrent Private Placement:* Concurrently with the Equity Offering, on February 3, 2016, the Shaw family purchased 3,560,000 Subscription Receipts on a private placement basis at a price of \$9.00 per Subscription Receipt, for gross proceeds to the Company of \$32,040,000. The Shaw family has also agreed with the underwriters in the Equity Offering not to directly or indirectly sell, agree or offer to sell, authorize,

issue or grant any option for the sale of, or otherwise dispose of any of the Subscription Receipts issued pursuant to the Concurrent Private Placement for a period of 90 days following the closing of the Equity Offering, without the Company's prior consent.

- *Proposed Debt Offering:* Pursuant to the Proposed Debt Offering, Corus intends to raise approximately \$300 million from the proceeds of a future private placement of new senior unsecured notes. The terms of the Proposed Debt Offering by the Company have not yet been finalized, and the Company has not entered into any agreement relating to the Proposed Debt Offering. If the Proposed Debt Offering is completed for minimum proceeds of \$300 million, the funds from the issuance of new senior unsecured notes pursuant to the Proposed Debt Offering would replace the Debt Bridge Facility (which would accordingly be cancelled).

See "Description of the Acquisition – Financing the Acquisition – Equity Offering" and "Description of the Acquisition – Financing the Acquisition – Proposed Debt Offering".

The proceeds of the financings described above are expected to be used to fund the cash portion of the Purchase Price for the Acquisition and transaction expenses, refinance existing indebtedness of Corus, and redeem all of Corus' 4.25% senior unsecured notes due February 2, 2020, of which \$550 million principal amount (plus accrued and unpaid interest) is outstanding. The outstanding indebtedness under the Existing Credit Facilities was \$239 million as at November 30, 2015 and \$71 million as at February 8, 2016.

When does Corus expect the Acquisition to close?

If Shareholder Approval is obtained, the Acquisition is expected to close in Corus' third fiscal quarter in 2016. The Acquisition is also conditional upon the receipt of certain consents and waivers from third parties relating to the Acquisition and the satisfaction of other customary conditions, including receipt of CRTC Approval. There can be no assurance that any such approvals will be obtained or that any such conditions will be satisfied or waived. See "The Acquisition Agreement and Ancillary Agreements" and "Overview of Regulatory Matters".

Has Corus received a formal valuation and fairness opinions in connection with the Acquisition?

In connection with the Acquisition, Barclays provided the Barclays Valuation and Fairness Opinion and RBC provided the RBC Fairness Opinion.

The Barclays Valuation and Fairness Opinion determined that, as of January 12, 2016 and based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the fair market value of Shaw Media was in the range of \$2.45 to \$2.85 billion. In addition, the Barclays Valuation and Fairness Opinion provided that, as of such date, based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus.

The RBC Fairness Opinion provided that as of January 12, 2016, based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus.

The full text of the Barclays Valuation and Fairness Opinion and the RBC Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with such opinions, are attached as Schedules "F" and "G" to this Circular.

See "Description of the Acquisition – Valuation and Fairness Opinions" and "Overview of Regulatory Matters – Canadian Securities Law Matters – MI 61-101".

What does the Board think of the Acquisition?

After consideration and discussion, including with RBC, Barclays and Corus' external legal advisors, the Board (with certain interested directors abstaining) based in part on the recommendation of the Corus Special Committee and

review of the Barclays Valuation and Fairness Opinion and RBC Fairness Opinion, as described in the Circular, and the advice of management, financial advisors and legal counsel, unanimously determined that the Acquisition is in the best interests of Corus. **The Board has approved the Acquisition and recommends that Shareholders vote IN FAVOUR of the resolutions set out in this Circular.** See “Description of the Acquisition – Recommendation of the Board”.

What are the reasons for the Board and Special Committee recommendations?

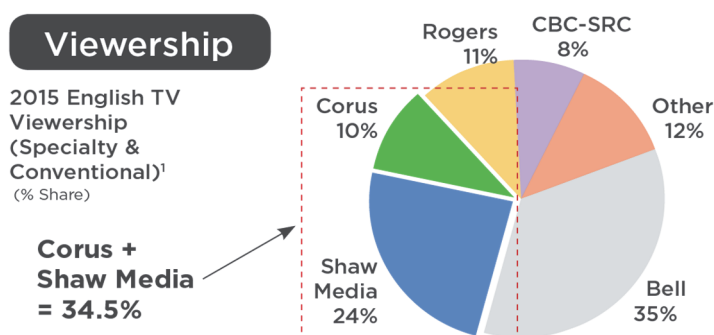
The proposed Acquisition is expected to be a transformative transaction for the Company. Corus’ acquisition of Shaw Media is expected to create a powerful integrated media and content company, with the scale to compete, the brands to entice and the content to engage. The Acquisition is anticipated to result in immediate operational efficiencies and differentiated scale in a massive media market, while being highly free cash flow generative. The Acquisition will also enable Corus to grow its content portfolio to monetize across all platforms.

In making their respective recommendations, the Special Committee and the Board reviewed a significant amount of information and considered a number of factors, including those listed below. The following includes forward-looking information and readers are cautioned not to place undue reliance on such forward-looking information.

- *Game-Changing Scale and Enhanced Shareholder Value:* The Acquisition more than doubles Corus’ scale, creating a combined suite of brands that encompasses 45 specialty services and 15 conventional television stations, 39 radio stations, a global original content business and a growing portfolio of digital assets.



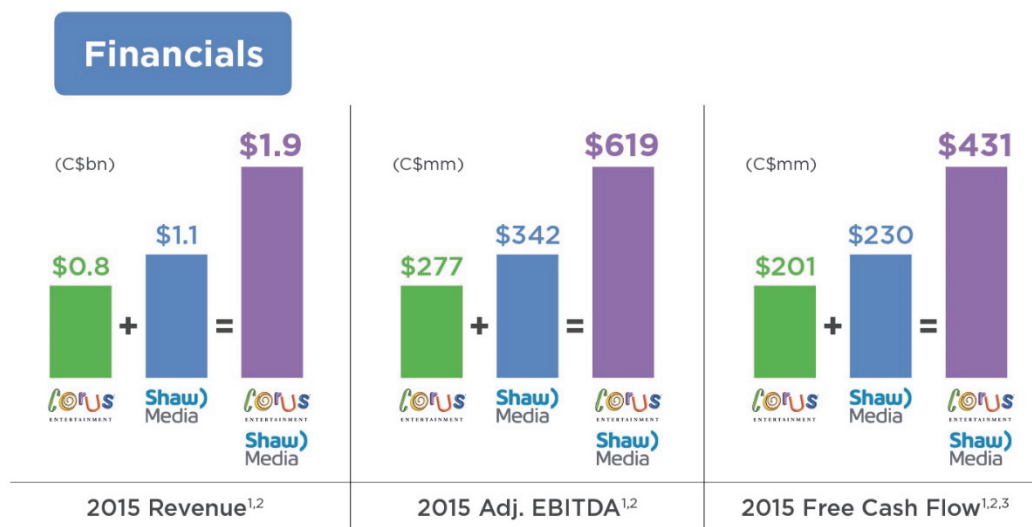
The Combined Company will command a 34.5% share of Canada's English television audience, making it one of the country's leading media providers.



Notes:

- (1) Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada (English), Specialty and Conventional Channels, Monday – Sunday 2 am – 2 am, Audience Share %, Sum of Individuals ages 2+, % rounded to nearest whole number

The financial scale of the Combined Company is significant, with combined fiscal 2015 revenues of \$1.9 billion, adjusted EBITDA of \$619 million and \$431 million in free cash flow. Importantly, the Combined Company's highly cash generative assets are expected to deliver meaningful shareholder value. Corus has a long track record of returning cash to its shareholders, and this strong free cash flow profile is expected to enable the Company to maintain its current dividend of \$1.14 per Class B Share. As well, the Acquisition is expected to be immediately accretive to earnings per share and free cash flow per share.



Notes:








- (1) Revenue, adjusted EBITDA and free cash flow figures based on the Company's 2015 annual consolidated figures.
 (2) Corus will discontinue its Pay TV business in FY 2016.
 (3) FY2015 free cash flow excludes impact of debt servicing (interest and mandatory amortization) on incremental debt to finance the Acquisition.
 (4) Source: Audited Company financial reports.

- **Strong Growth Platform with New and Diversified Revenue Opportunities.** The Acquisition combines two impressive portfolios of best-in-class brands, including specialty and conventional television, radio, digital and content assets, into a large, growth-oriented media and content company. The Combined Company will leverage its enhanced scale and scope to share and promote its content and brands across platforms, and to offer more competitive bundled and integrated advertising solutions, targeted to high-value audiences such as women, kids and families.







- **Expanding Portfolio of Owned Content is a Catalyst for Global Growth.** The international content market represents a significant opportunity for the Combined Company. As a globally renowned producer and distributor of kids content, Corus has recently expanded into owned reality content geared to women. The strength of the Combined Company's market-leading women, kids and family brands provides an even greater opportunity to scale up the production of quality Canadian Content for use on Corus' domestic networks and for increased sales through global distribution.
- **Well-Positioned to Compete in a Dynamic Media Landscape.** The Combined Company offers scale and strong free cash flow combined with original content, market-leading brands and emerging strength in digital. Its leadership in the highly valued specialty television audience segments of kids aged 2 to 11 and women and adults aged 25 to 54 positions Corus for success in the Canadian new "pick-and-pay" environment.

Powerhouse Portfolio of Top Media Brands







7 OF THE TOP 10 SPECIALTY CHANNELS

RANK ¹	STATION
1	
3	
4	
6	
7	
8	
10	

TOP 6 SPECIALTY CHANNELS AMONG WOMEN

RANK ²	STATION
1	
2	
3	
4	
5	
6	

6 OF THE TOP 10 KIDS CHANNELS

RANK ³	STATION
1	
2	
4	
6	
8	
9	

Note: Disney Jr. and Disney XD launched
December 1, 2015

Note: Disney Jr. and Disney XD launched December 1, 2015

Notes:

- (1) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Adults ages 25-54.
- (2) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Women ages 25-54.
- (3) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Kids ages 2-11.

Through Global Television, Corus will gain a powerful entry into conventional television, an enhanced ability to promote its brands and content across platforms and an opportunity to create robust bundled advertising offerings. Television remains the most effective medium to reach mass audiences and with the efficacy and scale of the Canadian television advertising market, estimated at \$3.2 billion in 2015, Corus' strengthened suite of combined television assets and attractive advertising solutions provide a compelling growth opportunity.⁶

- **Significant Operational Synergies Anticipated.** The Combined Company is expected to generate an estimated \$40 to \$50 million in annual cost synergies, in addition to immediate savings of approximately \$15 million in corporate overhead charges that will no longer be allocated from Shaw to Shaw Media. These cost synergies are expected to be realized within 24 months of completion of the Acquisition and are expected to be derived from operational efficiencies, the consolidation of facilities and real estate, systems, programming expenditure and other savings.

⁶ Source: Television Bureau of Canada (now known as Think TV) Time Sales Survey – 2014/2015 Broadcast Year (weeks 1-52), Total Canada, 12 month net revenue (\$ billions).

- **Best-in-Class Management Team and Strong Board Composition.** The management team of the Combined Company will bring together highly skilled talent from both companies to create an effective, growth oriented team. Barbara Williams, currently Executive Vice-President, Broadcasting, of Shaw, and President, Shaw Media, is one of the industry's most-respected executives. She will join Corus in a senior leadership role upon the closing of the Acquisition. The Board will benefit from the addition of three seasoned current and former Shaw executives, whose respective skills include a deep understanding of media distribution and content, capital markets and financing, retail and subscriber relationships, the regulatory environment, strategy and execution.
- **Advancing Corus' Strategic Objectives.** Management believes the Acquisition advances Corus' three strategic priorities, including:
 - **1. Own and Control More Content** – The Acquisition will strengthen the Company's portfolio of premium brands, bolstered by new partnerships and output deals with Scripps Networks Interactive, National Geographic, A + E Networks and others. The size of the Combined Company's required expenditures on Canadian programming will enable increased ownership and production of Canadian content, which is expected to increase global sales. The Company will also gain greater access to exclusive, first run content.
 - **2. Engage Our Audiences** – The Acquisition creates a portfolio of best-in-class brands with exceptional content and with significant cross-promotional opportunities across television, radio and digital. With these capabilities, strengthened by its audience intelligence data, the Company expects to deepen its engagement with audiences.
 - **3. Expand into New and Adjacent Markets** – The Acquisition provides Corus with a national conventional television presence and is expected to facilitate the addition of next generation advertising capabilities. Through Global Television, Corus will gain meaningful scale and a powerful entry into an adjacent market. Management believes that this scale will accelerate ownership of more women's, kids' and family content for global distribution. Management intends to drive new revenue opportunities across the Company's business through enhanced content sharing, advertising bundling, cross-promotion and next generation advertising solutions.



- **Barclays Valuation and Fairness Opinion.** Barclays, the independent valuator engaged by the Corus Special Committee in connection with the Acquisition, provided the Barclays Valuation and Fairness Opinion that

determined that, as of January 12, 2016 and based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the fair market value of Shaw Media was in the range of \$2.45 to \$2.85 billion. The purchase price payable to Shaw in connection with the Acquisition is at the midpoint of the Barclays Valuation and Fairness Opinion range. In addition, the Barclays Valuation and Fairness Opinion provided that, as of such date, based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus. See “ – Valuation and Fairness Opinions – Barclays Valuation and Fairness Opinion”, the full text of which is attached as Schedule “F” to this Circular.

- *RBC Fairness Opinion.* Corus’ financial advisor, RBC, provided the RBC Fairness Opinion to the Board that concluded that, as at the date of the RBC Fairness Opinion, and subject to the assumptions, limitations, qualifications and other matters contained therein, the consideration payable under the Acquisition was fair, from a financial point of view, to Corus. See “ – Valuation and Fairness Opinions – RBC Fairness Opinion”, the full text of which is attached as Schedule “G” to this Circular.
- *Fully Financed Offer.* The cash component payable to Shaw pursuant to the Acquisition as well as Corus’ transaction costs, the redemption of the Existing Notes (including the redemption fee for early redemption of the Existing Notes) and the repayment of the Existing Credit Facilities have been fully financed through the Corus Commitment Letters for the Corus Debt Financings. See “Financing the Transaction”. Corus believes the Corus Debt Financings will provide it with an efficient and flexible longer-term capital structure for the Combined Company, and that its ability to carry on business will not be compromised by the debt financing package for the transaction. As a result of the completion of the Equity Offering and Concurrent Private Placement, the Equity Bridge Facility was terminated and the amounts available under the Corus Debt Financings have been reduced by \$260 million and may be further reduced to the extent any other Corus Offerings are completed prior to the closing of the Acquisition. Corus believes that it has secured an attractive financing package that reflects the strength of the Company’s balance sheet, and ensures that it will be able to comfortably service the anticipated levels of pro forma indebtedness.
- *Acquisition Agreement and Governance and Investor Rights Agreement.* The terms of the Acquisition Agreement were negotiated and executed following a robust and lengthy process conducted under the supervision of the Corus Special Committee, which is comprised exclusively of directors who are “independent” within the meaning of applicable securities laws. The Board considered that pursuant to the Governance and Investor Rights Agreement, Shaw will agree to lock-up arrangements whereby 100% of the Consideration Shares received from Corus in connection with the Acquisition will be subject to restrictions on sale, with 1/3 of the locked-up shares being released after 12 months, another 1/3 being released after 18 months and the final 1/3 being released after 24 months, in each case, following the closing date of the Acquisition and that Shaw has further agreed to have 100% of its Consideration Shares which are subject to these lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) participate in Corus’ DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements.
- *Shareholder Approvals.* The Board has considered the fact that the Acquisition Resolution must be approved by the shareholders at the Meeting by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain “related parties” to the Company in accordance with the “minority approval” requirements of Part 8 of MI 61-101). See “Overview of Regulatory Matters – Canadian Securities Law Matters”.
- *Voting Control.* Voting control over Corus is held by JR Shaw and the Shaw Family Living Trust and their affiliates. Despite the material increase in the aggregate number of Class B Shares outstanding resulting from the Acquisition, voting control of Corus will not be changing as a result of the Acquisition.

- *Support Letter.* On January 12, 2016, Corus received a letter from JR Shaw, on behalf of the Shaw Family Living Trust and related entities, which beneficially owns, holds, controls or directs, directly or indirectly, 2,906,496 Class A Shares, representing approximately 84.8% of the outstanding Class A Shares of the Company, confirming the Shaw Family Living Trust's support for the Acquisition. JR Shaw, on behalf of the Shaw Family Living Trust, has provided assurance that the Shaw Family Living Trust will not initiate, pursue or support any transactions involving a change of control of Corus or an acquisition by a third party of more than 20% of the outstanding Class B Shares of Corus, including with respect to any transaction that may be proposed by a third party, until the earlier of the completion of the Acquisition or the termination of the Acquisition Agreement. In addition, the letter confirmed the intention of the Shaw family to purchase Subscription Receipts on a private placement basis, which purchase was subsequently completed through the Concurrent Private Placement. See "The Acquisition Agreement and Ancillary Agreements – Support Letter".

Are there risks I should consider in connection with the Acquisition?

Yes. There are a number of risk factors relating to the Acquisition, Shaw Media and the Combined Company, all of which should be carefully considered. See "Description of the Acquisition – Rationale for the Acquisition", "Risk Factors About the Combined Company", "Description of the Combined Company" and Schedule "C" to this Circular.

What rights will Shaw have as a principal shareholder of the Company?

Corus and Shaw have agreed to enter into a Governance and Investor Rights Agreement upon closing of the Acquisition. Under the Governance and Investor Rights Agreement, Shaw will be granted certain rights, including specified nomination rights with respect to up to three members of the Board of the Combined Company (subject to certain continued ownership thresholds), pre-emptive rights that allow it to maintain its pro rata ownership level of the Class B Shares in various circumstances, and registration rights that require Corus to assist Shaw in effecting sales of Class B Shares through a prospectus qualification process.

Pursuant to the Governance and Investor Rights Agreement, Shaw will agree to lock-up arrangements whereby 100% of the Consideration Shares received from Corus in connection with the Acquisition will be subject to restrictions on sale, with 1/3 of the locked-up shares being released after 12 months, another 1/3 being released after 18 months and the final 1/3 being released after 24 months, in each case, following the closing date of the Acquisition. Shaw has further agreed that 100% of its shares subject to these lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) will participate in the Company's DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements. See "The Acquisition Agreement and Ancillary Agreements – Governance and Investor Rights Agreement".

How do I determine what type of Shareholder I am?

There are several steps you must take in order to vote your Shares at the Meeting. For the purpose of voting at the Meeting, you must first determine what type of Shareholder you are: (i) a registered Shareholder; or (ii) a beneficial (non-registered) Shareholder.

- *Registered Shareholder:* You are a registered Shareholder if your Shares are registered or held in your personal name or if you are in possession of a share certificate that indicates the same.
- *Beneficial (Non-Registered) Shareholder:* A majority of Shareholders are non-registered (each, a "**Non-Registered Shareholder**"). You are a Non-Registered Shareholder if your Shares are: (i) deposited with a bank, a trust, a brokerage firm or other type of institution, and such Shares have been transferred out of your name; or (ii) held either: (a) in the name of the Intermediary that the Shareholder deals with (being securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS & Co.) with which your Intermediary deals.

Follow the steps set out under " – How can a Non-Registered Shareholder vote?" or " – How can a registered Shareholder vote" below once you have determined your Shareholder category.

How can a registered Shareholder vote?

If you are a registered Shareholder, you may vote in person or by proxy. Please see the enclosed form of proxy for details on protocol.

- *To Vote by Proxy:* Proxies must be received no later than 10:00 a.m. (Eastern Time) on March 7, 2016, or, if the Meeting is adjourned or postponed, no later than 10:00 a.m. (Eastern Time) on the date (excluding Saturdays, Sundays and statutory holidays) that is 48 hours preceding the date of the adjourned or postponed Meeting. The Chair of the Meeting may waive or extend the proxy cut-off time at his discretion without notice. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the enclosed proxy has been properly completed and executed. Proxies may be returned to: Proxy Department, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1. Alternatively, Shareholders may, with the control number listed on the form of proxy, vote online at www.cstvotemyproxy.com using their 13-digit control number, by telephone at 1-888-489-5760 (toll-free Canada and U.S.) using their 13-digit control number or by smartphone using the QR code provided or by facsimile to 1-866-781-3111 (toll-free in Canada and U.S.) or 416-368-2502. The form of proxy must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting (being 10:00 a.m. (Eastern Time) on March 7, 2016) or an adjournment or postponement thereof, but prior to the use of the proxy at the Meeting or an adjournment or postponement thereof. Shareholders must deliver and return a completed form of proxy to CST.
- *To Vote in Person:* If you wish to attend the meeting and vote in person, do not complete or return the proxy form. Upon your arrival at the Meeting, please register with the representatives of CST, the Company's transfer agent. You are welcome to attend the Meeting even if you have already submitted your voting instructions; however, you will not be able to vote again at the Meeting, unless you revoke your proxy. See " – If I change my mind, can I take back my proxy once I have given it?"

If you have any questions or require assistance in voting your proxy, please contact D.F. King Canada toll free at 1-800-622-1678 or by email at inquiries@dfking.com.

How can a Non-Registered Shareholder vote?

If you are a Non-Registered Shareholder, you may vote in person or by proxy by following the procedures outlined below.

- *To Vote by Proxy:* Generally, you will either be given:
 - a proxy supplied to you by your Intermediary that is similar to the proxy form provided to registered Shareholders. However, its purpose is limited to instructing your Intermediary on how to vote on your behalf. You should carefully follow the instructions provided to you by your Intermediary for voting your Shares; or
 - a voting instruction form. Intermediaries now frequently delegate responsibility for obtaining instructions from clients to Broadridge in Canada and in the United States. Broadridge mails a voting instruction form in lieu of the form of proxy provided by Corus or the Transfer Agent. The voting instruction form will identify the same Named Proxyholders as on the Company's form of proxy to represent you at the Meeting. **You have the right to appoint a person (who need not be a Shareholder), other than the persons designated in the voting instruction form, to represent you at the Meeting.** To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile, or over the internet, in accordance with Broadridge's instructions. Non-Registered Shareholders may vote through Broadridge's online voting system at www.proxyvote.com with their 16-digit control number. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the meeting — the

voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.

- **To Vote in Person:** If you are able to join us in person for the Meeting and wish to vote your Shares in person, you may do so by either: (i) inserting your own name in the space provided on the enclosed voting instruction form or form of proxy provided by your Intermediary; or (ii) submitting any other document in writing to your Intermediary that requests that the Non-Registered Shareholders or nominees thereof should be appointed as proxy. Then, follow the signing and return instructions provided by your Intermediary. If you do not properly follow the return instructions provided by your Intermediary, you may not be able to vote such Shares. Before the official start of the Meeting on March 9, 2016, please register with the representatives(s) from CST, which will be acting as scrutineer at the Meeting, and who will be situated at a welcome table just outside the Meeting room. Once you are registered with CST, and, provided the instructions you provided to your Intermediary have been forwarded by your Intermediary to CST, your vote will be requested and counted at the Meeting.

If you have any questions or require assistance in voting your proxy, please contact D.F. King Canada toll free at 1-800-622-1678 or by email at inquiries@dfking.com.

How do I appoint someone else to vote for me?

If you are unable to attend the Meeting in person, or if you wish to appoint a representative to vote on your behalf, you have the right to appoint a person or company other than the person designated in the enclosed form of proxy, who may or may not be a Shareholder, to represent you at the Meeting and vote on your behalf. You do this by appointing them as your proxyholder as described below.

You may appoint someone else to vote for you using the enclosed form of proxy or another proper form of proxy. Douglas Murphy and Gary Maavara, each of whom is an officer of the Company, have been identified in the form of proxy as the Named Proxyholders to represent Shareholders at the Meeting. The persons named in the enclosed proxy form are officers of Corus. You can choose to have Corus' appointee vote your Shares or you may appoint a person of your choice by striking out the printed names and inserting the desired person's name and address in the blank space provided. You must then complete the balance of the proxy form, sign it and return it to CST in the manner specified in the enclosed form of proxy. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the enclosed form of proxy has been properly completed and executed.

You may not vote both by proxy and in person. If you have voted by proxy, you will not be able to vote your Shares in person at the Meeting, unless you revoke your proxy. Following completion of the enclosed proxy form, return the completed proxy form in the manner and in accordance with requirements specified thereon. The Chair of the Meeting may waive or extend the proxy cut-off time at his discretion without notice.

Is there a deadline for my proxy to be received?

Yes. Regardless of the manner in which you choose to vote, your proxy vote must be received by the Company not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting (being 10:00 a.m. (Eastern Time) on March 7, 2016) or an adjournment or postponement thereof, but prior to the use of the proxy at the Meeting or an adjournment or postponement thereof. Late proxies may be accepted or rejected by the Chair of the Meeting at his or her discretion and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy. Note that if you are a Non-Registered Shareholder, you must provide your voting instructions to your Intermediary sooner (preferably at least a day prior to the deadline set by your Intermediary) to enable the Intermediary to act upon them prior to the deadline.

If I change my mind, can I take back my proxy once I have given it?

A Shareholder who has voted by proxy may revoke it any time prior to its use. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his or her attorney duly authorized in writing or, if the Shareholder is a company, by an officer or attorney thereof duly authorized in writing and deposited with the

Company, as the case may be, at any time up to and including the last business day preceding the date of the Meeting or with the Chair of the Meeting on the date of the Meeting prior to the commencement of the Meeting and upon either of such deposits the proxy is revoked. A proxy may also be revoked if a Shareholder personally attends the Meeting and votes his or her shares, or in any other manner permitted by law.

How will my Shares be voted if I give my proxy?

If you appoint the Named Proxyholders as your proxyholders, your Shares represented by the form of proxy or voting instruction form will be voted for or against or withheld from voting, as applicable, in accordance with your instructions as indicated on the form, on any vote that may be called for. **In the absence of instructions from you, such Shares will be voted IN FAVOUR of the resolutions set out in this Circular.**

How many Shareholders are required in order to reach a quorum?

A quorum at the Meeting in respect of Corus Shareholders is met by one or more persons holding 10% of the outstanding Class A Shares (being the voting shares) of the Company being present in person, each being a Shareholder entitled to vote at the Meeting or a duly appointed proxyholder or representative of such Shareholder so entitled, irrespective of the number of shares held by such person.

What if amendments are made to the matters or other business is brought before the Meeting?

The accompanying form of proxy or voting instruction form confers discretionary authority on the Named Proxyholders with respect to any amendments or variations to the matters identified in the Notice of Special Meeting or other matters that may properly come before the Meeting and the named proxies in your properly executed proxy will vote on such matters in accordance with their judgment. At the date of this Circular, management of the Company is not aware of any such amendments, variations or other matters which are to be presented for action at the Meeting.

Who are the principal Shareholders of the Company?

To the knowledge of the directors and officers of the Company, as at February 5, 2016, voting control of the Company was held by JR Shaw, the Shaw Family Living Trust ("**Shaw Family Living Trust**") and their affiliates. The sole trustee of the Shaw Family Living Trust is a private company owned by JR Shaw, having a board comprised of seven directors, including as at December 31, 2015, JR Shaw as chair and five other members of his family. JR Shaw, the Shaw Family Living Trust and their affiliates, including Ms. Heather Shaw, Ms. Julie Shaw, Mr. Bradley Shaw, Mr. Jim Shaw and voting entities controlled by them, hold 2,906,496 Class A Shares, representing approximately 84.8% of the outstanding Class A Shares, and 5,652,294 Class B Shares, representing approximately 6.7% of the outstanding Class B Shares as of the date of this Circular.

The only other person or company, to the knowledge of the Company, its directors or officers, who owns beneficially, directly or indirectly, or exercises control or direction over in excess of 10% of any class of the voting securities of the Company is Cathton Investments Ltd., a company controlled by Ms. Catherine Roozen, a director of Corus. Cathton Investments Ltd. holds 343,332 Class A Shares, representing approximately 10.0% of the outstanding Class A Shares as of the date of this Circular. See "General Proxy Information/Voting Instructions – Voting Shares and Principal Shareholders."

How many Shares are entitled to vote?

As of February 5, 2016, the Record Date for the Meeting, there were 3,425,792 Class A Shares outstanding and 84,490,897 Class B Shares outstanding. For matters upon which they are entitled to vote, each holder of Class A Shares and/or Class B Shares will be entitled to one vote for each such share held.

For purposes of the Acquisition Resolution, certain Shareholders will be considered Excluded Shareholders and any votes by Excluded Shareholders will be excluded for purposes of calculating the requisite approval of the Acquisition Resolution in accordance with the "minority approval" requirements under MI 61-101 and the requirements of the TSX. Only the holders of Class A Shares of record at the close of business on the Record Date will be entitled to vote on the resolution allowing the Board to fix the number of directors of the Company following

the Acquisition. Holders of Class B Shares are not entitled to vote on any matter proposed for consideration other than the Acquisition Resolution. See “Overview of Regulatory Matters – Canadian Securities Law Matters – MI 61-101”.

What if I have other questions?

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or voting instruction form, please contact D.F. King Canada, the proxy solicitation agent by (i) telephone, toll-free in North America at 1-800-622-1678 or 1-201-806-7301 outside of North America; (ii) facsimile to 1-647-351-3176 or, toll-free in North America, to 1-888-509-5907; or (iii) e-mail to inquiries@dfking.com.

PART II – CORUS UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The selected unaudited pro forma consolidated financial information set forth below should be read in conjunction with Corus' unaudited pro forma condensed consolidated financial statements and the accompanying notes attached as Schedule "E" to this Circular. The unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015 has been prepared using information from the unaudited condensed consolidated statement of financial position of Corus as at November 30, 2015, the unaudited condensed consolidated statement of financial position of Shaw Media as at November 30, 2015, and gives effect to, among other items, the financing of the Acquisition and the successful completion of the Acquisition as if the transactions contemplated thereunder occurred on November 30, 2015. The unaudited pro forma condensed consolidated statements of income for the year ended August 31, 2015 and the three month period ended November 30, 2015 have been prepared, respectively, from the audited statements of income and comprehensive income of Corus and Shaw Media for the year ended August 31, 2015 and for the three month period ended November 30, 2015.

The summary unaudited pro forma condensed consolidated financial information is not intended to be indicative of the results that would have actually occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon completion of the Acquisition may differ from the pro forma information presented below.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of Corus' consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project Corus' consolidated financial position or results from operations for any future period.

<u>(\$, in thousands of Canadian dollars, except per share information)</u>	Three-month period ended November 30, 2015	Year ended August 31, 215
Statement of income data:		
Revenue	522,504	1,892,089
Net income attributable to shareholders	103,038	115,213
Net income	113,151	145,744
Earnings per share attributable to shareholders:		
Basic earnings per share ⁽¹⁾	0.54	0.60
Diluted earnings per share ⁽¹⁾	0.54	0.60
<u>(\$, in thousands of Canadian dollars)</u>		As at November 30, 2015
Balance sheet data:		
Total assets		6,089,380
Long-term debt		2,272,473
Total equity attributable to shareholders		2,237,728

Notes:

- (1) Earnings per share attributable to shareholders of the Company in the unaudited pro forma condensed consolidated statements of income for the three months ended November 30, 2015 and the year ended August 31, 2015 were computed assuming a subscription price of \$9.00 per Class B Share for Class B Shares issued to pursuant to the Equity Offering and Concurrent Private Placement. See note (4) to Schedule "E" to this Circular for a reconciliation of the denominators, which are presented in thousands of shares, used in computing basic and diluted loss per share.

PART III – GENERAL PROXY INFORMATION / VOTING MECHANICS

PROXY SOLICITATION

This Circular is furnished in connection with the solicitation of proxies by or on behalf of management of Corus for use at the Meeting to be held at the Corus Executive Offices at Corus Quay, 25 Dockside Drive, Toronto, Ontario at 10:00 a.m. (Eastern Time) on March 9, 2016 or any postponement(s) or adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Special Meeting. Except as otherwise stated, the information contained herein is given as of February 5, 2016. This solicitation is made by management of the Company.

The solicitation will be primarily by mail, but proxies may also be solicited personally by regular employees of the Company, for which no additional compensation will be paid. The Company will also be using the services of D.F. King Canada to solicit proxies. If you have questions, you may contact D.F. King Canada at 1-800-622-1678. The cost of preparing, assembling and mailing this Circular, the Notice of Special Meeting, the form of proxy and any other Meeting Materials will be borne by the Company.

To the Company's knowledge, each of the directors and officers of the Company intends to vote their Shares in favour all of the resolutions set forth in this Circular.

Record Date

The Board has passed a resolution to fix the close of business (Eastern Time) on February 5, 2016 as the Record Date for the determination of the Shareholders entitled to receive notice of the Meeting, and any adjournment or postponement of the Meeting, and that will be entitled to vote at the Meeting. Only Shareholders whose names have been entered into the register of Shareholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Registered Shareholders

If you are a registered Shareholder, you may vote in person or by proxy. Please see the enclosed form of proxy for details on protocol.

- *To Vote by Proxy:* Proxies must be received no later than 10:00 a.m. (Eastern Time) on March 7, 2016, or, if the Meeting is adjourned or postponed, no later than 10:00 a.m. (Eastern Time) on the date (excluding Saturdays, Sundays and statutory holidays) that is 48 hours preceding the date of the adjourned or postponed Meeting. The Chair of the Meeting may waive or extend the proxy cut-off time at his discretion without notice. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the enclosed proxy has been properly completed and executed. Proxies may be returned to: Proxy Department, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1. Alternatively, Shareholders may, with the control number listed on the form of proxy, vote online at www.cstvotemyproxy.com using their 13-digit control number, by telephone at 1-888-489-5760 (toll-free Canada and U.S.) using their 13-digit control number or by smartphone using the QR code provided or by facsimile to 1-866-781-3111 (toll-free in Canada and U.S.) or 416-368-2502. The form of proxy must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting (being 10:00 a.m. (Eastern Time) on March 7, 2016) or an adjournment or postponement thereof, but prior to the use of the proxy at the Meeting or an adjournment or postponement thereof. Shareholders must deliver and return a completed form of proxy to CST.
- *To Vote in Person:* If you wish to attend the meeting and vote in person, do not complete or return the proxy form. Upon your arrival at the Meeting, please register with the representatives of CST, the Company's transfer agent. You are welcome to attend the Meeting even if you have already submitted your voting instructions; however, you will not be able to vote again at the Meeting, unless you revoke your proxy as described below under "– Revocation of Proxies".

Non-Registered Shareholders

The Company is taking advantage of the applicable provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* that permit it to deliver proxy-related materials directly to Non-Registered Shareholders. The Company will cause Broadridge to deliver copies of its proxy-related Meeting Materials to clearing agencies and other intermediaries for onward distributions to objecting beneficial owners and is responsible for paying the fees and costs of intermediaries for their services in delivering proxy-related materials to objecting beneficial owners in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

If you are a Non-Registered Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your Shares have been obtained according to applicable securities regulatory requirements from the Intermediary that holds your Shares on your behalf.

If you are a Non-Registered Shareholder, you may vote in person or by proxy by following the procedures outlined below.

- **To Vote by Proxy:** Generally, you will either be given:
 - a proxy supplied to you by your Intermediary that is similar to the proxy form provided to registered Shareholders. However, its purpose is limited to instructing your Intermediary on how to vote on your behalf. You should carefully follow the instructions provided to you by your Intermediary for voting your Shares; or
 - a voting instruction form. Intermediaries now frequently delegate responsibility for obtaining instructions from clients to Broadridge in Canada and in the United States. Broadridge mails a voting instruction form in lieu of the form of proxy provided by Corus or the Transfer Agent. The voting instruction form will identify the same Named Proxyholders as on the Company's form of proxy to represent you at the Meeting. **You have the right to appoint a person (who need not be a Shareholder), other than the persons designated in the voting instruction form, to represent you at the Meeting.** To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile, or over the internet, in accordance with Broadridge's instructions. Non-Registered Shareholders may vote through Broadridge's online voting system at www.proxyvote.com with their 16-digit control number. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the meeting — the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.
- **To Vote in Person:** If you are able to join us in person for the Meeting and wish to vote your Shares in person, you may do so by either: (i) inserting your own name in the space provided on the enclosed voting instruction form or form of proxy provided by your Intermediary; or (ii) submitting any other document in writing to your Intermediary that requests that the Non-Registered Shareholders or nominees thereof should be appointed as proxy. Then, follow the signing and return instructions provided by your Intermediary. If you do not properly follow the return instructions provided by your Intermediary, you may not be able to vote such Shares. Before the official start of the Meeting on March 9, 2016, please register with the representatives(s) from CST, which will be acting as scrutineer at the Meeting, and who will be situated at a welcome table just outside the Meeting room. Once you are registered with CST, and, provided the instructions you provided to your Intermediary have been forwarded by your Intermediary to CST, your vote will be requested and counted at the Meeting.

APPOINTMENT OF PROXIES

The Named Proxyholders, being the persons named in the enclosed form of proxy or voting instruction form are officers of the Company and will represent management of the Company at the Meeting. A

Shareholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting the name of such other person, who need not be a Shareholder, in the space provided in the form of proxy or voting instruction form and striking out the names of the specified persons, or by completing another form of proxy or voting instruction form. In either case, the Shareholder must deliver or send a form of proxy or voting instruction form to: Proxy Department, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1. Alternatively, Shareholders may, with the control number listed on the form of proxy, vote online at www.cstvotemyproxy.com, by telephone at 1-888-489-5760 (toll-free Canada and U.S.) or by smartphone using the QR code provided or by facsimile to 1-866-781-3111 (toll-free in Canada and U.S.) or 416-368-2502. The form of proxy must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting (being 10:00 a.m. (Eastern Time) on March 7, 2016) or an adjournment or postponement thereof, but prior to the use of the proxy at the Meeting or an adjournment or postponement thereof. Shareholders must deliver and return a completed form of proxy to CST or voting instruction form to Broadridge in accordance with the instructions set out in the voting instruction form.

REVOCATION OF PROXIES

A Shareholder who has submitted a proxy may revoke it at any time insofar as it has not been used. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his or her attorney duly authorized in writing or, if the Shareholder is a company, by an officer or attorney thereof duly authorized in writing and deposited with the Company, as the case may be, at any time up to and including the last business day preceding the date of the Meeting or with the Chair of the Meeting on the date of the Meeting prior to the commencement of the Meeting and upon either of such deposits the proxy is revoked. A proxy may also be revoked if a Shareholder personally attends the Meeting and votes his or her Shares, or in any other manner permitted by law.

VOTING OF PROXIES

The Named Proxyholders designated in the enclosed form of proxy or voting instruction form will vote or withhold from voting the Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy or voting instruction form and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of such directions, it is intended that such Shares will be voted IN FAVOUR of all of the resolutions referred to in the Notice of Special Meeting.**

The enclosed form of proxy or voting instruction form confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Special Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Special Meeting. If any such amendment, variation or other matter which is not now known should properly come before the Meeting, then the persons named in the form of proxy will vote on such matters in accordance with their best judgment with respect to the shares represented by such proxy or voting instruction form.

Corus may utilize Broadridge's QuickVote system, which involves non-objecting beneficial owners of Shares being contacted by D.F. King, which is soliciting proxies on behalf of management of the Company, to obtain voting instructions over the telephone and relaying them to Broadridge (on behalf of the Shareholder's Intermediary). While representatives of D.F. King are soliciting proxies on behalf of management of the Company, who, among other matters, are recommending that holders of Class A Shares and Class B Shares vote in favour of the Acquisition Resolution, Shareholders are not required to vote in the manner recommended by management. The QuickVote system is intended to assist Shareholders in placing their votes; however, there is no obligation for any Shareholder to vote using the QuickVote system, and Shareholders may vote (or change or revoke their votes) at any other time and in any other applicable manner described in this Circular. Any voting instructions provided by a Shareholder will be recorded and such Shareholder will receive a letter from Broadridge (on behalf of the Shareholder's Intermediary) as confirmation that his/her/its voting instructions have been accepted.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of Corus consists of an unlimited number of Class A Shares, an unlimited number of Class B Shares, an unlimited number of Class 1 preferred shares, issuable in series; an unlimited number of Class 2 preferred shares, issuable in series; and an unlimited number of Class A preferred shares. As at February 5, 2016 there were 3,425,792 Class A Shares, 84,490,897 Class B Shares and no preferred shares outstanding. The Class B Shares are publicly traded on the TSX under the symbol "CJR.B".

Holders of Class A Shares and Class B Shares of record at the close of business on February 5, 2016, being the Record Date will be entitled to vote on certain matters at the Meeting. For matters upon which they are entitled to vote, each holder of Class A Shares and/or Class B Shares will be entitled to one vote for each such share held. For purposes of the Acquisition Resolution, certain Shareholders will be considered Excluded Shareholders and any votes by Excluded Shareholders will be excluded for purposes of calculating the requisite approval of the Acquisition Resolution in accordance with the "minority approval" requirements under MI 61-101 and the requirements of the TSX.

In order for the Acquisition to proceed, the Acquisition Resolution must be approved at the Meeting by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain "related parties" to the Company in accordance with the "minority approval" requirements of Part 8 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*). For this purpose, the Class A Shares and Class B Shares held by JR Shaw, the Shaw Family Living Trust and certain affiliates, together with their related parties and joint actors with such persons, representing in the aggregate approximately 84.8% of the outstanding Class A Shares and approximately 8.1% of the outstanding Class B Shares, will be excluded. To the knowledge of the Company, the Excluded Shareholders hold an aggregate of 2,906,496 Class A Shares and 6,827,100 Class B Shares, which will be excluded for purposes of calculating the requisite approvals of the Acquisition Resolution. See "Overview of Regulatory Approvals – Canadian Securities Law Matters – MI 61-101".

The Company currently has 3,425,672 Class A Shares outstanding, of which 2,906,496 will be excluded for purposes of the required "minority approval" of the Acquisition Resolution by the holders of the Class A Shares. As a result, only 519,176 Class A Shares will be eligible for inclusion in a determination of whether the "minority approval" threshold for the Class A Shares has been met in respect of the Acquisition Resolution. A significant majority of the Class A Shares not held by members of the Shaw family are held by current and former directors and officers of Corus.

Only the holders of Class A Shares of record at the close of business on the Record Date will be entitled to vote on the resolution allowing the Board to fix the number of directors of the Company following the Acquisition. Holders of Class B Shares are not entitled to vote on any matter proposed for consideration other than the Acquisition Resolution.

To the knowledge of the Company, its directors or officers, other than as described below, as of the date of this Circular, there is no person or company that beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights exercisable at the Meeting.

Name	Number and Class of Shares	Percentage of Outstanding Class
JR Shaw, directly and indirectly through the Shaw Family Living Trust ⁽¹⁾ and their affiliates	2,906,496 Class A Shares	84.8% of outstanding Class A Shares
Cathton Investments Ltd. ⁽²⁾	343,332 Class A Shares	10.0% of the outstanding Class A Shares

Notes:

- (1) Voting control of the Company is held by the Shaw Family Living Trust. The sole trustee of the Shaw Family Living Trust is a private company owned by JR Shaw, having a board comprised of seven directors, including as at December 31, 2015, JR Shaw as chair and five other members of his family.
- (2) A company controlled by Ms. Catherine Roozen, a director of Corus.

Except as otherwise described above, as of February 5, 2016, the directors and senior officers of the Company beneficially own, directly or indirectly, or exercise control or direction over 10.3% of the issued and outstanding Class A Shares and 4.8% of the issued and outstanding Class B Shares.

PART IV - BUSINESS OF THE MEETING

ACQUISITION RESOLUTION

At the Meeting, holders of the Class A Shares and Class B Shares will each be asked to consider and vote on the Acquisition Resolution. The full text of the Acquisition Resolution is set out in Schedule "A" to this Circular. If Shareholder Approval is obtained, subject to the satisfaction of the other conditions to closing, the Acquisition is expected to close in Corus' third fiscal quarter in 2016.

In order for the Acquisition to proceed, the Acquisition Resolution must be approved by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain "related parties" to the Company in accordance with the "minority approval" requirements of Part 8 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*). For this purpose, the Class A Shares and Class B Shares held by JR Shaw, the Shaw Family Living Trust and directors and senior officers of Shaw and certain affiliates, together with their related parties and joint actors with such persons, representing in the aggregate approximately 84.8% of the outstanding Class A Shares and approximately 8.1% of the outstanding Class B Shares, will be excluded. To the knowledge of the Company, the Excluded Shareholders hold an aggregate of 2,906,496 Class A Shares and 6,827,100 Class B Shares, which will be excluded for purposes of calculating the requisite approvals of the Acquisition Resolution. See "Overview of Regulatory Approvals – Canadian Securities Law Matters – MI 61-101".

After careful consideration of the Acquisition, the Board, based in part on the unanimous recommendation of the Corus Special Committee, has unanimously determined that the proposed Acquisition is in the best interests of the Company. **The Board (with the interested directors of Corus having abstained from voting on the Acquisition) has approved and unanimously recommends that Shareholders vote IN FAVOUR of the resolutions set out in this Circular. Unless specified in a form of proxy that the Class A Shares or Class B Shares represented by the proxy shall be voted otherwise, the Named Proxyholders designated in the enclosed form of proxy intend to vote FOR the Acquisition Resolution.**

NUMBER OF DIRECTORS

The Articles of Incorporation of the Company provide for a minimum of three and a maximum of 15 directors. At the Meeting, as set out in the Notice of Special Meeting, provided that the Acquisition Resolution is approved, it is proposed that the Board be allowed to fix the number of directors of the Company following the Acquisition, within the minimum and maximum number provided in the Articles of the Company.

At the annual general meeting of Corus shareholders held on January 13, 2016, the Shareholders fixed the size of the Board at 10 directors. Following the closing of the Acquisition, pursuant to the Governance and Investor Rights Agreement, Corus has agreed to grant Shaw the right to nominate up to three nominees to the Board (subject to certain ownership thresholds). In order to appoint these additional directors, the Board size must be increased. **Management recommends voting in favour of allowing the Board to fix the number of directors of the Company following the Acquisition. Unless specified in a form of proxy that the Class A Shares represented by the proxy shall be voted otherwise, the Named Proxyholders designated in the enclosed form of proxy intend to vote FOR the resolution allowing the Board to fix the number of directors following the Acquisition.**

PART V – DESCRIPTION OF THE ACQUISITION

OVERVIEW

On January 13, 2016, Corus announced that it had entered into the Acquisition Agreement, pursuant to which it agreed to acquire 100% of Shaw Media from Shaw for a purchase price of \$2.65 billion. The purchase price for the Acquisition will be satisfied by the payment to Shaw of \$1.85 billion in cash and by the issuance to Shaw of the Consideration Shares, consisting of 71,364,853 million Class B Shares. Immediately following the closing of the Acquisition, all of the issued and outstanding shares of Shaw Media will be held by Corus either directly or indirectly.

The Acquisition redefines the Canadian media landscape, creating a Combined Company that would have approximately \$1.9 billion in revenue, approximately \$619 million in combined Adjusted EBITDA and approximately \$431 million⁷ in combined free cash flow based on the financial results of Corus and Shaw Media for the year ended August 31, 2015, excluding the impact of interest and mandatory amortization on incremental debt to finance the Acquisition. Adjusted EBITDA and free cash flow are non-IFRS measures. See “Non-IFRS Measures”. The Company’s results for 2015 include its Pay TV business, which will be discontinued in fiscal 2016.

The Acquisition will be financed with a combination of debt and equity. In connection with the Acquisition, the Company intends to repay in full its outstanding indebtedness under its existing \$150 million senior secured term credit facility (the “**Existing Term Facility**”) and \$500 million senior secured revolving credit facility (the “**Existing Revolving Credit Facility**”) and, together with the Existing Term Facility, the “**Existing Credit Facilities**”) and redeem all of its \$550 million principal amount of issued and outstanding 4.25% senior unsecured guaranteed notes due 2020 (the “**Existing Notes**”). On February 3, 2016, the total amount of indebtedness under the Existing Term Credit Facility was fully repaid so that there was no balance outstanding. The outstanding indebtedness under the Existing Credit Facilities was \$239 million as at November 30, 2015 and \$71 million as at February 8, 2016. Corus will borrow under a new term credit facility (the “**New Term Credit Facility**”) in order to finance a portion of the purchase price for the Acquisition and the repayment of the Existing Credit Facilities and the Existing Notes. Corus also has the ability to borrow under a new revolving credit facility (the “**New Revolving Credit Facility**”). See “ – Financing the Acquisition”.

Following the Acquisition, Corus is expected to maintain a strong balance sheet and financial profile, with a strong liquidity profile and strong free cash flow. Corus intends to maintain the existing annualized dividend rate of \$1.14 per Class B Share following closing of the Acquisition. Based on the 12 month period ended November 30, 2015, the Company would have a pro forma total debt / LTM Adjusted EBITDA ratio of approximately 3.9 times. See “Non-IFRS Measures”. Management is targeting to reduce this ratio to below 3.0 times by the end of fiscal 2018.

The Acquisition Agreement provides that, on closing of the Acquisition, Corus and Shaw will enter into the Governance and Investor Rights Agreement. Pursuant to this agreement, Shaw will agree to lock-up arrangements whereby 100% of the Consideration Shares received from Corus in connection with the Acquisition will be subject to restrictions on sale, with 1/3 of the locked-up shares being released after 12 months, another 1/3 being released after 18 months and the final 1/3 being released after 24 months, in each case, following the closing date of the Acquisition. Shaw has further agreed that 100% of its Consideration Shares subject to these lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) will participate in the Company’s DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements.

Corus intends to satisfy the purchase price for the Acquisition and finance the transaction costs, the redemption of the Existing Notes (including the redemption fee for early redemption of the Existing Notes) and the repayment of the Existing Credit Facilities by way of the following:

- \$2 billion from drawings under the New Term Credit Facility;

⁷ FY2015 free cash flow excludes impact of debt servicing (interest and mandatory amortization) on incremental debt to finance the Acquisition and includes Corus’ Pay TV business. Corus will discontinue Pay TV business in FY 2016.

- an estimated \$300 million from the proceeds of the Proposed Debt Offering, as described in “Financing the Acquisition – Proposed Debt Offering”;
- \$163 million from the remaining portion of the cash consideration (net of tax) received from Bell Media on January 5, 2016 in connection with the discontinuance of Corus’ Pay TV business as described in “Information About Corus – Recent Developments”;
- approximately \$295 million from the gross proceeds of the Equity Offering, as described in “Financing the Acquisition – Equity Offering” and the proceeds of the Concurrent Private Placement, as described in “Financing the Acquisition – Concurrent Private Placement”; and
- \$800 million from the issuance by Corus to Shaw of 71,364,853 Class B Shares at a price of \$11.21 per Class B Share in order to partially satisfy the purchase price for the Acquisition.

In addition to the New Term Credit Facility and the New Revolving Credit Facility, the Company also obtained commitments for a \$260 million common equity bridge facility (the “**Equity Bridge Facility**”) and a \$300 million high yield bridge facility (the “**Debt Bridge Facility**”) and, together with the Equity Bridge Facility, the “**Bridge Facilities**”). The Company obtained the Bridge Facilities to ensure that Corus had sufficient funding in place to fund the full cash portion of the purchase price for the Acquisition, transaction costs and the amount necessary to fund the repayment of the Existing Credit Facilities and the redemption of the Existing Notes. As a result of the completion of the Equity Offering and Concurrent Private Placement and the receipt by the Company of over \$260 million in net proceeds thereunder, the Equity Bridge Facility was terminated. See “Financing the Transaction”.

There can be no assurance that the Acquisition will occur or that any of the anticipated strategic benefits or operations, competitive and cost synergies will be realized. The Acquisition is conditional upon the receipt of certain consents and waivers from third parties relating to the Acquisition and the satisfaction of other customary conditions, including Shareholder Approval and approval of the CRTC, and there can be no assurance that any such approvals will be obtained or that any such conditions will be satisfied or waived. See “Risk Factors about the Combined Company”.

BACKGROUND TO THE ACQUISITION

From time to time, Corus and Shaw have had discussions about a possible combination involving Corus and Shaw Media. In June of 2015, an initial series of exploratory discussions occurred among members of Corus management, the Shaw family and Shaw management regarding such a combination, that would take the form of an acquisition of Shaw Media by Corus. Over the course of those initial discussions the Shaw family indicated that they would be supportive of a transaction of this nature, assuming that Corus and Shaw were able to reach agreement on mutually acceptable commercial terms.

In late June of 2015, management of Corus contacted each of RBC and Osler in order to obtain preliminary financial and legal advice regarding the feasibility and structure of a potential acquisition of Shaw Media. RBC was subsequently retained as the Company’s financial advisor in connection with the Acquisition and Osler was retained as the Company’s external legal advisor in connection with the Acquisition.

Management of Corus provided an initial presentation and briefing to the Board on July 15, 2015 regarding the potential transaction and the status of the discussions between the parties to date.

Over the two months that followed, management of Corus, together with its external financial and legal advisors, continued to consider the merits, feasibility and parameters of a potential acquisition by Corus of Shaw Media. In particular, Corus management reviewed in detail the anticipated financings required in connection with a proposed transaction and held a series of meetings and discussions with RBC regarding the likely terms and availability of such financings. Over the course of those meetings the RBC representatives indicated to Corus management that they believed that RBC would be able to assist in providing the necessary debt financing to allow for completion of the potential transaction on a fully-financed basis.

On August 7, 2015, Corus and Shaw executed a mutual confidentiality agreement that provided for the sharing of confidential information with respect to a potential transaction. In addition to the Corus due diligence on the Shaw Media business, Shaw indicated its intention to conduct due diligence with respect to Corus in light of the substantial Corus equity component that was likely to form part of the purchase price consideration.

On August 11, 2015, Shaw provided Corus and its external advisors with an information package that included a high level review of the Shaw Media assets, including selected financial information, along with a financial forecast and guiding principles that set forth the basis on which Shaw was prepared to consider and review the potential transaction.

On September 9, 2015, following further consideration by management and the Board, RBC delivered on behalf of Corus management an indicative unsigned letter of intent to TD Securities (Shaw's external financial advisors) setting out the proposed terms and principles on which Corus would be prepared to engage in further discussions regarding a potential transaction involving an acquisition of Shaw Media (the "**First Indicative Proposal**"). The First Indicative Proposal contemplated an acquisition of 100% of the equity interest in Shaw Media by Corus on a cash and debt free basis for between \$2.3 billion and \$2.55 billion, consisting of a combination of cash and Class B Shares (with up to a maximum of 25% of total Class B Shares outstanding following completion of the transaction). The First Indicative Proposal contemplated financing for the transaction consisting of additional debt and a public offering of Class B Shares of up to \$500 million.

On September 15, 2015, in light of the status of the discussions between the parties and the fact that a potential transaction between Corus and Shaw would constitute a "related party transaction" under MI 61-101, and with a view to ensuring appropriate safeguards for the interests of the holders of the Class B Shares, the Board established the Corus Special Committee with the authority to, among other matters, review, direct and supervise the process to be carried out by Corus management and its professional advisors in assessing the potential acquisition (including the preparation of any formal valuation required under MI 61-101), review and consider the proposed structure, terms and conditions of a possible acquisition and to make a recommendation to the Board with respect to any such transaction. The Corus Special Committee consisted of Fernand Bélisle (chair), Mark Hollinger, Wendy Leaney and Terrance Royer. Mr. Royer was also the Lead Independent Director at the time and throughout the process, and led the relevant meetings of the independent directors and the Board during which the Acquisition was discussed and considered. The Corus Special Committee subsequently met a total of 28 times in exercising its mandate and supervision over the balance of the transaction negotiation process that followed, prior to the announcement of the Acquisition on January 13, 2016.

Later in the week of September 15, 2015, TD Securities communicated to RBC the fact that Shaw considered the economic terms of the First Indicative Proposal to be an inadequate basis for further discussions. TD Securities also provided feedback regarding certain of the non-economic terms of the First Indicative Proposal.

On September 30, 2015, following further consideration by Corus' management and the Board, RBC delivered a revised indicative unsigned letter of intent to TD Securities with revised indicative terms regarding a potential acquisition of Shaw Media (the "**Second Indicative Proposal**"). The Second Indicative Proposal contemplated an increased purchase price range of \$2.55 billion to \$2.75 billion, to be paid in the form of cash and Class B Shares, with proposed financing parameters that were materially the same as the First Indicative Proposal, other than a removal of the 25% limit on the pro forma ownership of the Class B Shares by Shaw.

On October 5, 2015, TD Securities informed RBC that the Second Indicative Proposal provided an acceptable basis from Shaw's perspective to move forward with the next phase of the transaction process, including the conduct of further mutual due diligence by both parties and the holding of management presentations by each of Shaw Media and Corus. At its next board meeting, Shaw also established a special committee of independent directors (the "**Shaw Special Committee**") comprised of Adrian Burns, Michael O'Brien and Paul Pew (chair) to, among other things, assess, consider and review the potential sale of Shaw Media to Corus. The Shaw Special Committee retained Blair Franklin Capital Partners Inc. and Goodmans LLP as its independent financial and legal advisors, respectively.

On October 7, 2015, the Corus Special Committee met with Corus management and received an update regarding the transaction review process and negotiations to date.

On October 8, 2015, the Corus Special Committee engaged BLG as its independent legal counsel.

On October 9, 2015, the Corus Special Committee met with Corus management to discuss the committee work plan going forward.

On October 15, 2015, the Corus Special Committee met and received a briefing from BLG regarding the mandate and duties of the Corus Special Committee, and the requirements of MI 61-101 as they applied to the proposed transaction. Later in the meeting, representatives of Barclays attended and presented their credentials to act as

prospective independent valuator and financial advisor to the Corus Special Committee, and were later confirmed in that role on October 23rd by the Corus Special Committee.

During the week of October 19, 2015, both Shaw Media (in favour of Corus) and Corus (in favour of Shaw) made available access to electronic data rooms containing confidential information with respect to each company's business, operations and financial results. Over the next several months, Corus management led an extensive due diligence review of the Shaw Media business based on the data room contents, while Shaw conducted a similar review of the Corus business.

On October 20, 2015, the Corus Special Committee, together with its external advisors, met and received presentations from Corus management and RBC. The attendees discussed the strategic and business rationale for the transaction, the proposed material terms of the transaction, the financial analysis conducted to date regarding the transaction, the preliminary regulatory analysis, and the proposed financing package associated with the transaction.

On October 22, 2015, the Board met and received a briefing from Corus management and the members of the Corus Special Committee regarding the transaction status and progress to date.

On October 28, 2015, senior members of Shaw Media management made an in-person presentation to Corus management and its external advisors with respect to the Shaw Media business, and senior members of Corus management made a corresponding presentation the following day with respect to the Corus business to Shaw management and its external advisors. Representatives of Barclays were also present for each of the presentations. Each presentation also included a discussion regarding the relevant due diligence process to be followed.

The Corus Special Committee met on November 9, 2015, and received an update from Barclays regarding the valuation work performed to date and on recent discussions with Corus management regarding the due diligence process and the work performed to date analysing the available cost synergies arising in connection with the proposed transaction.

On November 12, 2015, senior management from Shaw and Corus met to discuss matters relating to transitional services to be performed by Shaw after closing of the transaction, as well as various commercial arrangements to be put in place between each of Corus and Shaw Media, on the one hand, and Shaw, on the other.

On November 16, 17 and 18, 2015, the Corus Special Committee met on three successive days with its external advisors, with Corus management and representatives of RBC and Osler also in attendance during the November 18, 2015 meeting. The Corus Special Committee received a presentation from Barclays on November 17, 2015 regarding Barclays' preliminary valuation analysis and review of the proposed transaction terms. On November 18, 2015, the Corus Special Committee received presentations from each of Corus management and RBC with respect to recent transaction developments and current market and financing perspectives, and also discussed certain other matters related to the transaction process, including an update regarding the synergies analysis and due diligence process. The meetings considered in particular the challenges posed by the recent decline in the trading price of the Class B Shares to the potential transaction terms contemplated by the Second Indicative Proposal, and the potential timetables associated with the transaction, including the associated financing processes, in light of more challenging market conditions. Following a discussion among the members of the Corus Special Committee and Corus management and their respective advisors, the Corus Special Committee authorized Corus management to provide a revised proposal to Shaw and proceed with the next phase of the negotiation process, including the negotiation of definitive documentation, on the basis of a proposed purchase price of \$2.65 billion and an equity component of the consideration priced at a value equal to the volume weighted average price for the period since September 30, 2015 up to that date, rather than a value reflecting only the most recent trading prices of the Class B Shares.

On November 19, 2015, the Board met to receive and subsequently approve management's recommendation on executing an agreement with Bell to exit the Pay TV business. At this meeting the Board also discussed the impact of this transaction on the potential Shaw Media transaction. Later that day, Corus announced that, as part of its plan to strategically invest in and further optimize its core national media brands for future growth, it intended to discontinue its Pay TV business in Western Canada and that it had entered into an agreement with Bell Media providing for a payment of \$211 million in exchange for Corus' assistance in the expansion of Bell Media's Pay TV business into Western Canada. The proceeds of this transaction form a part of the cash consideration to be paid to

Shaw in connection with the Acquisition and the related refinancings of Corus indebtedness. See “– Financing the Acquisition”.

On November 20, 2015, Mr. Douglas Murphy, the Chief Executive Officer of Corus, met in person with representatives of Shaw, and verbally presented the revised proposal authorized by the Corus Special Committee at its November 18th meeting.

On November 21, 2015, Osler provided a draft form of Acquisition Agreement to Davies, Shaw’s external legal advisors, which reflected the conclusions and instructions of the Corus Special Committee given at its November 18th meeting, and Corus provided a letter to Shaw containing the terms of the revised proposal, including confirming Corus’ interest in pursuing a transaction based on a proposed acquisition price of \$2.65 billion, based on an assumption that the Corus equity portion of the consideration would be priced at the volume weighted average price of the Class B Shares since September 30, 2015. The revised proposal also included nomination rights in favour of Shaw in respect of two members of the Corus Board, provided that it maintained an ownership percentage of 20% or more.

On November 25, 2015, the Corus Special Committee met with Barclays to receive a report on the discussions between RBC and Barclays concerning transaction structure and timing options for financing the cash component of the purchase price. It was agreed that Barclays and RBC would confer on a regular basis about ongoing market conditions and the Corus Special Committee would wait for the outcome of the upcoming Shaw Special Committee meeting before deciding how to proceed.

On November 25, 2015, following a meeting of the Shaw Special Committee at which it considered the revised proposal, Mr. Murphy and representatives of RBC met with Mr. Trevor English, Senior Vice President, Corporate Development & Business Planning of Shaw, and representatives of TD Securities, in which Mr. English and the TD Securities representatives conveyed the Shaw response to the revised proposal from Corus, which response included in particular: (i) a request for a \$2.7 billion purchase price; (ii) a request that, in order to provide greater deal certainty, Corus consider a lower public equity financing component than contemplated in the revised proposal because of the challenging equity market conditions and the decline in the trading price of the Corus Class B Shares; (iii) Shaw’s willingness to accept a greater number of Class B Shares as a portion of the consideration than previously contemplated, being up to approximately 40% of the pro forma ownership of the post-transaction Company, to partially offset the requested smaller public equity financing component; (iv) a request that Corus consider a somewhat higher level of short-term debt leverage to finance the Acquisition, and (v) a request for nomination rights in respect of three Corus board seats in light of the higher pro forma ownership of the post-transaction Company Shaw was prepared to accept.

On November 27, 2015, the Corus Special Committee met to receive Mr. Murphy’s report on Shaw’s response to Corus’ revised proposal and to confer with Barclays and BLG regarding the status of the discussions.

During this period the Board’s independent directors received updates from the Corus Special Committee and management regarding the ongoing status of the transaction process on each of November 19, December 2 and December 14, 2015.

On November 30, 2015, the Corus Special Committee met to consider the ongoing discussions between Corus and Shaw regarding the most recent proposals, the potential revisions to the transaction terms, and the likely sources of funds and financing details, including the proposed public equity financing component. The Corus Special Committee also discussed the governance issues related to the Shaw proposals relating to the Board and Board committee representation and the issues related to the size and composition of the Board going forward.

On December 7, 2015, the Corus Special Committee met with Corus management and RBC to discuss the ongoing negotiations and their potential resolution. In particular, management and RBC reviewed with the Corus Special Committee a proposal that part of the response to Shaw on outstanding terms would include the principle that the Consideration Shares to be issued to Shaw would be subject to the terms of the DRIP for a period of time after closing, and reviewed with the Corus Special Committee the resulting implications to the cash flow and debt repayment capacity of the Company.

On December 8, 2015, Mr. Murphy met with Shaw executives to discuss the principal outstanding issues and held a number of subsequent telephone discussions in the days that followed. Over the course of these discussions, the Shaw representatives indicated to Mr. Murphy that the Shaw Special Committee had recently met and that, if the other material terms of the transaction could be agreed upon on satisfactory terms, it was prepared to accept a

purchase price of \$2.65 billion. The proposal from Corus regarding the DRIP participation of the Consideration Shares was also discussed, and the Shaw representatives indicated that while some degree of DRIP participation would be acceptable, Shaw believed that Corus should consider scenarios that involved DRIP participation in respect of less than 100% of the Consideration Shares.

On December 14, 2015, the Corus Special Committee met with Corus management to receive an update from Mr. Murphy regarding his recent discussions with the Shaw representatives as well as an update from Osler and BLG concerning the status of the ongoing negotiations on the legal agreements with Shaw's counsel.

On December 15, 2015, Davies provided a revised draft of the Acquisition Agreement to Osler reflecting Shaw's comments on the initial draft agreement provided by Osler, together with an initial draft of a proposed Governance and Investor Rights Agreement providing for a set of investor rights in favour of Shaw in respect of its prospective holding of Class B Shares. See "The Acquisition Agreement and Ancillary Agreements – Governance and Investor Rights Agreement" for a summary of the final terms of that agreement.

On December 17, 2015, the Corus Special Committee met with Corus management, RBC, Barclays, Osler and BLG and reviewed the most recent discussions between the parties as well as the status of the financing analysis, and had a discussion regarding the various financing options that might be available in respect of the transaction. The meeting also included a presentation from Osler and BLG regarding the outstanding issues in the draft Acquisition Agreement and Governance and Investor Rights Agreement, including board composition and nomination rights; the contractual lock-up periods associated with the Consideration Shares; the level and length of the minimum DRIP participation in respect of the Consideration Shares; the value at which the Consideration Shares would be issued; the terms of the registration and pre-emptive rights set forth in the Governance and Investor Rights Agreements; financing-related covenants; and various terms of the indemnity and termination fee provisions.

In the weeks that followed the parties and their external legal and financial advisors met and held numerous discussions to negotiate and settle the final terms of the Acquisition Agreement and Governance and Investor Rights Agreement in parallel to the business negotiations regarding the final material financial and business terms of the Acquisition. At the same time, Corus negotiated and settled the terms of the Corus Commitment Letters with RBC.

During this period, representatives of the Shaw family also indicated to Mr. Murphy that the Shaw family would be prepared to support the planned equity financing component of the transaction financing by committing to subscribe for up to 10% of the proposed equity offering, either by way of direct participation in the offering or through a parallel private placement on identical economic terms to the public offering. The Corus Special Committee discussed this potential commitment by the Shaw family at a meeting of the Corus Special Committee that occurred on December 24, 2015, and received input from RBC to the effect that a public commitment to the transaction of this nature from the Company's controlling shareholder would be likely to be of significant assistance to the marketing efforts in connection with the planned offering and would otherwise reduce the amount of equity that would be required to be raised under the proposed public equity offering.

The Corus Special Committee met in the early morning of January 12, 2016 to discuss the unresolved issues between the parties relating to the valuation and number of Consideration Shares to be issued to Shaw in connection with the Acquisition, and held a number of further discussions with Corus management and its advisors over the course of the day as the parties continued the negotiation of the outstanding issues and eventually reached a final agreement on those terms.

On the afternoon and evening of January 12, 2016, at a meeting of the Corus Special Committee, Barclays provided the Corus Special Committee and other members of the Board with a presentation and financial analysis regarding the Acquisition, and its formal valuation of Shaw Media. Barclays also presented an opinion to the effect that, as of such date, based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the fair market value of Shaw Media was in the range of \$2.45 to \$2.85 billion and that the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus. See "Valuation and Fairness Opinions – Barclays Valuation and Fairness Opinion". At the meeting, RBC provided Board members with a presentation and financial analysis of the Acquisition and presented an opinion to the effect that, as of such date, based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable under the Acquisition was fair, from a financial point of view, to Corus.

Following the presentations by Barclays and RBC, and after further consideration of the Acquisition with BLG, the Corus Special Committee determined that the Acquisition was in the best interests of Corus and accordingly recommended that the Board accept the terms of the Acquisition and recommend to shareholders that they vote in favour of approving the Acquisition. Following the Corus Special Committee meeting, the Board met to consider the Acquisition.

After consideration and discussion, including with RBC, Barclays and Osler, the Board (with each of Ms. Heather Shaw, Ms. Julie Shaw and Ms. Catherine Roozen having each disclosed a material interest in Shaw and having each abstained from voting on the Acquisition) based in part on the recommendation of the Corus Special Committee and review of the Barclays Valuation and Fairness Opinion and RBC Fairness Opinion and the advice of management, financial advisors and legal counsel, unanimously determined that the Acquisition was in the best interests of Corus and determined to recommend that the Corus shareholders vote in favour of the Acquisition. JR Shaw also provided a letter to Corus indicating the support of the Shaw Living Family Trust for the Acquisition, and to confirm the Shaw family's commitment to participating in the public equity offering planned in connection with the Acquisition for approximately 10% of the securities to be issued under the offering.

The parties and their external advisors concluded negotiation of the final terms of the Acquisition Agreement (including negotiations between the Chairmen of the Corus Special Committee and the Shaw Special Committee concerning the final pricing in respect of Class B Shares for purposes of determining the number of Consideration Shares to be issued to Shaw in connection with the Acquisition) in parallel to and following the Corus Special Committee and Board meetings, and the Acquisition Agreement was executed early in the morning of January 13, 2016 along with the Corus Commitment Letters, and a press release announcing the Acquisition was disseminated prior to the opening of markets later that same day.

RECOMMENDATION OF THE CORUS SPECIAL COMMITTEE

The Board established the Corus Special Committee to, among other things, supervise the preparation of the formal valuation required under MI 61-101 and assess, review and to make recommendations to the Board regarding the Acquisition. The Corus Special Committee engaged Barclays as an independent valuator as required under MI 61-101 in connection with the purchase and sale of the issued and outstanding shares of Shaw Media and to provide the Barclays Valuation and Fairness Opinion.

Having undertaken a review of, and carefully considered the Acquisition, the Barclays Valuation and Fairness Opinion, the RBC Fairness Opinion, information concerning Corus, Shaw Media, the proposed Acquisition and the alternatives, including consultation with its financial and legal advisors and such other matters as it considered relevant, the Corus Special Committee unanimously determined that the Acquisition is in the best interests of the Company and accordingly recommended that the Board approve the Acquisition and recommended that the Board recommend that holders of each of the Class A Shares and Class B Shares vote **IN FAVOUR** of the resolutions set out in this Circular.

RECOMMENDATION OF THE BOARD

After consideration and discussion, including with RBC, Barclays and Corus' external legal advisors, the Board (with each of Ms. Heather Shaw, Ms. Julie Shaw and Ms. Catherine Roozen having disclosed a material interest in Shaw and having abstained from voting on the Acquisition) based in part on the recommendation of the Corus Special Committee, review of the Barclays Valuation and Fairness Opinion and RBC Fairness Opinion and the advice of management, financial advisors and legal counsel, unanimously determined that the Acquisition is in the best interests of Corus and determined to recommend that the Corus shareholders vote in favour of the Acquisition.

The Board (with the interested directors having abstained from voting on the Acquisition) has approved and recommends that holders of each of the Class A Shares and Class B Shares VOTE IN FAVOUR of the resolutions set out in this Circular.

REASONS FOR THE RECOMMENDATIONS

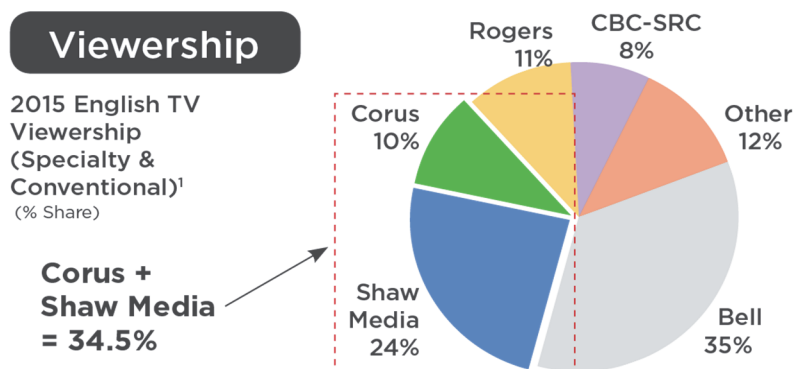
The Corus Special Committee and the Board, with the benefit of advice from Corus' financial and legal advisors, reviewed and considered a significant amount of information and considered a number of factors relating to the Acquisition. The following is a summary of the principal reasons that the Board and the Corus Special Committee have determined that the proposed Acquisition is in the best interests of the Company. The following includes

forward-looking information and readers are cautioned not to place undue reliance on forward-looking statements as actual results may vary from such forward-looking information.

- *Game-Changing Scale and Enhanced Shareholder Value:* The Acquisition more than doubles Corus' scale, creating a combined suite of brands that encompasses 45 specialty services and 15 conventional television stations, 39 radio stations, a global original content business and a growing portfolio of digital assets.



The Combined Company will command a 34.5% share of Canada's English television audience, making it one of the country's leading media providers.

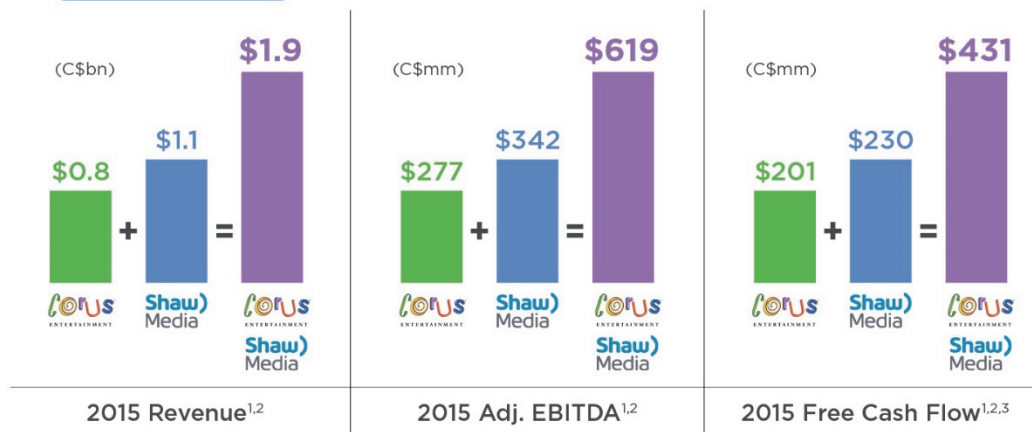


Notes:

- (1) Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada (English), Specialty and Conventional Channels, Monday – Sunday 2 am – 2 am, Audience Share %, Sum of Individuals ages 2+, % rounded to nearest whole number.

The financial scale of the Combined Company is significant, with combined fiscal 2015 revenues of \$1.9 billion, adjusted EBITDA of \$619 million and \$431 million in free cash flow. Importantly, the Combined Company's highly cash generative assets are expected to deliver meaningful shareholder value. Corus has a long track record of returning cash to its shareholders, and this strong free cash flow profile is expected to enable the Company to maintain its current dividend of \$1.14 per Class B Share. As well, the Acquisition is expected to be immediately accretive to earnings per share and free cash flow per share.

Financials






















Notes:

- (1) Revenue, adjusted EBITDA and free cash flow figures based on the Company's 2015 annual consolidated figures.
- (2) Corus will discontinue its Pay TV business in FY 2016.
- (3) FY2015 free cash flow excludes impact of debt servicing (interest and mandatory amortization) on incremental debt to finance the Acquisition.
- (4) Source: Audited Company financial reports.

- Strong Growth Platform with New and Diversified Revenue Opportunities.** The Acquisition combines two impressive portfolios of best-in-class brands, including specialty and conventional television, radio, digital and content assets, into a large, growth-oriented media and content company. The Combined Company will leverage its enhanced scale and scope to share and promote its content and brands across platforms, and to offer more competitive bundled and integrated advertising solutions, targeted to high-value audiences such as women, kids and families.
- Expanding Portfolio of Owned Content is a Catalyst for Global Growth.** The international content market represents a significant opportunity for the Combined Company. As a globally renowned producer and distributor of kids content, Corus has recently expanded into owned reality content geared to women. The strength of the Combined Company's market-leading women, kids and family brands provides an even greater opportunity to scale up the production of quality Canadian Content for use on Corus' domestic networks and for increased sales through global distribution.

- **Well-Positioned to Compete in a Dynamic Media Landscape.** The Combined Company offers scale and strong free cash flow combined with original content, market-leading brands and emerging strength in digital. Its leadership in the highly valued specialty television audience segments of kids aged 2 to 11 and women and adults aged 25 to 54 positions Corus for success in the Canadian new “pick-and-pay” environment.

Powerhouse Portfolio of Top Media Brands		
7 OF THE TOP 10 SPECIALTY CHANNELS		
RANK ¹	STATION	
1		
3		
4		
6		
7		
8		
10		
TOP 6 SPECIALTY CHANNELS AMONG WOMEN		
RANK ²	STATION	
1		
2		
3		
4		
5		
6		
6 OF THE TOP 10 KIDS CHANNELS		
RANK ³	STATION	
1		
2		
4		
6		
8		
9		

Note: Disney Jr. and Disney XD launched December 1, 2015

Notes:

- (1) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Adults ages 25-54.
- (2) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Women ages 25-54.
- (3) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Kids ages 2-11.

Through Global Television, Corus will gain a powerful entry into conventional television, an enhanced ability to promote its brands and content across platforms and an opportunity to create robust bundled advertising offerings. Television remains the most effective medium to reach mass audiences and with the efficacy and scale of the Canadian television advertising market, estimated at \$3.2 billion in 2015, Corus' strengthened suite of combined television assets and attractive advertising solutions provide a compelling growth opportunity.⁸

- **Significant Operational Synergies Anticipated.** The Combined Company is expected to generate an estimated \$40 to \$50 million in annual cost synergies, in addition to immediate savings of approximately \$15 million in corporate overhead charges that will no longer be allocated from Shaw to Shaw Media. These cost synergies are expected to be realized within 24 months of completion of the Acquisition and are expected to be derived from operational efficiencies, the consolidation of facilities and real estate, systems, programming expenditure and other savings.
- **Best-in-Class Management Team and Strong Board Composition.** The management team of the Combined Company will bring together highly skilled talent from both companies to create an effective, growth-oriented team. Barbara Williams, currently Executive Vice-President, Broadcasting, of Shaw and President, Shaw Media, is one of the industry's most-respected executives. She will join Corus in a senior leadership role upon the closing of the Acquisition. The Board will benefit from the addition of three seasoned current and former Shaw executives, whose respective skills include a deep understanding of media distribution and content, capital markets and financing, retail and subscriber relationships, the regulatory environment, strategy and execution.

⁸ Source: Television Bureau of Canada (now known as Think TV) Time Sales Survey – 2014/2015 Broadcast Year (weeks 1-52), Total Canada, 12 month net revenue (\$ billions).

- **Advancing Corus' Strategic Objectives.** Management believes the Acquisition advances Corus' three strategic priorities, including:
 - 1. Own and Control More Content – The Acquisition will strengthen the Company's portfolio of premium brands, bolstered by new partnerships and output deals with Scripps Networks Interactive, National Geographic, A + E Networks and others. The size of the Combined Company's required expenditures on Canadian programming will enable increased ownership and production of Canadian content, which is expected to increase global sales. The Company will also gain greater access to exclusive, first run content.
 - 2. Engage Our Audiences – The Acquisition creates a portfolio of best-in-class brands with exceptional content and with significant cross-promotional opportunities across television, radio and digital. With these capabilities, strengthened by its audience intelligence data, the Company expects to deepen its engagement with audiences.
 - 3. Expand into New and Adjacent Markets – The Acquisition provides Corus with a national conventional television presence and is expected to facilitate the addition of next generation advertising capabilities. Through Global Television, Corus will gain meaningful scale and a powerful entry into an adjacent market. Management believes that this scale will accelerate ownership of more women's, kids' and family content for global distribution. Management intends to drive new revenue opportunities across the Company's business through enhanced content sharing, advertising bundling, cross-promotion and next generation advertising solutions.



- **Barclays Valuation and Fairness Opinion.** Barclays, the independent valuator engaged by the Corus Special Committee in connection with the Acquisition, provided the Barclays Valuation and Fairness Opinion that determined that, as of January 12, 2016 and based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the fair market value of Shaw Media was in the range of \$2.45 to \$2.85 billion. The purchase price payable to Shaw in connection with the Acquisition is at the midpoint of the Barclays Valuation and Fairness Opinion range. In addition, the Barclays Valuation and Fairness Opinion provided that, as of such date, based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable to Shaw in connection with the Acquisition was fair, from a financial point of view, to Corus. See “ – Valuation and Fairness Opinions – Barclays Valuation and Fairness Opinion”, the full text of which is attached as Schedule “F” to this Circular.

- *RBC Fairness Opinion.* Corus' financial advisor, RBC, provided the RBC Fairness Opinion to the Board that concluded that, as at the date of the RBC Fairness Opinion, and subject to the assumptions, limitations, qualifications and other matters contained therein, the consideration payable under the Acquisition was fair, from a financial point of view, to Corus. See " – Valuation and Fairness Opinions – RBC Fairness Opinion", the full text of which is attached as Schedule "G" to this Circular.
- *Fully Financed Offer.* The cash component payable to Shaw pursuant to the Acquisition as well as Corus' transaction costs, the redemption of the Existing Notes (including the redemption fee for early redemption of the Existing Notes) and the repayment of the Existing Credit Facilities have been fully financed through the Corus Commitment Letters for the Corus Debt Financings. See "Financing the Transaction". Corus believes the Corus Debt Financings will provide it with an efficient and flexible longer-term capital structure for the Combined Company, and that its ability to carry on business will not be compromised by the debt financing package for the transaction. As a result of the completed Equity Offering and Concurrent Private Placement, the Equity Bridge Facility was terminated and the amounts available under the Corus Debt Financings have been reduced by \$260 million and may be further reduced to the extent any other Corus Offerings are completed prior to the closing of the Acquisition. Corus believes that it has secured an attractive financing package that reflects the strength of the Company's balance sheet, and ensures that it will be able to comfortably service the anticipated levels of pro forma indebtedness.
- *Acquisition Agreement and Governance and Investor Rights Agreement.* The terms of the Acquisition Agreement were negotiated and executed following a robust and lengthy process conducted under the supervision of the Corus Special Committee, which is comprised exclusively of directors who are "independent" within the meaning of applicable securities laws. The Board considered that pursuant to the Governance and Investor Rights Agreement, Shaw will agree to lock-up arrangements whereby 100% of the Consideration Shares received from Corus in connection with the Acquisition will be subject to restrictions on sale, with 1/3 of the locked-up shares being released after 12 months, another 1/3 being released after 18 months and the final 1/3 being released after 24 months, in each case, following the closing date of the Acquisition and that Shaw has further agreed to have 100% of its Consideration Shares which are subject to these lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) participate in Corus' DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements.
- *Shareholder Approvals.* The Board has considered the fact that the Acquisition Resolution must be approved by the shareholders at the Meeting by: (i) a majority of the votes (50% + 1) cast at the Meeting by or on behalf of the holders of Class A Shares in accordance with the requirements of the Toronto Stock Exchange, excluding any votes attached to Class A Shares held by interested shareholders; and (ii) a majority of the votes (50% + 1) cast by or on behalf of the holders of Class A Shares and the holders of Class B Shares at the Meeting, in each case voting separately as a class (excluding for these purposes, the votes cast by certain "related parties" to the Company in accordance with the "minority approval" requirements of Part 8 of MI 61-101). See "Overview of Regulatory Matters – Canadian Securities Law Matters".
- *Voting Control.* Voting control over Corus is held by JR Shaw and the Shaw Family Living Trust and their affiliates. Despite the material increase in the aggregate number of Class B Shares outstanding resulting from the Acquisition, voting control of Corus will not be changing as a result of the Acquisition.
- *Support Letter.* On January 12, 2016, Corus received a letter from JR Shaw, on behalf of the Shaw Family Living Trust and related entities, which beneficially owns, holds, controls or directs, directly or indirectly, 2,906,496 Class A Shares, representing approximately 84.8% of the outstanding Class A Shares of the Company, confirming the Shaw Family Living Trust's support for the Acquisition. JR Shaw, on behalf of the Shaw Family Living Trust, has provided assurance that the Shaw Family Living Trust will not initiate, pursue or support any transactions involving a change of control of Corus or an acquisition by a third party of more than 20% of the outstanding Class B Shares of Corus, including with respect to any transaction that may be proposed by a third party, until the earlier of the completion of the Acquisition or the termination of the Acquisition Agreement. In addition, the letter confirmed the intention of the Shaw family to purchase Subscription Receipts on a private placement basis, which purchase was subsequently completed through

the Concurrent Private Placement. See “The Acquisition Agreement and Ancillary Agreements – Support Letter”.

A number of these anticipated benefits and factors are based on various assumptions and are subject to various risks. See the section of the Circular entitled “Forward-Looking Information” and the section of the Circular entitled “Risk Factors”.

In the course of their deliberations, the Corus Special Committee and the Board also considered a variety of risks and other potentially negative factors, including the following:

- *Dilution.* As a result of the issuance of the Consideration Shares pursuant to the Acquisition, Shaw is expected to hold approximately 37.8% of the aggregate outstanding Class B Shares (taking into account the 32,770,000 Class B Shares issuable in satisfaction of Subscription Receipts issued under the Equity Offering and Concurrent Private Placement). As a result, if the Acquisition is completed, Shareholders will experience a significant degree of dilution in their ownership of Corus. Upon completion of the Acquisition, including the completion of the Equity Offering and Concurrent Private Placement, and based on the number of Class B Shares outstanding as of February 5, 2016, public Shareholders are expected to own approximately 57.3% of the issued and outstanding Class B Shares of the Combined Company.
- *Current Share Price.* The Class B Shares have declined significantly in trading price over the past 12 months. At the time when discussions between Corus and Shaw Media commenced in June 2015, the trading price for the Class B Shares was approximately \$17.80. Since that time, the trading price for the Class B Shares declined to \$11.71, being the closing price of the Class B Shares on the TSX on January 12, 2016, the day prior to announcement of the Acquisition. As a result, Corus is required to issue more Class B Shares in satisfaction of the Purchase Price than if the Acquisition had occurred at a time when the trading price of the Class B Shares was higher.
- *Impact on Trading Price.* The issuance of a significant number of Class B Shares pursuant to the Acquisition and related transactions could adversely impact the market price of the Class B Shares. In addition, although Shaw has agreed to lock-up the Consideration Shares for between 12 and 24 months, the expiry of the respective hold periods could result in sales of a significant number of Class B Shares, which could negatively impact the trading price of the Class B Shares. Corus has agreed to assist Shaw in effecting sales of Class B Shares through a prospectus qualification process under the Governance and Investor Rights Agreement. Accordingly, a significant number of Class B Shares may be sold by Shaw following the Acquisition and expiry of the lock-up periods, which could adversely affect the market price of the Class B Shares.
- *Combined Company.* The Combined Company may not realize the benefits currently anticipated due to challenges associated with integrating the operations and personnel of Corus and Shaw Media, including anticipated cost and other synergies.
- *Recommendation to Shareholders.* In considering the Acquisition, after careful consideration, the Board determined to recommend that Shareholders vote in favour of the Acquisition Resolution, and the Acquisition Agreement requires that this Circular include the recommendation of the Board. Under the terms of the Acquisition Agreement, the Board does not have the ability to change its recommendation to Shareholders with respect to the Acquisition Resolution. In approving the Acquisition, the Board considered that Shareholders would have the ability to consider whether to approve the Acquisition Resolution, independently of the recommendation of the Board.
- *Shaw Rights under the Governance and Investor Rights Agreement.* Shaw is receiving a number of rights under the Governance and Investor Rights Agreement, including specified nomination rights with respect to up to three members of the Board of the Combined Company and certain registration and pre-emptive rights with respect to its holding of Class B Shares. See “The Acquisition Agreement and Ancillary Agreements – Governance and Investor Rights Agreement”.

- *Conditions.* The completion of the Acquisition is subject to several conditions that must be satisfied or waived, including, in particular, the approval of Corus Shareholders and receipt of CRTC Approval.
- *Termination.* The Acquisition Agreement may be terminated by Corus or Shaw in certain circumstances, in which case termination fees may be payable by Corus and Corus may be required to reimburse Shaw for its expenses, and the market price for Class B Shares may be adversely affected.
- *Termination Fee.* The risks arising from provisions in the Acquisition Agreement relating to the potential payment of a \$55 million fee by Corus to Shaw under certain circumstances specified in the Acquisition Agreement.
- *Indebtedness.* The amount of indebtedness required to finance the Acquisition and the related restrictions to which the Combined Company would be subject, including the risk that Corus' increased leverage and debt service obligations after giving effect to the Acquisition and related transaction could adversely affect Corus' business, including by increasing Corus' vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions.
- *Risk Factors.* The risks of the type and nature described under the heading "Risk Factors".

The foregoing discussion of the factors considered by the Board is not intended to be exhaustive, but rather includes material factors considered by the Board. In reaching its decision to approve the Acquisition Agreement and the transactions contemplated thereby, the Board did not quantify or assign any relative weights to the factors considered, but rather based its approval on the totality of the information presented to and considered by it. In addition, individual directors may have given different weight to different factors. The conclusions and recommendation of the Board was made after considering the totality of the information and factors involved.

The foregoing discussion of the information and factors considered by the Board contains forward looking information and statements, all of which are subject to various risks and assumptions. This information should be read in light of the factors described under the sections entitled "Forward-Looking Information" and "Risk Factors".

FINANCING THE ACQUISITION

Overview

Corus intends to satisfy the purchase price for the Acquisition and finance the transaction costs, the redemption of the Existing Notes (including the redemption fee for early redemption of the Existing Notes) and the repayment of the Existing Credit Facilities by way of the following:

- \$2 billion from drawings under the New Term Credit Facility;
- an estimated \$300 million from the proceeds of the Proposed Debt Offering, as described in "– Proposed Debt Offering";
- \$163 million from the remaining portion of the cash consideration (net of tax) received from Bell Media on January 5, 2016 in connection with the discontinuance of Corus' Pay TV business as described in "Information About Corus – Recent Developments";
- approximately \$295 million from the gross proceeds of the Equity Offering, as described in "– Equity Offering" and the proceeds of the Concurrent Private Placement, as described in "– Concurrent Private Placement"; and
- \$800 million from the issuance by Corus to Shaw of 71,364,853 Class B Shares at a price of \$11.21 per Class B Share in order to partially satisfy the purchase price for the Acquisition.

A description of the sources and uses of funds relating to the Acquisition, transaction costs, the redemption of the Existing Notes (including the redemption fee for early redemption of the Existing Notes) and the repayment of the

Existing Credit Facilities is set out in the table below. Certain of the amounts below are estimated and are subject to change. See “Forward-Looking Information” and “Risk Factors”.

Sources (millions):		Uses (millions):	
New Term Credit Facility	\$2,000	Purchase Price for the Acquisition	\$2,650
New Revolving Credit Facility	\$ -	Transaction Costs	\$57
Proposed Debt Offering	\$300	Redemption Fee for Early Redemption of the Existing Notes	\$62
Remaining portion of cash consideration (net of tax) from discontinuance of Pay TV business	\$163 ⁽¹⁾	Redemption of Existing Notes	\$550
Proceeds of the Equity Offering, plus the proceeds of the Concurrent Private Placement ⁽²⁾	\$295	Repayment of Existing Credit Facilities	\$239 ⁽³⁾
Consideration Shares to be Issued to Shaw	\$800		
Total Sources:	\$3,558	Total Uses:	\$3,558

Notes:

- (1) On January 6, 2016, the Company used \$90 million of the \$163 million amount shown to repay outstanding indebtedness under its Existing Credit Facilities. See note (3) below.
- (2) In lieu of drawing on the Equity Bridge Facility, Corus expects to use the net proceeds of the Equity Offering and the Concurrent Private Placement as sources of funds for the purposes referred to above. See “ – New Credit Facilities and Bridge Facilities – Equity Bridge Facility” below.
- (3) As at November 30, 2015, the outstanding indebtedness under the Existing Credit Facilities was \$239 million. On January 6, 2016, the Company repaid \$90 million of outstanding indebtedness under the Existing Credit Facilities. On February 3, 2016, the total amount of indebtedness under the Existing Term Credit Facility was fully repaid so that there was no balance outstanding. As at February 8, 2016, the outstanding indebtedness under the Existing Revolving Credit Facility was \$71 million. The Company may draw additional amounts under the Existing Revolving Credit Facility until it is terminated.

Equity Offering

On February 3, 2016, Corus completed its offering of 25,400,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt, for gross proceeds of approximately \$228,600,000. On February 5, 2016, the underwriters in the Equity Offering exercised their option to purchase an additional 3,810,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt, for additional gross proceeds of approximately \$34,290,000. Pursuant to the Equity Offering, certain directors and officers of Corus acquired an aggregate of 134,000 Subscription Receipts, for an aggregate subscription price of approximately \$1.2 million.

The proceeds of the Equity Offering, less 50% of the underwriters’ fee thereunder, have been placed into escrow with CST, as subscription receipt agent, and invested in short term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or a Province of Canada or a Canadian chartered bank (subject to those investments having a certain minimum rating) pending satisfaction of certain conditions pursuant to a subscription receipt agreement entered into on February 3, 2016 among Corus, CST and RBC and TD Securities on behalf of a syndicate of underwriters. Such escrowed funds will be released pending satisfaction of: (i) all conditions precedent to the completion of the Acquisition pursuant to the Acquisition Agreement (other than the delivery of the purchase price for the Acquisition); and (ii) provided there have been no material amendments of the terms and conditions of the Acquisition Agreement (whether directly or indirectly) which have not been approved by RBC and TD Securities, acting reasonably. Upon satisfaction of such conditions, without any further action of a holder thereof and without payment of any additional consideration, each Subscription Receipt will be converted into one Class B Share, subject to adjustment, and the escrowed funds will be released to Corus. Subject to the terms of the subscription receipt agreement, if the escrow release conditions are not satisfied or if Corus delivers a notice that the Acquisition Agreement has been terminated, holders of Subscription Receipts are entitled to receive an amount equal to their full subscription price for their Subscription Receipts and their pro rata portion of any earned interest thereunder.

Concurrent Private Placement

Corus completed the private placement of 3,560,000 Subscription Receipts to the Shaw family (the “**Concurrent Private Placement**”) concurrently with the Equity Offering, on February 3, 2016, for aggregate gross proceeds of \$32,040,000. The Subscription Receipts were issued at the same price per Subscription Receipt as the offering price for the Equity Offering. The Subscription Receipts issued pursuant to the Concurrent Private Placement are the same in all respects as the Subscription Receipts offered under the Equity Offering, except with respect to applicable hold periods under securities laws for the Subscription Receipts issued pursuant to the Concurrent Private Placement and the Class B Shares issuable upon the conversion of those Subscription Receipts.

The Shaw family had indicated to Corus prior to the announcement of the Acquisition that members of the family would be prepared to support the proposed equity offering by subscribing for up to 10% of the Equity Offering. See “—Background to the Acquisition”. Following announcement of the Acquisition, and over the course of preparing the form of preliminary prospectus in connection with the Equity Offering, it was agreed among the Company, the syndicate of underwriters and the members of the Shaw family, that the Shaw family participation in an offering would take place through a concurrent private placement of Subscription Receipts rather than having the Subscription Receipts be qualified directly through the offering prospectus. Proceeding by private placement rather than through the Equity Offering benefitted Corus by, among other things, eliminating payment of underwriters’ commissions on the \$32 million amount raised under the Concurrent Private Placement and by eliminating potential statutory liability under Canadian securities laws of Corus in respect of the Concurrent Private Placement. The Shaw family also indicated at that time its willingness to increase the amount of its total commitment to \$32 million. The commitment was not conditional on a particular pricing level or outcome. Accordingly, the Company announced on January 19, 2016 that it had filed and obtained receipts for a preliminary short form prospectus in connection with the Equity Offering together with the anticipated Concurrent Private Placement of approximately \$32 million of Subscription Receipts. The Equity Offering and Concurrent Private Placement were subsequently priced by negotiation between the Company and the underwriters on January 27, 2016, which pricing was approved by the Board at a meeting held later that day, with each of Ms. Heather Shaw, Ms. Julie Shaw and Ms. Catherine Roozen having disclosed an interest in the Concurrent Private Placement and having each abstained from voting on the pricing of the Equity Offering and Concurrent Private Placement.

The terms and conditions of the Concurrent Private Placement are set out in purchase agreements between Corus and subscribing Shaw family members or their related entities. The conditions relating to the holding and release of the subscription amount in escrow in respect of the Subscription Receipts issued pursuant to the Concurrent Private Placement and the issuance of the Class B Share in satisfaction of such Subscription Receipts are substantially equivalent to those applicable to the Subscription Receipts offered pursuant to the Equity Offering. As well, the Shaw family has agreed not to offer, sell or issue, or negotiate or enter into any agreement to offer, sell or issue, any Subscription Receipts or Class B Shares issued pursuant to the Concurrent Private Placement for a period of 90 days following the closing of the Equity Offering.

Proposed Debt Offering

Corus intends to raise approximately \$300 million from the proceeds of a future private placement of new senior unsecured notes (the “**Proposed Debt Offering**”). The terms of the Proposed Debt Offering by the Company have not yet been finalized, and the Company has not entered into any agreement relating to the Proposed Debt Offering. If successfully completed, the funds from the issuance of new senior unsecured notes pursuant to the Proposed Debt Offering would replace the Debt Bridge Facility, which would accordingly be cancelled.

New Credit Facilities and Bridge Facilities

Corus obtained commitments from the Canadian chartered bank parent of RBC (the “**Lead Bank**”) for an aggregate of up to \$2.3 billion in new credit facilities (collectively, the “**New Credit Facilities**”), as well as the \$260 million Equity Bridge Facility and the \$300 million Debt Bridge Facility. The New Credit Facilities will consist of the New Term Facility and the New Revolving Credit Facility and will replace the Existing Credit Facilities in their entirety.

As a result of the completed Equity Offering and Concurrent Private Placement, the Equity Bridge Facility was terminated and will be further reduced to the extent any other Corus Offerings are completed prior to the closing of the Acquisition.

Corus intends to reduce the amount to be drawn under the Debt Bridge Facility by applying the proceeds from the Proposed Debt Offering. The Company understands that the Lead Bank intends to syndicate the New Credit Facilities and the Bridge Facilities (to the extent not cancelled following the Proposed Debt Offering) to one or more financial institutions prior to the closing of the Acquisition.

New Term Facility

The New Term Facility will consist of two tranches, with the first tranche being in the amount of approximately \$667 million and having a term of three years, and the second tranche being in the amount of approximately \$1,333 million and having a term of five years. The New Term Facility will replace the Company's Existing Term Facility in its entirety. On February 3, 2016, the total amount of indebtedness under the Existing Term Credit Facility was fully repaid so that there is no balance currently outstanding under the Existing Term Credit Facility.

The New Term Facility will be available in a single drawdown, for the purpose of the repayment of the Existing Credit Facilities and other existing indebtedness and to partially finance the Acquisition. Each tranche of the New Term Facility will be subject to mandatory repayment equal to 1.25% per quarter, commencing on a date to be agreed in the definitive credit agreement, with the balance payable at the applicable maturity. The New Term Facility provides for voluntary prepayments on the amount drawn (other than bankers' acceptances) without penalty subject to payment of customary breakage costs. The New Term Facility may be drawn in Canadian dollars as either a prime rate based loan or bankers' acceptance. Upon the closing of the Acquisition, the New Term Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio.

New Revolving Credit Facility

The New Revolving Credit Facility will be a \$300 million revolving credit facility having a term of four years. The New Revolving Credit Facility will replace the Company's Existing Revolving Credit Facility in its entirety. As of February 8, 2016, approximately \$71 million was drawn under the Existing Revolving Credit Facility.

The New Revolving Credit Facility will be available on a revolving basis, for the purpose of the repayment of the Existing Credit Facilities and other existing indebtedness, to partially finance the Acquisition and for other permitted acquisitions, capital expenditures, and general corporate purposes. Amounts owing under the New Revolving Credit Facility will be payable in full at maturity. The New Revolving Credit Facility provides for voluntary prepayments on the amount drawn (other than bankers' acceptances) without penalty subject to payment of customary breakage costs. The New Revolving Credit Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of \$50,000,000 total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of \$50,000,000 total). Amounts drawn under the New Revolving Credit Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the New Revolving Credit Facility.

Equity Bridge Facility

On January 12, 2016, Corus obtained the Corus Equity Commitment Letter providing for the Equity Bridge Facility, a non-revolving, non-amortizing unsecured term facility in the aggregate principal amount of up to \$260 million.

As a result of the completion of the Equity Offering and Concurrent Private Placement and the receipt of over \$260 million in net proceeds, the Equity Bridge Facility was terminated.

Debt Bridge Facility

The Lead Bank has agreed to make the Debt Bridge Facility available to Corus. The Debt Bridge Facility consists of a non-revolving, non-amortizing unsecured term facility, initially in the aggregate principal amount of up to \$300 million, subject to the mandatory reductions described below. The Debt Bridge Facility will mature on the first anniversary of the closing of the Acquisition and may be drawn in Canadian dollar prime rate advances or Canadian dollar bankers' acceptances of one month terms and may be obtained by Corus in a single borrowing, during the period from and including January 12, 2016 to and including the date of the closing of the Acquisition, for the

purpose of partially financing the Acquisition. Any unused portion of the Debt Bridge Facility will be automatically cancelled after the single borrowing. Interest is payable at a specified margin over the Canadian prime rate or bankers' acceptance rate, as applicable to the type of borrowing, which margin increases over time to the extent that the amount borrowed has not been repaid. In lieu of drawing on the Debt Bridge Facility, Corus expects to issue approximately \$300 million of new senior unsecured notes pursuant to the Proposed Debt Offering.

The Corus Note Commitment Letter provides for a mandatory reduction of the amounts available for draw in circumstances where Corus completes (a) any common equity or contingent equity/subsorption receipts offerings (such as the Equity Offering), or (b) any high-yield debt offerings or bond offerings (such as the Proposed Debt Offering) or bank term loans of the Company (other than the New Term Facility and other exceptions) prior to closing of the Acquisition, the net cash proceeds of which shall be allocated: (i) in the case of any common equity or contingent equity/subsorption receipts offerings firstly to the Equity Bridge Facility, secondly to the New Term Facility and thirdly to the Debt Bridge Facility; or (ii) in the case of any high-yield debt offerings, firstly to the Debt Bridge Facility, secondly to the Equity Bridge Facility and thirdly to the New Term Facility.

If any portion of the Debt Bridge Facility should be drawn and still be outstanding on the 1st anniversary of the date of the closing of the Acquisition, then, subject to satisfaction of certain conditions, including that there exists no default or event of default, the amount outstanding thereunder will automatically convert to senior unsecured term loan maturing on the sixth anniversary of the date of the closing of the Acquisition. Subject to certain thresholds, each lender will then have the option to exchange the term loans for senior unsecured exchange notes having an equal principal amount.

Credit Facility Terms

The New Credit Facilities and the Bridge Facilities are subject to, among other things, the completion of definitive documentation which will contain customary representations and warranties and restrictive covenants, including compliance with certain financial ratios and restrictions on further borrowing, acquisitions and dispositions, and investments outside Corus' core business, restrictions on granting liens, restrictions on Corus making certain distributions to shareholders and changes to Corus' fiscal year. Corus' ability to make draws under the New Credit Facilities and the Bridge Facilities will be subject to satisfaction of conditions, including, but not limited to, proper and timely drawdown notice, no material adverse change in respect of the drawdown at the closing of the Acquisition and, thereafter, no material adverse change, representations and warranties being true and correct no event of default or pending event of default, and compliance with all other terms and conditions.

Share Issuances to Shaw

Corus intends to satisfy a portion of the purchase price for the acquisition of Shaw Media by the delivery of the Consideration Shares to Shaw. Corus intends to satisfy \$800 million of the purchase price for the Acquisition from the issuance by Corus to Shaw of 71,364,853 Class B Shares at a price of \$11.21 per Class B Share.

VALUATION AND FAIRNESS OPINIONS

RBC Fairness Opinion

Corus retained RBC to act as its exclusive financial advisor and to provide the RBC Fairness Opinion. RBC has given an opinion to the Board that, as at January 12, 2016, and subject to the assumptions, limitations, qualifications and other matters contained therein, the consideration payable under the Acquisition is fair, from a financial point of view, to Corus. The summary of the RBC Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the RBC Fairness Opinion, which is attached as Schedule "G" to this Circular.

Pursuant to the terms of its engagement agreement with Corus, Corus has agreed to pay a fee to RBC for its services, including a fee for the delivery of the RBC Fairness Opinion and a fee which is contingent on the outcome of the Acquisition.

The RBC Fairness Opinion was provided solely for the use of the Board in connection with its consideration of the Acquisition and is not a recommendation to any Shareholder as to how to vote or act on any matter relating to the Acquisition. The RBC Fairness Opinion was one of a number of factors taken into consideration by the Board in

considering the Acquisition. Corus encourages Shareholders to read the RBC Fairness Opinion carefully and in its entirety.

Barclays Valuation and Fairness Opinion

The Corus Special Committee engaged Barclays as an independent valuator as required under MI 61-101 in connection with the purchase and sale of the issued and outstanding shares of Shaw Media and to provide the Barclays Valuation and Fairness Opinion. Barclays informed the Corus Special Committee that it, together with its affiliates, is one of the largest global investment banking firms, with operations in all facets of corporate finance, mergers and acquisitions, research, sales and trading and financial advisory services to corporations, governments, institutions and individuals. Barclays has been involved in a significant number of transactions involving private and publicly traded companies, including telecommunications and media companies, and has extensive experience in preparing valuations and fairness opinions, including those that conform to the requirements of MI 61-101. Barclays confirmed that it has considered the provisions of MI 61-101 regarding the independence and qualifications of a valuator and is of the view that it is independent of all interested parties in the Acquisition. On that basis, Barclays has been determined to be qualified and independent for the purposes of MI 61-101 in providing the Barclays Valuation and Fairness Opinion.

Neither Corus nor any director or senior officer of Corus, after reasonable inquiry, is aware of any “prior valuation” (as defined in MI 61-101) of the Company having been prepared in the past 24 months. Corus has not received any *bona fide* prior offer during the 24 months before the date of the Acquisition Agreement that relates to the subject matter of or is otherwise relevant to the Acquisition.

The Barclays Valuation and Fairness Opinion was delivered to the Corus Special Committee on January 12, 2016. Pursuant to the Barclays Valuation and Fairness Opinion, Barclays determined that, as of January 12, 2016 and based upon and subject to the assumptions, limitations, qualifications and other matters contained therein, the fair market value of Shaw Media is in the range of \$2.45 to \$2.85 billion. In addition, the Barclays Valuation and Fairness Opinion provided that, as of the date thereof and subject to the assumptions, limitations, qualifications and other matters contained therein, the consideration payable under the Acquisition is fair, from a financial point of view, to Corus. The summary of the Barclays Valuation and Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Barclays Valuation and Fairness Opinion, which is attached as Schedule “F” to this Circular.

Under its engagement letter with Barclays, the Corus Special Committee has agreed to pay Barclays a fixed fee for rendering the Barclays Valuation and Fairness Opinion. Barclays will not be paid any fees contingent on the outcome of the Acquisition.

The Barclays Valuation and Fairness Opinion was provided solely for the use of the Corus Special Committee in connection with its consideration of the Acquisition and is not a recommendation to any Shareholder as to how to vote or act on any matter relating to the Acquisition. The Barclays Valuation and Fairness Opinion was one of a number of factors taken into consideration by the Corus Special Committee in considering the Acquisition. Corus encourages Shareholders to read the Barclays Valuation and Fairness Opinion carefully and in its entirety.

PART VI – THE ACQUISITION AGREEMENT AND ANCILLARY AGREEMENTS

THE ACQUISITION AGREEMENT

Overview

The following is a summary of the principal terms of the Acquisition Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Acquisition Agreement, which is appended hereto as Schedule “B” to this Circular and which has been filed by Corus on SEDAR at www.sedar.com.

On January 13, 2016, Corus and Shaw entered into the Acquisition Agreement, pursuant to which, subject to certain conditions, Corus will acquire from Shaw all of the Purchased Shares and the Purchased Debt, or complete an alternative transaction providing for the acquisition by Corus of all of the business of Shaw Media.

The purchase price payable by Corus to Shaw for the acquisition of the Purchased Shares and the Purchased Debt (the “**Purchase Price**”) will be satisfied by a combination of: (a) a cash payment of \$1.85 billion; and (b) the issuance of the Consideration Shares to Shaw at an agreed value per share of \$11.21 for an aggregate value of \$800 million, subject to customary post-closing adjustments based on the working capital of Shaw Media as of the Effective Time. In addition, in connection with the disposition of Shaw Media’s interest in Shomi Partnership that occurred prior to the date of the Acquisition Agreement, in the event that the purchase price paid to Shaw Media by Shaw Cablesystems Limited in exchange for the transfer by Shaw Media of all of its interest in Shomi Partnership is adjusted post-closing, the fair market value of the Purchased Shares and the allocation of the Purchase Price related thereto will also be subject to corresponding post-closing adjustments.

Representations and Warranties

Representations and Warranties of Shaw

The Acquisition Agreement contains a number of customary representations and warranties of Shaw relating to, among other things: due incorporation, existence and qualification of Shaw Media; status of Shaw and ownership and right to dispose of the Purchased Shares and the Purchased Debt; residence of Shaw; due authorization and enforceability of the Transaction Agreements and related transaction documents; absence of conflicts; regulatory approvals; capitalization; subsidiaries; books and records; Shaw Media’s financial statements; absence of certain changes; absence of undisclosed liabilities; absence of changes and unusual transactions; non-arm’s length transactions; no joint venture interests or strategic alliances; suppliers and customers; sufficiency of assets; title to certain assets; Shaw Media business matters; accounts receivable; compliance with laws; governmental authorizations; government grants; litigation; taxes; employment matters; collective agreements; pension and other benefit plans; privacy; owned and leased real property; intellectual property; material contracts; insurance; environmental matters; securities law matters; brokers; assets located in the United States; and the Shomi Partnership.

Representations and Warranties of Corus

The Acquisition Agreement contains a number of customary representations and warranties of Corus relating to, among other things: due incorporation, existence and qualification of Corus; due authorization and enforceability of the Transaction Agreements and related transaction documents; Board approval of the transaction; absence of conflicts; regulatory approvals; capitalization; subsidiaries; securities law matters; financial statements; disclosure and internal controls; absence of undisclosed liabilities; absence of changes and unusual transactions; no joint venture interests or strategic alliances; compliance with laws; governmental authorizations; litigation; financing arrangements; material contracts; insurance; opinion of Barclays; non-arm’s length transactions; and taxes.

Covenants Regarding the Acquisition

Corus Meeting

Subject to the terms of the Acquisition Agreement, Corus agreed to convene and conduct the Meeting as soon as reasonably practicable but in any event no later than March 31, 2016. Corus agreed to as soon as reasonably practicable following the execution of the Acquisition Agreement, prepare and mail the circular for the Meeting and to provide Shaw the opportunity to review and comment on the meeting materials. Shaw agreed to provide Corus with the “Shaw Media Disclosure”, being the description of the Shaw Media business appended as Schedule “C” to this Circular and the Shaw Media financial statements appended as Schedule “D” to this Circular.

Corus agreed that it would recommend to Shareholders that they vote in favour of the Acquisition Resolution at the Meeting and to retain at its expense, a proxy solicitation agent. **The Acquisition Agreement does not provide the Board with a right to change its recommendation to Shareholders regarding the Acquisition Resolution prior to the Meeting.**

Pre-Closing Reorganizations

Pursuant to the Acquisition Agreement, Corus has the right to request that Shaw, Shaw Media and its subsidiaries cooperate with Corus in structuring, planning and, if reasonably required by Corus, implementing a reorganization of Shaw Media or its’ subsidiaries’ business, operations and assets (each, a “**Pre-Closing Reorganization**”) at a time to be mutually agreed in writing between the parties prior to the Closing Date, subject to customary limitations, including that any such transactions be paid for by Corus and that Corus indemnify Shaw, Shaw Media and its subsidiaries for all direct or indirect costs and liabilities, fees, losses, claims, expenses, damages, penalties and taxes that may be suffered or incurred as a result, if the Closing does not occur, including all out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred.

Alternative Transaction

The Acquisition Agreement provides that, at the request of Shaw, Corus shall cooperate in structuring, planning and, if so elected by Shaw, implementing one of two alternative structures to the purchase and sale of the Purchased Shares provided for in the Acquisition Agreement to facilitate Shaw’s objectives (an “**Alternative Transaction**”). Shaw may seek to obtain an advanced ruling from the Canada Revenue Agency with respect to any such Alternative Transaction and has agreed to keep Corus informed about any such process. The Acquisition Agreement imposes certain restrictions on Shaw’s ability to implement an Alternative Transaction, such that the Alternative Transaction must not: (i) require Corus and its subsidiaries to pay consideration in excess of the Purchase Price, (ii) be prejudicial to Corus, the Shareholders, Shaw Media or its subsidiaries; (iii) materially impede, delay or prevent the Closing; or (iv) materially impede, delay or adversely affect the terms, conditions or availability of the Corus debt financing contemplated by the Corus Commitment Letters or the completion of any Corus Offering.

At the request of Shaw, provided that Shaw has obtained appropriate exemptive relief from the applicable securities regulatory authorities, delivery of Subscription Receipts under the Equity Offering shall be structured such that all of the Subscription Receipts offered by Corus pursuant to the Equity Offering shall be settled with any Class B Shares subscribed for by Shaw prior to the Closing.

In addition, Shaw is obligated to pay for (or reimburse Corus for) all of Corus’ out-of-pocket costs and expenses, and shall indemnify Corus, Shaw Media and their subsidiaries for all direct or indirect costs and liabilities, fees, losses, claims, expenses, damages, penalties and taxes that may be suffered or incurred as a consequence of the implementation of any such Alternative Transaction including, for certainty, (i) all out-of-pocket costs and expenses and, if Shaw elects to defer the Closing of the Acquisition to receive a tax ruling as contemplated by the Acquisition Agreement, all incremental commitment fees accrued under the Corus Commitment Letters for the duration of the period from the date upon which the Closing Date otherwise would have occurred to and including the actual Closing Date, and (ii) any incremental out-of-pocket costs or expenses relating to the Corus Offerings, or, to the extent applicable to Corus or any of its subsidiaries, to unwind any such Alternative Transaction if the Closing does not occur, including actual out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred.

Financing Arrangements

Concurrently with the execution and delivery of the Acquisition Agreement, Corus delivered to Shaw copies of the Corus Commitment Letters, evidencing the commitment of the Lead Bank to provide Corus with the Corus Debt Financings, subject to the terms and conditions set forth therein. Corus has represented in the Acquisition Agreement that upon receipt of the aggregate proceeds contemplated by the Corus Commitment Letters, Corus will have sufficient funds to pay the aggregate Purchase Price for the Purchased Shares and the Purchased Debt and to fund all other amounts payable by Corus pursuant to the Acquisition Agreement.

Corus has agreed to use reasonable best efforts to take all actions necessary to arrange and obtain financing proceeds of the Corus Debt Financings no later than the Closing and shall not permit, without the prior written consent of Shaw, any amendment, waiver or release of any provision under, the Corus Commitment Letters or any definitive agreement or documentation in connection therewith if such amendment, modification, waiver or release would reduce the aggregate amount of the Corus Debt Financings or would be reasonably expected to impair, prevent or materially delay the consummation of the Corus Debt Financings or the consummation of the transactions contemplated by the Acquisition Agreement or adversely impact the ability of Corus to enforce its rights against the other parties to the Corus Commitment Letters or any definitive agreements or documentation with respect thereto, except that the obligations under the Corus Equity Commitment Letter and Corus Note Commitment Letter may be reduced or terminated as a result of, and to the extent of, the completion of one or more Corus Offerings. In the event that any portion of the Corus Debt Financings becomes unavailable or is reasonably expected to become unavailable, Corus has agreed to use reasonable best efforts to arrange and obtain, as promptly as practicable, alternative financing in an amount sufficient to consummate the Acquisition. Corus has agreed to other customary covenants with respect to the Corus Debt Financings.

Cooperation for Financing

Shaw has agreed to use its commercially reasonable efforts to provide customary and reasonable cooperation with Corus and its subsidiaries to satisfy any conditions with respect to the arrangement of the Corus Debt Financings and the completion of one or more Corus Offerings (including the Equity Offering).

The parties have agreed to cooperate with respect to such financing arrangements, provided that, in each case: (a) neither Shaw, Shaw Media nor any of their subsidiaries nor any of their respective representatives will be required to pay (or agree to pay) any commitment or other fee to a Corus financing source (other than as contemplated by the Acquisition Agreement), provide any indemnities or incur any liability (other than: (i) to Corus under the Acquisition Agreement in respect of the Shaw Media Disclosure, or (ii) in the case of a Corus Offering of subscription receipts contemplated by an Alternative Transaction, indemnification in favour of the underwriters for such Corus Offering to the extent reasonably required by such underwriters) or enter into any agreement in connection with the Corus Debt Financings (other than agreements and liability entered into or incurred by the Shaw Media and its subsidiaries that only become effective upon the consummation of the transactions contemplated by the Acquisition Agreement); and (b) no personal liability will be imposed on the representatives of Shaw, Shaw Media or any of their subsidiaries.

Conditions Precedent to Closing of the Acquisition

Conditions Precedent to the Obligations of Corus

The obligations of Corus to complete the purchase of the Purchased Shares and the Purchased Debt under the Acquisition Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Closing Time, each of which is for the exclusive benefit of Corus and may be waived in whole or in part by Corus:

- Shareholder Approval shall have been obtained;
- the representations and warranties of Shaw set forth in the Acquisition Agreement in respect of: (a) the Shaw Core Representations shall be true and correct as of the Closing Time as if made as at and as of such time (except for any such Shaw Core Representation that by its terms speaks specifically as of the date of the Acquisition Agreement or another date, which shall be true and correct in all respects as of such date, and other than *de minimis* inaccuracies in capitalization and subsidiaries or representations affected

by transactions expressly permitted by the Acquisition Agreement); and (b) the representations and warranties of Shaw in the Acquisition Agreement, other than those to which clause (a) above applies, shall be true and correct in all respects (disregarding for purposes of this clause (b), any materiality or Shaw Media Material Adverse Change qualification contained in such representation and warranty) as of the Closing Time as if made at and as of such time (except for any such representation that by its terms speaks specifically as of the date of the Acquisition Agreement or another date, which shall be true and correct in all respects as of such dates and disregarding, except as would not reasonably be expected to result in a Shaw Media Material Adverse Change as of such date or except as such representations affected may be by transactions expressly permitted by the Acquisition Agreement), and Shaw shall have provided to Corus a certificate of two senior officers of Shaw certifying the foregoing as at the Closing Time;

- Shaw shall have complied in all material respects with its obligations and covenants in the Acquisition Agreement and Shaw shall have provided to Corus a certificate of two senior officers of Shaw certifying the foregoing as at the Closing Time;
- Shaw shall have executed and delivered the Governance and Investor Rights Agreement and the Transition Services Agreement;
- all documentation relating to the due authorization and sale and purchase of the Purchased Shares and Purchased Debt shall be satisfactory to Corus, acting reasonably;
- CRTC Approval shall have been obtained;
- no Governmental Authority shall have enacted, issued, enforced or entered any law that has the effect of making the Acquisition or any transaction contemplated by the Acquisition Agreement illegal or otherwise prevents or prohibits Closing;
- the TSX shall have approved the listing and posting for trading on the TSX of the Consideration Shares, subject only to the satisfaction of customary listing conditions of the TSX;
- Corus shall have received evidence satisfactory to it that any Encumbrances (as defined in the Acquisition Agreement), other than Permitted Encumbrances (as defined in the Acquisition Agreement), resulting from or relating to outstanding indebtedness (other than capital leases or purchase money security interests for assets within Shaw Media or any of its subsidiaries and incurred in the ordinary course of business) have been discharged;
- there shall have been no Shaw Media Material Adverse Change since the date of the Acquisition Agreement;
- the board of directors of Shaw Media and each of its subsidiaries at the Closing Time shall consist of individuals nominated by Corus. Individuals who were immediately before the Closing Time, directors or officers of Shaw Media or any of its subsidiaries (except to the extent that Shaw shall have been notified to the contrary by Corus), shall have delivered resignations and duly executed mutual releases for claims against Shaw Media and its subsidiaries, except for any claims for current unpaid remuneration and other customary exceptions; and
- except as disclosed by Shaw in the Acquisition Agreement: (a) there shall be no contracts with respect to intercompany relationships existing solely between Shaw Media, its subsidiaries or any operating units thereof, on the one hand, and Shaw, its affiliates or any operating units thereof; and (b) other than the Purchased Debt and certain other intercompany indebtedness, there shall be no intercompany indebtedness between Shaw Media and its subsidiaries or any operating units thereof, on the one hand, and Shaw and its affiliates (other than Shaw Media and its subsidiaries) or any operating units thereof; and (c) there shall be no debt or operating facilities shared among Shaw Media, its subsidiaries or any operating units thereof, on the one hand, and Shaw and its affiliates, or any operating unit thereof, on the other hand, and Shaw shall have provided to Corus a certificate of two senior officers of Shaw certifying the foregoing as at the Closing Time.

Conditions Precedent to the Obligations of Shaw

The obligations of Shaw to complete the sale of the Purchased Shares and Purchased Debt under the Acquisition Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Closing Time, each of which is for the exclusive benefit of Shaw and may be waived in whole or in part by Shaw:

- Shareholder Approval shall have been obtained;
- the representations and warranties of Corus set forth in the Acquisition Agreement in respect of: (a) the Corus Core Representations shall be true and correct as of the Closing Time as if made as at and as of such time (except for any such representation in clause (a) that by its terms speaks specifically as of the date of the Acquisition Agreement or another date, which shall be true and correct in all respects as of such date, and other than *de minimis* inaccuracies in capitalization or representations affected by transactions expressly permitted by the Acquisition Agreement); and (b) the representations and warranties of Corus in the Acquisition Agreement, other than those to which clause (a) above applies, shall be true and correct in all respects, except as would not reasonably be expected to result in a Corus Material Adverse Change (disregarding for purposes of this clause (b), any materiality or Corus Material Adverse Change qualification contained in such representation and warranty) as of the Closing Time as if made at and as of such time (except for any such representation that by its terms speaks specifically as of the date of the Acquisition Agreement or another date, which shall be true and correct in all respects as of such dates and disregarding, except as would not reasonably be expected to result in a Corus Material Adverse Change as of such date or except as such representations affected may be by transactions expressly permitted by the Acquisition Agreement), and Corus shall have provided to Shaw a certificate of two senior officers of Corus certifying the foregoing as at the Closing Time;
- Corus shall have complied in all material respects with its obligations and covenants in the Acquisition Agreement, and Corus shall have provided to Shaw a certificate of two senior officers of Corus certifying the foregoing as at the Closing Time;
- Corus shall have executed and delivered the Governance and Investor Rights Agreement and Shaw Media shall have executed and delivered the Transition Services Agreement;
- all documentation relating to the due authorization and sale and purchase of the Purchased Shares and Purchased Debt shall be satisfactory to Shaw, acting reasonably;
- CRTC Approval shall have been obtained;
- no Governmental Authority shall have enacted, issued, enforced or entered any law that has the effect of making the Acquisition or any transaction contemplated by the Acquisition Agreement illegal or otherwise prevents or prohibits Closing;
- Corus shall have delivered evidence satisfactory to Shaw, acting reasonably, of the approval for the listing and posting for trading on the TSX of the Consideration Shares, subject only to the satisfaction of customary listing conditions of the TSX;
- the distribution of the Consideration Shares shall be exempt from the prospectus requirements and there shall be no resale restrictions on the Consideration Shares under applicable Canadian securities laws, except in respect of holders who are subject to restrictions on resale by virtue of being a “control person”, as defined under applicable Canadian securities laws; and
- there shall have been no Corus Material Adverse Change since the date of the Acquisition Agreement.

Other Covenants

General

Pursuant to the Acquisition Agreement, Corus and Shaw have agreed to certain covenants, including customary covenants relating to the operation of their respective businesses in the ordinary course and to use commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Acquisition Agreement.

Conduct of Business of Shaw Media Prior to Closing

Shaw covenanted and agreed, from the date of the Acquisition Agreement to the Closing Time, unless Corus otherwise agrees in writing, as disclosed by Shaw to Corus or as otherwise contemplated or permitted by the Acquisition Agreement, that Shaw would and would cause Shaw Media and each of its subsidiaries to conduct its and their respective businesses in the ordinary course of business consistent with past practice and to use commercially reasonable efforts to preserve Shaw Media and its present business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain satisfactory relationships consistent with past practice with suppliers, distributors, employees, Governmental Authorities and others having business relationships with them. The Acquisition Agreement also includes customary limitations on actions that may be taken by Shaw or Shaw Media during the interim period prior to Closing.

Shaw agreed to provide Corus with prompt written notice of certain changes in Shaw Media's business or changes that would adversely impact the Acquisition.

Conduct of Business of Corus Prior to Closing

Corus covenanted and agreed, from the date of the Acquisition Agreement to the Closing Time, to conduct its business in the ordinary course, consistent with past practice, not to enter into any transaction without prior consent of Shaw which, if effected before the date of the Acquisition Agreement would have constituted a breach of the representations, warranties or agreements of Corus contained in the Acquisition Agreement, take any actions that would be reasonably likely to result in a Corus Material Adverse Change, cooperate with Shaw and Shaw Media and to use all commercially reasonable efforts to obtain and assist Shaw and Shaw Media in obtaining all consents, approvals and authorizations.

Corus agreed to provide Shaw with prompt written notice of certain changes in its business or changes that would adversely impact the Acquisition.

CRTC Approval and Regulatory Approvals

Pursuant to the Acquisition Agreement, Corus agreed to use its reasonable best efforts to obtain, as soon as practicable, CRTC Approval. Corus and Shaw agreed to request that the CRTC process the application for CRTC Approval in the most expedited manner available and the application for approval was filed with the CRTC on January 15, 2016, with the CRTC confirming that the transaction would be reviewed on an administrative basis in Broadcasting Notice of Consultation CRTC 2016-22, which was published on January 21, 2016.

Corus and Shaw agreed to cooperate with one another in connection with obtaining CRTC Approval and agreed not take any actions or steps that would be reasonably likely to materially adversely impact the likelihood of receiving CRTC Approval. If CRTC Approval is not obtained, Corus and Shaw agreed to, upon the agreement of both parties and if available, appeal the decision or reapply to the CRTC within 30 days of the CRTC decision to address matters raised by the CRTC. Corus' obligations with respect to obtaining CRTC Approval include proposing, negotiating, accepting, agreeing to, committing to and effecting any actions or remedies necessary to obtain CRTC Approval; provided that any such actions or remedies are conditioned on the Closing and would not, individually or in the aggregate, have a material and detrimental impact on Corus, Shaw Media and their subsidiaries, taken as a whole (assuming the completion of the transactions provided for in the Acquisition Agreement).

Each of Corus and Shaw agreed to keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the CRTC Approval and any other Governmental Authority review relating to the

transactions contemplated by the Acquisition Agreement. Corus and Shaw also agreed to use reasonable best efforts to avoid, resolve or rescind any application, injunction, action order or proceeding brought forth by any Governmental Authority (other than the CRTC) in respect of the transactions contemplated by the Acquisition Agreement.

All costs and expenses incurred in connection with obtaining the CRTC Approval will be borne by Corus, other than costs and expenses of any advisors retained by, or for the benefit of, Shaw, which costs and expenses will be for the account of Shaw.

Indemnification

Indemnification Provided by Shaw

Shaw agreed to indemnify Corus, its directors, officers, agents, employees and shareholders (collectively, the “**Corus Indemnified Parties**”) from and against all losses, which may be brought against the Corus Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with:

- (a) any non-fulfillment or breach of any covenant or agreement by Shaw pursuant to the Acquisition Agreement;
- (b) any misrepresentation, incorrectness in, or breach of any representation or warranty of Shaw pursuant to the Acquisition Agreement, including the Shaw Media Disclosure;
- (c) any liability for taxes of any taxation year or other period ended on or prior to the Closing Date or any portion of a taxation year or other period up to and including the Closing Date which has not been provided for in the working capital of Shaw Media as of the Effective Time; and
- (d) certain matters disclosed in the disclosure letter of Shaw delivered to Corus concurrently with the execution of the Acquisition Agreement.

For losses based on a breach of a representation or warranty of Shaw (other than losses relating to or impacted by tax matters): (a) Shaw will not be required to pay any amount until the aggregate amount of all such losses claimed by Corus exceeds \$25 million, provided that once such threshold amount has been reached, indemnification will apply for all losses; (b) after the threshold in (a) has been reached, the minimum threshold in respect of individual claims brought by Corus will be \$250,000 and no claim may be brought if such claim is for a lesser amount unless the aggregate amount of all such claims exceeds \$2 million; and (c) other than in respect of wilful breach of the Acquisition Agreement, fraud or breaches of Shaw Core Representations, the aggregate liability of Shaw for all such losses will not exceed \$500 million.

For losses based on a breach of a representation or warranty of Shaw relating to or impacted by tax matters: (a) the minimum threshold in respect of individual claims brought by Corus will be \$250,000 and no claim may be brought if such claim is for a lesser amount; and (b) other than in respect of wilful breaches of the Acquisition Agreement or fraud, the aggregate liability of Shaw for all such losses will not exceed \$1.85 billion.

The Acquisition Agreement includes an aggregate cap for all indemnification claims at the Purchase Price.

Indemnification Provided by Corus

Corus has agreed to indemnify and save harmless Shaw, its directors, officers, agents, employees and shareholders (collectively, the “**Shaw Indemnified Parties**”) from and against all losses, which may be brought against the Shaw Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with:

- (a) any non-fulfillment or breach of any covenant or agreement by Corus pursuant to the Acquisition Agreement; and

- (b) any misrepresentation, incorrectness in, or breach of any representation or warranty of Corus pursuant to the Acquisition Agreement, including disclosure under the circular for the Meeting but excluding Shaw Media Disclosure;

For losses based on a breach of a representation or warranty of Corus (other than losses relating to or impacted by tax matters): (a) Corus will not be required to pay any amount until the aggregate amount of all such losses claimed by Shaw exceeds \$25 million, provided that once such threshold amount has been reached, indemnification will apply for all losses; (b) after the threshold has been reached, the minimum threshold in respect of individual claims brought by Corus will be \$250,000 and no claim may be brought if such claim is for a lesser amount unless the aggregate amount of all such claims exceeds \$2 million; and (c) other than in respect of wilful breach of the Acquisition Agreement, fraud or breaches of Corus Core Representations, the aggregate liability of Corus for all such losses will not exceed \$500 million.

For losses based on a breach of a representation or warranty of Corus relating to or impacted by tax matters: (a) the minimum threshold in respect of individual claims brought by Shaw will be \$250,000 and no claim may be brought if such claim is for a lesser amount; and (b) other than in respect of wilful breaches of the Acquisition Agreement or fraud, the aggregate liability of Corus for all such losses will not exceed \$1.85 billion.

The Acquisition Agreement includes an aggregate cap for all indemnification claims at the Purchase Price.

The indemnification obligations of both Corus and Shaw are subject to certain customary limitations including a general survival period of 18 months following the Closing Date, except that: (i) certain claims with respect to losses relating to or impacted by tax matters will terminate 90 days after the relevant Governmental Authorities are no longer be entitled to assess or reassess liability for taxes against Shaw Media or any of its subsidiaries in respect of such tax matters; (ii) claims arising from breach of covenant by either Corus or Shaw, as applicable, pursuant to the Acquisition Agreement, certain losses based on breaches of Corus Core Representations and Shaw Core Representations, and losses based on intentional misrepresentation or fraud by Corus or Shaw, as applicable, may be made at any time subject only to the ultimate limitation periods imposed by law.

Termination of the Acquisition Agreement

The Acquisition Agreement provides that it may be terminated at any time prior to the Closing Date:

- by mutual written consent of Corus and Shaw;
- by either Corus or Shaw if Shareholder Approval is not obtained at the Meeting;
- by either Corus or Shaw if the Closing Time does not occur on or prior to the Outside Date, except that the right to terminate the Acquisition Agreement under this provision will not be available to any party whose failure to fulfil any of its obligations or breach of any of its representations, warranties or covenants under the Acquisition Agreement has been the cause of, or resulted in this event (except that, for this purpose, Corus and Shaw agreed that a failure by Corus to pay the Purchase Price on the Outside Date in circumstances where Corus had not received funds contemplated by the Corus Commitment Letters would not preclude Corus from terminating the Acquisition Agreement under this section);
- by Corus, if Shaw breaches of any representation or warranty or fails to perform any covenant or agreement that would cause the conditions in favour of Corus regarding the accuracy of Shaw's representations and warranties and compliance by Shaw of its covenants not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by Corus, except that this termination right will not be available to Corus if its failure to fulfil any of its obligations or is in breach of any of its representations and warranties under the Acquisition Agreement caused the failure by Shaw to satisfy such conditions by the Outside Date;
- by Shaw, if Corus breaches of any representation or warranty or fails to perform any covenant or agreement that would cause the conditions in favour of Shaw regarding the accuracy of Corus' representations and warranties and compliance by Corus of its covenants not to be satisfied, and

such conditions are incapable of being satisfied by the Outside Date as reasonably determined by Shaw, except that this termination right will not be available to Shaw if its failure to fulfil any of its obligations or is in breach of any of its representations and warranties under the Acquisition Agreement caused the failure by Corus to satisfy such conditions by the Outside Date; or

- by either Corus or Shaw if the CRTC rejects the transactions contemplated in the Acquisition Agreement (if applicable, after the appeal or reapplication to CRTC contemplated by the Acquisition Agreement).

Fees, Expenses and Termination Payments

In the event of any of the following termination events, Corus is required to pay to Shaw certain termination fees as liquidated damages as determined in accordance with the Acquisition Agreement:

- (a) if the Acquisition Agreement is terminated by either Corus or Shaw due to the fact that the Closing Time has not occurred on or prior to the Outside Date in circumstances where all of the conditions precedent in favour of Corus have been satisfied or waived by Corus other than those conditions that by their terms are to be satisfied at the effective time of the Closing (but which conditions are capable of being satisfied), Corus will pay to Shaw the amount of \$55 million;
- (b) if the Acquisition Agreement is terminated by either Corus or Shaw due to the fact that Corus Shareholder Approval is not obtained at the Meeting (including any adjournment or postponement thereof), and (i) following the date of the Acquisition Agreement and prior to such termination, a Corus Acquisition Proposal is made to Corus or publicly announced by any person; (ii) such Corus Acquisition Proposal has not expired or been withdrawn at least five Business Days prior to the Meeting; and (iii) within 365 days following the date of such termination such Corus Acquisition Proposal or another Corus Acquisition Proposal made or publicly announced during the pendency of such Corus Acquisition Proposal is consummated or Corus enters into an agreement providing for the Corus Acquisition Proposal referred to in clause (i) or another Corus Acquisition Proposal made or publicly announced during the pendency of such Corus Acquisition Proposal, and the applicable Corus Acquisition Proposal is consummated by Corus within such 365-day period or thereafter, Corus will pay to Shaw the amount of \$55 million; and
- (c) if the Acquisition Agreement is terminated by either Corus or Shaw due to the fact that the Closing Time has not occurred on or prior to the Outside Date in circumstances where all of the conditions precedent in favour of Corus have been satisfied or waived by Corus other than those conditions that by their terms are to be satisfied at the effective time of the Closing (but which conditions are capable of being satisfied) and receipt of CRTC Approval, or where the Acquisition Agreement is terminated as a result of a CRTC rejection, Corus will pay to Shaw an amount equal to the reasonable out-of-pocket expenses incurred by Shaw and its subsidiaries in connection with the transactions contemplated by the Acquisition Agreement, such amount not to exceed \$7.5 million.

Except as otherwise provided in the Acquisition Agreement, Corus and Shaw agreed to each pay their own costs and expenses in connection with the negotiation, preparation and execution of the Acquisition Agreement and the transactions contemplated thereunder.

GOVERNANCE AND INVESTOR RIGHTS AGREEMENT

Concurrently with the closing of the Acquisition and following the issuance of the Consideration Shares to Shaw, Corus and Shaw will enter into the Governance and Investor Rights Agreement, pursuant to which Corus will grant certain rights to Shaw.

The following is a summary of the principal terms of the Governance and Investor Rights Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Governance and Investor Rights Agreement, substantially in the form attached as Exhibit A to the Acquisition Agreement, which is appended hereto as Schedule "B" to this Circular and which has been filed by Corus on SEDAR at www.sedar.com.

Corus Board Composition and Shaw Nominees

Shaw will have the right to nominate individuals to be elected or appointed to the Board (each, a “**Shaw Nominee**”). Corus and Shaw agreed that the Board will immediately appoint three Shaw Nominees to serve on the Board until the next annual general meeting of Corus shareholders following closing of the Acquisition, at which point the Board is expected to comprise 13 directors. Corus agreed to take all necessary steps to subsequently reduce the size of the Board to 12 directors (including the Shaw Nominees) prior to July 31, 2016. Shaw has indicated that the Shaw Nominees will initially consist of Michael D’Avella, Trevor English and Peter Bissonnette.

Until such time that Shaw beneficially owns less than 10% of the outstanding Shares, Shaw will be entitled to appoint Shaw Nominees to the Board as follows: (a) for so long as Shaw beneficially owns at least 30% of the outstanding Shares, Shaw will have the right to appoint up to three Shaw Nominees; (b) for so long as Shaw beneficially owns at least 20% but less than 30% of the outstanding Shares, Shaw will have the right to appoint up to two Shaw Nominees; and (c) for so long as Shaw beneficially owns at least 10% but less than 20% of the outstanding Shares, Shaw will have the right to appoint one Shaw Nominee. If at any time Shaw beneficially owns less than 10% of the outstanding Shares, Shaw will not be entitled to any Shaw Nominees and Shaw will use its commercially reasonable efforts to, unless requested otherwise by Corus, cause any Shaw Nominees on the Board to resign forthwith.

Each Shaw Nominee must be “Canadian” as defined in the Direction to the CRTC (Ineligibility of Non-Canadians) and satisfy Corus’s general eligibility criteria for director candidates. In addition, Shaw agreed that no less than two (one, if Shaw is only entitled to two Shaw Nominees) of the three Shaw Nominees must meet the independence criterion set forth in Section 1.4 of National Instrument 52-110 – *Audit Committee*, provided that the independence criteria is not applicable in the event Shaw is only entitled to one Shaw Nominee. At least one of the three Shaw Nominees must meet the requirements of National Instrument 52-110 – *Audit Committee* to sit on the Corus audit committee. Shaw has nominated Mr. D’Avella and Mr. Bissonnette on the basis that they both satisfy the independence criterion of applicable securities law and the requirements of National Instrument 52-110 - *Audit Committee*.

Corus has agreed that in respect of every meeting of Shareholders at which the election of Corus directors is to be considered, so long as such Shaw Nominees satisfy Corus’ applicable director eligibility criteria, management of Corus will recommend the Shaw Nominees identified in Corus’ proxy materials for election to the Board and vote their Class A Shares and any Class A Shares in respect of which management has been granted a discretionary proxy in favour of the election of such Shaw Nominees.

Committee Appointments

Corus has agreed to provide Shaw the right to appoint one individual to the executive committee of Corus so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Shares.

For so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Shares it will also have the right to appoint one individual to any special committee or similarly constituted committee formed to evaluate regulatory issues, strategic initiatives or material transactions involving Corus or its subsidiaries. However, a Shaw Nominee may not serve on a special committee if Shaw or an affiliate of Shaw is (or is likely to become) an “interested party” (as such term is defined in MI 61-101) in respect of the applicable issue or transaction.

Restrictions on Transfer of the Consideration Shares

Upon the closing of the Acquisition, Shaw is expected to hold approximately 37.8% of the aggregate outstanding Class B Shares (taking into account the 32,770,000 Class B Shares issuable in satisfaction of Subscription Receipts issued under the Equity Offering and Concurrent Private Placement). Shaw has agreed to certain transfer restrictions during a specified hold period pursuant to which Shaw will not, without prior written consent of Corus, sell, offer to sell, grant any option, right or warrant for the sale of, or otherwise lend, transfer, assign or dispose of the Consideration Shares or any other securities issued by Shaw convertible, exchangeable or exercisable into Consideration Shares or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, subject to certain exceptions. Such transfer restrictions apply to all the Consideration Shares until the date that is: (a) 12 months following the Closing Date, at which time such restrictions will be lifted from one-third of

the Consideration Shares; (b) 18 months following the Closing Date, at which time the restriction will be lifted from two-thirds of the Consideration Shares; and (c) 24 months following the Closing Date, at which all restrictions on transfer of the Consideration Shares will be lifted.

Dividend Reinvestment Plan Enrollment

Shaw has agreed that it will, upon the closing of the Acquisition, enroll all of the Consideration Shares in Corus' existing DRIP. Shaw will continue to participate in the Corus DRIP until the earlier of: (a) September 1, 2017; and (b) the date such Consideration Shares are no longer subject to hold restrictions under the Governance and Investor Rights Agreement. Subject to applicable laws, from the Closing Date until the date that is 24 months following the Closing Date, Corus has agreed that no amendments will be made to the share price discount under the DRIP (currently a 2% share price discount). Shares issued to Shaw pursuant to the DRIP will not be subject to restrictions on transfer.

Registration Rights

The Governance and Investor Rights Agreement provides that, subject to certain exceptions, upon the written request of Shaw, Corus will use commercially reasonable efforts, subject to compliance with applicable securities laws and stock exchange requirements, to file such documents and take such steps as may be necessary under applicable securities laws to qualify for distribution to the public all or any whole number of Class B Shares held by Shaw which are not then subject to any restrictions on transfer pursuant to the Governance and Investor Rights Agreement (the "**Demand Registration Rights**").

If Corus proposes to make a distribution or sale of Shares to the public for cash by means of a prospectus, other than by way of a bought deal, Corus will promptly give written notice of the distribution to Shaw, including proposed pricing. Upon written request of Shaw, Corus will use its commercially reasonable efforts to cause to be qualified in such distribution the applicable number of Class B Shares of Shaw requested by Shaw to be included (the "**Piggy-Back Registration Rights**"). In addition, subject to certain customary exceptions, Corus will use commercially reasonable efforts to include a proportional number of Class B Shares held by Shaw in any bought deal offering.

The Demand Registration Rights and the Piggy-Back Registration Rights granted to Shaw will terminate at such time that Shaw no longer beneficially owns Class B Shares representing at least 5% of the outstanding Shares.

Pre-Emptive Rights

Subject to certain exceptions, provided that Shaw beneficially owns Class B Shares representing at least 10% of the outstanding Shares, if Corus proposes to offer to issue any equity or participating securities or securities convertible or exchangeable into equity or participating securities, Shaw will be entitled to participate in such issuance on a *pro rata* basis, but only to the extent necessary to maintain its then proportional fully-diluted equity interest in Corus. In the event that such proposed issuance consists of the issuance of Class A Shares, then Shaw will be entitled to acquire that number of Class B Shares that allow it to maintain its then proportional fully-diluted equity interest in Corus. At least five Business Days prior to the closing of any such proposed offering, Corus will deliver to Shaw a notice in writing offering Shaw the opportunity to subscribe for a *pro rata* number of such securities and Shaw will be entitled, upon written notice to Corus, to participate in the issuance by way of private placement at the same price and on the same terms offered by Corus to any party.

Termination

The Governance and Investor Rights Agreement will terminate upon Shaw beneficially owning less than 5% of the outstanding Shares.

SUPPORT LETTER

Voting control of Corus is held by JR Shaw and the Shaw Family Living Trust. On January 12, 2016, Corus received a letter from JR Shaw, on behalf of the Shaw Family Living Trust, pursuant to which JR Shaw, on behalf of the Shaw Family Living Trust, confirmed the Shaw Family Living Trust's support for the Acquisition. JR Shaw, on behalf of the Shaw Family Living Trust, has provided assurance that the Shaw Family Living Trust will not initiate, pursue or support any transactions involving a change of control of Corus or an acquisition by a third party of more than 20% of the outstanding Class B Shares of Corus, including with respect to any transaction that may be proposed by a third party, until the earlier of the completion of the Acquisition or the termination of the Acquisition Agreement.

The letter also confirmed the intention of the Shaw family to purchase Subscription Receipts on a private placement basis, which purchase was subsequently completed through the Concurrent Private Placement that closed the same day as the Equity Offering. Members of the Shaw family purchased an aggregate of 3,560,000 Subscription Receipts in the Concurrent Private Placement. The Shaw family has also agreed with the underwriters in the Equity Offering not to directly or indirectly sell, agree or offer to sell, authorize, issue or grant any option for the sale of, or otherwise dispose of any of the Subscription Receipts issued pursuant to the Concurrent Private Placement for a period of 90 days following the closing of the Equity Offering without the Company's prior consent. See "Description of the Acquisition – Financing the Acquisition – Concurrent Private Placement".

TRANSITION SERVICES AGREEMENT

Immediately following the closing of the Acquisition, Shaw and Shaw Media, as a wholly owned subsidiary of Corus will enter into the Transition Services Agreement, pursuant to which Shaw will provide certain transitional services to Shaw Media in respect of the operation of the Shaw Media business (including with respect to financial, human resources, technology, application and software services matters). Transitional services will generally be provided by Shaw for a service term of six months following the Closing Date, except for human resources and personnel transition services which will be provided from the Closing Date until August 31, 2016, but in any case for at least one month after the Closing Date, each service term subject to extension on a month-to-month basis upon agreement between the parties.

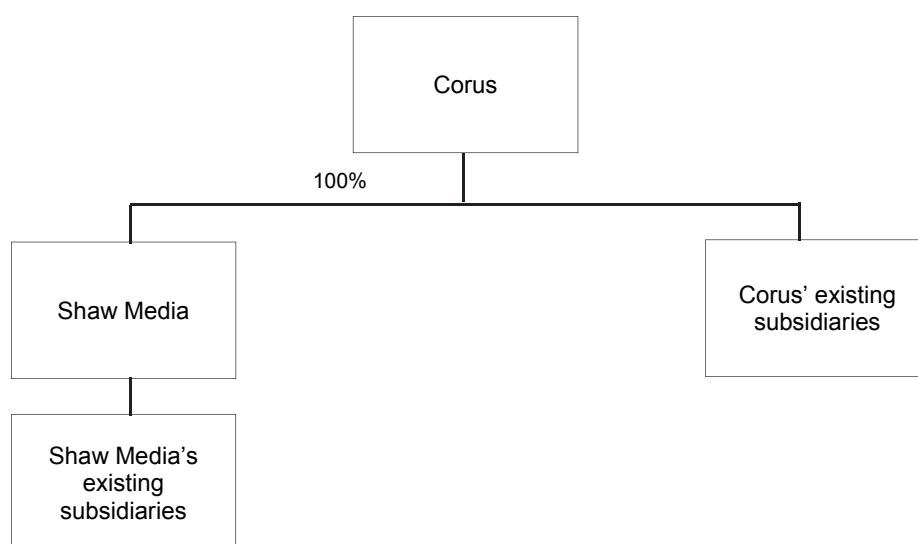
PART VII – DESCRIPTION OF THE COMBINED COMPANY

OVERVIEW

Upon the closing of the Acquisition, the Combined Company will continue to be a corporation existing under the CBCA. At the closing of the Acquisition, Corus will acquire all of the issued and outstanding shares of Shaw Media and all of the outstanding net indebtedness owing from Shaw Media to Shaw and Shaw Media will become a wholly-owned subsidiary of Corus, or complete an Alternative Transaction to acquire the business of Shaw Media. Immediately following the closing of the Acquisition, all of the issued and outstanding shares of Shaw Media will be held by Corus either directly or indirectly.

ORGANIZATIONAL CHART

The following chart shows the expected corporate relationship between Corus and Shaw Media following the closing of the Acquisition.



DIRECTORS AND OFFICERS OF THE COMBINED COMPANY

Following the closing of the Acquisition, it is anticipated that the board of directors of the Combined Company will comprise 13 directors, consisting of the current members of the Board, together with the three Shaw Nominees, Michael D'Avella, Trevor English and Peter Bissonnette, who are expected to be appointed to the board of directors of the Combined Company pursuant to the terms of the Governance and Investor Rights Agreement. Pursuant to the Governance and Investor Rights Agreement, Corus has also agreed to decrease the size of the board to 12 directors and to cause the resignation of one director of the Board who is not a Shaw nominee prior to July 31, 2016. See "Description of Acquisition Agreements – Governance and Investor Rights Agreement".

The Combined Company will bring together highly skilled talent from both companies to create an effective, growth-oriented team. The Board will benefit from the addition of three seasoned current and former Shaw executives. Both Corus and Shaw Media have well respected and experienced management teams. Corus has announced that Barbara Williams, currently Executive Vice President, Broadcasting, of Shaw and President, Shaw Media, will join Corus in a senior leadership role upon the closing of the Acquisition. The Acquisition will enable Corus to build a leadership team that is "best in class" and that has the required skills, experience and vision to successfully grow the Company over the long term while exploiting the synergies and cost reduction targets that have been established. The new leadership team will be announced at, or before, the closing of the Acquisition. Douglas Murphy will continue to serve as the President and Chief Executive Officer and Heather Shaw will continue to serve as the Chair of the Board of the Combined Company.

Corus has initiated a detailed integration planning process focused on ensuring business continuity during the integration period while achieving revenue and cost synergies quickly. Under the leadership of the Company's Chief Integration Officer, an Integration Management Office has been established which will oversee more than 10 work-stream teams. These teams are creating detailed plans and timelines to realize the efficiencies and benefits associated with the Acquisition, all of which are fundamental to the Company's post-merger integration plans. Additionally, Corus has engaged independent experts to assist the Company in designing and implementing a post-acquisition integration plan aimed at maximizing synergies and cost reductions within the timeframe established by management.

Directors of the Combined Company

The following table sets forth the name, municipality of residence, anticipated position with the Combined Company, principal occupation and number of shares of the Combined Company which are beneficially owned by each person who will be a director of the Combined Company upon the closing of the Acquisition.

Name and Municipality of Residence	Principal Occupation	Number of Securities of the Combined Company Beneficially Owned, Directly or Indirectly
Fernand Bélisle	Independent consultant and corporate director	9,471 Class B Shares
John Frascotti	President, Hasbro Brands at Hasbro, Inc.	-
Mark Hollinger	Corporate director	6,245 Class B Shares
Barry James	President, Barry L. James Advisory Services Ltd.	5,555 Class B Shares
Wendy Leaney	President, Wyoming Associates Ltd.	14,000 Class B Shares
Douglas Murphy	President and Chief Executive Officer, Corus	2,000 Class A Shares 33,722 Class B Shares
Catherine Roozen	Corporate director	343,332 Class A Shares 372,734 Class B Shares
Terrance Royer	Chairman, Royco Hotels Ltd.	11,432 Class B Shares
Heather Shaw	Executive Chair, Corus	4,000 Class A Shares ⁽¹⁾ 2,184,326 Class B Shares ⁽¹⁾
Julie Shaw	Vice President, Facilities, Design and Management, Shaw	4,800 Class A Shares ⁽¹⁾ 1,386,716 Class B Shares ⁽¹⁾
Michael D'Avella	Corporate Director	45,200 Class B Shares
Trevor English	Senior Vice President, Corporate Development & Business Planning, Shaw	-
Peter Bissonnette	Corporate Director	-

Notes:

- (1) JR Shaw is the father of Ms. Heather Shaw, Ms. Julie Shaw, Mr. Bradley Shaw and Mr. Jim Shaw. Together, JR Shaw, the Shaw Family Living Trust and their affiliates, including Ms. Heather Shaw, Ms. Julie Shaw, Mr. Bradley Shaw, Mr. Jim Shaw and voting entities controlled by them, hold an aggregate of 2,906,496 Class A Shares and 5,652,294 Class B Shares.

The following are brief biographies of the anticipated directors of the Combined Company:

Fernand Bélisle, BA

Mr. Bélisle is a consultant to Canadian broadcast companies. Mr. Bélisle served as Vice Chair (Broadcasting) of the CRTC. This followed a series of senior positions at the CRTC and the Department of Communications which is now known as the Department of Canadian Heritage. Mr. Bélisle's business career has included positions with Télémédia Communications Ltd. and in audit and tax specialist roles at Coopers & Lybrand. Mr. Bélisle previously served as a Director of Corus Entertainment Inc. from December 2003 to February 2005.

John Frascotti, BA, J.D.

Mr. Frascotti is President, Hasbro Brands at Hasbro, Inc., a global branded play company. He previously held the position of Executive Vice President and Chief Marketing Officer of Hasbro from 2008 to 2014. Mr. Frascotti serves on the boards of Discovery Family Channel, a joint venture between Hasbro and Discovery Communications, and Backflip Studios, a digital gaming company 70% owned by Hasbro. He is also Chair of Hasbro's IP Security Committee and serves on Hasbro's Global Information Systems Steering Committee, as well as the board of SeriousFun Children's Network. Mr. Frascotti received a Bachelor of Arts (Economics) from Yale, where he graduated Phi Beta Kappa and Summa Cum Laude, and a law degree from Harvard.

Mark Hollinger, J.D.

Mr. Hollinger recently retired from Discovery Communications after a 24-year career at the company. During his tenure at Discovery, he served as the President and CEO of Discovery Networks International, Chief Operating Officer, General Counsel and head of international business development. Mr. Hollinger continues to serve on the board of the Discovery Learning Alliance, a non-profit focused on media-based educational opportunities in developing countries. Prior to joining Discovery, Mr. Hollinger practiced entertainment law at the New York law firm Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Hollinger is a graduate of Colgate University and obtained his law degree from the Yale Law School.

Barry James, B.Comm, FCPA, FCA, ICD.D

Mr. James is President of Barry L. James Advisory Services Ltd., a private consulting firm. Mr. James was a partner of PricewaterhouseCoopers and retired after 36 years with the firm. He became a partner in the tax practice in 1989 and subsequently became a partner in the audit group. Mr. James was Office Managing Partner in Edmonton for 10 years, from 2001 to 2011. Currently, Mr. James is a Senator and Board member of the University of Alberta, a Board member of ATB Financial and AutoCanada Inc., a Trustee of the University Hospital Foundation and Acting Chair of the Provincial Audit Committee of the Government of Alberta.

Wendy Leaney, BA (Hons)

Ms. Leaney is President of Wyoming Associates Ltd., a private investment and consulting firm based in Toronto. Prior to that, Ms. Leaney was Managing Director and Co-Head Global Communications Finance for TD Securities Inc. She holds a Bachelor of Arts (Hon.) degree from the University of Toronto and is a graduate of the Advanced Management Course at the University of Western Ontario. Ms. Leaney is also a graduate of the Canadian Securities Course and a Fellow of the Institute of Canadian Bankers.

Doug Murphy, HBA, MBA

Mr. Murphy is President and CEO of Corus Entertainment Inc. He joined Corus in 2003 and has held numerous senior management positions at the company, most recently serving as Executive Vice President and Chief Operating Officer. Before joining Corus, Mr. Murphy spent ten years with the Walt Disney Company in a variety of senior executive positions in Canada, the United States and Japan. Mr. Murphy serves as a Director on the board of Woodbine Entertainment Group and is a member of the Business Council of Canada. He holds an MBA from the Harvard Business School and an HBA from the Ivey Business School, University of Western Ontario.

Catherine Roozen, BComm, LL.D. (hon)

Ms. Roozen worked with the North West Trust Company until 1981 in the area of Branch Operations and as Vice-President, Investments, following graduation in 1977 from the University of Alberta with a Bachelor of Commerce degree. In 1981, Ms. Roozen joined Cathton Holdings Ltd., a private investment company with interests in banking, broadcasting, ranching and real estate development. Currently, Ms. Roozen is a Director and Secretary of the Allard Foundation Ltd., Chair and Director of Cathton Investments Ltd., Director of Epcor Utilities Inc. and Director of Melcor Developments Ltd. Ms. Roozen previously served as a Director of Corus Entertainment Inc. from July 2001 to January 2010.

Terrance Royer, BASc, MBA, LL.D (hon), ICD.D

Mr. Royer is Chairman of Royco Hotels Ltd., a hotel management company. Mr. Royer retired as Executive Vice-Chairman of the Calgary-based Royal Host REIT in December 2005. He is also retired President, CEO and founder of Royal Host Corp., a hotel and resort ownership, franchising and management company. Mr. Royer serves on the Board of Revera Inc. and served on the Board of Royal Host REIT from January 1998 to June 2006. Mr. Royer is Chairman Emeritus of the University of Lethbridge (Chairman from January 2001 to July 2006) and Past Chairman of the Alberta "Access to the Future Fund" for post-secondary institutions in Alberta.

Heather Shaw, BComm, MBA

Ms. Shaw is the Executive Chair of Corus Entertainment Inc., and has held the position since its inception in September 1999. Ms. Shaw is a past Director of Shawcor Ltd. and Shaw Communications Inc. Ms. Shaw holds a Bachelor of Commerce degree from the University of Alberta and an MBA from the Richard Ivey School of Business at the University of Western Ontario.

Julie Shaw, BSD, ICD.D

Ms. Shaw is the Vice Chair of Corus Entertainment Inc., and has held the position since April 2008. Ms. Shaw is the Vice President, Facilities, Design and Management, Shaw Communications Inc. and has been employed at Shaw since 1986. Ms. Shaw is a graduate of the Institute of Corporate Directors and holds a Bachelor of Design Science degree from Arizona State University. Ms. Shaw is a Director and Secretary of Shaw Family Foundation, also sitting on its Investment Committee. Shaw Family Foundation is a philanthropic organization founded in 1970. Ms. Shaw is the founder and Managing Director of The SA Foundation, a Calgary-based philanthropic organization.

Michael D'Avella

Mr. D'Avella served mostly recently as Senior Vice President of Planning for Shaw Communications, Inc. until his retirement in September 2013. During his 22 years at Shaw, Mr. D'Avella was involved in every aspect of Shaw's business strategy, growth, acquisitions, new product and service launches and technology planning. He has over 30 years of experience in the Canadian communications industry and has extensive knowledge of the regulatory and public policy environment in Canada. Mr. D'Avella led Shaw's programming and content licensing negotiations including the licensing of content for a variety of delivery platforms. In 2008, Mr. D'Avella led Shaw's successful acquisition of Advanced Wireless Services spectrum and the overall development of Shaw's wireless strategy. Mr. D'Avella has served as a Director on several public and private companies including Terayon Communications Systems, GT Group Telecom, and Canadian Satellite Communications (Cancom). Mr. D'Avella graduated from St. Michael's College (the University of Toronto) with a BA (Hons.).

Trevor English

Mr. English is the Senior Vice President, Corporate Development & Business Planning for Shaw Communications. He is accountable for Shaw's corporate development activities, as well as being responsible for the relationship of Shaw Venture's portfolio companies and Shaw's Investor Relations program. Mr. English has almost 20 years of experience in corporate finance, Mergers & Acquisitions, Investor Relations, business development and financial analysis. In his 12 years at Shaw, Mr. English has played a key leadership role in all of Shaw's key corporate development activities including the acquisitions of CanWest (2010), ViaWest (2014), Wind Mobile Corp. (2016) and the proposed sale of Shaw Media (2016). Prior to joining Shaw, Mr. English held various positions in the

investment banking industry in both Canada and England. Mr. English holds Bachelor of Commerce degree from the University of Calgary and a Chartered Financial Analyst designation.

Peter Bissonnette

Mr. Bissonnette served as President of Shaw from 2001 until his retirement on August 31, 2015. Mr. Bissonnette has over 50 years of experience in the communications sector. He joined Shaw in 1989 as Vice President, Operations for the B.C. Lower Mainland and Vancouver Island and held a succession of senior positions during his 25 years with Shaw. Mr. Bissonnette has previously served as a director of Cable Television Laboratories, Inc. (CableLabs), a not-for-profit research development consortium dedicated to pursuing new cable telecommunications technologies. Mr. Bissonnette is a graduate in Business Administration from Vancouver Community College, holds an Executive Management Certificate from the University of British Columbia, and is a graduate of the Executive Management Program at Queens University. In 2013, Mr. Bissonnette was appointed Honorary Captain of the Royal Canadian Navy.

Executive Officers of the Combined Company

The following sets forth a brief biography of Ms. Williams, who is anticipated to join Corus upon closing of the Acquisition.

Barbara Williams

Ms. Williams is Executive Vice President, Broadcasting of Shaw and President, Shaw Media. She brings her more than 25 years of experience in the media industry to her oversight of Global Television and Shaw Media's portfolio of 19 specialty networks. Prior to this position, Ms. Williams was the Senior Vice President of Content, Shaw Media, overseeing the creation of Canadian original productions, acquisition deals for top U.S. and international series, and scheduling for the conventional and specialty channels. Before joining Shaw, Ms. Williams served as Executive Vice President, Content at Canwest Broadcasting. Previous positions also include her role as Vice President and General Manager of Toronto 1 and Senior Vice President of Lifestyle Programming at Alliance Atlantis. Ms. Williams holds a Bachelor of Arts from the University of Toronto and a Masters in Telecommunications from Syracuse University. She has served as the previous Chair of the Banff World Television Festival over the past four years and currently sits on the boards of the Canadian Film Centre and Canada's Walk of Fame. In December 2008, Ms. Williams was acknowledged for her Outstanding Achievement at the 20th Anniversary WIFT-T Crystal Awards and in February 2014, Ms. Williams won the Chair of Distinction award at the Women in Communications and Technology Gala.

POST-ACQUISITION SHAREHOLDINGS AND PRINCIPAL SHAREHOLDERS

Post-Acquisition Holdings

As at February 5, 2016, there were 3,425,792 Class A Shares and 84,490,897 Class B Shares issued and outstanding. The Company's constating documents allow it to issue an unlimited number of Class B Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without the approval of Corus' shareholders. In addition, as of February 5, 2016, there were approximately 3,710,273 stock options outstanding, of which approximately 1,691,973 were exercisable into Class B Shares.

As part of the payment of the Purchase Price for the Acquisition, Corus has agreed to issue 71,364,853 Class B Shares to Shaw, representing approximately 84.5% of the currently issued and outstanding Class B Shares. In addition, Corus will issue 32,770,000 Class B Shares in satisfaction of outstanding Subscription Receipts issued pursuant to the Equity Offering and Concurrent Private Placement. Accordingly, as a result of the Acquisition (including completion of the Equity Offering and Concurrent Private Placement), Corus is expected to issue, in the aggregate, approximately 104,134,853 Class B Shares. Immediately following the closing of the Acquisition, Corus is expected to have approximately 188,625,750 Class B Shares outstanding.

Pursuant to the Governance and Investor Rights Agreement, Shaw has agreed that 100% of its Consideration Shares subject to lock-up arrangements (but excluding shares issued to Shaw pursuant to the DRIP) will participate

in the Company's DRIP until the earlier of September 1, 2017 and the date such shares are no longer subject to the lock-up arrangements. Accordingly, additional Class B Shares will be issuable to Shaw.

No Class A Shares are being issued in connection with the Acquisition and accordingly, there will be no changes in the voting control of the Company.

To the knowledge of the Company, its directors or officers, other than as described below, immediately following the completion of the closing of the Acquisition, there will be no person or company that beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights of the Company.

Name	Number and Class of Shares	Percentage of Outstanding Class
JR Shaw, directly and indirectly through the Shaw Family Living Trust, together with their affiliates ⁽¹⁾	2,906,496 Class A Shares	84.8% of outstanding Class A Shares
Cathton Investments Ltd. ⁽²⁾	343,332 Class A Shares	10.0% of the outstanding Class A Shares

Notes:

- (1) The sole trustee of the Shaw Family Living Trust is a private company owned by JR Shaw, having a board comprised of seven directors, including as at December 31, 2015, JR Shaw as chair and five other members of his family.
- (2) A company controlled by Ms. Catherine Roozen, a director of Corus.

Following the closing of the Acquisition, other than as described above, the directors and senior officers of the Combined Company are expected to beneficially own, directly or indirectly, or exercise control or direction over 10.3% of the issued and outstanding Class A Shares and 2.2% of the issued and outstanding Class B Shares.

Voting Control

The Class A Shares are the only securities of Corus that carry voting rights. The holders of Class A Shares are entitled to one vote per share at all meetings of shareholders. Class B Shares do not entitle their holders to vote except as required by law and except upon any resolution to authorize the liquidation, dissolution or winding up of Corus or the distribution of assets among its shareholders for the purpose of winding up its affairs, in which event each holder of Class B Shares will be entitled to one vote per share.

Voting control of Corus will not be changing as a result of the Acquisition, although the aggregate number of non-voting securities (i.e. Class B Shares) outstanding is expected to increase by more than 100% as a result of the combined Class B Share issuances resulting from the Consideration Shares and the Equity Offering and Concurrent Private Placement.

PART VIII – OVERVIEW OF REGULATORY MATTERS

CANADIAN SECURITIES LAW MATTERS

General

The following is a brief summary of certain Canadian securities law considerations applicable to the Acquisition and the transactions contemplated therein. Corus is a reporting issuer in each of the provinces of Canada and the Class B Shares and Subscription Receipts are currently listed on the TSX under the symbols "CJR.B" and "CJR.R", respectively. As such, Corus is, among other things, subject to certain applicable Canadian securities laws, including MI 61-101.

The issue of Consideration Shares pursuant to the Acquisition Agreement will constitute a distribution of securities which is exempt from the prospectus requirements under applicable Canadian securities laws. The Consideration Shares may be resold by Shaw, subject to certain restrictions under applicable Canadian securities laws and subject to the Governance and Investor Rights Agreement.

Under applicable Canadian securities laws, once completed, the Acquisition will be considered a “significant acquisition”. Financial statements with respect to Shaw Media and pro forma condensed consolidated financial information of Corus are included in this Circular.

MI 61-101

The Acquisition is subject to the requirements of MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among shareholders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. MI 61-101 provides that, in certain circumstances, where a “related party” of an issuer (as defined in MI 61-101) is a party to a transaction with the issuer, such transaction may be considered a “related party transaction” and may be subject to “minority approval” requirements and formal valuation requirements described below under “ – Minority Approval” and “ – Formal Valuation Requirements”.

Pursuant to MI 61-101, a “related party” includes a control person of the entity, directors, executive officers and shareholders holding over 10% of the voting rights attached to the voting securities of the issuer. JR Shaw, directly and indirectly through the Shaw Family Living Trust, is a control person of the Company and is therefore a “related party” of the Company. As JR Shaw, directly and indirectly through the Shaw Family Living Trust, is also a control person of Shaw, Shaw is an affiliated entity of JR Shaw, and is therefore also a “related party” of the Company.

A “related party transaction” for an issuer includes both the purchase of an asset from a related party for valuable consideration and the issuance of a security to a related party. Accordingly, as Shaw is a “related party” of the Company, the completion of the Acquisition constitutes a “related party transaction” subject to the requirements of MI 61-101. As a result, the Board established the Corus Special Committee to, among other matters, review, direct and supervise the process to be carried out by the Company and its professional advisors in assessing the Acquisition (including the preparation of any formal valuation required under MI 61-101), review and consider the proposed structure, terms and conditions of the Acquisition and to make a recommendation to the Board with respect thereto. See “Description of the Acquisition – Recommendation of the Corus Special Committee”.

Minority Approval

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to “minority approval” (as defined in MI 61-101, being a simple majority of the votes (50% + 1) cast by “minority” shareholders of each class of affected securities (as defined in MI 61-101), in each case voting separately as a class), unless an exemption is available or discretionary relief is granted by the applicable securities regulatory authorities. In relation to approval of the Acquisition, “minority approval” requires the approval of a simple majority (50% + 1) of holders of Class A Shares and Class B Shares, each voting separately as a class, other than Class A Shares and Class B Shares beneficially owned, or over which control or direction is exercised by: (a) the issuer; (b) an “interested party” (as defined in MI 61-101); (c) a “related party” to such interested party within the meaning of MI 61-101 (subject to the exceptions set out therein); and (d) any person that is a joint actor with any of the foregoing referred to in (b) and (c) for the purposes of MI 61-101 (collectively, the “**Excluded Shareholders**”).

As JR Shaw and the Shaw Family Living Trust and the directors and senior officers of Shaw are each a “related party” of an interested party (Shaw), pursuant to MI 61-101, the Class A Shares and Class B Shares held by each of them and their respective affiliates and joint actors (including Ms. Heather Shaw, Ms. Julie Shaw, Mr. Bradley Shaw, Mr. Jim Shaw and voting entities controlled by them), will be excluded for purposes of calculating the requisite approval of the Acquisition Resolution in accordance with the “minority approval” requirements under MI 61-101 and the requirements of the TSX. To the knowledge of the Company, the Excluded Shareholders hold an aggregate of 2,906,496 Class A Shares and 6,827,100 Class B Shares, which will be excluded for purposes of calculating the requisite approvals of the Acquisition Resolution.

Accordingly, the following votes held by the Excluded Shareholders will be excluded for the purpose of determining if “minority approval” of the Acquisition is obtained pursuant to MI 61-101:

Excluded Shareholder	Number and Class of Shares	Percentage of Outstanding Class
JR Shaw, directly and indirectly through the Shaw Family Living Trust ⁽¹⁾ and certain affiliates	2,890,030 Class A Shares 7,187 Class B Shares	84.36% of outstanding Class A Shares 0.01% of outstanding Class B Shares
Ms. Heather Shaw and certain affiliates controlled by her	4,000 Class A Shares 2,184,326 Class B Shares	0.12% of outstanding Class A Shares 2.59% of outstanding Class B Shares
Ms. Julie Shaw and certain affiliates controlled by her	4,800 Class A Shares 1,386,716 Class B Shares	0.14% of outstanding Class A Shares 1.64% of outstanding Class B Shares
Mr. Bradley Shaw and certain affiliates controlled by him	5,266 Class A Shares 1,024,079 Class B Shares	0.15% of outstanding Class A Shares 1.21% of outstanding Class B Shares
Mr. Jim Shaw and certain affiliates controlled by him	2,400 Class A Shares 1,049,986 Class B Shares	0.07% of outstanding Class A Shares 1.24% of outstanding Class B Shares
Mr. Jeff Royer and certain affiliates controlled by him	1,099,894 Class B Shares	1.30% of outstanding Class B Shares
Mr. George Galbraith and certain affiliates controlled by him	74,692 Class B Shares	0.09% of outstanding Class B Shares
Ms. Barbara Williams and certain affiliates controlled by her	220 Class B Shares	Less than 0.01% of outstanding Class B Shares

Notes:

(1) The sole trustee of the Shaw Family Living Trust is a private company owned by JR Shaw, having a board comprised of seven directors, including as at December 31, 2015, JR Shaw as chair and five other members of his family.

Note that the foregoing totals do not include the Class B Shares issuable to certain of the foregoing entities and persons as a result of any Subscription Receipts acquired as a result of the Concurrent Private Placement, as such Class B Shares will not be issued at the time of the Meeting and will therefore not be entitled to vote at the Meeting.

Minority Approval by the Class A Shares: The Company currently has 3,425,672 Class A Shares outstanding, of which 2,906,496 will be excluded for purposes of the required “minority approval” of the Acquisition Resolution by the holders of the Class A Shares. As a result, only 519,176 Class A Shares will be eligible for inclusion in a determination of whether the “minority approval” threshold for the Class A Shares has been met in respect of the Acquisition Resolution. A significant majority of the Class A Shares not held by members of the Shaw family are held by current and former directors and officers of Corus.

As such, the Class A Shares held by Ms. Roozen may be voted in respect of the Acquisition Resolution. Separately, given her ownership holdings in Shaw, as a director of the Company, Ms. Roozen had disclosed her material interest in the transaction and chose to abstain from voting on the Acquisition. To the knowledge of the Company and its directors and senior officers, after reasonable inquiry, no other Class A Shares or Class B Shares are required to be excluded for purposes of the “minority approval” requirements under MI 61-101.

Formal Valuation Requirements

MI 61-101 also requires that, unless exempted, an issuer proposing to carry out a related party transaction is required to obtain a formal valuation in respect of the transaction. Accordingly, Barclays was retained by the Corus Special Committee to provide, and has completed a formal valuation for, the Acquisition in respect of the fair market value of Shaw Media. A copy of the Barclays Valuation and Fairness Opinion is attached as Schedule “F” to this Circular and a summary of the valuation is described under the heading “Description of the Acquisition – Valuation and Fairness Opinions”. The costs for retaining Barclays to prepare the formal valuation were borne by the Company. Pursuant to the terms of Barclay’s engagement agreement with Corus, Corus has agreed to pay Barclays a fixed fee for rendering the Barclays Valuation and Fairness Opinion. Barclays will not be paid any fees contingent on the outcome of the Acquisition or the conclusions reached in Barclays Valuation and Fairness Opinion.

In respect of the issuance of the Consideration Shares, the Company is exempt from the requirements under MI 61-101 to obtain a formal valuation in respect of non-cash assets involved in a related party transaction pursuant to Section 6.3(2) of MI 61-101.

Neither Corus nor any director or senior officer of Corus, after reasonable inquiry, is aware of any “prior valuation” (as defined in MI 61-101) of the Company having been prepared in the past 24 months. Corus has not received any bona fide prior offer during the 24 months before the date of the Acquisition Agreement that relates to the subject matter of or is otherwise relevant to the Acquisition.

TSX Approval

The TSX has conditionally approved the listing of the Consideration Shares issuable pursuant to the Acquisition Agreement, subject to customary listing conditions. It is a condition of closing that Corus shall have obtained TSX approval for the listing of the Consideration Shares. See “The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement”.

Pursuant to Section 611(b) of the Toronto Stock Exchange Company Manual, a listed company is generally required to obtain shareholder approval in connection with an acquisition transaction where the number of securities issued or issuable to insiders as a group exceeds 10% of the number of securities of the issuer which are outstanding. In addition, pursuant to Section 611(c) of the Toronto Stock Exchange Company Manual, a listed company is generally required to obtain shareholder approval in connection with an acquisition transaction where the number of securities issued or issuable in payment of the purchase price for the transaction is expected to exceed 25% of the total number of outstanding securities.

Pursuant to Section 626 of the Toronto Stock Exchange Company Manual, a listed company is generally required to obtain shareholder approval in connection with a “backdoor listing” transaction, which includes a transaction that could result in the security holders of the listed issuer owning less than 50% of the securities or voting power of the entity resulting from the transaction. The TSX has determined that the Acquisition does not constitute a “backdoor listing” transaction.

In connection with the Acquisition, as the 71,364,853 Consideration Shares to be issued in partial payment of the Purchase Price for the Acquisition will exceed 25% of the total number of outstanding Class A Shares and Class B Shares on a combined basis as of the date of this Circular, shareholder approval is required under Section 611(c) of the Toronto Stock Exchange Company Manual. In addition, as Shaw is controlled by JR Shaw and the Shaw Family Living Trust, an insider of the Company, the TSX has determined that shareholder approval is required under Section 611(b) of the Toronto Stock Exchange Company Manual. Accordingly, the Acquisition Resolution must be approved by an ordinary resolution of the holders of Class A Shares, which requires a majority of the votes (50% + 1) cast on or on behalf of holders of Class A Shares, either in person or by proxy, at the Meeting, excluding any votes attached to Class A Shares held by JR Shaw, the Shaw Family Living Trust and their respective affiliates. For this purpose, Shares held by Excluded Shareholders will be excluded for purposes of calculating the requisite approval of the Acquisition Resolution.

CRTC APPROVALS

The Acquisition triggers the obligation to obtain the prior approval of the CRTC for the transfer of ownership or control of Shaw Media. Pursuant to various service-specific regulations made under the Broadcasting Act and related regulations applying to radio, conventional television and specialty television services, certain acts, agreements or transactions that, directly or indirectly, result in (a) a change in the effective control of a broadcasting undertaking; or (b) a person together with any associate acquiring control of 30% or more of the issued voting securities, or 50% or more of the common shares, of a broadcasting undertaking, or (c) a person that has, directly or indirectly, effective control of that broadcasting undertaking, requires prior approval of the CRTC. It is a condition to the completion of the Acquisition that CRTC Approval is obtained.

There are a number of processes available to the CRTC to deal with applications for changes in effective control or certain transfers of shares of broadcasting undertakings and for applications resulting in an acquisition of assets. Pursuant to Broadcasting Information Bulletin CRTC 2008-8-2 - *A guide to the CRTC application process for changes in effective control and certain transfers of shares of broadcasting undertakings as well as for the acquisition of assets of broadcasting undertakings – Change in the manner of issuing related information bulletins*, the CRTC has specified the procedures required to be taken for processing applications for changes in effective control or certain transfers of shares and for applications resulting in an acquisition of assets. The CRTC has specified that certain transfers of shares will be reviewed pursuant to a streamlined administrative approach if an ownership application meets certain criteria, including where: (a) it involves an intra-corporate reorganization; (b) effective control of a license is passed between family members or to a family estate; (c) effective control is subject to a temporary trust arrangement; or (d) there is no change in effective control. In addition, the application cannot raise any concerns with respect to the CRTC policies or regulations, including any conditions of a license.

As each of the Company and Shaw are indirectly controlled by JR Shaw, the Acquisition constitutes a transaction where there is no change in effective control of Shaw Media. Accordingly, on January 15, 2016, Shaw Media applied to the CRTC for approval of the Acquisition on the basis of an administrative review. Broadcasting Notice of Consultation CRTC 2016-22 was published on January 21, 2016 with respect to the Acquisition and will remain open for public comments or answers until February 15, 2016, following which Corus and Shaw Media have until February 17, 2016 to address any comments received.

COMPETITION ACT

Pursuant to Section 113 of the Competition Act, transactions to which all of the parties are affiliates of each other are exempt from the application of Part IX of the Competition Act. As each of Shaw and Corus are both controlled by JR Shaw, they are “affiliated” within the meaning of the Competition Act. Accordingly, the Acquisition is not subject to the mandatory merger notification provisions of the Competition Act.

PART IX – RISK FACTORS ABOUT THE COMBINED COMPANY

Shareholders should carefully consider the following risk factors relating to the Acquisition. In addition to the risks set out in the documents incorporated by reference in this Circular, the proposed combination of Shaw Media with Corus upon the successful completion of the Acquisition is subject to certain risks, including the following.

RISKS RELATING TO CORUS

Whether or not the Acquisition is completed, Corus will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed under the heading “Risks and Uncertainties” in the management’s discussion and analysis of the financial condition and results of operations of the Company for the year ended August 31, 2015 and under the heading “Risk Factors” in the Company’s 2015 AIF, which has been incorporated by reference in this Circular.

RISKS RELATED TO THE ACQUISITION

Possible Failure or Delay in the Acquisition

The Company currently expects that the Acquisition will close in Corus’ third fiscal quarter in 2016. The closing of the Acquisition is subject to the receipt of required regulatory approvals and the satisfaction of certain closing conditions. There is no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on the Company’s ability to complete the Acquisition and on the Company’s or Shaw Media’s business, financial condition or results of operations. The Company intends to complete the Acquisition as soon as practicable after obtaining the required regulatory approvals and satisfying the required closing conditions (provided that, if Shaw reasonably expects to receive the Tax Ruling, Shaw may delay the Closing Date to the first Business Day of the calendar month immediately following the calendar month in which the Closing Date would otherwise occur but in any event not later than the Outside Date under the Acquisition Agreement). If the Acquisition is not completed as contemplated, the Company could suffer adverse consequences, including the loss of investor confidence. See “The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement”. The Company intends to complete the Acquisition as soon as practicable after satisfying the required closing conditions.

Integration of the Combined Company

Corus’ ability to maintain and successfully operate its business depends upon the judgment and project execution skills of its senior professionals. Any management disruption or difficulties in integrating Corus’ and Shaw Media’s management and operations staff could significantly affect Corus’ business and results of operations. The success of the Acquisition will depend, in large part, on the ability of management to realize the anticipated benefits and cost synergies from integration of the businesses of Corus and Shaw Media. The integration of the businesses may result in significant challenges, and management may be unable to accomplish the integration smoothly, or successfully, in a timely manner or without spending significant amounts of money. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with business partners such as agencies and content providers or employees or to achieve the anticipated benefits of the Acquisition.

The integration of Shaw Media requires the dedication of substantial effort, time and resources on the part of management, which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that the Company will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that are anticipated as a result of the Acquisition. The extent to which synergies are realized and the timing of such cannot be assured. Any inability of the Company to successfully integrate the operations of Corus and Shaw Media, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of Corus. The challenges involved in the integration may include, among other things, the following:

- the necessity of coordinating both geographically disparate and overlapping organizations and addressing possible differences in corporate and regional cultures and management philosophies;
- retaining key personnel during the period between execution of the Acquisition Agreement and the closing and post-closing of the Acquisition, including addressing the uncertainties of key employees regarding their future;
- integrating information technology systems and resources;
- integrating Shaw Media into Corus' accounting system and adjusting Corus' internal control environment to cover Shaw Media's operations;
- unforeseen expenses or delays associated with the Acquisition;
- performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the Acquisition;
- meeting the expectations of business partners during the period between execution of the Acquisition Agreement and the closing and post-closing of the Acquisition with respect to the overall integration of the businesses; and
- unplanned costs required to integrate the businesses and achieve synergies.

Employee uncertainty and lack of focus during the integration process may also disrupt the business of the Combined Company.

Unexpected Costs or Liabilities Related to the Acquisition

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Acquisition and has negotiated indemnities with Shaw in the Acquisition Agreement to cover certain potential future liabilities, such indemnities may be limited and an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Shaw Media. Following the Acquisition, the Company may discover that it has acquired substantial undisclosed liabilities. See also " – Potential Liabilities Associated with the Acquisition".

In addition, Corus may be unable to retain Shaw Media's customers or employees following the Acquisition. The continuing and collaborative efforts of Shaw Media's senior management and employees are important to its success and its business would be harmed if it were to lose their services. The existence of undisclosed liabilities and the Company's inability to retain Shaw Media's customers or employees could have an adverse impact on the Company's business, financial condition and results of operations.

Execution of the Financing of the Acquisition

The commitment of the lenders to enter into the New Credit Facilities and the Debt Bridge Facility are subject to certain standard conditions. In addition, the terms of the New Credit Facilities and the Debt Bridge Facility are subject to "market flex" provisions in certain circumstances which, if exercised, could significantly adversely affect the structure, pricing and other terms and conditions of those credit facilities other than to reduce the aggregate amount available under those credit facilities or to impose additional conditions precedent to the initial extension of credit. As such, there is no assurance that the New Credit Facilities and the Debt Bridge Facility will be on terms that are exactly the same as disclosed in this Circular. Obtaining the New Credit Facilities or the Debt Bridge Facility on terms less favourable to the Company could adversely impact the Company's financial condition and decrease the amount of cash available in the future. Additionally, the New Credit Facilities and the Bridge Facilities are subject to certain restrictive conditions that limit the discretion of management with respect to certain business matters, including financial covenants that require the Company to meet certain financial ratios, financial condition tests and other restrictive covenants. A failure to comply with the obligations in the New Credit Facilities and the Debt Bridge

Facility could result in a default which, if not cured or waived, could result in a termination of those credit facilities. See “Description of the Acquisition - Financing the Acquisition – New Credit Facilities and Bridge Facilities”.

As a result of the completion of the Equity Offering and Concurrent Private Placement, the Equity Bridge Facility has been terminated and the amounts available under the Corus Debt Financings have been reduced by \$260 million and may be further reduced to the extent any other Corus Offerings are completed prior to the closing of the Acquisition. Corus expects to use the net proceeds of the Equity Offering and the Concurrent Private Placement as sources of funds for the Acquisition and related transactions. See “Description of the Acquisition - Financing the Acquisition”.

The terms of the Proposed Debt Offering by the Company that will replace the Debt Bridge Facility have not yet been finalized, and the Company has not entered into any agreement relating to the Proposed Debt Offering. The Company’s ability to complete the Proposed Debt Offering on acceptable terms or at all will depend on a number of factors beyond the Company’s control, including general conditions affecting the debt markets from time to time and, accordingly, there can be no assurance that any such transaction will be completed. The pro forma condensed consolidated financial information included in this Circular has been prepared on the assumption that the Proposed Debt Offering will be completed on terms and at an interest rate estimated by management. Actual terms, including the applicable interest rate and the applicable restrictive covenants, of the notes issued pursuant to the Proposed Debt Offering, if it is completed, may differ materially from those estimated for the purposes of preparing such pro forma condensed consolidated financial information.

Leverage Risk

The Company’s leverage will increase as a result of the Acquisition. Based on the 12 month period ended November 30, 2015, the Company would have a pro forma total debt / LTM Adjusted EBITDA ratio of approximately 3.9 times. See “Non-IFRS Measures”. Management is targeting to reduce this ratio to below 3.0 times by the end of fiscal 2018, but the Company will, initially following the Acquisition, have higher leverage than its stated leverage target of 3.0 to 3.5 times. The Company’s indebtedness could adversely affect its financial condition and results of operations, which may prevent the Company from fulfilling its obligations under its indebtedness. After the completion of the Acquisition and the other transactions described in this Circular, the Company will have a substantially greater amount of debt than it has maintained in the past. As of November 30, 2015, on an as adjusted basis after giving effect to the transactions described under the heading “Consolidated Capitalization”, the Company would have had outstanding indebtedness of approximately \$2,333 million. The Company’s maintenance of increased levels of debt could adversely affect its financial condition and results of operations and could adversely affect its flexibility to take advantage of corporate opportunities. The Company’s high degree of leverage could have adverse consequences for the Company, including:

- limiting the Company’s ability to obtain additional financing for working capital, capital expenditures, development, debt service requirements, acquisitions and general corporate or other purposes, or requiring the Company to make non-strategic divestitures;
- restricting the Company’s flexibility and discretion to operate its business;
- limiting the Company’s ability to declare dividends on its Class B Shares;
- requiring a substantial portion of the Company’s cash flows from operating activities to be dedicated to debt service payments, including the payment of interest on its indebtedness, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, future business opportunities and other general corporate purposes;
- exposing the Company to increased interest expense on borrowings at variable rates;
- limiting the Company’s ability to adjust to changing market conditions and limiting the Company’s flexibility in planning for and reacting to changes in the industry in which it competes;
- placing the Company at a competitive disadvantage compared to its competitors that have less debt;

- increasing the Company's vulnerability to general adverse economic and industry conditions;
- making the Company unable to make capital expenditures that are important to its growth and strategies;
- making it more difficult for the Company to satisfy its obligations with respect to its indebtedness; and
- increasing the Company's cost of borrowing.

The Company and its subsidiaries may also be able to incur significant additional indebtedness in the future. Although the indenture relating to the Proposed Debt Offering is expected to contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent the Company from incurring obligations that do not constitute indebtedness. If new debt is incurred by the Company, the related risks that the Company currently faces could intensify.

No Assurance of Future Performance

Historic and current performance of the business of the Company and Shaw Media may not be indicative of success in future periods. The future performance of the business of the Combined Company may be influenced by, among other factors, economic downturns, long-term changes in viewer tastes, preferences and spending patterns and other factors beyond the control of the Company. As a result of any one or more of these factors, the operations and financial performance of Corus including Shaw Media may be negatively affected, which may adversely affect the Company's financial results.

Regulatory Approvals

The closing of the Acquisition is subject to the receipt of CRTC Approval. The CRTC may decline to give approval for the Acquisition or may attach conditions to its approval, which could adversely affect the Company's ability to realize the anticipated benefits of the Acquisition. There can be no assurance the CRTC Approval will be forthcoming.

Potential Liabilities Associated with the Acquisition

There may be liabilities that the Company failed to discover or was unable to quantify accurately or at all in the due diligence review that it conducted prior to the execution of the Acquisition Agreement, and the Company may not be indemnified for some or all of these liabilities or the indemnification may be subject to limitations set forth in the Acquisition Agreement. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on the Company's business, financial condition or future prospects.

While the Company has estimated these potential liabilities for the purposes of making its decision to enter into the Acquisition Agreement, there can be no assurance that any resulting liability will not exceed the Company's estimates. The amount of such liability could have a material adverse effect on the Company's financial position. See also " – Unexpected Costs or Liabilities Related to the Acquisition" and "The Acquisition Agreement and Ancillary Agreements – Indemnification".

Dilution

The Company will issue up to an aggregate of 104,134,853 Class B Shares in connection with the Acquisition and related transactions. This represents: (a) the Consideration Shares issuable to Shaw as partial consideration pursuant to the terms of the Acquisition Agreement; (b) the Class B Shares issuable pursuant to the conversion of Subscription Receipts into Class B Shares in connection with the Equity Offering; and (c) the Class B Shares issuable pursuant to the conversion of Subscription Receipts into Class B Shares in connection with the Concurrent Private Placement. The issuance of up to 104,134,853 Class B Shares in the aggregate will represent approximately 123.2% of the current number of issued and outstanding Class B Shares and will be dilutive to the Shareholders of the Company. The future sale of a substantial number of Class B Shares by Shaw following the

distribution or the perception that such sale could occur could adversely affect prevailing market prices for the Class B Shares.

Market Price of the Class B Shares

If, for any reason, the Acquisition is not completed or its completion is materially delayed and/or the Acquisition Agreement is terminated, the market price of the Class B Shares may be materially adversely affected. Corus' business, financial condition or results of operations could also be subject to various material adverse consequences, including that Corus may remain liable for significant costs relating to the Acquisition including, among others, legal, accounting and printing expenses. In addition, depending on the circumstances in which termination of the Acquisition Agreement occurs, Corus may have to pay a termination fee pursuant to the Acquisition Agreement.

Termination in Certain Circumstances and Termination Fee

Each of Corus and Shaw has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Acquisition Agreement, including in the event of failure to receive Shareholder Approval of the Acquisition Resolution. Accordingly, there can be no certainty, nor can Corus provide any assurance, that the Acquisition Agreement will not be terminated by either party prior to the completion of the Acquisition. Under the Acquisition Agreement, Corus is required to pay to Shaw certain termination fees in the event the Acquisition Agreement is terminated following the occurrence of certain termination events. See "The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement – Termination of the Acquisition Agreement".

Assumed Pensions and Other Employee Benefit Obligations

Economic fluctuations could adversely impact the funding and expenses associated with assumed pensions and other employee benefit obligations and there can be no assurance that these pension and employee benefit obligations will not increase materially in the future, thereby negatively impacting the Company's income or cash flow.

Pro Forma Financial Information

In preparing the pro forma condensed consolidated financial information in this Circular, the Company has given effect to, among other items, the Equity Offering, the Concurrent Private Placement, the New Credit Facilities, the Proposed Debt Offering and the closing of the Acquisition. While management believes that the estimates and assumptions underlying the pro forma condensed consolidated financial information are reasonable, such assumptions and estimates may be materially different from the Company's actual experience going forward. See also "Corus Unaudited Pro Forma Consolidated Financial Information" and "Risk Factors – Execution of the Financing of the Acquisition".

Information Provided with Respect to Shaw Media

This Circular includes financial statements of Shaw Media that have been audited by Ernst & Young LLP and for which the consent of Ernst & Young LLP has been obtained. This Circular also contains other disclosure regarding Shaw Media that is based on information provided to the Company by Shaw.

Although the Company has conducted what it believes to be a prudent and thorough level of investigation of Shaw Media in connection with the Acquisition, an unavoidable level of risk remains regarding the accuracy and completeness of the information provided to the Company by Shaw. While the Company has no reason to believe the information provided by Shaw is misleading, untrue or incomplete, there may be events which may have occurred with respect to Shaw Media or which may affect the completeness or accuracy of the information provided by Shaw which are unknown to the Company.

Use of Valuation

Caution should be exercised in the evaluation and use of the Barclays Valuation and Fairness Opinion. A valuation is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the market. The Barclays Valuation and Fairness Opinion is based on various assumptions of future expectations and management forecasts, and while management's internal forecasts for the business, as may be adjusted by a valuator, are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Use of Fairness Opinions

The fairness opinion portion of the Barclays Valuation and Fairness Opinion is directed only to the fairness to Corus, from a financial point of view, of the consideration payable to Shaw in connection with the Acquisition. The fairness opinion portion of the Barclays Valuation and Fairness Opinion does not address the relative merits of the Acquisition and as compared to other business strategies or transactions that might be available to Company or the underlying business decision of Corus to effect the Acquisition. The RBC Fairness Opinion is also directed only to the fairness, from a financial point of view, of the consideration for the Acquisition. The RBC Fairness Opinion does not address the relative merits of the Acquisition and as compared to other business strategies or transactions that might be available to Company or the underlying business decision of Corus to effect the Acquisition. Neither the Barclays Valuation and Fairness Opinion nor the RBC Fairness Opinion constitute a recommendation by Barclays or RBC, as applicable, to any Shareholder of the Company as to how such Shareholder should vote or act with respect to any matters relating to the Acquisition.

Continued Control by the Shaw Family Living Trust

Upon the completion of the Acquisition, the Shaw Family Living Trust will continue to control and have a significant influence on the Company. The Shaw Family Living Trust will continue to beneficially own, control or direct approximately 84.2% of the voting securities of Corus by virtue of its ownership of Class A Shares. In addition, Shaw, which is also controlled by the Shaw Family Living Trust, will also beneficially own, control or direct approximately 37.8% of the post-Acquisition issued and outstanding Class B Shares. The Class B Shares are non-voting.

For so long as the Shaw Family Living Trust maintains its majority voting interest in the Company, it will have the ability to exercise substantial influence with respect to the Company's affairs, and may have the ability to prevent certain fundamental transactions. In addition, Shaw will also have the right to nominate individuals to be elected or appointed to the Board, as described in "The Acquisition Agreement and Ancillary Agreements – Governance and Investor Rights Agreement". The Class B Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where the Shaw Family Living Trust did not have the ability to significantly influence or determine matters affecting the Company or where Shaw did not own a significant percentage of Class B Shares. Additionally, the significant voting interest of the Shaw Family Living Trust in the Company may discourage transactions involving a change of control of the Company, including transactions in which an investor, as a holder of Class B Shares, might otherwise receive a premium for its Class B Shares over the then-current market price.

RISKS RELATED TO SHAW MEDIA'S BUSINESS

Impact of Regulation on Shaw Media's Results of Operations

Shaw Media's television business activities are regulated by the CRTC under the *Broadcasting Act* (Canada) (the "**Broadcasting Act**") and, accordingly, Shaw Media's results of operations may be adversely affected by changes in regulations, policies and decisions by the CRTC. The CRTC, among other things, issues licenses to operate television stations and channels.

The CRTC imposes a range of obligations upon licensees such as exhibition (number of hours broadcast) and expenditure (amount of money spent and CPE) requirements for Canadian content programming ("**Canadian Content**"), accessibility obligations (i.e. closed captioning or descriptive video) and other obligations. Changes

resulting from the CRTC's interpretations of existing policies and regulations could be materially adverse to Shaw Media's business and financial results.

Canadian Content is also subject to certification by various agencies of the federal government. If programming fails to qualify as Canadian Content, Shaw Media would not be able to use the programs to meet its Canadian Content obligations and Shaw Media, or the independent Canadian production companies from which it commissions Canadian Content, might not qualify for certain Canadian tax credits and industry incentives.

Shaw Media's conventional television and specialty television undertakings rely upon blanket licenses held by rights-holding collectives to make use of the music component of the programming that is used. The royalties payable for these blanket licenses are determined by tariffs set by the Copyright Board under a regime established by the *Copyright Act* (Canada) (the "**Copyright Act**"). These royalties are paid by these undertakings on a monthly basis in the normal course of their business. The levels of the royalties payable by Shaw Media are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the Copyright Act to implement Canada's international treaty obligations and for other obligations and purposes. Any such amendments could result in Shaw Media's broadcasting undertakings being required to pay additional royalties for these licenses or being subject to additional administrative costs associated with the tariffs.

CRTC Policy Review

In October 2014, the CRTC completed its public proceeding to review its policy approach to the television system, which it called "Let's Talk TV". The CRTC's intended outcomes were:

- a Canadian television system that encourages the creation of compelling and diverse programming made by Canadians;
- a Canadian television system that fosters choice and flexibility in selecting programming services; and
- a Canadian television system that empowers Canadians to make informed choices and provides recourse mechanisms in the case of disputes.

A series of CRTC policy decisions and new regulations followed Let's Talk TV. Some of these will affect Shaw Media. What follows is a summary of changes that could affect Shaw Media. The reader should review the CRTC source documents at www.CRTC.gc.ca for a complete understanding of the proposed changes.

On January 29, 2015 the CRTC established measures to govern simultaneous substitution ("**sims**sub") which could serve to inhibit the practice. It also established a process to examine the correction of substitution errors and established potential fines for non-compliance.

On March 12, 2015, the CRTC provided licensed programming services with greater flexibility by shifting from a focus on exhibition quotas to expenditure requirements. For private ownership groups, reductions in exhibition requirements will be implemented through conditions of licence for the next licence term commencing September 1, 2017, and will take place in conjunction with the changes to CPE requirements. The CRTC also eliminated its genre exclusivity policy effective immediately. With some limited exceptions, conditions of licence relating to nature of service will be deleted, which provides Shaw Media with more flexibility. However, Shaw Media's previously genre-protected services may now face more competition, which may have an adverse effect on ratings and revenue. The CRTC created a new hybrid video-on-demand (VOD) service category, which provides more flexibility for services like shomi, when offered direct-to-consumer. An industry working group on set-top box audience measurement was established to consider the data to be collected, a governance structure, privacy protocols (including whether aggregation of data addresses all privacy issues), and a system for addressing the funding and cost recovery.

On September 24, 2015, the CRTC published the Wholesale Code. The CRTC stated its goals for the code: "The Wholesale Code governs certain aspects of the commercial arrangements between BDUs, programming undertakings, and exempt digital media undertakings. It will ensure that subscribers have greater choice and

flexibility in the programming services they receive, that programming services are diverse, available and discoverable on multiple platforms, and that negotiations between programming services and BDUs are conducted in a fair manner.” The Wholesale Code took effect on January 22, 2016. Bell has been granted leave to appeal the CRTC decision to introduce the Wholesale Code.

On November 19, 2015, the CRTC introduced regulations implementing certain Let’s Talk TV determinations. As a result:

- BDUs are required to offer a \$25 entry-level basic service by March 2016. BDUs will be allowed to offer a larger “first-tier offering”. By March 2016, all discretionary services (not offered on the basic service) must be offered either on a stand alone basis or in packages of up to 10 programming services.
- On or after December 1, 2016, discretionary services must be offered both on a stand alone basis and in packages of up to 10 programming services.
- Vertically integrated distributors are required to offer one English- or French-language independent service for every related service that they offer in the same language.
- BDUs are required to distribute one minority language service for every 10 majority language programming services in a majority language market.

These changes may create uncertainty for both BDUs and programming services. The regulations will take effect on March 1, 2016.

On November 19, 2015, the CRTC also introduced regulations that place limits on simsub. Recurring and substantial simsub errors may result in the loss of simsub rights (for broadcasters) and compensation to subscribers (for BDUs). The CRTC also indicated its intent to prohibit simsub for the Super Bowl beginning in the 2016-2017 season. These regulations (under appeal by Bell) came into force on December 1, 2015.

On January 25, 2016, the CRTC began its oral hearing as part of its review of the policy framework for local and community television programming. This proceeding has the following intended outcomes: Canadians have access to locally produced and locally reflective programming in a multi-platform environment; both professional and non-professional independent producers and community members have access to the broadcasting system; and locally relevant news and information programming is produced and exhibited within the Canadian broadcasting system. The results of this proceeding may affect Shaw Media. A new policy will be released during calendar 2016.

The Television Business

Operation of television broadcasting services has always involved a substantial degree of risk. There can be no assurance of the economic success of television stations, talent, television programs or networks because the revenues derived depend upon audience acceptance of these or other competing programs released into, or networks existing in, the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could rapidly change, and many of which are beyond Shaw Media’s control. The lack of audience acceptance for Shaw Media’s television programming and its specialty and pay television networks would have an adverse effect on Shaw Media’s operations and/or financial results. See “—Economic Conditions” below.

Competition

The conventional and specialty television business and the advertising markets in which they operate are highly competitive. Numerous broadcast and specialty television services, as well as online advertising platforms and websites, and “over-the-top” digital distribution services compete for subscribers and advertising revenues. Shaw Media’s ability to compete successfully depends on a number of factors, including its ability to secure popular television and other programming rights for all platforms, including traditional linear broadcast rights and non-linear rights, in order to achieve high distribution levels and attract advertising. Shaw Media’s ability to continue to attract advertising customers also depends on its ability to meet the evolving expectations of its advertising customers.

(a) Advertising and Subscriber Revenues

Numerous broadcast and specialty television services compete with Shaw Media for advertising revenues. The CRTC continues to grant new specialty television licenses which further increase competition. Shaw Media's services also compete with a number of foreign programming services which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN. Moreover, increasingly, Shaw Media's conventional and specialty television services are competing with alternative forms of entertainment that are not regulated by the CRTC (see " – Technological Developments" below). This competition is for both the supply of programming and also for audiences and can affect both the costs and revenues of a network. In addition, competition among specialty television services in Canada is highly dependent on the offering prices, marketing and advertising support and other incentives to cable operators and other distributors for carriage so as to favourably position and package the services to subscribers.

Shaw Media's conventional television business derives substantially all of its revenue from advertising.

(b) Programming Expenditures

Programming costs are one of the most significant expenses in the television segment. Although Shaw Media has processes to effectively manage these costs, increased competition in the television broadcasting industry due to the factors described above and below, changes in viewer preferences and other developments could affect the availability and cost of programming content. In addition, programming content may be purchased or commissioned for broadcast one or two years in advance, making it more difficult to predict how such content will perform. If content fails to perform as expected there may be a material adverse effect on the business of Shaw Media, its operations and/or its financial results. See "Reliance on Key Suppliers and Customers" below.

(c) Technological Developments

Shaw Media operates in an open and highly competitive marketplace. Shaw Media faces competition from both regulated and unregulated players using existing or new technologies and from illegal services. In addition, the rapid deployment of new technologies, services and products has reduced the traditional lines between internet and broadcasting services and further expands the competitive landscape. New or alternative media technologies and business models, such as video-on-demand, subscription video-on-demand, personal video recorders, mobile television, internet protocol television and over-the-top internet-based video entertainment services compete with, or may in the future compete with, Shaw Media's services for programming and audiences. As well, mobile devices like smart phones and tablets are allowing consumers to access content anywhere, anytime. These technologies and business models may increase audience fragmentation, reduce Shaw Media's linear television ratings or have an adverse effect on advertising revenues from local and national audiences. While Shaw Media invests in infrastructure, technology and programming and through acquisitions to maintain its competitive position, there can be no assurance that these investments will be sufficient to maintain Shaw Media's market share or performance in future.

Reliance on Key Suppliers and Customers

Shaw Media procures its content from a limited number of key suppliers some of whom are global in scale and have significant negotiating leverage. While Shaw Media may have alternate sources of content, the loss of a key supplier may adversely affect Shaw Media's operations and/or its financial results.

Shaw Media enters into long-term agreements with various BDUs for the distribution of its television services. Shaw Media derives most of its subscriber revenue from its relationships with a small number of the largest BDUs. As these contracts expire, there could be negative effect on Shaw Media's operations and/or its financial results if Shaw Media is unable to renew them on acceptable terms, including revenues per subscriber and packaging that affects the networks' subscriber reach. Similarly, the majority of Shaw Media's advertising revenues are derived from a small number of large advertising agency "upfront commitments". Any significant change in volume, rates and/or other terms associated with these sales commitments may have a positive or negative effect on Shaw Media's operations and/or financial results.

Shaw Media relies on certain information technology providers, telecommunications carriers and certain utilities to conduct Shaw Media's business. Any disruption to the services provided by these suppliers, including labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting the business operations of these information technology providers, telecommunications carriers and utilities may affect Shaw Media's ability to operate and, therefore have a negative impact on its operations and/or its financial results.

Commissioning of Television Programs

Each commissioned television production is an individual artistic work and its commercial success is determined primarily by the size of the market and audience acceptance. Audience acceptance cannot be accurately predicted. The success of a program also depends on the type and extent of promotional and marketing activities, the quality and acceptance of competing programs, general economic conditions and other ephemeral and intangible factors, all of which can rapidly change and many of which are beyond Shaw Media's control. Commissioning of original television programs requires a significant amount of capital. Factors such as labour disputes, technology changes or other disruptions affecting aspects of production may affect Shaw Media or its independent production partners and cause cost overruns and delay or hamper completion of a production.

Financial risks exist in productions relating to tax credits and co-production treaties. The aggregate amount of government tax credits a project may receive can constitute a material portion of a production budget and typically can be as much as 30% of total budgeted costs. There is no assurance that government tax credits and industry funding assistance programs will continue to be available at current levels or that Shaw Media's commissioned production projects will continue to qualify for them.

News

Global News' primary directive is to report accurate, balanced, timely and comprehensive news and information in the public interest. Independence is a fundamental Global News value and, accordingly, Global News will resist attempts at censorship or pressure to alter news content, real or apparent. Integrity, fairness and transparency are at the foundation of Shaw Media's newsgathering process, and Global News is committed to reporting news without distortion or misrepresentation.

In support of this directive, Shaw Media has promulgated and has in effect a comprehensive set of Journalistic Principles and Practices setting out guidelines and standards for all news staff in their dealings with frequently asked editorial, ethical and legal and professional conduct questions. These Journalistic Principles and Practices adhere closely to, amongst other things, the Radio Television Digital News Association Canada's Code of Ethics, the Canadian Association of Broadcasters' Code of Ethics and the Canadian Association of Journalists Ethics Guidelines.

Due to the unique nature of news-gathering and news-reporting, a number of risks may arise in the ordinary course of Global News investigation and reporting on the activities of individuals, corporations and governments. These include legal and ethical risks such as claims in respect of defamation, invasion of privacy, misrepresentation, and infringement of other rights (see, for example, "Intellectual Property Rights and Piracy"). A significant part of news-gathering and reporting arises in the context of court proceedings. Certain mandatory publication bans apply to criminal proceedings and, in addition, a court may impose a discretionary publication ban or sealing order in respect of the proceedings or materials used or related to investigations leading to a criminal charge. Where Global News has not otherwise successfully overturned or reduced the scope of a publication ban or sealing order through proper legal process, its policy is to fully comply with court-ordered publication bans and sealing orders. However, because there is no formalized publication ban notice system in place in most provinces, and because publication bans can often be subject to different interpretations, there is no assurance that Global News will not inadvertently breach a publication ban or sealing order, and, if that happens, there is a risk that Global News may be held to be in contempt of court. Similarly, Global News' policy is to resist production orders, warrants and subpoenas for its footage and other materials through proper legal process but, where this is not successful, Global News will comply with production orders, warrants and subpoenas of proper scope and detail.

Due to Global News' strong commitment to editorial independence, certain news-reporting may pose a risk to Shaw Media advertising revenue streams if advertisers are displeased in their portrayal in news programming and, as a result, choose to reduce or withdraw entirely, their advertising business with Shaw Media.

The deliberate deployment of journalists to dangerous and hostile environments may expose employees and Shaw Media to risks related to kidnapping, injury and death, as well as costs related to medical care and emergency repatriation of employees.

The Journalistic Principles and Practices articulate appropriate ways to deal with the above risks and describes proper protocol when such risks arise. In addition, news staff are provided with regular training to mitigate these risks and Shaw Media carries customary and appropriate insurance to further mitigate risks.

Intellectual Property Rights and Piracy

Shaw Media's owned and licensed trademarks, copyrights and other proprietary rights ("**Intellectual Property**") are important to Shaw Media's competitive position. Amongst other things, Shaw Media pays significant license fees to acquire rights to content and branding on an exclusive basis. There are systems in place to track proper registration and renewal of Shaw Media's owned trademark portfolio, and to have notice of third-party applications that may potentially conflict with Shaw Media's trademarks, all with a view to ensuring that the Shaw Media registrable Intellectual Property is afforded the maximum protection under applicable law.

In addition, from time to time, various third parties may also contest or infringe upon these owned or licensed rights. Any such infringement, including increasingly rampant online piracy and illegal distribution of copyrighted television content, may have a material adverse impact on Shaw Media's operations and financial results. Shaw Media takes commercially reasonable efforts to minimize these risks including negotiating and enforcing protective covenants in its content licensing agreements.

Upon notice of a potential infringement of its owned or licensed Intellectual Property, Shaw Media reviews these matters to determine what, if any, steps may be required or should be taken to protect its rights, including legal action, negotiated settlement and/or seeking remedies from Intellectual Property licensors. There can be no assurance that the steps that Shaw Media takes to establish and protect its Intellectual Property will be adequate to prevent or eliminate infringement of its Intellectual Property and protect Shaw Media's ability to competitively market and brand its television and digital services and/or be the exclusive distribution source of key licensed content in Canada.

Shaw Media's linear television and digital platforms and services broadcast, make available, distribute and may contain many forms of content including licensed audio-visual programming, text, news, graphics, databases, photographs, recipes, audio files (whether of music or otherwise) and rich interactive content, blog content, and user-generated content including story comments, and internal and external links. Shaw Media takes steps to ensure that procedures are in place to clear rights and to monitor user-generated content. There remains a risk, however, that some potentially defamatory or infringing content can be posted on a Shaw Media website. Shaw Media carries insurance coverage against this risk but there remains an exposure to liability for third-party claims.

Legislation

Canada's anti-spam legislation (together with the related regulations, "**CASL**") sets out a comprehensive regulatory regime regarding online commerce, including requirements to obtain consent prior to sending commercial electronic messages and installing computer programs. CASL is administered primarily by the CRTC, and non-compliance may result in fines of up to \$10 million. Shaw Media has in place a compliance program with respect to CASL including electronic communications guidelines to minimize risk of non-compliance.

On June 18, 2015, Bill S-4, *An Act to amend the Personal Information Protection and Electronic Documents Act* ("**Bill S-4**") received Royal Assent. Among other things, Bill S-4 modifies the standard for obtaining consent for the collection, use and retention of personal information, creating a higher burden for organizations who deal with personal information. While Shaw Media takes reasonable, prudent steps to ensure its activities are compliant with Bill S-4, including seeking legal advice on best practices and promulgating and regularly updating Shaw Media privacy policy, privacy protection of personal information is an area of law that is fast evolving in order to keep pace with technological and business model changes, and there is no assurance that Shaw Media's current or future business activities will be interpreted as continuing to be in compliance with Bill S-4 or other applicable privacy protection law.

Adoption of new laws or regulations, changes in existing laws or regulations or the interpretation thereof may also negatively affect Shaw Media's business.

Digital Transition and Repurposing of Spectrum

In July 2009, the CRTC identified the major markets where it expected conventional television broadcasters to convert their full-power OTA analog transmitters to digital transmitters by August 31, 2011. The conversion from analog to digital liberated spectrum for government auction to mobile providers. Shaw Media completed the digital transition in all mandatory markets with a view to completion in 2016, a condition of the CRTC's approval of the Canwest Global acquisition. On December 18, 2014, Industry Canada (now known as Innovation, Science and Economic Development Canada) launched a consultation to consider repurposing some of the 600 MHz spectrum band currently used by Shaw Media's conventional television stations and other broadcasters for OTA transmission. At the same time, Industry Canada introduced a moratorium on applications to modify existing television broadcasting certificates and on any new licensing in the spectrum band pending the consultations and related processes. Shaw Media has, accordingly, requested from the CRTC an extension of the time line to complete the full slate of analog to digital conversions.

On August 14, 2015, Industry Canada confirmed its intent to proceed with repurposing some of the 600 MHz spectrum band for commercial mobile use and to jointly establish a new allotment plan in collaboration with the United States. Accommodating this change will require Shaw Media to install new equipment or reconfigure existing equipment at affected sites and may have an impact on signal quality and coverage. Industry Canada (now known as Innovation, Science and Economic Development Canada) has not yet decided whether broadcasters will be reimbursed for their costs of facilitating this transition, stating that this decision is the first step in a multi-year repurposing process and that consideration of compensation to broadcasters was not a part of this phase.

Unionized Labour

Approximately 50% of Shaw Media's employees are employed under one of five collective agreements represented by three unions. Renegotiating collective bargaining agreements could result in higher labour costs, project delays and work disruptions. If work disruptions occur, it is possible large numbers of employees may be involved and that Shaw Media's business may be disrupted causing negative effect to Shaw Media's operations and/or financial results.

Acquisitions and Other Strategic Transactions

Shaw Media may, from time to time, make acquisitions and enter into other strategic transactions that involve significant risks and uncertainties. As such, Shaw Media may experience difficulties in realizing the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a material adverse effect on Shaw Media.

Economic Conditions

The Canadian economy is affected by uncertainty in global financial equity and commodity markets and global economic growth. Changes in economic conditions may affect discretionary consumer and business spending, resulting in increased or decreased demand for Shaw Media product offerings. Current or future events caused by volatility in domestic or international economic conditions or a decline in economic growth may have a material adverse effect on Shaw Media, its operations and/or its financial results.

Market Risk

While the majority of Shaw Media's program rights and operating expenditures are incurred in Canadian dollars, certain of Shaw Media's program rights and operating expenditures are incurred in U.S. dollars and, accordingly, fluctuations in the Canadian dollar – U.S. dollar exchange rate may adversely affect Shaw Media's financial results. Shaw Media is not exposed to any other material foreign currency or other market risk.

Information Systems and Internal Business Processes

The day-to-day operations of Shaw Media are highly dependent on information technology systems and internal business processes. An inability to operate or enhance information technology systems could have an adverse impact on Shaw Media's ability to produce accurate and timely invoices, manage operating expenses and produce accurate and timely financial reports. Although Shaw Media regularly undertakes initiatives to update and improve these systems and process, and otherwise has taken steps to reduce these risks, there can be no assurance that potential failures of, or deficiencies in, these systems or processes will not have an adverse effect on Shaw Media's operations and/or its financial results.

Contingencies

Shaw Media and its subsidiaries are involved in litigation arising in the ordinary course and conduct of its business. Shaw Media recognizes liabilities for contingencies when a loss is probable and capable of being estimated. As at August 31, 2015, there were no actions, suits or proceedings pending or against Shaw Media or its subsidiaries which would, in management's estimation, likely be determined in such a manner as to have a material adverse effect on the business of Shaw Media.

PART X – INFORMATION ABOUT CORUS

OVERVIEW

Corus is a Canadian-based integrated media and content company that creates, broadcasts, licenses and delivers content across a variety of platforms for audiences around the world. The Company's portfolio of multimedia offerings encompasses specialty television and radio with additional assets in television broadcasting, live events, children's book publishing, children's animation, animation software, technology and media services.

Corus operates through two reporting segments: television and radio. The Company's television segment is comprised of specialty television services, three conventional local television stations and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, publishing, animation software and technology and media services.

Corus's television portfolio includes 26 specialty channels, including those aimed at the kids and women and family categories, such as YTV, Treehouse, Disney Channel (Canada), TELETOON, Cartoon Network (Canada), Nickelodeon (Canada), W Network, Cosmopolitan TV, and OWN: Oprah Winfrey Network (Canada). The Company's wholly-owned Nelvana business is a global kids content creator, producer and distributor of children's animated content and related consumer products. The Company has over 13,000 half hour episodes owned or licensed in Canada, giving the Company one of the largest libraries of children's content in Canada measured by half hours. The Company's television assets also include three conventional television stations in Ontario (CHEX-TV serving Peterborough and the region, Channel 12 (CHEX-TV-2) serving Oshawa and Durham and CKWS-TV serving Kingston and the region) as well as various companion websites and apps relating to the Company's television brands, such as ytv.com and YTVGo, treehousetv.com and TreehouseGO, disneychannel.ca and WATCH Disney Channel, wnetwork.com and cosmotv.ca.

Corus Radio broadcasts in five key formats on 39 stations across Canada. These stations are situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. The Company's primary method of distribution is over-the-air, analog radio transmission, but the Company also delivers its radio content online and on mobile platforms through each station's app.

RECENT DEVELOPMENTS

On November 19, 2015, Corus announced that, as part of its plan to strategically invest in and further optimize its core national media brands for growth, it intends to discontinue its Pay TV business in Western Canada, which includes Movie Central, Encore Avenue and HBO Canada. Corus has decided to exit its regional Pay TV business concurrent with Bell Media's plans to expand its premium offering nationally. To ensure continuity for subscribers,

Corus will continue to operate Movie Central, Encore Avenue and HBO Canada until Bell Media's national Pay TV service is available in Western Canada. Corus has received cash consideration of \$211 million from Bell Media to assist in its national expansion, valued at an adjusted fiscal 2015 adjusted EBITDA multiple for Pay TV of 6.7 times.

SHARE CAPITAL OF CORUS

For a description of Corus' share capital, see the description under the heading "Description of the Combined Company – Description of Share Capital".

PRIOR SALES

All information in this section is provided as of February 9, 2016. During the 12-month period before the date of this Circular, Corus has completed the following issuances of Class A Shares and Class B Shares or securities convertible into Class A Shares or Class B Shares:

- pursuant to the completion of the Equity Offering, the issuance of 25,400,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt on February 3, 2016 and the issuance of 3,810,000 Subscription Receipts at a price of \$9.00 per Subscription Receipt on February 5, 2016 as a result of the exercise by the underwriters of their over-allotment option, for total gross proceeds to the Company of \$262,890,000.
- the issuance of 3,560,000 Subscription Receipts pursuant to the Concurrent Private Placement on February 3, 2016 at a price per Subscription Receipt of \$9.00 for aggregate gross proceeds of \$32,040,000;
- the issuance of 1,149,400 stock options to purchase Class B Shares pursuant to the Company's Stock Option Plan on January 20, 2016, each having an exercise price of \$10.38;
- the issuance of 53,800 stock options to purchase Class B Shares pursuant to the Company's Stock Option Plan on April 17, 2015 at an exercise price of \$17.58;
- the issuance of a total of 1,405,026 Class B Shares pursuant to the Company's DRIP throughout such period; and
- the issuance during such period of a total of 240,800 Class B Shares pursuant to the exercise of outstanding stock options having a weighted average strike price per share of \$17.58.

TRADING PRICE AND VOLUME

The Class B Shares are listed on the TSX under the symbol "CJR.B". The following table sets forth, for the periods indicated, the high and low closing day reported trading prices and the trading volume of the Class B Shares on the TSX:

Period	High (\$)	Low (\$)	Volume
February 2015	22.80	21.42	3,219,231
March 2015	22.36	17.42	7,291,854
April 2015	19.50	16.85	7,559,408
May 2015	18.65	17.31	2,532,927
June 2015	17.89	16.15	3,947,272
July 2015	17.41	13.44	5,142,518
August 2015	14.36	12.36	2,761,550
September 2015	14.69	13.18	3,564,673
October 2015	14.35	12.11	5,407,899
November 2015	12.88	9.53	5,987,599
December 2015	11.15	9.41	5,305,720
January 2016	12.59	9.30	16,210,941

Period	High (\$)	Low (\$)	Volume
February (1-8) 2016.....	10.25	9.23	4,017,722

On January 13, 2016, the day the entering into of the Acquisition Agreement was announced, the closing trading price of the Class B Shares on the TSX was \$10.78.

CONSOLIDATED CAPITALIZATION

From December 1, 2015 to February 9, 2016, the only material change in the share or loan capital of the Company was the repayment of the amount of \$90 million under the Existing Revolving Credit Facility and the issuance of 32,770,000 Subscription Receipts under the Equity Offering and Concurrent Private Placement.

The following table sets out the consolidated capitalization of Corus as at November 30, 2015 and as at November 30, 2015 after giving effect to: (i) the Acquisition; (ii) the Equity Offering; (iii) the Concurrent Private Placement; (iv) the New Term Credit Facility and the New Revolving Credit Facility to be drawn at the closing of the Acquisition; (v) the issuance of new senior unsecured notes from the Proposed Debt Offering; (vi) the issuance of the Consideration Shares to Shaw pursuant to the Acquisition, and (vii) the repayment of the Existing Credit Facilities and the Existing Notes, determined before deducting the underwriters' fee and other expenses of the Equity Offering. The information set out below assumes that no amounts are outstanding under the Debt Bridge Facility.

(\$ millions)	As at November 30, 2015	As at November 30, 2015 after giving effect to the transactions referred to above ⁽¹⁾
Existing Debt		
Existing Credit Facilities.....	239	-
Existing Notes.....	550	-
Total Existing Debt	789	-
New Debt		
New Term Credit Facility	-	2,000
New Revolving Credit Facility.....	-	-
New Senior Unsecured Notes from the Proposed Debt Offering	-	300 ⁽²⁾
Total New Debt	-	2,300
Total Debt.....	789	2,300
 Class B Shares	 972	 2,067 ⁽³⁾
Class A Shares	26	26
Total Equity.....	998	2,093
Total Share and Loan Capitalization	1,787	4,393

Notes:

- (1) See "Description of the Acquisition – Financing the Acquisition" for more information.
- (2) The principal amount of new senior unsecured notes from the Proposed Debt Offering is estimated and subject to change. See "Forward-Looking Information".
- (3) Accounting for the issuance of \$800 million of Class B Shares to Shaw pursuant to the Acquisition and gross proceeds of approximately \$295 million from the Class B Shares pursuant to the Equity Offering and the Concurrent Private Placement.

The table above should be read in conjunction with the unaudited pro forma consolidated financial statements and the accompanying notes thereto attached as Schedule “E” to this Circular.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets forth the securities authorized for issuance under all equity compensation plans as at August 31, 2015.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (#)
(a)	(b)	(c)	
Equity compensation plans approved by security holders	3,710,273	18.16	4,738,817
Equity compensation plans not approved by security holders	—	—	—
Total	3,710,273	18.16	4,738,817

CORUS DOCUMENTS INCORPORATED BY REFERENCE

The following documents of Corus are specifically incorporated by reference into and form an integral part of this Circular:

- (a) the annual information form of Corus for the fiscal year ended August 31, 2015 (“**2015 AIF**”);
- (b) the management information circular of Corus dated December 11, 2015 prepared in connection with the annual meeting of shareholders held on January 13, 2016;
- (c) the audited consolidated financial statements of Corus as at August 31, 2015 and 2014 and for the years ended August 31, 2015 and 2014, together with the notes thereto and the independent auditor’s report thereon;
- (d) the management’s discussion and analysis of the financial condition and results of operations of Corus for the year ended August 31, 2015;
- (e) the unaudited interim condensed consolidated financial statements of Corus as at November 30, 2015 and 2014 and for the three months ended November 30, 2015 and 2014, together with the notes thereto;
- (f) the management’s discussion and analysis of the financial condition and results of operations of Corus for the three months ended November 30, 2015; and
- (g) the material change report of Corus dated January 19, 2016 with respect to the Acquisition and related transactions.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports, if any), any business acquisition reports and any other documents of the type described in item 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Corus with the securities commissions or similar authorities in each of the provinces of Canada after the date of this Circular and before the Meeting shall be deemed to be incorporated by reference into and form an integral part of this Circular.

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

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Communications of Corus at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5, and are also available electronically at www.sedar.com.

PART XI – OTHER INFORMATION

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set out in this Circular or the documents incorporated by reference, there are no material interests, direct or indirect, of any director or executive officer of the Company, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of Corus' outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

An officer of the Company was indebted to the Company in connection with a relocation housing loan, which was granted prior to July 31, 2002. The loan granted by the Company to such officer did not bear interest and was repayable to the Company in annual installments. In fiscal 2015, the officer retired from the Company and the remaining balance of \$170,000 was retired by the Company as part of his retirement arrangements. As at February 9, 2016, none of the directors or executive officers of the Company or their respective associates or affiliates is or has been indebted to the Company.

INTERESTS OF EXPERTS

The audited consolidated financial statements of Corus and its subsidiaries and joint ventures as at August 31, 2015 and 2014 and for the years ended August 31, 2015 and 2014, together with the notes thereto and the independent auditor's report thereon, incorporated by reference in this Circular, have been audited by Ernst & Young LLP, Chartered Professional Accountants, as set forth in their report thereon.

The audited consolidated financial statements of Shaw Media as at August 31, 2015 and 2014 and for the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2015 and 2014, together with the notes thereto and the independent auditor's report thereon, incorporated by reference in this Circular, have been audited by Ernst & Young LLP, Chartered Professional Accountants, as set forth in their report thereon.

Barclays provided the Barclays Valuation and Fairness Opinion described under the heading "Description of the Acquisition – Valuation and Fairness Opinions – Barclays Valuation and Fairness Opinion". In addition, RBC provided the RBC Fairness Opinion described under the heading "Description of the Acquisition – Valuation and Fairness Opinions – RBC Fairness Opinion". As of the date hereof, the designated professionals of Barclays, as a group, beneficially own, directly and indirectly, less than 1% of the outstanding securities of Corus and its affiliates and associates and the designated professionals of RBC, as a group, beneficially own, directly and indirectly, less than 1% of the outstanding securities of Corus and its affiliates and associates.

AUDITORS OF THE COMPANY

The Company's auditors are Ernst & Young LLP, located in Toronto, Ontario, and such auditors are independent in accordance with the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

OTHER MATTERS

Management of the Company is not aware of any matters to come before the Meeting other than as set forth in the Notice of Special Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the Named Proxyholders in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

The Company's financial information is provided in the audited consolidated financial statements and notes and management's discussion and analysis for the year ended August 31, 2015. These documents and additional information relating to Corus may be found on SEDAR at www.sedar.com and may also be obtained upon request from the Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Communications of Corus at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5, or by visiting the Investor Relations section of the Company's website at www.corusent.com.

DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to the Shareholders of the Company has been approved by the Board.

Toronto, Ontario, February 9, 2016.

By the Order of the Board of Directors

A handwritten signature in black ink, appearing to be 'D. Murphy', with a stylized, looping flourish extending from the end.

DOUGLAS D. MURPHY
President and Chief Executive Officer

CONSENT OF BARCLAYS CAPITAL CANADA INC.

TO: THE BOARD OF DIRECTORS OF CORUS ENTERTAINMENT INC.

AND TO: THE SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF CORUS ENTERTAINMENT INC.

Reference is made to the formal valuation of Shaw Media Inc. and fairness opinion of our firm dated January 12, 2016 (the “**Barclays Valuation and Fairness Opinion**”), which Barclays Capital Canada Inc. prepared for the Special Committee of the Board of Directors of Corus Entertainment Inc. (“Corus”) in connection with the proposed acquisition by Corus of Shaw Media Inc. from Shaw Communications Inc.

We hereby consent to the filing of the Barclays Valuation and Fairness Opinion with the applicable securities regulatory authorities of Canada and to the inclusion of the Barclays Valuation and Fairness Opinion in the management information circular of Corus dated February 9, 2016 (the “**Circular**”). We also consent to the references to our firm name, and to the inclusion of a summary of the Barclays Valuation and Fairness Opinion, in the Circular.

In providing such consent, Barclays Capital Canada Inc. does not intend that any person other than the directors of Corus shall be entitled to rely upon the Barclays Valuation and Fairness Opinion.

DATED at Toronto, Ontario this 9th day of February, 2016.

(Signed) “**BARCLAYS CAPITAL CANADA INC.**”

BARCLAYS CAPITAL CANADA INC.

CONSENT OF RBC DOMINION SECURITIES INC.

TO: THE BOARD OF DIRECTORS OF CORUS ENTERTAINMENT INC.

Reference is made to the fairness opinion of our firm dated January 12, 2016 (the “**RBC Fairness Opinion**”), which RBC Dominion Securities Inc. prepared for the Board of Directors of Corus Entertainment Inc. (“**Corus**”) in connection with the proposed acquisition by Corus of Shaw Media Inc. from Shaw Communications Inc.

We hereby consent to the filing of the RBC Fairness Opinion in the management information circular of Corus dated February 9, 2016 (the “**Circular**”) with the applicable securities regulatory authorities of Canada and the references to our firm name and the inclusion of the RBC Fairness Opinion and a summary of the RBC Fairness Opinion in such Circular.

In providing such consent, RBC Dominion Securities Inc. does not intend that any person other than the directors of Corus shall be entitled to rely upon the RBC Fairness Opinion.

DATED at Toronto, Ontario this 9th day of February, 2016.

(Signed) “**RBC DOMINION SECURITIES INC.**”

RBC DOMINION SECURITIES INC.

GLOSSARY OF TERMS

"2015 AIF" has the meaning ascribed to that term under the heading "Information About Corus – Corus Documents Incorporated by Reference".

"Acquisition" has the meaning ascribed to that term under the heading "Notice of Special Meeting of the Shareholders".

"Acquisition Agreement" means the share purchase agreement dated January 13, 2016 between Shaw and Corus.

"Acquisition Resolution" means the resolution to approve the Acquisition appended as Schedule "A" hereto.

"Alternative Transaction" has the meaning ascribed to such term under the heading "The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement – Covenants Regarding the Acquisition – Alternative Transaction".

"Articles of Incorporation" or **"Articles"** means the articles of incorporation of Corus, as amended from time to time.

"Barclays" means Barclays Capital Canada Inc.

"Barclays Valuation and Fairness Opinion" means the valuation and fairness opinion provided by Barclays as further described under the heading "Description of the Acquisition – Valuation and Fairness Opinions", a copy of which is attached as Schedule "F" to this Circular.

"BDU" has the meaning ascribed to that term in Schedule C under the heading "Description of Shaw Media – Specialty Services".

"BLG" means Borden Ladner Gervais LLP.

"Board" means the board of directors of Corus.

"Broadcasting Act" means the *Broadcasting Act* (Canada) and all orders, decisions, notices, policies, circulars and binding guidelines issued thereunder or pursuant thereto.

"Broadridge" means Broadridge Investor Communications Financial Solutions Inc.

"Business Day" means any day, other than a Saturday or Sunday, on which Royal Bank of Canada in Toronto, Ontario and Calgary, Alberta is open for commercial banking business during normal banking hours.

"Canadian Content" has the meaning ascribed to that term under the heading "Risk Factors about the Combined Company – Risks Related to Shaw Media's Business – Impact of Regulation on Shaw Media's Results of Operation".

"Canadian Programming Expenditures" or **"CPE"** has the meaning ascribed to that term in "Schedule C – Description of Shaw Media – Licensing and Ownership".

"CASL" has the meaning ascribed to that term under the heading "Risk Factors – Risks Related to Shaw Media's Business – Legislation".

"CBCA" means the *Canada Business Corporations Act*.

“Chair of the Meeting” means Fernand Bélisle, the lead independent director of the Company selected in accordance with the by-laws of the Company.

“Circular” means this management information circular dated February 9, 2016.

“Class A Shares” means the Class A participating shares in the capital of Corus.

“Class B Shares” means the Class B non-voting participating shares in the capital of Corus.

“Closing” means the completion of the transactions contemplated by the Acquisition Agreement.

“Closing Date” means: (a) if the conditions set out in Article 8 (conditions precedent in favour of Corus) and Article 9 (conditions precedent in favour of Shaw) of the Acquisition Agreement have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied) at a moment in time that is at least seven Business Days prior to the end of a calendar month, the first Business Day of the immediately following calendar month; (b) if the conditions set out in Article 8 (conditions precedent in favour of Corus) and Article 9 (conditions precedent in favour of Shaw) of the Acquisition Agreement have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied) at a moment in time that is fewer than seven Business Days prior to the end of a calendar month, the first Business Day of the second calendar month following the month in which the conditions set out in Article 8 and Article 9 have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied); (c) such earlier or later date as may be agreed to in writing by Corus and Shaw, and provided that if Shaw reasonably expects to receive the Tax Ruling during the calendar month in which the Closing Date would otherwise occur pursuant to paragraph (a) or (b) above, Shaw may, on not less than five Business Days written notice prior to the date on which the Closing Date would otherwise occur pursuant to paragraph (a) or (b) above, delay the Closing Date to the first Business Day of the calendar month immediately following the calendar month in which the Closing Date would otherwise occur, and provided that in no event shall the Closing Date be later than the Outside Date; and provided further that if any portion of the Corus Debt Financing provided for in the Corus Commitment Letters would be unavailable on the date on which the Closing Date is otherwise scheduled to occur and the aggregate net proceeds of the Corus Debt Financing that would be available together with the proceeds from one or more Corus Offerings completed following the date of the Acquisition Agreement would not be sufficient to pay an amount equal to \$1.85 billion in cash on the date on which the Closing Date is otherwise scheduled to occur, Corus may, from time to time, on written notice prior to the Closing, delay the Closing Date to a date specified by Corus (which must be the first Business Day of a calendar month), provided that in no event shall the delayed Closing Date be later than the Outside Date and Corus shall not be entitled to delay the Closing Date pursuant to this proviso if it has breached in any material respect any of its obligations regarding financing arrangements.

“Closing Time” means 9:00 a.m. (Toronto time), on the Closing Date or such other time on the Closing Date as Corus and Shaw may agree in writing as the time at which the closing of the Acquisition will take place.

“Combined Company” means Corus, together with its subsidiaries, assuming the completion of the Acquisition.

“Competition Act” means the *Competition Act* (Canada), as amended, and includes the regulations thereunder.

“Concurrent Private Placement” has the meaning ascribed to that term under the heading “Description of the Acquisition – Concurrent Private Placement”.

“Consideration Shares” means the 71,364,853 Class B Shares of Corus issuable to Shaw pursuant to the Acquisition Agreement forming part of the consideration to be paid in connection with the Acquisition.

“Copyright Act” has the meaning ascribed to that term under the heading “Risk Factors about the Combined Company – Risks Related to Shaw Media’s Business”.

“Corus” or the **“Company”** means Corus Entertainment Inc.

“Corus Acquisition Proposal” means (a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution, or winding-up in respect of Corus that, if consummated, would result in a person or group of joint actors beneficially owning 50% or more of the equity securities of Corus; (b) any direct or indirect sale of assets (or any lease, long-term supply arrangement, licence, or other arrangement having the same economic effect as a sale) of Corus or any of its subsidiaries representing 50% or more of the consolidated assets, revenues, or earnings of Corus; (c) any direct or indirect sale, issuance, or acquisition of shares or other equity interests (or securities convertible or exchangeable into or exercisable for such shares or interests) in Corus or any of its material subsidiaries representing 50% or more of the issued and outstanding equity interests of Corus or such subsidiary or rights or interests therein or thereto; (d) any similar transaction or series of transactions involving Corus or any of its subsidiaries, directly or indirectly; or (e) any inquiry, proposal, offer, or public announcement of an intention to do any of the foregoing; in each case, made after the date of the Acquisition Agreement, and excluding the transactions contemplated by the Acquisition Agreement or any transaction involving only Corus and one or more of its subsidiaries.

“Corus Commitment Letters” means, collectively, the Corus Senior Debt Commitment Letter, the Corus Equity Commitment Letter and the Corus Note Commitment Letter, and each a **“Corus Commitment Letter”**.

“Corus Core Representations” means the representations and warranties of Corus set forth in Sections 1 (Organization and Qualification), 2 (Residence), 3 (Due Authorization and Enforceability of Obligations), and 7 (Capitalization) of Schedule 5.1 of the Acquisition Agreement.

“Corus Debt Financings” means: (a) the agreement of the Lead Bank and any other financial institution that agrees after the date hereof to become a lender thereunder, subject to the terms and conditions of the Corus Senior Debt Commitment Letter, the amounts set forth therein; and (b) the agreement of the Lead Bank and any other financial institution that agrees after the date hereof to become a lender thereunder to lend, subject to the terms and conditions of the Corus Equity Commitment Letter, the Corus Note Commitment Letter, or both, as applicable, the amounts set forth therein, respectively, except to the extent that the obligations of the Lead Bank under the Corus Equity Commitment Letter and/or Corus Note Commitment Letter have been reduced or terminated in accordance with the terms thereof as a result of the completion of one or more Corus Offerings, the proceeds of all of which will be used by Corus for purposes of financing the cash portion of the Purchase Price.

“Corus Equity Commitment Letter” means the commitment letter dated January 12, 2016 between Corus and the Lead Bank, including the summaries of terms attached thereto, providing for the Equity Bridge Facility.

“Corus Material Adverse Change” means: (a) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually is or collectively in the aggregate are, or either individually or collectively in the aggregate would reasonably be expected to be, materially adverse to the business, operations, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of Corus and its subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (i) the announcement of the execution of the Acquisition Agreement or the transactions contemplated therein; or (ii) any change in GAAP or changes in applicable regulatory accounting requirements applicable to the industries in which it conducts business; or (iii) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions or in national or global financial or capital markets; or (iv) any change generally affecting the industries in which Corus and its subsidiaries conduct business; or (v) any natural disaster; or (vi) any action taken by Corus or any of its subsidiaries that is required pursuant to the Acquisition Agreement (including any item agreed to be taken pursuant to Section 7.4 of the Acquisition Agreement, but excluding any obligation to act in the ordinary course of business); provided, however, that with respect to clauses (ii), (iii), (iv) and (v) above, such matter does not have a disproportionate effect on Corus and its subsidiaries, taken as a whole, relative to comparable entities operating in the industries in which Corus and its subsidiaries conduct business (in which case, only the incremental disproportionate impact will be taken into account in determining whether a “Corus Material Adverse Change” has occurred or would reasonably be expected to occur), and references in certain sections the Acquisition Agreement to dollar amounts are not intended to be, and will not be deemed to be, illustrative or interpretative for purposes of determining whether a “Corus Material Adverse Change” has occurred or would reasonably be expected to occur; or (b) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually or collectively in the aggregate

is or would reasonably be expected to be materially adverse to the ability of Corus to complete or consummate the transactions contemplated by the Acquisition Agreement.

“Corus Note Commitment Letter” means the commitment letter dated January 12, 2016 between Corus and the Lead Bank, including the summaries of terms attached thereto, providing for the Debt Bridge Facility.

“Corus Offerings” means one or more public or private offerings of equity or debt securities of Corus, including the Equity Offering.

“Corus Senior Debt Commitment Letter” means the commitment letter dated the date of the Acquisition Agreement between Corus and the Lead Bank, including the summaries of terms attached thereto, providing for a term credit facility and a revolving credit facility.

“Corus Special Committee” means the special committee of independent directors of Corus constituted to review the Acquisition as described under the heading “Description of the Acquisition – Background to the Acquisition”.

“CRTC” means the Canadian Radio-television and Telecommunications Commission.

“CRTC Approval” means the approval by the CRTC pursuant to the administrative approach set out in *Broadcasting Information Bulletin CRTC 2008-8-2* of the transactions contemplated by the Acquisition Agreement or such other approval as may be required.

“CST” means CST Trust Company, the transfer agent for the Company and the scrutineer for the Meeting.

“D.F. King” means D.F. King Canada.

“Davies” means Davies Ward Philips & Vineberg LLP.

“Debt Bridge Facility” has the meaning ascribed to that term under the heading “Description of the Acquisition - Financing the Acquisition – Overview”.

“DRIP” means the Company's dividend reinvestment plan.

“Effective Time” means 12:01 a.m. (Toronto time) on the first day of the calendar month in which the Closing occurs.

“Excluded Shareholders” has the meaning ascribed to that term under the heading “ Overview of Regulatory Matters – MI 61-101”.

“Existing Credit Facilities” has the meaning ascribed to that term under the heading “Description of the Acquisition – Overview”.

“Existing Notes” has the meaning ascribed to that term under the heading “Description of the Acquisition - Overview”.

“Existing Revolving Credit Facility” has the meaning ascribed to that term under the heading “Description of the Acquisition – Overview”.

“Existing Term Facility” has the meaning ascribed to that term under the heading “Description of the Acquisition – Overview”.

“Equity Bridge Facility” has the meaning ascribed to that term under the heading “Description of the Acquisition – Financing the Acquisition – Overview”.

“Equity Offering” has the meaning ascribed to that term under the heading “Description of the Acquisition – Financing the Acquisition – Equity Offering”.

“First Indicative Proposal” has the meaning ascribed to that term under the heading “Description of the Acquisition – Background to the Acquisition”.

“Governance and Investor Rights Agreement” as the meaning ascribed to that term under the heading “The Acquisition Agreement and Ancillary Agreements”.

“Governmental Authorities” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, courts, bodies, boards, tribunals or dispute settlement panels, stock exchanges or other law, rule or regulation-making organizations or entities: (a) having jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“Intermediary” means a bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan and similar plans.

“Lead Bank” has the meaning ascribed to that term under the heading “Financing the Transaction - New Credit Facilities and Bridge Facility”.

“Meeting” means the special meeting of the holders of Class A Shares and Class B Shares to be held on March 9, 2016.

“Meeting Materials” means collectively, the Notice of Special Meeting, the Circular and the form of proxy.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“Named Proxyholders” means Douglas Murphy and Gary Maavara.

“New Revolving Credit Facility” has the meaning ascribed to that term under the heading “Description of the Acquisition – Overview”.

“Notice of Special Meeting” means the Notice of Special Meeting of the Shareholders accompanying this Circular.

“Osler” means Osler, Hoskin & Harcourt LLP.

“Outside Date” means May 2, 2016, or such later date as may be agreed to by Corus and Shaw in writing, provided that: (a) the Outside Date shall automatically be extended if CRTC Approval has not been obtained by such date to the first Business Day of the calendar month following the date on which CRTC Approval has been obtained; and (b) the Outside Date shall automatically be extended to the first Business Day of the calendar month immediately following the calendar month in which the Outside Date would otherwise occur in the event Shaw reasonably expects to receive the Tax Ruling during such following calendar month; provided further and notwithstanding any of the foregoing or any other provision of the Acquisition Agreement, in no event shall the Outside Date be extended or deemed to be extended beyond October 3, 2016.

“Pre-Closing Reorganization” has the meaning ascribed to such term under the heading “The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement – Covenants Regarding the Acquisition – Pre-Closing Reorganizations”.

“Proposed Debt Offering” has the meaning ascribed to that term under the heading “Description of the Acquisition – Financing the Acquisition – Proposed Debt Offering”.

“Purchase Price” has the meaning ascribed to such term under the heading “The Acquisition Agreement and Ancillary Agreements – The Acquisition Agreement – Overview”.

“Purchased Debt” means the ordinary course non-interest bearing debt owing by Shaw Media to Shaw, and which debt is in the aggregate principal amount of approximately \$335 million as of November 30, 2015 (which principal amount, for certainty, may increase or decrease from such date until the Effective Time), which is to be evidenced by one or more promissory notes by the Effective Time in mutually acceptable form.

“Purchased Shares” means all of the issued and outstanding shares in the capital of Shaw Media as of the date of the Acquisition Agreement, being 10,000,100 Class A shares in the capital of Shaw Media.

“RBC” means RBC Dominion Securities Inc., a member of RBC Capital Markets.

“RBC Fairness Opinion” means the fairness opinion provided by RBC as further described under the heading “Description of the Acquisition – Valuation and Fairness Opinions”, a copy of which is attached as Schedule “G” to this Circular.

“Record Date” means the close of business (Eastern Time) on February 5, 2016.

“Second Indicative Proposal” has the meaning ascribed to that term under the heading “Description of the Acquisition – Background to the Acquisition”.

“Shares” means, collectively, the Class A Shares and Class B Shares.

“Shareholder” means a holder of Shares.

“Shareholder Approval” has the meaning ascribed to that term under the heading “Business of the Meeting – Acquisition Resolution.”

“Shaw” means Shaw Communications Inc.

“Shaw Core Representations” means the representations and warranties of Shaw in Sections 1 (Organization and Qualification), 2 (Status of Shaw and Right to Sell), 3 (Residence), 4 (Due Authorization and Enforceability of Obligations), 7 (Capitalization), 8 (Subsidiaries), 37 (Securities Law Matters), 38 (Brokers) and 39 (Assets Located and Sales in the United States) of Schedule 4.1 of the Acquisition Agreement.

“Shaw Media” means Shaw Media Inc., a wholly owned subsidiary of Shaw, together with its subsidiaries.

“Shaw Media Disclosure” means the disclosure prepared by Shaw regarding Shaw Media and its subsidiaries, the business and the Purchased Shares to be included in any prospectus or offering document prepared in connection with a Corus public offering and included in this Circular, including the financial statements of Shaw Media and to the extent required, the unaudited interim consolidated financial statements of Shaw Media and its subsidiaries for any period subsequent to August 31, 2015.

“Shaw Media Material Adverse Change” means (i) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually is or collectively in the aggregate are, or either individually or collectively in the aggregate would reasonably be expected to be, materially adverse to the business, operations, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of Shaw Media and its subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (a) the announcement of the execution of the Acquisition Agreement or the transactions contemplated herein; or (b) any change in GAAP or changes in applicable regulatory accounting requirements applicable to the industries in which Shaw Media and its subsidiaries conduct business; or (c) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions, or in national or global financial or capital markets; or (d) any change generally affecting the industries in which Shaw Media and its subsidiaries conduct business; or (e) any natural disaster; or (f) any actions taken (or omitted to be taken) at the written request of Corus including, for greater certainty, any actions requested in writing by Corus that would be implemented following consummation of the transactions contemplated by the Acquisition Agreement; or (g) any action taken by Shaw Media or any of its subsidiaries that is required pursuant to the

Acquisition Agreement (excluding any obligation to act in the ordinary course of business); provided, however, that with respect to clauses (b), (c), (d) and (e) above, such matter does not have a disproportionate effect on Shaw Media and its subsidiaries, taken as a whole, relative to comparable entities operating in the industries in which Shaw Media and its subsidiaries conduct business (in which case, only the incremental disproportionate impact will be taken into account in determining whether a “Shaw Media Material Adverse Change” has occurred or would reasonably be expected to occur), and references in certain sections of the Acquisition Agreement to dollar amounts are not intended to be, and will not be deemed to be, illustrative or interpretative for purposes of determining whether a “Shaw Media Material Adverse Change” has occurred or would reasonably be expected to occur; or (ii) any fact or state of facts, circumstance, change, effect, occurrence or event which, either individually or collectively in the aggregate is or would reasonably be expected to be materially adverse to the ability of Shaw and/or Shaw Media to complete or consummate the transactions contemplated by the Acquisition Agreement.

“**Shaw Special Committee**” has the meaning ascribed to that term under the heading “Description of the Acquisition – Background to the Acquisition”.

“**simsb**” has the meaning ascribed to that term under the heading “Risk Factors – Risks Related to Shaw Media’s Business – CRTC Policy Review”.

“**Subscription Receipt**” means the subscription receipts to acquire Class B Shares of Corus issued pursuant to the Equity Offering and the Concurrent Private Placement.

“**Tax Ruling**” means an advance income tax ruling in respect of an Alternative Transaction.

“**TD Securities**” means TD Securities Inc.

“**Transaction Agreements**” means, collectively, the Acquisition Agreement, the Governance and Investor Rights Agreement and the Transition Services Agreement.

“**Transfer Agent**” means CST Trust Company.

“**Transition Services Agreement**” means the transition services agreement to be entered into on the Closing Date between Corus and Shaw.

“**TSX**” means the Toronto Stock Exchange.

SCHEDULE A — ACQUISITION RESOLUTION

BE IT RESOLVED as an ordinary resolution that:

1. The acquisition of all of the issued and outstanding shares of Shaw Media Inc. (“**Shaw Media**”) and all of the outstanding net indebtedness owing from Shaw Media to Shaw Communications Inc. (“**Shaw**”), or the completion of an alternative transaction providing for the acquisition of the business of Shaw Media (the “**Acquisition**”) from Shaw on, and subject to, the conditions of the share purchase agreement dated January 13, 2016 entered into between Corus and Shaw, as the same may be amended, supplemented or otherwise modified in accordance with the terms therein (the “**Acquisition Agreement**”), and the performance by the Company of its obligations thereunder, including the issuance of 71,364,853 Class B Shares forming part of the consideration to be paid to Shaw in connection with the Acquisition, all as more particularly set forth in the management information circular (the “**Circular**”) dated February 9, 2016 of the Company accompanying the notice of special meeting, as it may be amended, modified or supplemented in accordance with the Acquisition Agreement, is hereby authorized and approved.
2. The Acquisition Agreement and transactions contemplated thereby, actions of the directors of the Company in approving the Acquisition Agreement, and actions of the directors and officers of the Company in executing and delivering the Acquisition Agreement, and any amendments, modifications or supplements thereto, are hereby ratified, authorized and approved.
3. Notwithstanding that this resolution has been passed by the holders of Class A Shares and Class B Shares of the Company (collectively, the “**Shareholders**”), the directors of the Company are hereby authorized and empowered to, without further notice to or approval of the Shareholders: (i) amend, modify or supplement the Acquisition Agreement, to the extent permitted thereby; and (ii) subject to the terms of the Acquisition Agreement, not proceed with the Acquisition and related transactions.
4. Any officer or director (each an “**Authorized Signatory**”) be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Authorized Signatories determine may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE B — ACQUISITION AGREEMENT

(Attached).

CORUS ENTERTAINMENT INC.

- and -

SHAW COMMUNICATIONS INC.

SHARE PURCHASE AGREEMENT

January 13th, 2016

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THIS SHARE PURCHASE AGREEMENT is made January 13th, 2016

BETWEEN:

CORUS ENTERTAINMENT INC., a corporation governed by the laws of Canada (the “**Purchaser**”),

- and -

SHAW COMMUNICATIONS INC., a corporation governed by the laws of the Province of Alberta (the “**Vendor**”),

RECITALS:

- A. The Vendor beneficially owns and controls all of the issued and outstanding shares of Shaw Media Inc., a corporation governed by the laws of the Province of Alberta (the “**Company**”).
- B. The Purchaser wishes to purchase, and the Vendor wishes to sell, all of the issued and outstanding shares in the capital of the Company and the Purchased Debt (as defined herein).
- C. The Vendor and the Purchaser are “related parties” pursuant to the requirements of MI 61-101 (as defined herein) and, as such, the purchase and sale of the Purchased Shares (as defined herein) and the Purchased Debt constitutes a “related party transaction” (as defined in MI 61-101) for each of the Vendor and the Purchaser.
- D. The Purchaser has obtained a formal valuation prepared by Barclays Capital Canada Inc. as required under MI 61-101 in connection with the purchase and sale of the Purchased Shares and the Purchased Debt and will seek Purchaser Shareholder Approval (as defined herein) in accordance with this Agreement.
- E. The Vendor is exempt from the requirements under MI 61-101 to obtain a formal valuation or minority shareholder approval in respect of the transactions contemplated by this Agreement.

THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the following words and terms have the meanings set out below:

“**Accounts Receivable**” means all accounts receivable, notes receivable, bills receivable, trade accounts, book debts and insurance claims due or deemed to be due to the Company, including any refunds and rebates receivable due or deemed to be due to the

Company, and the benefit of all security (including cash deposits), guarantees and other collateral held by the Company, all as recorded on the Books and Records in accordance with GAAP as at the given date;

“**Affiliate**” of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly;

“**Agreement**” means this Share Purchase Agreement, including all schedules, and all amendments or restatements, as permitted, and references to “**Article**”, “**Section**”, “**Schedule**” or “**Exhibit**” mean the specified Article or Section of, or Schedule or Exhibit to, this Agreement;

“**Alternative Transaction**” has the meaning given in Section 7.4(a) hereof;

“**Appurtenances**” means privileges, rights, easements and appurtenances both at law and equity belonging to or for the benefit of Real Property, including means of access between Real Property and a public way, rights in respect of or for any other uses upon which the present use is dependent (such as pipelines, cables, railway sidings) and rights existing in and to any streets, alleys, passages and other rights-of-way;

“**Arbitrating Accountant**” has the meaning given in Section 3.3(c) hereof;

“**Arm’s Length**” has the meaning given in the Tax Act;

“**Balance Sheet**” means the audited consolidated statement of financial position of the Company and its Subsidiaries as at August 31, 2015, forming part of the Company Financial Statements;

“**Benefit Plans**” means plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered to which the Company or any of its Subsidiaries is a party or bound or in which the Employees participate or under which the Company or any of its Subsidiaries has, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any of its Employees or former employees, directors or officers, individuals working on contract with the Company or any of its Subsidiaries or other individuals providing services to any of them of a kind normally provided by employees (or any spouses, dependants, survivors or beneficiaries of any such Persons), excluding Statutory Plans;

“**Books and Records**” means books and records of the Company and its Subsidiaries or of the Vendor or its Affiliates principally relating to the Company or any of its Subsidiaries including financial, corporate, operations and sales books and records, sales and purchase records, lists of suppliers and customers, formulae, business reports, and material plans and projections and all other material documents, surveys, plans, files, records, assessments, correspondence, and other material data and information, financial or otherwise, including all material data, information and databases stored on computer-related or other electronic media;

“**Business**” means the business of the Company and its Subsidiaries, namely that of providing Canadians with programming content through a portfolio of conventional television stations, specialty television channels, and digital and mobile properties;

“**Business Day**” means any day, other than a Saturday or Sunday, on which Royal Bank of Canada in Toronto, Ontario and Calgary, Alberta is open for commercial banking business during normal banking hours;

“**Canadian Securities Laws**” means the securities legislation and regulations thereunder of each province and territory of Canada and the rules, instruments, policies and orders of each Securities Regulator made thereunder;

“**Claims**” includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, assessments or reassessments, informations or other similar processes;

“**Closing**” means the completion of the transactions contemplated by this Agreement;

“**Closing Date**” means:

- (a) if the conditions set out in Article 8 and Article 9 have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied) at a moment in time that is at least seven Business Days prior to the end of a calendar month, the first Business Day of the immediately following calendar month;
- (b) if the conditions set out in Article 8 and Article 9 have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied) at a moment in time that is fewer than seven Business Days prior to the end of a calendar month, the first Business Day of the second calendar month following the month in which the conditions set out in Article 8 and Article 9 have been satisfied or waived (other than those Closing conditions that by their nature are only capable of being satisfied on the Closing Date, which conditions are capable of being satisfied);
- (c) such earlier or later date as may be agreed to in writing by the Purchaser and the Vendor,

and provided that if the Vendor reasonably expects to receive the Tax Ruling during the calendar month in which the Closing Date would otherwise occur pursuant to paragraph (a) or (b) above, the Vendor may, on not less than five Business Days written notice prior to the date on which the Closing Date would otherwise occur pursuant to paragraph (a) or (b) above, delay the Closing Date to the first Business Day of the calendar month immediately following the calendar month in which the Closing Date would otherwise occur, and provided that in no event shall the Closing Date be later than the Outside Date; and provided further that if any portion of the Purchaser Debt Financing provided for in the Purchaser Commitment Letters would be unavailable on the date on which the Closing Date

is otherwise scheduled to occur and the aggregate net proceeds of the Purchaser Debt Financing that would be available together with the proceeds from one or more Purchaser Offerings completed following the date of this Agreement would not be sufficient to pay the amount provided for in Section 3.2(a) on the date on which the Closing Date is otherwise scheduled to occur, the Purchaser may, from time to time, on written notice prior to the Closing, delay the Closing Date to a date specified by the Purchaser (which must be the first Business Day of a calendar month), provided that in no event shall the delayed Closing Date be later than the Outside Date and the Purchaser shall not be entitled to delay the Closing Date pursuant to this proviso if it has breached in any material respect any of its obligations pursuant to Section 7.5.

“Closing Time” means 9:00 a.m. (Toronto time), on the Closing Date or such other time on the Closing Date as the Parties may agree in writing as the time at which the Closing shall take place;

“Closing Working Capital” has the meaning given in Section 3.3(a) hereof;

“Collective Agreements” means collective agreements (including expired collective agreements which have not been renewed) and related documents including benefit agreements, letters of understanding, letters of intent and other written communications (including arbitration awards) by which the Company or any of its Subsidiaries is bound or which impose any obligations upon the Company or any of its Subsidiaries or set out the understanding of the parties or an interpretation with respect to the meaning of any provisions of such collective agreements;

“Company” has the meaning given in the recitals to this Agreement;

“Company Disclosure” means the disclosure prepared by the Vendor regarding the Company, its Subsidiaries, the Business and the Purchased Shares and, to the extent required, the Vendor, required to be included under applicable Law in the Purchaser Circular or any prospectus or other offering document prepared in connection with a Purchaser Offering, including the Company Financial Statements and, to the extent required, the unaudited interim consolidated financial statements of the Company and its Subsidiaries for any period subsequent to August 31, 2015;

“Company Financial Statements” means, collectively, the audited consolidated statements of the Company of income, comprehensive income, changes in shareholders' equity and cash flows and all notes thereto for each of the years ended August 31, 2013, August 31, 2014 and August 31, 2015 and the audited consolidated statements of the Company of financial position as at August 31, 2014 and August 31, 2015, and all notes thereto, copies of which are attached to the Vendor Disclosure Letter;

“Company Material Adverse Change” means (i) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually is or collectively in the aggregate are, or either individually or collectively in the aggregate would reasonably be expected to be, materially adverse to the business, operations, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued,

conditional or otherwise) or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (a) the announcement of the execution of this Agreement or the transactions contemplated herein; or (b) any change in GAAP or changes in applicable regulatory accounting requirements applicable to the industries in which the Company and its Subsidiaries conduct business; or (c) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions, or in national or global financial or capital markets; or (d) any change generally affecting the industries in which the Company and its Subsidiaries conduct business; or (e) any natural disaster; or (f) any actions taken (or omitted to be taken) at the written request of the Purchaser including, for greater certainty, any actions requested in writing by the Purchaser that would be implemented following consummation of the transactions contemplated by this Agreement; or (g) any action taken by the Company or any of its Subsidiaries that is required pursuant to this Agreement (excluding any obligation to act in the ordinary course of business); provided, however, that with respect to clauses (b), (c), (d) and (e) above, such matter does not have a disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to comparable entities operating in the industries in which the Company and its Subsidiaries conduct business (in which case, only the incremental disproportionate impact shall be taken into account in determining whether a “Company Material Adverse Change” has occurred or would reasonably be expected to occur), and references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a “Company Material Adverse Change” has occurred or would reasonably be expected to occur; or (ii) any fact or state of facts, circumstance, change, effect, occurrence or event which, either individually or collectively in the aggregate is or would reasonably be expected to be materially adverse to the ability of the Vendor and/or the Company to complete or consummate the transactions contemplated by this Agreement;

“**Company Plan**” means any Benefit Plan that is sponsored or maintained by the Company or any of its Subsidiaries;

“**Consideration Shares**” means the 71,364,853 Purchaser Class B Shares issuable to the Vendor pursuant to this Agreement in partial satisfaction of the Purchase Price;

“**Consolidated Plan of Compromise, Arrangement and Reorganization**” means the consolidated plan of compromise, arrangement and reorganization dated June 23, 2010 pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving Canwest Global Communications Corp. (“**Canwest**”), Canwest Media Inc. (“**CMi**”) and certain subsidiaries of Canwest;

“**Contracts**” means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which a Party or any of its Subsidiaries is a party or by which any of them are legally bound or under which a Party or any of its Subsidiaries has, or will have, any liability or contingent liability (in each case, whether written or oral, express or

implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;

“**control**” means, in respect of:

- (a) a corporation, the ability of a Person or group of Persons acting in concert to influence the manner in which the business of such corporation is carried on, whether as a result of ownership of sufficient voting shares of such corporation to enable that Person or group of Persons to elect a majority of the directors of such corporation or by contract or otherwise;
- (b) a partnership, trust, syndicate or other entity, actual power or authority to manage and direct the affairs of, or ownership of more than fifty percent (50%) of the transferable beneficial interests in, such entity,

and the term “controlled” has a corresponding meaning;

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission or any successor body thereto;

“**CRTC Approval**” means the approval by the CRTC pursuant to the administrative approach set out in Broadcasting Information Bulletin CRTC 2008-8-2 of the transactions contemplated by this Agreement or such other approval as may be required;

“**CRTC Licence**” means a licence issued by the CRTC to carry on a programming undertaking;

“**Data Protection Laws**” means any applicable Laws relating to (i) the privacy of users of the products or services of the Company and its Subsidiaries and all internet websites owned, maintained or operated by the Company or its Subsidiaries and (ii) any other applicable data protection and privacy Laws, including those regarding the collection, storage, processing, transfer, disclosure, use and provision of notice of breach regarding any data consisting of personal information, in each case as such term is defined under the applicable Law, that is, or is capable of being, associated with identifiable individuals (in each case, as may be amended or re-enacted);

“**Defined Benefit Plans**” means any Benefit Plan that is a “registered pension plan” as defined in subsection 248(1) of the Tax Act and which contains a “defined benefit provision” as defined in subsection 147.1(1) of the Tax Act;

“**Determination Date**” has the meaning given in Section 3.3(c) hereof;

“**Dispute**”, “**Dispute Notice**” and “**Dispute Period**” have the respective meanings attributed thereto in Section 3.3(b) hereof;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the first day of the calendar month in which the Closing occurs;

“**Elected Amount**” has the meaning given in Section 3.5(a) hereof;

“Employees” means individuals employed by the Company or any of its Subsidiaries on a full-time, part-time or temporary basis, including those employees on disability leave, parental leave or other absence;

“Employment Contracts” means written Contracts, other than Benefit Plans, relating to an Employee, including any written communication or practice relating to an Employee which imposes any obligation on the Company or any of its Subsidiaries;

“Encumbrances” means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

“Environment” means the environment and natural environment as defined in any Environmental Laws and includes indoor air and any living things;

“Environmental Approvals” means permits, certificates, licences, authorizations, consents, agreements, instructions, directions, notices, registrations, approvals or other rights made, issued, granted, conferred or required by a Governmental Authority pursuant to any Environmental Law relating to the operations, business or assets of the Company or any of its Subsidiaries;

“Environmental Laws” means Laws relating to the Environment and public health or safety, and includes Laws relating to any sewer system and to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, Release and disposal of Hazardous Substances;

“Environmental Orders” means Orders issued, filed or imposed by any Governmental Authority pursuant to any Environmental Laws and include certificates of property use and Orders requiring investigation, assessment, monitoring, managing, controlling, treatment, removal, excavation or remediation of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped or eliminated or requiring any form of payment or co-operation be provided to any Governmental Authority;

“Equipment Contracts” means Contracts relating to Tangible Personal Property and includes motor vehicle leases, equipment leases, leases of computer hardware and computer systems, conditional sales contracts, title retention agreements and other similar agreements;

“GAAP” means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants Canada, or any successor institute, applicable as at the date on which any calculation or determination is required to be made;

“Governmental Authorities” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, courts, bodies, boards, tribunals or dispute settlement panels, stock exchanges or other law, rule or regulation-making organizations or entities;

- (a) having jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
- (b) exercising, or entitled to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

“Governance and Investor Rights Agreement” means the governance and investor rights agreement to be entered into on the Closing Date between the Vendor and the Purchaser in the form attached as Exhibit A hereto;

“Governmental Authorizations” means authorizations, approvals, including Environmental Approvals, franchises, Orders, certificates, consents, directives, notices, licences, permits, variances, agreements, instructions, registrations or other rights issued to or required by a Party or any of its Subsidiaries, by or from any Governmental Authority;

“Hazardous Substances” means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos-containing materials, polychlorinated biphenyls (PCBs) and mould;

“Improvements” means plants, buildings, structures, fixtures, erections and improvements located on, over, under or upon the Real Property and mechanical, electrical, plumbing, heating and air-conditioning systems relating to the Real Property, including any of the foregoing under construction;

“Incurred” means, in relation to claims under the Parent Plans, the date on which the event giving rise to such claim occurred and, in particular: (i) with respect to a death or dismemberment claim, shall be the date of the death or dismemberment; (ii) with respect to a short-term or long-term disability claim, shall be the date that the period of short-term or long-term disability commenced (provided that a short-term or long-term disability claim shall be deemed to be Incurred prior to the Closing Date where any Employee suffers a disability after the Closing Date and such disability would be considered under the terms of the Parent Plan, as it read as at the Closing Date, to be a recurrence of disability that occurred prior to the Closing Date); (iii) with respect to an extended health care claim, including dental and medical treatments, shall be the date of the treatment; and (iv) with respect to a prescription drug or vision care claim, the date that the prescription was filled;

“Indemnification Period” means the period commencing on the date of this Agreement and expiring on the date that is 18 months from the Closing Date;

“Indemnified Party” has the meaning given in Section 11.3(a) hereof;

“Indemnifying Party” has the meaning given in Section 11.3(a) hereof;

“Information Technology” means physical or virtualized computer hardware, specialized technology equipment rooms, commissioned, licensed or internally built

software, databases, data archives and websites owned or leased by the Company or any of its Subsidiaries;

“Intellectual Property” means intellectual property rights, whether registered or not, owned, licensed, used or held by the Company or any of its Subsidiaries, including:

- (a) inventions, pending patent applications (including divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part and extensions) and issued patents, including those inventions, pending patent applications and issued patents;
- (b) trade-marks, trade dress, trade-names, business names, corporate names, domain names, website names and world wide web assesses, logos and other indicia of origin;
- (c) copyrights, including the copyright registrations and applications;
- (d) industrial designs and similar rights, including those registrations and applications; and
- (e) material proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing;

“Laws” means applicable laws (including common law or civil law), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case of any Governmental Authority;

“Leased Real Property” means lands and/or premises which are used by the Company or any of its Subsidiaries and which are leased, subleased, licensed to or otherwise occupied by the Company or any of its Subsidiaries pursuant to a Real Property Lease and the interests of the Company or any of its Subsidiaries in any Improvements and Appurtenances;

“Lenders” means Royal Bank of Canada and each other Person who becomes a lender in respect of one or more of the Purchaser Debt Financings pursuant to one or more of the Purchaser Commitment Letters;

“Losses” means assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

“Material Contracts” means Contracts to which the Company or any of its Subsidiaries is a party;

- (a) involving aggregate payments to or by the Company and/or its Subsidiaries in excess of \$10,000,000 in a fiscal year or in the aggregate, including program output or licence agreements with any production studio, producer or distributor based in Canada, the United States or otherwise, and any other supplier or customer agreements not otherwise disclosed in this Agreement;
- (b) entered into after September 1, 2015 for the acquisition or disposition, directly or indirectly (by merger or otherwise), of any material assets or any capital stock or other equity interests of any Person;
- (c) relating to the acquisition or disposition of any material assets or any capital stock or other equity interests of any Person pursuant to which the Company or any of its Subsidiaries has continuing indemnification, “earn-out” or other continuing payment obligations (contingent or actual);
- (d) that constitute shareholder agreements, joint venture agreements that are material in nature, partnership agreements, strategic alliance agreements or trust agreements, in each case governing the Company or any of its Subsidiaries;
- (e) which restrict or purport to restrict the Company and/or its Subsidiaries from competing with any Person in any business or in any geographic area or to engage in any business or other activity; or
- (f) which, if terminated without the consent of the Company and/or its Subsidiaries, would reasonably be expected to have a Company Material Adverse Change;

and in each case, including any and all amendments and revisions thereto and restatements thereof;

“**Material Subsidiaries**” means the material Subsidiaries of the Purchaser, being those subsidiaries listed in the current annual information form of the Purchaser;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;

“**misrepresentation**” has the meaning given in Canadian Securities Laws;

“**Multi-Employer Plans**” means Benefit Plans to which the Company is required to contribute and which are not maintained or administered by the Company or any of its Affiliates;

“**Notice**” has the meaning given in Section 13.5 hereof;

“**Orders**” means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator, including Environmental Orders;

“Outside Date” means May 2, 2016, or such later date as may be agreed to by the Parties in writing, provided that:

- (a) the Outside Date shall automatically be extended if CRTC Approval has not been obtained by such date to the first Business Day of the calendar month following the date on which CRTC Approval has been obtained; and
- (b) the Outside Date shall automatically be extended to the first Business Day of the calendar month immediately following the calendar month in which the Outside Date would otherwise occur in the event the Vendor reasonably expects to receive the Tax Ruling during such following calendar month;

provided further and notwithstanding any of the foregoing or any other provision of this Agreement, in no event shall the Outside Date be extended or deemed to be extended beyond October 3, 2016;

“Owned Real Property” means real property, owned or purported to be owned in fee simple, by the Company or any of its Subsidiaries, and real property, other than Leased Real Property, in which the Company or any of its Subsidiaries has an interest, including Improvements and Appurtenances;

“Parent DC Pension Plan” means the Vendor DC Pension Plan having registration number 55709 under the *Pension Benefits Standards Act* (Canada) in which Employees participate;

“Parent Plan” means any Benefit Plan that is sponsored or maintained by the Vendor and in which Employees participate;

“Parties” means each of the Vendor and the Purchaser collectively, and **“Party”** means either of them;

“Pension Plans” means Benefit Plans providing pensions, superannuation benefits or retirement savings, including pension plans, top up pensions or supplemental pensions, “registered retirement savings plans” (as defined in the Tax Act), “registered pension plans” (as defined in the Tax Act) and “retirement compensation arrangements” (as defined in the Tax Act);

“Pension Plan Unfunded Liability” means an unfunded liability in respect of any Pension Plan, including a going concern unfunded liability, a solvency deficiency or wind-up deficiency, determined as at the date of the most recent actuarial valuation prepared in respect of such plan;

“Permitted Encumbrances” means:

- (a) the Encumbrances listed in Section 1.1 of the Vendor Disclosure Letter;
- (b) liens for Taxes, assessments and governmental charges that are due but are being contested in good faith and diligently by appropriate proceedings and in respect of which adequate provision for the related monetary obligation has been made;

- (c) in respect of real property, servitudes, easements, restrictions, rights-of-way and other similar rights or any interest therein, provided the same are not of such nature as to materially adversely affect the use or value of the property subject thereto;
- (d) in respect of real property, the reservations in any original grants from the Crown of any real property or interest therein which do not materially adversely affect the use or value of the real property subject thereto;
- (e) assignments of insurance provided to landlords (or their mortgagees) pursuant to the terms of any lease and liens or rights reserved in any lease for rent or for compliance with the terms of such lease;
- (f) inchoate liens claimed or held by any Governmental Authority or a public utility in respect of the payment of Taxes or utilities not yet due and payable;
- (g) in respect of Tangible Personal Property, liens of any kind, provided the same are not of such nature as to materially adversely affect the use or value of the Tangible Personal Property subject thereto; and
- (h) liens under pension standards legislation applicable to any Benefit Plan that relate to employee contributions withheld from pay but not yet due to be remitted to the applicable Benefit Plan;

“Person” means any individual, sole proprietorship, partnership, firm, entity, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“Personal Information” means information in the possession or under the control of the Company about an identifiable individual;

“Pertinent Partnership” has the meaning given in the definition of Vendor Taxes;

“Plan Emergence Agreement” means the Plan Emergence Agreement entered into on June 25, 2010 by Canwest, CMI, Skipper and the Monitor (as defined therein) in connection with the Consolidated Plan of Compromise, Arrangement and Reorganization;

“Post-Retirement Benefit Plans” means any Benefit Plans providing health, dental, life insurance or any other welfare benefits beyond retirement or other termination of service to any Employees or former employees, or officers or directors of the Company or any of its Subsidiaries (or any spouse, beneficiary or dependent of any such person), whether a Company Plan or Parent Plan;

“Pre-Closing Reorganization” has the meaning given in Section 7.3(a) hereof;

“Pre-Closing Tax Period” means any taxable period ending on or before the Effective Time and that portion of any Straddle Period up to the Effective Time;

“Pre-Closing Time” has the meaning given in the definition of Vendor Taxes;

“Purchase Price” has the meaning given in Section 3.1 hereof;

“Purchased Debt” means the ordinary course non-interest bearing debt owing by the Company to the Vendor, and which debt is in the aggregate principal amount of approximately \$335 million as of November 30, 2015 (which principal amount, for certainty, may increase or decrease from such date until the Closing Time), which is to be evidenced by one or more promissory notes by the Closing Time in mutually acceptable form;

“Purchased Shares” means all of the issued and outstanding shares in the capital of the Company, being 10,000,100 Class A common shares in the capital of the Company;

“Purchaser Acquisition Proposal” means:

- (a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution, or winding-up in respect of the Purchaser that, if consummated, would result in a Person or group of joint actors beneficially owning 50% or more of the equity securities of the Purchaser;
- (b) any direct or indirect sale of assets (or any lease, long-term supply arrangement, licence, or other arrangement having the same economic effect as a sale) of the Purchaser or any of its Subsidiaries representing 50% or more of the consolidated assets, revenues, or earnings of the Purchaser;
- (c) any direct or indirect sale, issuance, or acquisition of shares or other equity interests (or securities convertible or exchangeable into or exercisable for such shares or interests) in the Purchaser or any of its material Subsidiaries representing 50% or more of the issued and outstanding equity interests of the Purchaser or such material Subsidiary or rights or interests therein or thereto;
- (d) any similar transaction or series of transactions involving the Purchaser or any of its Subsidiaries, directly or indirectly; or
- (e) any inquiry, proposal, offer, or public announcement of an intention to do any of the foregoing;

in each case, made after the date hereof, and excluding the transactions contemplated by this Agreement or any transaction involving only the Purchaser and one or more of its Subsidiaries;

“Purchaser Circular” means the notice of the Purchaser Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Purchaser Shareholders in connection

with the Purchaser Meeting, as amended, supplemented or otherwise modified from time to time;

“Purchaser Class A Shareholders” means the holders of Purchaser Class A Shares;

“Purchaser Class A Shares” means the Class A participating shares in the capital of the Purchaser;

“Purchaser Class B Shares” means the Class B Non-Voting participating shares in the capital of the Purchaser;

“Purchaser Commitment Letters” means, collectively, the Purchaser Senior Debt Commitment Letter, the Purchaser Equity Commitment Letter and the Purchaser Note Commitment Letter, and each a **“Purchaser Commitment Letter”**;

“Purchaser Core Representations” means the representations and warranties of the Purchaser set forth in Sections 1 (*Organization and Qualification*), 2 (*Residence*), 3 (*Due Authorization and Enforceability of Obligations*), and 7 (*Capitalization*) of Schedule 5.1;

“Purchaser Debt Financings” means: (a) the agreement of each of the applicable Lenders to lend, subject to the terms and conditions of the Purchaser Senior Debt Commitment Letter, the amounts set forth therein; and (b) the agreement of each of the applicable Lenders to lend, subject to the terms and conditions of the Purchaser Equity Commitment Letter, the Purchaser Note Commitment Letter or both, as applicable, the amounts set forth therein, respectively, except to the extent that the obligations of the Lenders under the Purchaser Equity Commitment Letter and/or Purchaser Note Commitment Letter have been reduced or terminated in accordance with the terms thereof as a result of the completion of one or more Purchaser Offerings, the proceeds of all of which will be used by the Purchaser for purposes of financing the cash portion of the Purchase Price;

“Purchaser Disclosure Letter” means the disclosure letter executed by the Purchaser and delivered to the Vendor concurrently with the execution of this Agreement;

“Purchaser Equity Commitment Letter” means the commitment letter dated the date of this Agreement between the Purchaser and the Lenders, including the summaries of terms attached thereto, providing for an equity bridge credit facility;

“Purchaser Financial Statements” has the meaning given in Section 10 of Schedule 5.1 hereto;

“Purchaser Indemnified Parties” has the meaning given in Section 11.1(a) hereof;

“Purchaser Material Adverse Change” means (i) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually is or collectively in the aggregate are, or either individually or collectively in the aggregate would reasonably be expected to be, materially adverse to the business, operations, results of operations, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of the Purchaser and its

Subsidiaries, taken as a whole, except to the extent of any fact or state of facts, circumstance, change, effect, occurrence or event resulting from or arising in connection with: (a) the announcement of the execution of this Agreement or the transactions contemplated herein; or (b) any change in GAAP or changes in applicable regulatory accounting requirements applicable to the industries in which it conducts business; or (c) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, or market conditions or in national or global financial or capital markets; or (d) any change generally affecting the industries in which the Purchaser and its Subsidiaries conduct business; or (e) any natural disaster; or (f) any action taken by the Purchaser or any of its Subsidiaries that is required pursuant to this Agreement (including any item agreed to be taken pursuant to Section 7.4, but excluding any obligation to act in the ordinary course of business); provided, however, that with respect to clauses (b), (c), (d) and (e) above, such matter does not have a disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, relative to comparable entities operating in the industries in which the Purchaser and its Subsidiaries conduct business (in which case, only the incremental disproportionate impact shall be taken into account in determining whether a “Purchaser Material Adverse Change” has occurred or would reasonably be expected to occur), and references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a “Purchaser Material Adverse Change” has occurred or would reasonably be expected to occur; or (ii) any fact or state of facts, circumstance, change, effect, occurrence or event which either individually or collectively in the aggregate is or would reasonably be expected to be materially adverse to the ability of the Purchaser to complete or consummate the transactions contemplated by this Agreement;

“Purchaser Meeting” means the special meeting of Purchaser Shareholders, including any adjournment or postponement thereof, to be called for the purpose of obtaining Purchaser Shareholder Approval;

“Purchaser Note Commitment Letter” means the commitment letter dated the date of this Agreement between the Purchaser and the Lenders, including the summaries of terms attached thereto, providing for a high-yield note bridge credit facility;

“Purchaser Offerings” means one or more public or private offerings of equity or debt securities of the Purchaser, including an offering of Subscription Receipts;

“Purchaser Public Documents” means all forms, reports, schedules, statements and other documents filed by the Purchaser on SEDAR since September 1, 2014;

“Purchaser Senior Debt Commitment Letter” means the commitment letter dated the date of this Agreement between the Purchaser and the Lenders, including the summaries of terms attached thereto, providing for a term credit facility and a revolving credit facility;

“Purchaser Shareholder Approval” means the approval of the issuance of the Consideration Shares and the purchase of the Purchased Shares at the Purchaser Meeting by: (a) the Purchaser Class A Shareholders and Purchaser Class B Shareholders, each

voting as a class, by ordinary resolution, in accordance with the “minority approval” requirements of Part 8 of MI 61-101; and (b) the Purchaser Class B Shareholders, by ordinary resolution, in accordance with the requirements of the TSX;

“**Purchaser Shareholders**” means the Purchaser Class A Shareholders and the holders of Purchaser Class B Shares;

“**Purchaser Shares**” means, collectively, the Purchaser Class A Shares and the Purchaser Class B Shares;

“**Real Property**” means the Owned Real Property and the Leased Real Property;

“**Real Property Leases**” means Contracts pursuant to which the Company or any of its Subsidiaries uses or occupies the Leased Real Property, including all rights related to Improvements and Appurtenances;

“**Release**” has the meaning prescribed in any Environmental Laws and includes any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional;

“**Representative**” means, in respect of a Person, its Subsidiaries and its Affiliates and its and their directors, officers, employees, agents and representatives (including any financial, legal or other advisors);

“**Securities Regulators**” means the securities commission or other securities regulatory authority of each province and territory of Canada;

“**Services**” means all conventional television undertakings, all licensed and exempt specialty television services, including any ownership interests in such undertakings, and all associated non-linear offerings owned or controlled by the Company and its Subsidiaries;

“**Shomi Partnership**” means the general partnership between Shaw Cablesystems Limited and Rogers Media Inc. established for the purpose of developing, launching and operating a premium subscription video on demand service;

“**Special Committee**” means the committee of the board of directors of the Purchaser formed for the purpose, among other things, of considering the transactions contemplated by this Agreement;

“**Straddle Period**” means any taxable period which begins before the Effective Time and ends after the Effective Time;

“**Straddle Period Return**” means a Tax Return for a Straddle Period;

“**Statutory Plans**” means statutory benefit plans which the Company or any of its Subsidiaries are required to participate in or comply with, including the Canada and

Quebec Pension Plans and plans administered pursuant to applicable health tax, workplace safety insurance and employment insurance legislation;

“Subscription Receipts” means subscription receipts to acquire Purchaser Class B Shares;

“Subsidiaries” with respect to a Person means, at the time such determination is being made, any other Person controlled by such first Person, in each case, whether directly or indirectly, but in the case of the Company, excludes the Shomi Partnership;

“Tangible Personal Property” means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools and spare parts and tangible assets (other than the Real Property) owned or used or held by the Company or any of its Subsidiaries, including: (a) any of the foregoing which are in storage or in transit; (b) other tangible personal property of the Company or any of its Subsidiaries whether located in or on the Real Property or elsewhere; and (c) any of the foregoing which may be attached to Real Property but are not Improvements;

“Target Working Capital” means \$136,269,000; a calculation of Target Working Capital is set out in Section 1.1 of the Vendor Disclosure Letter;

“Taxes” includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

“Tax Act” means the *Income Tax Act* (Canada), as amended;

“Tax Returns” includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Law in respect of Taxes;

“Tax Ruling” has the meaning given in Section 7.4(c) hereof;

“Taxing Authority” means any federal, provincial, state, local or foreign Governmental Authority having responsibility for Taxes;

“Technical Information” means know-how and related technical knowledge owned, used or held by the Company or any of its Subsidiaries, including:

- (a) trade secrets, confidential information and other proprietary know-how, other than content licences, program format licences, and other licenced program formats;
- (b) information of a scientific, technical, financial or business nature regardless of its form;
- (c) uniform resource locators, domain names, telephone, telecopy, internet protocol and email addresses, and UPC consumer packaging codes; and
- (d) documented research, forecasts, studies, marketing plans, budgets, market data, developmental, demonstration or engineering work, information that can be used to define a design or process or procure, produce, support or operate material and equipment, methods of production and procedures, all formulas and designs and drawings, blueprints, patterns, plans, flow charts, parts lists, manuals and records, specifications, and test data;

“Technology” means Intellectual Property, Technical Information and Information Technology;

“Transaction Agreements” means, collectively, this Agreement, the Governance and Investor Rights Agreement and the Transition Services Agreement;

“Transition Services Agreement” means the transition services agreement to be entered into on the Closing Date between the Vendor and the Purchaser substantially in the form agreed to by the Parties on the date hereof;

“TSX” means the Toronto Stock Exchange;

“Union” means an organization of employees formed for purposes that include the regulation of relations between employees and employers and includes a provincial, territorial, national or international union, a certified council of unions, a designated or certified employee bargaining agency, and any organization which has been declared a union pursuant to applicable labour relations legislation;

“Unrelated Person” has the meaning provided in subsection 55(3.01) of the Tax Act;

“Vendor Core Representations” means the representations and warranties of the Vendor in Sections 1 (*Organization and Qualification of the Company*), 2 (*Status of the Vendor and Right to Sell*), 3 (*Residence*), 4 (*Due Authorization and Enforceability of Obligations*), 7 (*Capitalization*), 8 (*Subsidiaries*), 37 (*Securities Law Matters*), 38 (*Brokers*) and 39 (*Assets Located and Sales in the United States*) of Schedule 4.1;

“Vendor Disclosure Letter” means the disclosure letter executed by the Vendor and delivered to the Purchaser concurrently with the execution of this Agreement;

“Vendor Indemnified Parties” has the meaning given in Section 11.2(a) hereof;

“Vendor Public Documents” means all forms, reports, schedules, statements and other documents filed by the Vendor on SEDAR since September 1, 2014;

“**Vendor Taxes**” means: (1) any and all Taxes payable or receivable of the Company or its Subsidiaries with respect to any Pre-Closing Tax Period, and for these purposes income Taxes in respect of a Straddle Period of a corporation shall be calculated on the basis that: (i) such Straddle Period for the corporation and any partnership in which the corporation has a direct or indirect interest at the Effective Time (a “**Pertinent Partnership**”) ended immediately before the Effective Time (the “**Pre-Closing Time**”); and (ii) the income and taxable income of the corporation and any Pertinent Partnership for such Straddle Period was reduced by the maximum amount of deductions and credits, including any discretionary deductions and credits, that would have been available to the corporation or Pertinent Partnership, as the case may be, had the corporation’s or Pertinent Partnership’s taxation year ended at the Pre-Closing Time; for which purpose any deduction or credit that is calculated for an annual or periodic basis shall be prorated on the basis of the number of days in the period starting on the commencement of such Straddle Period and ending at the Pre-Closing Time as compared to 365 days; and (2) any and all Taxes of the Company or its Subsidiaries with respect to periods between the Effective Time and up to and including the Closing Time arising as a result of, or in connection with or relating to, any non-ordinary course events or transactions that occur in that period;

“**Working Capital**” means the aggregate working capital of the Company and its Subsidiaries calculated in accordance with, and including only the categories of items set forth in, Section 1.1 of the Vendor Disclosure Letter;

“**Working Capital Adjustment**” has the meaning given in Section 3.3(a) hereof; and

“**Working Capital Statement**” has the meaning given in Section 3.3(a) hereof.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** – Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.
- (b) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.
- (c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (d) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.
- (e) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

- (f) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.
- (g) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.
- (h) **Statutory References** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (i) **Time** – Time is of the essence in the performance of the Parties' respective obligations.
- (j) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.
- (k) **Affiliates** – The Parties acknowledge that they are Affiliates by virtue of being under common control; however, for purposes of this Agreement and the interpretation of the provisions of this Agreement, the Parties agree that the Purchaser and its Subsidiaries shall be deemed not to be Affiliates of the Vendor and its Subsidiaries and that the Vendor and its Subsidiaries shall be deemed not to be Affiliates of the Purchaser and its Subsidiaries.

1.3 Knowledge

- (a) Any reference to the “knowledge of the Vendor” or to the “knowledge of the Company” means the actual knowledge, after reasonable inquiry (but excluding any inquiries or searches of public registries or filings), of the following officers of the Vendor and the Company: Trevor English, Senior Vice President Corporate Development & Business Planning of the Vendor, Barbara Williams, Executive Vice President and President of the Company, Michael French, Vice President, Finance of the Company, Ella Stuart, Vice President, Taxation, of the Vendor, and Peter Johnson, Senior Vice President, Corporate Secretary and General Counsel of the Vendor.
- (b) Any reference to the “knowledge of the Purchaser” means the actual knowledge, after reasonable inquiry (but excluding any inquiries or searches of public registries or filings), of the following officers of the Purchaser: Doug Murphy, President and Chief Executive Officer, Tom Peddie, Chief Financial Officer,

Kathleen McNair, Executive Vice President, Special Advisor to the CEO and Chief Integration Officer, Gary Maavara, Executive Vice President and General Counsel, Judy Adam, Vice President, Finance, and Jeremy Wilson, Vice President, Taxation.

1.4 Entire Agreement

This Agreement and the agreements and other documents entered into pursuant to or in connection with this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.5 Schedules

The schedules and exhibits to this Agreement, listed below, are an integral part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule 4.1	- Vendor Representations and Warranties
Schedule 5.1	- Purchaser Representations and Warranties
Schedule 7.4	- Alternative Transaction

<u>Exhibit</u>	<u>Description</u>
Exhibit A	- Governance and Investor Rights Agreement

ARTICLE 2 PURCHASE AND SALE

2.1 Action by Vendor and Purchaser

Subject to the provisions of this Agreement, at the Closing Time:

- (a) **Purchase and Sale of Purchased Shares and Purchased Debt** – the Vendor shall sell and the Purchaser shall purchase the Purchased Shares and the Purchased Debt, in each case free and clear of all Encumbrances;
- (b) **Payment of Purchase Price** – the Purchaser shall pay the Purchase Price to the Vendor as provided in Sections 3.2, 3.3 and 3.6;
- (c) **Transfer and Delivery of the Purchased Shares and Purchased Debt** – the Vendor shall transfer and deliver to the Purchaser (i) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in

blank, in either case by the holders of record, and shall take such steps as shall be necessary to cause the Company to enter the Purchaser or its nominee(s) upon the books of the Company as the holder of the Purchased Shares and to issue one or more share certificates to the Purchaser or its nominee(s) representing the Purchased Shares; and (ii) any evidence of the Purchased Debt;

- (d) **Other Documents** – the Vendor and Purchaser shall deliver such other documents as may be necessary and reasonably requested to complete the transactions provided for in this Agreement.

2.2 Effective Time

Notwithstanding the Effective Time, the transfer of title to the Purchased Shares and the Purchased Debt shall occur at the Closing Time and the Purchaser shall be entered into the books of the Company as the holder of the Purchased Shares and the Purchased Debt at the Closing Time.

2.3 Place of Closing

The Closing shall take place at the Closing Time at the offices of Osler, Hoskin & Harcourt LLP located at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario, or at such other place as may be agreed upon by the Vendor and the Purchaser.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

Subject to any adjustments pursuant to Section 3.3, the amount payable by the Purchaser for the Purchased Shares and the Purchased Debt (the “**Purchase Price**”) shall be the aggregate of the following:

- (a) the sum of \$1,850 million in cash; and
- (b) \$800 million to be satisfied through the issuance of the Consideration Shares.

3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price in accordance with this Section 3.2. At the Closing Time, the Purchaser will:

- (a) pay to the Vendor by wire transfer of immediately available funds to an account designated in writing by the Vendor to the Purchaser (such designation to be made at least three Business Days prior to the Closing Date), an amount equal to the amount set forth in subsection 3.1(a); and
- (b) issue the Consideration Shares to the Vendor or as otherwise designated in writing by the Vendor (such designation to be made at least three Business Days prior to the Closing Date).

3.3 Working Capital Adjustment

- (a) Prior to the date which is 90 days after the Closing Date, the Purchaser shall prepare and deliver to the Vendor a statement (the “**Working Capital Statement**”) setting forth (i) a calculation of the Working Capital as of the Effective Time (the “**Closing Working Capital**”); and a calculation of the adjustment, if any, to be made pursuant to this Section 3.3 (the “**Working Capital Adjustment**”). Except as otherwise provided in the definition of Working Capital, the Working Capital Statement shall be prepared by the Purchaser in accordance with GAAP, applied consistently with the Company’s past practices used in the preparation of the Company Financial Statements. The cost of preparing such Working Capital Statement shall be borne by the Purchaser. The Vendor shall, as requested by the Purchaser, cooperate fully in the post-Closing audit contemplated by this Section 3.3 and the preparation of the Working Capital Statement.
- (b) If the Vendor disagrees with the Purchaser’s calculation of the Working Capital Adjustment (the “**Dispute**”), the Vendor shall deliver written notice of the Dispute (the “**Dispute Notice**”) to the Purchaser within 30 days after the Vendor’s receipt of the Working Capital Statement (the “**Dispute Period**”). The Dispute Notice shall set forth in reasonable detail the basis for the Vendor’s disagreement with the Purchaser’s determination of the Working Capital Adjustment, the dollar amounts of the proposed revisions thereto and the Vendor’s good faith estimate of the Working Capital Adjustment if and to the extent determinable. The Purchaser shall permit the Vendor and its Representatives to review all working papers and documentation used or prepared in connection with the preparation of, or which otherwise form the basis of, the Working Capital Statement and the Purchaser’s calculation of the Working Capital Adjustment. If no Dispute Notice is received by the Purchaser during the Dispute Period, then the Working Capital Statement (and the calculations reflected therein) shall be deemed to have been accepted and agreed to by the Vendor in the form in which it was delivered to the Vendor and shall be final and binding upon the Parties. If the Purchaser receives a Dispute Notice from the Vendor during the Dispute Period, the Purchaser and the Vendor shall attempt to resolve the Dispute and agree in writing upon the final Working Capital Adjustment within 10 Business Days after the Purchaser’s receipt of the Dispute Notice.
- (c) If the Purchaser and the Vendor are unable to resolve the Dispute within the 10-Business Day period after the Purchaser’s receipt of the Dispute Notice, the Purchaser and the Vendor shall jointly engage a mutually agreed nationally recognized accounting firm (the “**Arbitrating Accountant**”). For the purposes of this Section 3.3(c), if the Parties are unable to agree on the appointment of the Arbitrating Accountant within five Business Days of the end of such 10-Business Day period, then either Party may apply to a judge of the Ontario Superior Court to have a nationally recognized firm of chartered accountants appointed as the Arbitrating Accountant for the purposes of this Section 3.3(c). The Arbitrating Accountant will not be the accountant or auditor for the Purchaser, the Company or the Vendor. The Arbitrating Accountant’s function shall be to review only

those items that are in Dispute with respect to the determination of the Working Capital Adjustment and to resolve such Dispute in accordance with the requirements of this Section 3.3. The Arbitrating Accountant shall, as promptly as possible and in any event within 30 days after the date of its appointment, render its decision on the Dispute in writing to the Purchaser and the Vendor, together with a revised Working Capital Adjustment reflecting its decision with respect to each of the items in Dispute. The date on which the Working Capital Adjustment is finally determined in accordance with this Section is referred to as the “**Determination Date**”. The Arbitrating Accountant’s decision shall be final and binding upon the Parties, and the Working Capital Adjustment, as revised pursuant to the Arbitrating Accountant’s decision, shall be final and binding, barring manifest error. The Arbitrating Accountant, in its sole and absolute discretion, shall determine the proportion of its fees and expenses to be paid by the Vendor and the Purchaser, respectively, based primarily on the degree to which the Arbitrating Accountant has accepted the positions of the respective Parties in relation to the Dispute.

- (d) If it is determined pursuant to this Section 3.3 that:
 - (i) (1) the amount of the Closing Working Capital is greater than (2) the amount of the Target Working Capital, the Purchaser shall pay to the Vendor the amount of such difference; or
 - (ii) (1) the amount of the Closing Working Capital is less than (2) the amount of the Target Working Capital, the Vendor shall pay to the Purchaser the amount of such difference.
- (e) Any amount to be released or paid to a Party under this Section 3.3 shall be released or paid to the receiving Party within 10 days after (A) the conclusion of the Dispute Period, if the Vendor does not deliver a Dispute Notice; or (B) the Determination Date, if the Vendor delivers a Dispute Notice.

3.4 Interest

Any amount to be paid to a Party as an adjustment under Section 3.3 shall be paid together with interest thereon, calculated and compounded monthly from the Closing Date to the date of payment, at the rate per annum equal to the rate quoted by Royal Bank of Canada on the Closing Date as the reference rate of interest it uses for determining interest rates on Canadian dollar commercial loans in Canada and designated as Royal Bank of Canada’s prime rate.

3.5 Section 85 Election

- (a) It is intended that the transfer hereunder of the Purchased Shares be on a tax-deferred basis to the extent permissible under the relevant legislation. In order to give effect to this intention, the Vendor and the Purchaser shall, in a timely manner and in the prescribed form, jointly execute and file elections under section 85 of the Tax Act and under the corresponding provisions of applicable provincial income tax statutes in respect of the transfer hereunder of the Purchased Shares. The elected amount (the “**Elected Amount**”) for the Purchased Shares for

purposes of each such election shall be the amount determined by the Vendor, in its sole discretion, and consistent with the above noted intention, provided that such amount is within the limits prescribed by the Tax Act.

- (b) If the Vendor subsequently determines, or if the Canada Revenue Agency or any other Taxing Authority issues, or proposes to issue, assessments or reassessments of additional liability for Taxes or in respect of any other matter by reason of asserting the elected amount determined under the Tax Act for the Purchased Shares is more or less than the Elected Amount then the Elected Amount shall be increased or decreased as necessary but only to the extent that the Elected Amount so revised is acceptable to the Vendor or to both the particular Taxing Authority and the Vendor, as the case may be, or is established by a court of competent jurisdiction (after all appeal rights have been exhausted or all time periods for appeal have expired without appeals having been taken) to be the elected amount.
- (c) If an Elected Amount is varied in the circumstances described in paragraph (b) above, the Vendor and the Purchaser shall file a revised election(s) under the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of all applicable provincial income tax statutes to give effect to the variation.

3.6 Adjustment to Purchase Price

- (a) Any difference to be paid to the Purchaser pursuant to Section 3.3 shall constitute a reduction of the Purchase Price allocated to the Purchased Shares, and any difference to be paid to the Vendor pursuant to Section 3.3 shall constitute an increase in the Purchase Price allocated to the Purchased Shares.
- (b) The Vendor and the Purchaser intend that the fair market value of the Purchased Shares and the Purchased Debt at the Closing Time will be equal to the consideration paid therefor by the Purchaser. The Vendor and the Purchaser agree that in the event that the purchase price paid to the Company by Shaw Cablesystems Limited, a Subsidiary of the Vendor, in exchange for the transfer by the Company of all of its interest in Shomi Partnership (the “**Partnership Purchase Price**”) is adjusted after the Closing Time (a “**Partnership Purchase Price Adjustment**”) in accordance with Section 2 of the Unit Transfer Agreement entered into between the Company and Shaw Cablesystems Limited dated as of December 30, 2015 (a “**Partnership Purchase Price Adjustment**”), there will be a corresponding adjustment to the fair market value of the Purchased Shares and the allocation of the Purchase Price related thereto. If, as a result of a Partnership Purchase Price Adjustment, there is:
 - (i) an increase in the amount of the Partnership Purchase Price, the Purchaser shall pay to the Vendor an amount equal to the amount of such increase; or
 - (ii) a decrease in the amount of the Partnership Purchase Price, the Vendor shall pay to the Purchaser an amount equal to the amount of such decrease.

Any amount to be released or paid to a Party under this Section 3.6(b) shall be released or paid to the receiving Party within 10 days of the Partnership Purchase Price Adjustment.

- (c) If at any time after the Closing Time there is a refund, rebate or return of funds or assets from the Plan Implementation Fund (as defined in the Plan Emergence Agreement) to the Company or its Subsidiaries, the Purchaser shall pay, or shall direct the Company or such Subsidiary to pay, 50% of such amount to the Vendor within 10 days of the receipt thereof. Any such payment shall adjust the fair market value of the Purchased Shares and the allocation of the Purchase Price thereto under Section 3.7.

3.7 Purchase Price Allocation

The Purchaser and the Vendor agree (i) to allocate the cash portion of the Purchase Price among the Purchased Shares and the Purchased Debt as follows: an amount equivalent to the full face amount of the Purchased Debt outstanding as at the Closing Time shall be allocated to the Purchased Debt with the remainder to be allocated to the Purchased Shares, and (ii) to report the sale and purchase of the Purchased Shares and the Purchased Debt for all federal, provincial and local Tax purposes in a manner consistent with such allocation.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

4.1 Vendor Representations and Warranties

The Vendor hereby makes to the Purchaser the representations and warranties set forth in Schedule 4.1 hereto, and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the transactions contemplated herein.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

5.1 Purchaser Representations and Warranties

The Purchaser hereby makes to the Vendor the representations and warranties set forth in Schedule 5.1 hereto, and acknowledges that the Vendor is relying upon such representations and warranties in connection with the entering into of this Agreement and the carrying out of the transactions contemplated herein.

ARTICLE 6 NON-WAIVER; SURVIVAL

6.1 Non-Waiver

No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6.2 Nature and Survival

All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive:

- (a) the Closing;
- (b) the execution and delivery under this Agreement of any share or security transfer instruments or other documents of title to any of the Purchased Shares and Purchased Debt; and
- (c) the payment of the consideration for the Purchased Shares and the Purchased Debt,

in each case, for the same period of time during which an obligation to indemnify exists pursuant to Article 11.

ARTICLE 7 COVENANTS REGARDING THE TRANSACTION

7.1 Purchaser Meeting

Subject to the terms of this Agreement:

- (a) The Purchaser agrees to convene and conduct the Purchaser Meeting in accordance with the Purchaser's articles, by-laws and applicable Law as soon as reasonably practicable and in any event no later March 31, 2016.
- (b) Except as required for quorum purposes or as otherwise permitted under this Agreement, the Purchaser shall not adjourn (except as required by Law or by valid Purchaser Shareholder action), postpone or cancel (or propose or permit the adjournment (except as required by Law or by valid Purchaser Shareholder action), postponement or cancellation of) the Purchaser Meeting without the Vendor's prior written consent, which consent will not be unreasonably withheld, delayed or conditioned.
- (c) The Purchaser will advise the Vendor as the Vendor may reasonably request, and at least on a daily basis on each of the last 10 Business Days prior to the date of the Purchaser Meeting, as to the aggregate tally, and the tally for each of the Purchaser Class A Shares and the Purchaser Class B Shares, of the proxies received by the Purchaser in respect of the Purchaser Shareholder Approval resolution.

7.2 Purchaser Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, the Purchaser shall: (i) prepare the Purchaser Circular together with any other documents required by applicable Laws; (ii) file the Purchaser Circular in all jurisdictions where the same is required to be filed; and (iii) mail the Purchaser

Circular as required in accordance with all applicable Laws. On the date of mailing thereof, the Purchaser Circular shall comply in all material respects with all applicable Laws and shall contain sufficient detail to permit the Purchaser Shareholders to form a reasoned judgement concerning the matters to be placed before them at the Purchaser Meeting.

- (b) The Purchaser shall ensure that the Purchaser Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Purchaser Circular will not contain any misrepresentation (except that the Purchaser may rely on the Vendor for any Company Disclosure).
- (c) The Purchaser shall: (i) retain, at its sole cost and expense and following consultation with the Vendor, a proxy solicitation agent to solicit proxies in favour of the Purchaser Shareholder Approval resolution, and against any resolution submitted by any other Person inconsistent with the approval of the transactions contemplated hereby, and take all other actions that are reasonably necessary or desirable to seek the Purchaser Shareholder Approval; and (ii) recommend to Purchaser Shareholders that they vote in favour of the Purchaser Shareholder Approval resolution.
- (d) The Vendor shall: (i) provide to the Purchaser the Company Disclosure and shall use commercially reasonable efforts to obtain any necessary consents from any of the Company's auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Purchaser Circular and to the identification in the Purchaser Circular of each such advisor; and (ii) ensure that the Company Disclosure will not contain any misrepresentation and shall comply in all material respects with all applicable Laws.
- (e) The Vendor and its legal counsel shall be given a reasonable opportunity to review and comment on the Purchaser Circular prior to the Purchaser Circular being printed and filed with the Governmental Authorities, and reasonable consideration shall be given to any comments made by the Vendor and its counsel, provided that the Company Disclosure included in the Purchaser Circular shall be in form and content satisfactory to the Vendor, acting reasonably. The Purchaser shall provide the Vendor with final copies of the Purchaser Circular prior to the mailing to the Purchaser Shareholders.
- (f) The Vendor and the Purchaser shall each promptly notify each other if at any time before the Closing Date either becomes aware that the Purchaser Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the Purchaser Circular and the Parties shall co-operate in the preparation of any amendment or supplement to the Purchaser Circular as required or appropriate, and Purchaser shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Purchaser Circular to Purchaser Shareholders and, if required by applicable Laws, file the same with the Governmental Authorities and as otherwise required.

7.3 Pre-Closing Reorganizations

- (a) Subject to Section 7.4, the Vendor acknowledges and agrees that, in contemplation of the purchase and sale of the Purchased Shares and Purchased Debt, it shall, and shall cause the Company and its Subsidiaries to, cooperate with the Purchaser in structuring, planning and implementing any reorganization of the Company's or its Subsidiaries' business, operations and assets as the Purchaser may reasonably require (each, a "**Pre-Closing Reorganization**") and cooperate with the Purchaser and its advisors to determine the nature of the Pre-Closing Reorganization that might be undertaken and the manner in which it most effectively could be undertaken; provided that: (i) such requested cooperation does not unreasonably interfere with the ongoing operations of the Company and its Subsidiaries; (ii) the Purchaser shall provide the Company with written notice of any proposed Pre-Closing Reorganization at least 20 days prior to the Closing Date; (iii) such Pre-Closing Reorganization is not, in the opinion of the Company or the Company's counsel, acting reasonably, prejudicial to the Vendor, the Company or any of its Subsidiaries; (iv) such Pre-Closing Reorganization shall not impede, delay or prevent the receipt of any governmental and third party approvals and consents or the satisfaction of any other conditions set forth in this Agreement; (v) such Pre-Closing Reorganization shall not impede, delay or prevent the Closing; (vi) the Purchaser shall pay all out-of-pocket costs and expenses incurred by the Purchaser in connection with such cooperation and implementation, and shall indemnify the Vendor, the Company and their Subsidiaries for all direct or indirect costs and liabilities, fees, losses, claims, expenses, damages, penalties and Taxes that may be suffered or incurred as a consequence of the implementation of or to unwind any such reorganization if the Closing does not occur, including all out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred; (vii) such requested cooperation does not require the directors, officers, employees or agents of the Company or its Subsidiaries to take any action in any capacity other than as a director, officer or employee; and (viii) the structuring, planning for and implementation of any Pre-Closing Reorganization shall not be considered a breach of any covenant hereunder and shall not be considered in determining whether the representations, warranties or covenants of the Company hereunder have been breached.
- (b) The Parties shall seek to have any Pre-Closing Reorganization that is to be effective before the Closing made effective as of a time to be mutually agreed in writing by the Parties prior to the Closing Date (but after the Purchaser shall have irrevocably waived or confirmed that all conditions under Article 8 have been or are capable of being satisfied at the Closing Time); provided that no Pre-Closing Reorganization will be made effective unless: (i) it is reasonably certain, after consulting with the Parties and the Company, that the Closing will occur; or (ii) such Pre-Closing Reorganization can be reversed or unwound without adversely affecting the Vendor, the Company or any of its Subsidiaries in the event the Closing does not occur and this Agreement is terminated; or (iii) the Company otherwise reasonably agrees.

- (c) The obligation of the Purchaser to reimburse the Company for costs and expenses and indemnify the Vendor, the Company and their Subsidiaries as set out in this Section 7.3 will survive termination of this Agreement.

7.4 Purchase Structure

- (a) The Purchaser acknowledges and agrees that, at the request of the Vendor, it shall cooperate with the Vendor in structuring, planning and, if so elected by the Vendor, implementing an alternative structure to the purchase and sale of the Purchased Shares provided for herein to facilitate the Vendor's objectives (an "**Alternative Transaction**"), which Alternative Transaction shall involve one of the alternative structures set forth in Schedule 7.4; provided, however, that such Alternative Transaction must not: (i) after giving effect to all of the steps contemplated by the Alternative Transaction, require the Purchaser and its Subsidiaries to pay consideration in excess of the Purchase Price, (ii) in the opinion of the Purchaser or the Purchaser's counsel, acting reasonably, be prejudicial to the Purchaser, the Purchaser Shareholders, the Company or its Subsidiaries; (iii) other than as contemplated in the definition of Closing Date, materially impede, delay or prevent the Closing; or (iv) materially impede, delay or adversely affect the terms, conditions or availability of the Purchaser Debt Financing contemplated by the Purchaser Commitment Letters or the completion of any Purchaser Offering; and (v) further provided that the structuring, planning for and implementation of an Alternative Transaction shall not be considered a breach of any covenant hereunder and shall not be considered in determining whether the representations, warranties or covenants of the Vendor or the Purchaser hereunder have been breached.
- (b) Without limiting the generality of Section 7.4(a), at the request of the Vendor and provided that the Vendor has obtained exemptive relief from the applicable Securities Regulators, satisfactory to the Purchaser, acting reasonably, the Purchaser Offering of Subscription Receipts shall be structured such that all or a portion of the Subscription Receipts offered by the Purchaser pursuant to the Purchaser Offering shall be exchangeable into any Purchaser Class B Shares subscribed for by the Vendor prior to the Closing.
- (c) The Purchaser acknowledges that the Vendor has applied to the Canada Revenue Agency for an advance income tax ruling in respect of an Alternative Transaction (the "**Tax Ruling**"). The Vendor shall provide as soon as reasonably practicable a copy of the requests for any such Tax Rulings and shall provide, promptly upon receipt thereof, any such Tax Rulings. The Vendor shall keep the Purchaser reasonably informed as to the status of the Vendor's application for the Tax Ruling, including the provision of additional material to the Canada Revenue Agency and will give reasonable consideration to requests by the Purchaser to add ruling requests for the benefit of the Purchaser. If an Alternative Transaction is to be implemented, the Vendor shall make its election to implement an Alternative Transaction pursuant to Section 7.4(a) by giving written Notice to the Purchaser as soon as reasonably practicable and in sufficient time in advance of the Closing Date in order to permit the Purchaser to obtain the opinion referred to in Section

7.4(a)(ii) above and to permit the Parties to implement the Alternative Transaction. For greater certainty, the receipt of the Tax Ruling shall not constitute a condition to the closing of the purchase and sale of the Purchased Shares and the Purchased Debt as contemplated by this Agreement.

- (d) The Vendor shall pay for (or reimburse the Purchaser for) all of the out-of-pocket costs and expenses incurred by the Purchaser in connection with such cooperation and implementation, and shall indemnify the Purchaser, the Company and their Subsidiaries for all direct or indirect costs and liabilities, fees, losses, claims, expenses, damages, penalties and Taxes that may be suffered or incurred as a consequence of the implementation of any such Alternative Transaction including, for certainty, (i) (A) all out-of-pocket costs and expenses, and (B) in the event the Vendor elects to defer the Closing Date to receive the Tax Ruling as contemplated in the proviso in the definition of Closing Date, all incremental commitment fees accrued under the Purchaser Commitment Letters for the duration of the period from the date upon which the Closing Date would otherwise have occurred to and including the actual Closing Date, and (ii) any incremental out-of-pocket costs or expenses relating to the Purchaser Offerings, or, to the extent applicable to the Purchaser or any of its Subsidiaries, to unwind any such Alternative Transaction if the Closing does not occur, including actual out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred.
- (e) The obligation of the Vendor to reimburse the Purchaser for costs and expenses and indemnify the Purchaser, the Company and their Subsidiaries as set out in this Section 7.4 will survive termination of this Agreement.

7.5 Financing Arrangements

- (a) The Purchaser shall, and shall cause its Subsidiaries to, use reasonable best efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain the proceeds of the Purchaser Debt Financings on the terms and conditions described in the Purchaser Commitment Letters by no later than the Closing, and shall not permit, without the prior written consent of the Vendor, any amendment or modification to be made to, or any waiver or release of any provision or remedy under, the Purchaser Commitment Letters or any definitive agreement or documentation in connection therewith if such amendment, modification, waiver or release would reduce the aggregate amount of the Purchaser Debt Financings or would be reasonably expected to impair, prevent or materially delay the consummation of the Purchaser Debt Financings or the consummation of the transactions contemplated by this Agreement or adversely impact the ability of the Purchaser to enforce its rights against the other parties to the Purchaser Commitment Letters or any definitive agreements or documentation with respect thereto, except that the obligations under the Purchaser Equity Commitment Letter and Purchaser Note Commitment Letter may be reduced or terminated as a result of, and to the extent of, the completion of one or more Purchaser Offerings. The Purchaser may amend the Purchaser Commitment Letters to add lenders, lead arrangers, bookrunners,

syndication agents or similar entities that have not executed one or more of the Purchaser Commitment Letters as of the date hereof. The Purchaser shall not release or consent to the termination of the obligations of the lenders under the Purchaser Commitment Letters, except for (i) assignments and replacements of an individual lender under the terms of, and only in connection with, the syndication of the Purchaser Debt Financings pursuant to the Purchaser Commitment Letters, and (ii) in the case of the Purchaser Equity Commitment Letter and Purchaser Note Commitment Letter, as a result of the completion of one or more Purchaser Offerings. For purposes of this Agreement, references to “**Purchaser Debt Financings**” shall include the financings contemplated by the Purchaser Commitment Letters as permitted to be amended or modified by this Section 7.5 (including any alternative financing obtained in accordance with this Section 7.5) and references to “**Purchaser Commitment Letters**” shall include such documents as permitted to be amended or modified by this Section 7.5 (including any alternative financing obtained in accordance with this Section 7.5).

- (b) Without limiting the generality of Section 7.5(a), the Purchaser shall, and shall cause its Subsidiaries to, use reasonable best efforts to: (i) maintain in effect the Purchaser Commitment Letters until the transactions contemplated by this Agreement are consummated; (ii) satisfy, on a timely basis, all conditions, covenants, terms, representations and warranties within the control of the Purchaser and its Subsidiaries or its and their Representatives in the Purchaser Commitment Letters (and any definitive documentation related thereto) at or prior to the Closing and otherwise comply with its obligations thereunder; (iii) enter into definitive agreements and documentation with respect to the Purchaser Debt Financings as soon as reasonably practicable but in any event prior to the Closing, on the terms and conditions (including the flex provisions applicable to each of the Purchaser Debt Financings (the “**Lender Flex Provisions**”)) contemplated by the Purchaser Commitment Letters (after giving effect to the Lender Flex Provisions) and otherwise on terms and conditions no less favourable to the Purchaser than those contained in the Purchaser Commitment Letters and otherwise subject only to such other conditions precedent as are acceptable to the Vendor in its reasonable discretion; (iv) consummate the Purchaser Debt Financing prior to the Closing; (v) enforce its rights under the Purchaser Commitment Letter (and any definitive documentation related thereto); and (vi) cause the lenders to fund prior to the Closing the Purchaser Debt Financing, except that the foregoing shall not apply with respect to the Purchaser Equity Commitment Letter and/or the Purchaser Note Commitment Letter to the extent such commitments have been terminated as contemplated by Section 7.5(a). The Purchaser shall deliver to the Vendor true, correct and complete copies of any executed definitive agreements and documentation entered into in connection with the Purchaser Debt Financing promptly when available and drafts thereof from time to time upon the reasonable request of the Vendor, provided that the Lenders will not be required to provide copies of any fee letter or any other agreement setting forth the Lender Flex Provisions.
- (c) The Purchaser shall keep the Vendor informed with respect to all material activity concerning the status of the Purchaser Debt Financing and will give the Vendor

prompt notice of any material change in or with respect to the Purchaser Debt Financing. Without limiting the generality of the foregoing, the Purchaser shall give the Vendor prompt notice: (i) of any breach or default (or any event or circumstance that, with or without notice, lapse of time or both, would reasonably be expected to give rise to any breach or default) by any party to any Purchaser Commitment Letter or definitive document related to any of the Purchaser Debt Financings of which the Purchaser becomes aware; (ii) of the receipt of any written notice or other communication from any Person with respect to any actual or potential breach, default, termination or repudiation by any party to any Purchaser Commitment Letter or any definitive document related to the Purchaser Debt Financings or a request for amendments or waivers thereto that are or could be reasonably expected to be adverse to the timely completion of any of the Purchaser Debt Financings; (iii) if for any reason the Purchaser believes in good faith that it will not be able to obtain all or any portion of the Purchaser Debt Financings on the terms, in the manner or from the sources contemplated by the Purchaser Commitment Letters or the definitive documents related to the Purchaser Debt Financing including if the Purchaser has any reason to believe that it will be unable to satisfy, on a timely basis, any term or condition of any Purchaser Commitment Letter or any definitive document related to the Purchaser Debt Financing; and (iv) if any Purchaser Commitment Letter or the definitive documents related to the Purchaser Debt Financing will expire or be terminated for any reason (other than the termination of the Purchaser Equity Commitment Letter and/or the Purchaser Note Commitment Letter as contemplated by Section 7.5(a)). Without limiting the generality of the foregoing, as soon as reasonably practicable, but in any event within two Business Days after the date the Vendor delivers to the Purchaser a written request, the Purchaser shall provide any information reasonably requested by the Vendor relating to any circumstance referred to in clause (i), (ii), (iii) or (iv) of the immediately preceding sentence.

- (d) If any portion of the Purchaser Debt Financing becomes unavailable or could reasonably be expected to become unavailable in the manner or from the sources contemplated in the Purchaser Commitment Letters (other than the reduction or termination of the obligations under the Purchaser Equity Commitment Letter and/or the Purchaser Note Commitment Letter as contemplated by Section 7.5(a), or the occurrence of the Outside Date), the Purchaser shall, and shall cause its Subsidiaries to, use reasonable best efforts to arrange and obtain, as promptly as practicable, alternative financing from alternative sources in an amount sufficient to consummate the transactions contemplated by this Agreement on a basis that is not subject to any condition precedent materially less favourable from the perspective of the Company and the Purchaser than the conditions precedent contained in the applicable Purchaser Commitment Letter and otherwise on terms and conditions not materially less favourable from the perspective of the Vendor and the Purchaser than the terms and conditions contained in the applicable Purchaser Commitment Letter and deliver to the Vendor true, correct and complete copies of such alternative commitments when available. For the avoidance of doubt, the Purchaser arranging and obtaining, in replacement of any portion of the Purchaser Debt Financing, new or replacement financing in accordance with this Section 7.5(d) shall not modify or affect in any way the

Vendor's rights pursuant to this Agreement or the Purchaser's obligations pursuant to this Agreement.

- (e) The Purchaser agrees that other than in connection with and as contemplated in this Agreement, neither the Purchaser, nor any of its Subsidiaries, will, without the prior written consent of the Vendor, take any action or enter into any transaction that would reasonably be expected to prevent or materially impair or delay the Purchaser obtaining any of the financings contemplated by this Section 7.5.

7.6 Financing Cooperation

The Vendor agrees to, and shall cause the Company and its Subsidiaries to and shall use its commercially reasonable efforts to cause its and their Representatives to, in each case at the Purchaser's sole expense, use commercially reasonable efforts to provide customary and reasonable cooperation with the Purchaser and its Subsidiaries with respect to the arrangement of the Purchaser Debt Financings and the completion of one or more Purchaser Offerings (except that, for certainty, the Vendor shall be solely responsible for all costs and expenses relating to the preparation of the Company Disclosure and the Company Financial Statements), including, at the reasonable request by the Purchaser:

- (a) assisting in the preparation for and participation in (including by senior management) a reasonable number of lender and/or underwriter marketing meetings, presentations, road shows and calls and a reasonable number of other due diligence and drafting sessions with prospective lenders and/or underwriters and ratings agencies in each case in connection with obtaining the Purchaser Debt Financings and completing one or more Purchaser Offerings, and otherwise providing cooperation that is customary and reasonable in connection with the marketing efforts of the Purchaser for the Purchaser Debt Financings and one or more Purchaser Offerings;
- (b) providing pertinent and customary information regarding the Company and its Subsidiaries reasonably requested by the Purchaser, including any requested documentation and other information regarding the Company and its Subsidiaries required under applicable "know your customer" and anti-money laundering rules and regulations, in each case at least five Business Days prior to the consummation of the transactions contemplated by this Agreement, the Company Disclosure and any other information, in all cases to the extent required in connection with the Purchaser Debt Financings and/or one or more Purchaser Offerings and reasonably requested by the Purchaser;
- (c) to the extent reasonably requested, assisting the Purchaser in the preparation of appropriate and customary offering documents, lender, underwriter and investor presentations, rating agency presentations, bank information memoranda, prospectuses and similar documents for the Purchaser Debt Financing and one or more Purchaser Offerings, that contain the Company Disclosure and any other information relating to the Company and its Subsidiaries required to be included therein (which, in the case of financial information relating to the Company and

its Subsidiaries, if required under applicable Canadian Securities Law or by the underwriters for any securities offering, shall have been reviewed by the independent accountants for the Company), and all other data (including selected financial data) relating to the Company and its Subsidiaries that applicable Securities Regulators would require in a public offering or that would be necessary for an investment bank to receive customary “comfort” from independent accountants in connection with a public offering;

- (d) causing the Company’s independent accountants, consistent with their customary practice, to provide reasonable assistance and cooperation to the Purchaser, including accounting due diligence sessions, and providing consent to the Purchaser to use its audit reports relating to the Company and reasonable assistance in facilitating the provision of customary “comfort” by such independent accountants, in each case on customary terms and consistent with their customary practice in connection with financings similar to each of the Purchaser Debt Financings and one or more Purchaser Offerings;
- (e) assisting the Purchaser to review and comment on the Purchaser Debt Financing and/or Purchaser Offering definitive documentation as may be reasonably requested by the Purchaser;
- (f) taking all reasonable and customary corporate or other organizational action, subject to the occurrence of the consummation of the transactions contemplated by this Agreement, reasonably requested by the Purchaser and necessary to permit the consummation of the Purchaser Debt Financings and/or one or more Purchaser Offerings;
- (g) to the extent reasonably requested, providing to the underwriters for a Purchaser Offering an industry standard lock-up agreement not to exceed 90 days;
- (h) providing pertinent and customary information with respect to the Company’s and its Subsidiaries’ property and assets reasonably required in connection with the Purchaser Debt Financings and/or one or more Purchaser Offerings and facilitating the pledge and perfection of liens and security and the providing of guarantees supporting the Purchaser Debt Financing by the Company and its Subsidiaries effective on or after the Closing Time; and
- (i) providing all cooperation that is reasonable and customary to satisfy the conditions precedent to each of the Purchaser Debt Financings, any Purchaser Offerings or any financing documents relating thereto to the extent the satisfaction of such conditions requires the reasonable and customary cooperation of, or is within the control of, the Company and its Subsidiaries; provided, that, in each case: (i) neither the Vendor, the Company, any of their Subsidiaries nor any of their respective Representatives shall be required to pay (or agree to pay) any commitment or other fee to a Purchaser financing source (other than as contemplated by Section 7.4(d)), provide any indemnities or incur any liability (other than: (1) to the Purchaser under this Agreement in respect of the Company Disclosure, or (2) in the case of the Purchaser Offering of Subscription Receipts

contemplated by Section 7.4(b), indemnification in favour of the underwriters for such Purchaser Offering to the extent reasonably required by such underwriters) or enter into any agreement in connection with any of the Purchaser Debt Financing (other than agreements and liability entered into or incurred by the Company and its Subsidiaries that only become effective upon the consummation of the transactions contemplated by this Agreement); and (ii) no personal liability shall be imposed on the Representatives of the Vendor, the Company or any of their Subsidiaries involved. The Vendor, the Company and their Subsidiaries hereby consent to the use of their logos and trademarks in connection with the Purchaser Debt Financing and one or more Purchaser Offerings.

7.7 Safe Income Determination Time

The Purchaser covenants and agrees that neither it nor any of its Subsidiaries shall undertake any of the following transactions or events, from the time of the execution of this Agreement until 10 days before the Effective Time:

- (a) pay any dividends outside of the normal course of business, the proceeds of which will be used to fund the Purchase Price;
- (b) pay any dividends out of the shell holding company that may be participating in the Alternative Transaction (“**Holdco**”);
- (c) issue treasury shares of any entity within the corporate group to an Unrelated Person of Vendor, other than: (i) in satisfaction of stock option obligations of the Purchaser; (ii) as required pursuant to the Purchaser’s dividend reinvestment program; or (iii) shares to be issued by Bento Box Canada Inc.;
- (d) dispose of any of the shares of Holdco to an Unrelated Person of the Vendor; or
- (e) agree to sell property to a Unrelated Person of Vendor for proceeds that the Purchaser or the Subsidiary, as applicable, knows are less than fair market value.

ARTICLE 8 PURCHASER’S CONDITIONS PRECEDENT

The obligation of the Purchaser to complete the purchase of the Purchased Shares and Purchased Debt under this Agreement shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by it in whole or in part).

8.1 Purchaser Shareholder Approval

Purchaser Shareholder Approval shall have been obtained.

8.2 Truth and Accuracy of Representations of Vendor at the Closing Time

The representations and warranties of the Vendor set forth in (i) the Vendor Core Representations shall be true and correct in all respects as of the Closing Time as if made at and as of such time (except that any such Vendor Core Representation that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct as of such date, and other than *de minimis* inaccuracies in Section 7 [*Capitalization*] and Section 8 [*Subsidiaries*] of Schedule 4.1 or except as such Vendor Core Representations may be affected by transactions expressly permitted by this Agreement); and (ii) Schedule 4.1, other than those to which clause (i) above applies, shall be true and correct in all respects, except as would not reasonably be expected to result in a Company Material Adverse Change (disregarding for purposes of this Section 8.2(ii) any materiality, or Company Material Adverse Change qualification contained in any such representation or warranty) as of the Closing Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects, except as would not reasonably be expected to result in a Company Material Adverse Change as of such date or except as such representations and warranties may be affected by transactions permitted by this Agreement), and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and dated the Closing Date, signed on behalf of the Vendor by two senior executive officers of the Vendor (on the Vendor's behalf and without personal liability), confirming the same as at the Closing Time.

8.3 Performance of Obligations

The Vendor shall have performed or complied with, in all material respects, all of its obligations and covenants under this Agreement and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and dated the Closing Date, signed on behalf of the Vendor by two senior executive officers of the Vendor (on the Vendor's behalf and without personal liability), confirming the same as at the Closing Time.

8.4 Ancillary Agreements

The Vendor shall have executed and delivered each of the Governance and Investor Rights Agreement and the Transition Services Agreement, or counterparts thereof.

8.5 Receipt of Closing Documentation

All documentation relating to the due authorization and completion of the sale and purchase of the Purchased Shares and Purchased Debt under this Agreement shall be satisfactory to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all such documentation as it may reasonably request.

8.6 CRTC Approval

The CRTC Approval shall have been obtained.

8.7 No Proceedings

No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise preventing or prohibiting Closing.

8.8 Listing of Consideration Shares

The TSX shall have approved the listing and posting for trading on the TSX of the Consideration Shares, subject only to the satisfaction of the customary listing conditions of the TSX.

8.9 Encumbrances

The Purchaser shall have received evidence satisfactory to it that all Encumbrances resulting from or relating to outstanding indebtedness (other than capital leases and purchase money security interests for assets within the Company and its Subsidiaries incurred in the ordinary course of business) have been discharged.

8.10 No Company Material Adverse Change

There shall have been no Company Material Adverse Change since the date of this Agreement.

8.11 Directors and Officers of the Company and Subsidiaries, Releases

The Board of Directors of the Company and each of its Subsidiaries at the Closing Time shall consist of individuals nominated by the Purchaser and there shall have been delivered to the Purchaser on or before the Closing Time the resignations of all individuals who are immediately before the Closing Time directors or officers of the Company or any of its Subsidiaries (except to the extent that the Vendor shall have been notified to the contrary by the Purchaser) and duly executed comprehensive mutual releases from each such individual and from the Vendor of all their claims respectively, against the Company and its Subsidiaries except for any claims for current unpaid remuneration and other customary exceptions.

8.12 Intercompany Relationships

Except as set out in Section 8.12 of the Vendor Disclosure Letter, as of the Closing Time,

- (a) except for the Contracts listed on Schedule 8.12, there shall be no Contracts solely between the Company and its Subsidiaries or any operating unit thereof, on the one hand, and the Vendor and its Affiliates (other than the Company and its Subsidiaries) or any operating unit thereof, on the other hand;
- (b) other than the Purchased Debt and intercompany indebtedness included in the Working Capital, there shall be no intercompany indebtedness (which shall include payables and receivables) between the Company and its Subsidiaries or any operating unit thereof, on the one hand, and the Vendor and its Affiliates (other than the Company and its Subsidiaries) or any operating unit thereof, on the other hand; and

- (c) there shall be no debt or operating facilities shared among the Company and its Subsidiaries or any operating unit thereof, on the one hand, and the Vendor and its Affiliates (other than the Company and its Subsidiaries) or any operating unit thereof, on the other hand,

and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and dated the Closing Date, signed on behalf of the Vendor by two senior executive officers of the Vendor (on the Vendor's behalf and without personal liability), confirming the same as at the Closing Time.

The conditions in this Article 8 are for the exclusive benefit of the Purchaser and may be asserted by the Purchaser regardless of the circumstances or may be waived in writing by the Purchaser in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have.

ARTICLE 9

VENDOR'S CONDITIONS PRECEDENT

The obligations of the Vendor to complete the sale of the Purchased Shares and Purchased Debt under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Vendor and may be waived by it in whole or in part).

9.1 Purchaser Shareholder Approval

Purchaser Shareholder Approval shall have been obtained.

9.2 Truth and Accuracy of Representations of the Purchaser at Closing Time

The representations and warranties of the Purchaser set forth in (i) the Purchaser Core Representations shall be true and correct in all respects as of the Closing Time as if made at and as of such time (except that any such Purchaser Core Representation that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct as of such date, and other than *de minimis* inaccuracies in Section 7 [Capitalization] of Schedule 5.1 or except as such Purchaser Core Representations may be affected by transactions expressly permitted by this Agreement); and (ii) Section 5.1, other than those to which clause (i) above applies, shall be true and correct in all respects, except as would not reasonably be expected to result in a Purchaser Material Adverse Change (disregarding for purposes of this Section 9.2(ii) any materiality, or Purchaser Material Adverse Change qualification contained in any such representation or warranty) as of the Closing Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects, except as would not reasonably be expected to result in a Purchaser Material Adverse Change as of such date or except as such representations and warranties may be affected by transactions permitted by this Agreement), and the Vendor shall have received a certificate of the Purchaser addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser by two senior executive officers of the Purchaser (on the Purchaser's behalf and without personal liability), confirming the same as at the Closing Time.

9.3 Performance of Obligations

The Purchaser shall have performed or complied with, in all material respects, all of its obligations and covenants under this Agreement and the Vendor shall have received a certificate of the Purchaser addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser by two senior executive officers of the Purchaser (on the Purchaser's behalf and without personal liability), confirming the same as at the Closing Time.

9.4 Ancillary Agreements

The Purchaser shall have executed and delivered the Governance and Investor Rights Agreement, or counterparts thereof, and Company shall have executed and delivered the Transition Services Agreement, or counterparts thereof.

9.5 Receipt of Closing Documentation

All documentation relating to the due authorization and completion of the sale and purchase of the Purchased Shares and Purchased Debt under this Agreement shall be satisfactory to the Vendor, acting reasonably, and the Vendor shall have received copies of all such documentation as it may reasonably request.

9.6 CRTC Approval

The CRTC Approval shall have been obtained.

9.7 No Proceedings

No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise preventing or prohibiting Closing.

9.8 Listing of Consideration Shares

The Purchaser shall have delivered evidence satisfactory to the Vendor, acting reasonably, of the approval of the listing and posting for trading on the TSX of the Consideration Shares, subject only to the satisfaction of the customary listing conditions of the TSX.

9.9 Consideration Shares

The distribution of the Consideration Shares shall be exempt from the prospectus requirements of Canadian Securities Laws and there shall be no resale restrictions on the Consideration Shares under Canadian Securities Laws, except in respect of those holders who are subject to restrictions on resale as a result of being a "control person" under Canadian Securities Laws.

9.10 No Purchaser Material Adverse Change

There shall have been no Purchaser Material Adverse Change since the date of this Agreement.

The conditions in this Article 9 are for the exclusive benefit of the Vendor and may be asserted by the Vendor regardless of the circumstances or may be waived in writing by the Vendor in its

sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Vendor may have.

ARTICLE 10 OTHER COVENANTS OF THE PARTIES

10.1 Vendor Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Time, the Vendor shall cause the Company and each of its Subsidiaries to do the following, unless Purchaser shall otherwise agree in writing or as described in the Vendor Disclosure Letter or as otherwise expressly contemplated or permitted by this Agreement:

- (a) the Vendor shall cause the Company and each of its Subsidiaries to, conduct their respective businesses only in, not take any action except in, and maintain their respective facilities in, the ordinary course of business consistent with past practice and to use commercially reasonable efforts to preserve intact its and their present business organization and goodwill, to preserve intact the Company and the Business and to maintain satisfactory relationships consistent with past practice with suppliers, distributors, Employees, Governmental Authorities and others having business relationships with them;
- (b) without limiting the generality of the foregoing, the Vendor shall cause the Company and each of its Subsidiaries not to:
 - (i) issue, sell, grant, award, pledge, dispose of, encumber or agree to issue, sell, grant, award, pledge, dispose of or encumber any securities of the Company or any of its Subsidiaries;
 - (ii) except in the ordinary course of business, sell, pledge, lease, dispose of, mortgage, licence, encumber or agree to sell, pledge, dispose of, mortgage, licence, encumber or otherwise transfer any assets of the Company or any of its Subsidiaries or any interest in any assets of the Company and its Subsidiaries having a value greater than \$10,000,000 in the aggregate;
 - (iii) amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of the Company or any of its Subsidiaries;
 - (iv) split, combine or reclassify any outstanding securities of the Company or any of its Subsidiaries;
 - (v) except as set forth in Section 10.10, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any securities of the Company;
 - (vi) reorganize, amalgamate or merge the Company or any of its Subsidiaries with any other Person;

- (vii) except as set forth in Section 10.10, reduce the stated capital of the shares of the Company or any of its Subsidiaries;
- (viii) except as provided for in the Company's existing budget and other than cash management investments made in accordance with the Company's existing cash management policies and practices, acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any Person, or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly-owned Subsidiaries), property transfer or purchase of any property or assets of any other Person that has a value greater than \$10,000,000 in the aggregate;
- (ix) except in the ordinary course of business consistent with past practice, incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, except for the borrowing of working capital in the ordinary course of business and consistent with past practice, or guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person or make any loans or advances;
- (x) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company or any of its Subsidiaries;
- (xi) pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Company Financial Statements or incurred in the ordinary course of business consistent with past practice;
- (xii) authorize, recommend or propose any release or relinquishment of any contractual right, except in the ordinary course of business consistent with past practice;
- (xiii) waive, release, grant, transfer, exercise, modify, amend or seek the amendment of, in any material respect, other than in the ordinary course of the business consistent with past practice, any Governmental Authorization, including any CRTC Licence;
- (xiv) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing material licence, lease, Contract or other document, other than in the ordinary course of business consistent with past practice;
- (xv) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Authorities to institute proceedings for the suspension,

revocation or limitation of rights under, any Governmental Authorizations necessary to conduct its businesses as now conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Authorities;

- (xvi) incur business expenses other than in the ordinary course of business consistent with past practice;
 - (xvii) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of the Vendor to consummate the transactions contemplated by this Agreement;
 - (xviii) except in the ordinary course of business consistent with past practice, increase the benefits payable or to become payable to the directors or officers of the Company or any of its Subsidiaries, enter into or modify any employment, severance, or similar agreements or arrangements with, or grant any bonuses, salary increases, severance or termination pay to, any directors or officers of the Company or any of its Subsidiaries other than pursuant to agreements already entered into and listed on Section 26 of the Vendor Disclosure Letter; or
 - (xix) in the case of Employees who are not directors or officers of the Company or any of its Subsidiaries, take any action other than in the ordinary course of business consistent with past practice with respect to the grant of any bonuses, salary increases, severance or termination pay or with respect to any increase of benefits payable in effect on the date hereof;
- (c) the Vendor shall cause the Company and its Subsidiaries to not establish, adopt, enter into, amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding under any bonus, profit sharing, thrift, incentive, compensation, stock option, restricted stock, pension, retirement, deferred compensation, savings, welfare, employment, termination, severance or other employee benefit plan, agreement, trust, fund, policy or arrangement for the benefit or welfare of any directors, officers, current or former employees of the Company or its Subsidiaries; provided that the Vendor shall do all things necessary to cause the entitlements of any Employees or former employees of the Company or its Subsidiaries (or any spouse, beneficiary or dependant of any such person) accrued up to the date of Closing under the Vendor Executive Retirement Plan to be paid out in full or otherwise be irrevocably secured and provided for (at the Vendor's cost); and do all things necessary to cause all options held by Employees that are outstanding under the Vendor Stock Option Plan to fully vest in advance of the Closing Date (at the Vendor's cost);
- (d) the Vendor shall:
- (i) not take any action, or permit any of its Subsidiaries to take any action, which would render, or which reasonably may be expected to render, any

representation or warranty made by it in this Agreement untrue in any material respect;

- (ii) provide Purchaser with prompt written notice of: (A) any change (or any condition, event, circumstance or development involving a prospective change) in the business, assets, operations, capitalization, condition (financial or otherwise), share or debt ownership, results of operations, cash flows, properties, articles, by-laws, licenses, permits, rights, or privileges, whether contractual or otherwise, or liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), of the Company or any of its Subsidiaries which, when considered either individually or in the aggregate, has resulted in or would reasonably be expected to result in a Company Material Adverse Change; (B) the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would or would reasonably be expected to (x) cause any of the representations of the Vendor contained herein to be untrue or inaccurate (without giving effect to, applying or taking into consideration any materiality or Company Material Adverse Change qualification already contained within such representation or warranty) in any material respect; or (y) result in the failure in any material respect of the Vendor to comply with or satisfy any covenant, condition or agreement (without giving effect to, applying or taking into consideration any qualification already contained in such covenant, condition or agreement) to be complied with or satisfied prior to the Closing Time;
- (iii) not enter into or renew any agreement, Contract, lease, licence or other binding obligation of the Company or its Subsidiaries: (A) containing (1) any limitation or restriction on the ability of the Company or its Subsidiaries or, following completion of the transactions contemplated hereby, the ability of Purchaser or its Subsidiaries, to engage in any type of activity or business; (2) any limitation or restriction on the manner in which, or the localities in which, all or any portion of the business of the Company or its Subsidiaries or, following consummation of the transactions contemplated hereby, all or any portion of the business of Purchaser or its Subsidiaries, is or would be conducted; (3) any limit or restriction on the ability of the Company or its Subsidiaries or, following completion of the transactions contemplated hereby, the ability of Purchaser or its Subsidiaries, to solicit customers or employees; or (4) any limitation or restriction on the ability of the Company or any of its Subsidiaries to grant the Encumbrances required to be granted by them in connection with the Purchaser Debt Financing; or (B) that would reasonably be expected to materially delay or prevent the consummation of the transactions contemplated by this Agreement;
- (iv) not enter into, authorize, agree or otherwise become committed to enter into any new Collective Agreements or authorize, agree or otherwise become committed to any variation or change to the terms of any

Collective Agreement without having first: (A) notified the Purchaser; (B) consulted with the Purchaser; and (C) adopted any reasonable request of the Purchaser in respect of the same; and

- (v) not enter into or renew any agreement, contract, lease, licence or other binding obligation of the Company or its Subsidiaries that is not terminable within 30 days of the Closing Date without payment by the Purchaser or its Subsidiaries that involves or would reasonably be expected to involve payments in excess of \$10,000,000 in the aggregate over the term of the Contract;
- (e) the Vendor shall consult with the Purchaser with respect to any audits under any carriage or other agreement with any broadcasting distribution undertaking involving the Company and/or any of its Subsidiaries, including with respect to the initiation of any audits; and
- (f) the Vendor shall cause the Company and each of its Subsidiaries to not authorize or propose, or enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters prohibited by the other subsections of this Section 10.1.

10.2 Covenants of the Vendor Relating to the Transactions Contemplated by this Agreement

The Vendor shall, and shall cause the Company and its Subsidiaries to, perform all obligations required under this Agreement, co-operate with Purchaser in connection therewith, and use commercially reasonable efforts to do all such other acts and things as may be necessary in order to consummate and make effective the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, the Vendor shall, and shall cause the Company and its Subsidiaries to:

- (a) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts or any other required consents, approvals and notices from any Governmental Authority;
- (b) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against the Vendor, the Company or any of their Subsidiaries challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (c) subject to applicable Law, use commercially reasonable efforts to make available and cause to be made available to the Purchaser, and the agents and advisors thereto, information reasonably requested by the Purchaser for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of the Purchaser and the Company following the Closing and confirming the representations and warranties of the Vendor set out in Schedule 5.1;

- (d) use commercially reasonable efforts to discharge those Permitted Encumbrances listed in Section 1.1 of the Vendor Disclosure Letter as to be discharged prior to the Closing Date; and
- (e) concurrently with the Closing, release any Employees from any confidentiality or non-competition agreements or non-solicitation covenants with the Vendor and its Affiliates.

10.3 Purchaser Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Time, the Purchaser shall:

- (a) except as otherwise contemplated or permitted by this Agreement, conduct its business in the ordinary course, consistent with past practice and regular customer service and business policies and not, without the prior written consent of the Vendor, enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties or agreements of the Vendor contained in this Agreement;
- (b) not, without the prior written consent of the Vendor, take any actions that would reasonably be likely to result in a Purchaser Material Adverse Change;
- (c) cooperate with the Vendor and the Company and use all commercially reasonable efforts to obtain and diligently assist the Vendor and the Company in obtaining all necessary consents, approvals and authorizations under any applicable Law; and
- (d) promptly advise the Vendor orally and, if then requested, in writing (i) of any fact or any change in the business, operations, affairs, assets, liabilities, capitalization or financial condition of the Purchaser or any of its Subsidiaries that could be a Purchaser Material Adverse Change; (ii) of any material breach by the Purchaser of any covenant or agreement contained in this Agreement; and (iii) of any death, permanent disability, resignation, termination of employment or other departure of any senior officer of the Purchaser or any of its Subsidiaries.

10.4 Regulatory Approvals

- (a) The Purchaser shall use its reasonable best efforts to obtain as soon as practicable following execution of this Agreement the CRTC Approval, including providing or submitting on a timely basis all filings, written submissions, documentation and information that is required, or in the reasonable opinion of either Party, advisable, in connection with obtaining the CRTC Approval, provided that competitively sensitive information may be provided only to the external counsel of the other Party. The Vendor and the Purchaser shall cooperate with one another in connection with obtaining the CRTC Approval and shall not take any actions or steps that would be reasonably likely to materially adversely impact the likelihood of receiving CRTC Approval.
- (b) Each of the Vendor and the Purchaser shall use its reasonable best efforts to avoid, resolve, or rescind any application, injunction, action, order or proceeding

or threatened application, injunction, action, order, or proceeding made or brought by any Governmental Authority (other than the CRTC) in respect of the transactions contemplated by this Agreement. In connection with, but without limiting the generality of, the foregoing, each of the Vendor and the Purchaser shall (i) promptly respond to any questions or requests for information from any Governmental Authority (other than the CRTC) relating to the transactions contemplated by this Agreement, including providing or submitting on a timely basis all filings, written submissions, documentation, and information that is required or, in the reasonable opinion of either Party, advisable to fully respond to such questions or requests for information, and (ii) provide or submit to such Governmental Authority all other filings, submissions, documentation, and information that is, in the reasonable opinion of the Parties, advisable.

- (c) The obligation of the Purchaser to use its reasonable best efforts pursuant to Section 10.4(a) shall include proposing, negotiating, accepting, agreeing to, committing to and effecting any actions or remedies necessary to obtain CRTC Approval; provided that any such actions or remedies are conditioned on the Closing and would not, individually or in the aggregate, have a material and detrimental impact on the Purchaser, the Company and their Subsidiaries, taken as a whole (assuming the completion of the transactions provided for herein).
- (d) The Vendor and the Purchaser shall also request that the CRTC process the application for CRTC Approval in the most expedited manner available. If the CRTC rejects the transactions contemplated in this Agreement, upon the agreement of each of the Parties, the Vendor and the Purchaser shall, if available, appeal the decision or reapply to CRTC within 30 days of the CRTC decision with an application that addresses the matters raised by the CRTC and the provisions of this Section 10.4 shall apply to such new application, *mutatis mutandis*.
- (e) With respect to the CRTC Approval, the Vendor and the Purchaser shall, as promptly as practicable, prepare a draft of all required documents, registrations, statements, petitions, filings and applications for the CRTC Approval in respect of the transactions contemplated by this Agreement. Each Party shall be entitled to comment upon such application for the CRTC Approval, it being understood that the draft application shall be amended to reflect such comments inasmuch as the other Party considers such comments to be appropriate, in its reasonable discretion. The Vendor and the Purchaser agree to request the CRTC to preserve the confidentiality of such competitively or commercially sensitive information as the Parties may agree upon in writing, each acting reasonably, and to take all such reasonable steps, at its cost, as may be required to preserve the confidentiality of such information.
- (f) Subject to applicable Laws, the Vendor and the Purchaser shall keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the CRTC Approval and any review, investigation or inquiry by another Governmental Authority relating to the transactions contemplated by this Agreement, and shall promptly notify each other of any material notice or other

material communication (including providing copies of any correspondence, deficiency responses, and responses to information requests) from the CRTC in connection with obtaining the CRTC Approval or from any other Governmental Authority, or any other review, investigation or inquiry relating to the transactions contemplated by this Agreement. No Party shall make any written submissions or filings or respond to any information requests, or participate in any meetings or any material conversations with the CRTC or any other Governmental Authority in connection with the obtaining of the CRTC Approval or any other review, investigation or inquiry relating to the transactions contemplated by this Agreement unless it consults with the other Party and obtains the other Party's approval (acting reasonably) in advance and gives the other Party a reasonable opportunity to review and approve drafts of any such written submissions or to attend and participate in any meetings or material communication (except (i) where the timing of the response requested by the CRTC or other Governmental Authority does not reasonably permit such review, (ii) the CRTC or other Governmental Authority expressly requests that the other should not be present at the meeting or discussion or part or parts of the meeting or discussion, or (iii) where competitively or commercially sensitive information may be discussed); provided that a portion of any such substantive meeting or discussion shall be reserved for a private discussion between the Party and the CRTC or such other Governmental Authority.

- (g) Despite the foregoing, submissions, filings, documentation or other written communications with the CRTC or any other Governmental Authority may be redacted as reasonably necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party shall provide external legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with the CRTC or such other Governmental Authority on the basis that the redacted information will not be shared with its clients.
- (h) For greater certainty, any changes or amendments proposed to be made by a Party to the application for the CRTC Approval as filed, or any response to be filed in respect of a deficiency question, or any filings, submissions or responses to information requests made in connection with the CRTC Approval shall be submitted to the other Party for comments, prior to being filed, it being understood that the drafting Party shall amend the relevant materials to reflect such comments inasmuch as the drafting Party considers such comments to be appropriate, in the drafting Party's reasonable discretion.
- (i) All costs and expenses incurred in connection with obtaining the CRTC Approval (including all filing fees, the costs and expenses of any financial contributions or other regulatory levies, charges or payments) shall be borne by the Purchaser, other than costs and expenses of any advisors retained by, or for the benefit of, the Vendor, including legal counsel, which costs and expenses shall be for the account of the Vendor.

10.5 Access for Investigation

The Vendor shall permit the Purchaser and its Representatives, between the date of this Agreement and the Closing Time, to have reasonable access during normal business hours to: (i) the Real Property; (ii) all other locations where Books and Records or other material relevant to the business of the Company or any of its Subsidiaries are stored; (iii) all the Books and Records; and (iv) the properties and assets used by the Company or any of its Subsidiaries. The Vendor shall furnish to the Purchaser copies of Books and Records as the Purchaser shall from time to time reasonably request for transition planning purposes. The Vendor shall cooperate and assist, to the extent reasonably requested by the Purchaser, with the Purchaser's investigation of the property, assets, undertaking and financial condition of the Company and its Subsidiaries. The Purchaser's rights of access shall be exercised in a manner that does not unreasonably interfere with the operations of the Company and its Subsidiaries.

10.6 Confidentiality

After the Closing, other than Personal Information, which shall be kept confidential at all times, the Vendor shall keep confidential for a period of 24 months from the Closing Date all information it disclosed to the Purchaser relating to the Company or any of its Subsidiaries, except information which:

- (a) is part of the public domain;
- (b) becomes part of the public domain other than as a result of a breach of these provisions by the Vendor;
- (c) the Vendor is required to disclose pursuant to applicable Laws or stock exchange rules or by a Governmental Authority;
- (d) was received in good faith after Closing from an independent Person who was lawfully in possession of such information free of any obligation of confidence; or
- (e) is released from the provisions of this Agreement by the written authorization of Purchaser.

10.7 Actions to Satisfy Closing Conditions

Each of the Parties shall take all such actions as are within its power to control, and use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in Article 8 and Article 9 which are for the benefit of the other Party.

10.8 Preservation of Records

The Purchaser shall take all reasonable steps to preserve and keep the records of the Company and each of its Subsidiaries delivered to it in connection with the completion of the transactions contemplated by this Agreement for a period of six years from the Closing Date, or for any longer period as may be required by any Laws or Governmental Authority, and shall make such records available to the Vendor as may be reasonably required by it in connection with a Claim

by the Purchaser against the Vendor under this Agreement or relating to any inquiries or requirements of any Governmental Authority with jurisdiction over the Vendor, including any Taxing Authority.

10.9 Tax Returns

The Vendor shall cause each of the Company and its Subsidiaries to duly and timely make or prepare all Tax Returns required by Law for any taxable period which ends on or before the Closing Time and for which Tax Returns have not been filed as of such date in a manner consistent with past practice, unless otherwise required by Law, and, prior to filing such returns with the relevant Taxing Authority, shall provide a copy to the Purchaser for review and comment at least 15 Business Days prior to the date on which such returns are to be timely filed; provided that, in the case of Tax Returns that are required to be filed within one calendar month of the Closing Time, the Vendor shall use its commercially reasonable efforts to afford the Purchaser a reasonable opportunity to review and comment on such return prior to filing such return. The Purchaser shall prepare or cause to be prepared all Straddle Period Returns for each Straddle Period of the Company and its Subsidiaries, in each case, in a manner consistent with past practice, unless otherwise required by Law. In the case of a Straddle Period Return that is required to be filed within 30 days of the Closing Time, the Purchaser shall, at least seven days prior to the date such Straddle Period Return is required to be filed provide a substantially final draft of such Straddle Period Return to the Vendor for review and comment, provided that, in the case of a Straddle Period Return that is required to be filed within 15 days of the Closing Time, the Purchaser shall use its commercially reasonable efforts to afford the Vendor a reasonable opportunity to review and comment on such Straddle Period Return prior to filing such Straddle Period Return. In any other case, the Purchaser shall provide a substantially final draft of the Straddle Period Return to the Vendor for review and comment at least 15 Business Days prior to the date on which the Straddle Period Return is required to be filed. The Vendor and the Purchaser shall cooperate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of any Straddle Period Return of the Company or any of its Subsidiaries and shall preserve such data and other information until the expiration of any applicable limitation period under any applicable Law with respect to Taxes.

10.10 Distributions

The Parties agree that the Vendor may: (a) cause the Company or any of its Subsidiaries to declare and pay dividends or otherwise make payments or distributions of cash in respect of its shares or in repayment of intercompany debt in accordance with past practice; (b) notwithstanding the foregoing, cause the Company or any of its Subsidiaries to (i) declare and pay a dividend or otherwise make a payment or distribution of cash in respect of its shares or in repayment of intercompany debt immediately prior to the Effective Time, and for the avoidance of doubt, immediately prior to any calculation of Closing Working Capital, in an amount equal to substantially all of the cash on hand at the time of such dividend, payment, distribution or repayment, or (ii) increase the stated capital in respect of its shares or declare and pay stock dividends, in each case subject to applicable corporate Law.

10.11 Books and Records

All Books and Records of the Company and its Subsidiaries in the possession or control of the Vendor shall be delivered to the Purchaser as soon as possible following the Closing Date and in any event within 30 days following the Closing Date. Any Books and Records in the possession or control of the Vendor not delivered to the Purchaser prior to the Closing Date shall be deemed to have been delivered to the Purchaser immediately after Closing if they are maintained or held on any Real Property or embodied or recorded electronically in any Information Technology of the Company and its Subsidiaries.

10.12 Transitional Trademark Licence Agreement

The Parties shall negotiate in good faith the provisions of a transitional trademark licence agreement between the Vendor and the Company and/or one or more of its Subsidiaries to be entered into on the Closing Date.

10.13 Submission to Jurisdiction

Each Party submits to the exclusive jurisdiction of any Ontario courts sitting in Toronto in any action, application, reference or other proceeding arising out of or relating to this Agreement and consents to all claims in respect of any such action, application, reference or other proceeding being heard and determined in such Ontario courts. Each of the Parties irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action, application or proceeding. Each Party consents to any action, application, reference or other proceeding arising out of or relating to this Agreement being tried in Toronto and, in particular, being placed on the Commercial List of the Ontario Superior Court of Justice.

10.14 Notice of Untrue Representation or Warranty

The Vendor shall notify the Purchaser, and the Purchaser shall notify the Vendor, promptly upon any representation or warranty made by it contained in this Agreement becoming incorrect prior to Closing, and, for the purposes of this Section 10.14, unless otherwise specified, each representation and warranty shall be deemed to be given at and as of all times from the date of this Agreement to the Closing Date. Any such notice shall set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Vendor or the Purchaser, as the case may be, to rectify the incorrectness. No such notice will relieve either Party of any right or remedy provided for in this Agreement.

10.15 Benefit Plans

- (a) Effective as of the Closing Date, each Employee shall cease to participate in and accrue benefits under each Parent Plan that provides non-pension benefits. The Vendor shall be responsible, in accordance with the terms of the applicable Parent Plan, for any and all liabilities under the Parent Plan, including any claims Incurred by the Employees (and their eligible spouses, beneficiaries and dependants) prior to the Closing Date.
- (b) Notwithstanding any other provisions in this Agreement, the Vendor shall, if requested by the Purchaser, permit the Employees (and their eligible spouses,

beneficiaries and dependants) to continue to participate in and receive benefits under any Parent Plans that provide non-pension benefits for a transitional period following the Closing Date and subject to the conditions to be agreed upon by the Vendor and Purchaser.

10.16 Pension Plans

- (a) Effective as of the Closing Date, each Employee shall cease to participate in and accrue benefits under the Parent DC Pension Plan. Subject to the completion of a transfer of defined contribution assets to the applicable pension plan established or designated by Purchaser, the Vendor shall be responsible, in accordance with the terms of the Parent DC Pension Plan, for any and all liabilities arising under the Parent DC Pension Plan prior to the effective date of transfer of defined contribution assets to the pension plan designated by the Purchaser.
- (b) The Vendor and the Purchaser shall use commercially reasonable efforts, including to obtain any required approvals from any applicable Governmental Authority, to cause the defined contribution account balances held by each Employee in the Parent DC Pension Plan to be transferred from the Parent DC Pension Plan to the applicable plan established or designated by Purchaser.

ARTICLE 11 INDEMNIFICATION

11.1 Indemnification by the Vendor

- (a) The Vendor shall indemnify and save harmless the Purchaser, its directors, officers, agents, employees and shareholders (collectively referred to as the “**Purchaser Indemnified Parties**”), from and against all Losses, whether or not arising due to third party Claims, which may be made or brought against the Purchaser Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:
 - (i) any non-fulfilment or breach of any covenant or agreement on the part of the Vendor contained in this Agreement or in any certificate furnished by or on behalf of the Vendor pursuant to this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any certificate furnished by or on behalf of the Vendor pursuant to this Agreement (including, for certainty, the Company Disclosure);
 - (iii) any liability for Vendor Taxes which has not been provided for in the Closing Working Capital; and
 - (iv) the matters disclosed in Section 11.1(a)(iv) of the Vendor Disclosure Letter.

- (b) The obligations of the Vendor under Section 11.1(a) shall be subject to the following limitations:
- (i) subject to Sections 11.1(b)(ii) and 11.1(b)(iii), the obligations of the Vendor under Section 11.1(a)(ii) shall terminate on the expiry of the Indemnification Period, except with respect to *bona fide* Claims by Purchaser Indemnified Parties set forth in written notices given by a Purchaser Indemnified Party to the Vendor prior to such date;
 - (ii) except with respect to *bona fide* Claims by Purchaser Indemnified Parties set forth in written notices given by a Purchaser Indemnified Party to the Vendor prior to the date described below, the obligations of the Vendor under Section 11.1(a)(ii) in respect of any Losses relating to or impacted by Tax matters, including any Losses arising out of Section 25 of Schedule 4.1, or under Section 11.1(a)(iii), shall terminate 90 days after the relevant Governmental Authorities shall no longer be entitled to assess or reassess liability for Taxes against the Company or any of its Subsidiaries in respect of such Tax matters;
 - (iii) the obligations of the Vendor under Section 11.1(a) with respect to:
 - (A) any Losses based on Section 11.1(a)(i);
 - (B) any Losses based on any incorrectness in or breach of the representations and warranties set out in the Vendor Core Representations; and
 - (C) any Losses based on intentional misrepresentation or fraud by a Vendor,shall terminate on the date which is the last day of the ultimate limitation period (in accordance with the *Limitations Act* (Ontario));
 - (iv) for Losses based on Section 11.1(a)(ii) (other than any Losses relating to or impacted by Tax matters),
 - (A) the Vendor shall not be required to pay any amount until the aggregate of all Losses exceeds \$25 million (the “**Tipping Basket**”) (disregarding Section 11.1(b)(iv)(B)) and upon the aggregate of all Losses exceeding \$25 million, the Vendor shall be required to pay the amount owing in respect of all such Losses including the \$25 million, except that the foregoing limitation shall not apply to wilful breaches of this Agreement or fraud or breaches of the Vendor Core Representations;
 - (B) after the threshold referred to in Section 11.1(b)(iv)(A) has been reached, the minimum threshold in respect of any individual Claim shall be \$250,000, and no Claim may be brought if such Claim is

for an amount less than such minimum threshold, unless the aggregate of all such Claims exceeds \$2,000,000; and

- (C) other than in respect of wilful breaches of this Agreement or fraud or breaches of the Vendor Core Representations, the aggregate liability of the Vendor shall not exceed \$500 million.
- (v) for Losses based on Section 11.1(a)(ii) relating to or impacted by Tax matters, including any Losses arising out of Section 25 of Schedule 4.1, or under Section 11.1(a)(iii),
 - (A) the minimum threshold in respect of any individual Claim shall be \$250,000, and no Claim may be brought if such Claim is for an amount less than such minimum threshold; and
 - (B) other than in respect of wilful breaches of this Agreement or fraud, the aggregate liability of the Vendor shall not exceed \$1,850,000,000; and
- (vi) in no event shall the aggregate liability of the Vendor on the indemnity contained in this Section 11.1 exceed the Purchase Price.

11.2 Indemnification by the Purchaser

- (a) The Purchaser shall indemnify and save harmless the Vendor, its directors, officers, employees, agents and shareholders (collectively referred to as the “**Vendor Indemnified Parties**”), from and against all Losses, whether or not arising due to third party Claims, which may be made or brought against the Vendor Indemnified Parties, or which they may suffer or incur, directly or indirectly as a result of or in connection with or relating to:
 - (i) any non-fulfilment or breach of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any certificate furnished by or on behalf of the Purchaser pursuant to this Agreement;
 - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any certificate furnished by or on behalf of the Purchaser pursuant to this Agreement (including, for certainty, the Purchaser Circular, but excluding the Company Disclosure).
- (b) The Purchaser’s obligations under Section 11.2(a) shall be subject to the following limitations:
 - (i) subject to Section 11.2(b)(iii), the obligations of the Purchaser under Section 11.2(a)(ii) shall terminate on the expiry of the Indemnification Period except with respect to *bona fide* Claims by Vendor Indemnified Parties set forth in written notices given by a Vendor Indemnified Party to the Purchaser prior to such date;

- (ii) except with respect to *bona fide* Claims by Vendor Indemnified Parties set forth in written notices given by a Vendor Indemnified Party to the Purchaser prior to the date described below, the obligations of the Purchaser under Section 11.1(b)(i) in respect of any Losses relating to or impacted by Tax matters, including any Losses arising out of Section 24 of Schedule 5.1, shall terminate 90 days after the relevant Governmental Authorities shall no longer be entitled to assess or reassess liability for Taxes against the Purchaser or any of its Subsidiaries in respect of such Tax matters;
- (iii) the obligations of the Purchaser under Section 11.2(a) with respect to:
 - (A) any Losses based on Section 11.2(a)(i);
 - (B) any Losses based on any incorrectness in or breach of the representations and warranties set out in the Purchaser Core Representations; and
 - (C) any Losses based on intentional misrepresentation or fraud by the Purchaser,

shall terminate on the date which is the last day of the ultimate limitation period (in accordance with the *Limitations Act* (Ontario)).

- (iv) for Losses based on Section 11.2(a)(ii) (other than any Losses relating to or impacted by Tax matters),
 - (A) the Purchaser shall not be required to pay any amount until the aggregate of all Losses (disregarding 11.2(b)(iv)(B)) exceeds the Tipping Basket, and upon the aggregate of all Losses exceeding the Tipping Basket, the Purchaser shall be required to pay the amount owing in respect of all such Losses including the \$25 million, except that the foregoing limitation shall not apply to wilful breaches of this Agreement or fraud or breaches of the Purchaser Core Representations;
 - (B) after the threshold referred to in Section 11.2(b)(iv)(A) has been reached, the minimum threshold in respect of any individual Claim shall be \$250,000, and no Claim may be brought if such Claim is for an amount less than such minimum threshold unless the aggregate of all such Claims exceeds \$2,000,000; and
 - (C) other than in respect of wilful breaches of this Agreement or fraud or breaches of the Purchaser Core Representations, the aggregate liability of the Purchaser shall not exceed \$500 million;
- (v) for Losses based on Section 11.2(a)(ii) relating to or impacted by Tax matters, including any Losses arising out of Section 24 of Schedule 5.1:

- (A) the minimum threshold in respect of any individual Claim shall be \$250,000, and no Claim may be brought if such Claim is for an amount less than such minimum threshold; and
- (B) other than in respect of wilful breaches of this Agreement or fraud, the aggregate liability of the Purchaser shall not exceed \$1,850,000,000; and
- (vi) in no event shall the aggregate liability of the Purchaser on the indemnity contained in this Section 11.2 exceed the Purchase Price.

11.3 Indemnification Procedures for Third Party Claims

- (a) In the case of Losses arising from Claims made by a third party with respect to which indemnification is sought, the Vendor Indemnified Party or Purchaser Indemnified Party, as the case may be, seeking indemnification (the “**Indemnified Party**”) shall give prompt notice, and in any event within 20 days, to the other Party (the “**Indemnifying Party**”) of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defense.
- (b) The Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 11.3(a), to assume the control of the defence, compromise or settlement of the Claim, provided that such assumption shall, by its terms, be without cost to the Indemnified Party and provided the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party in accordance with the terms contained in this Section in respect of that Claim.
- (c) Upon the assumption of control of any Claim by the Indemnifying Party as set out in Section 11.3(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the Claim at its sole expense, including if necessary, employment of counsel and experts reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall cooperate fully, but at the expense of the Indemnifying Party with respect to any out-of-pocket expenses incurred, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party’s control, make such assignments and take such other steps as in the opinion of the Indemnifying Party or counsel for the Indemnifying Party are reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any Claim at its own expense. The Indemnifying Party shall not settle any Claim without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld.

- (d) The final determination of any Claim pursuant to this Section, including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.
- (e) If the Indemnifying Party does not assume control of a Claim as permitted in Section 11.3(b), the Indemnified Party shall be entitled to make such settlement of the Claim as in its sole discretion may appear advisable, and such settlement or any other final determination of the Claim shall be binding upon the Indemnifying Party.
- (f) If any Claim is of a nature such that the Indemnified Party is required by Law to post security or make a payment to any person with respect to such Claim before the completion of any negotiation, settlement or compromise of such Claim or the rendering of any court or administrative decision relating to such Claim including any amount payable on account of Taxes to the extent described in subsection 225.1(7) of the Tax Act or any substantially similar provision of any applicable provincial taxing statute, the Indemnifying Party shall post such security or make such payment as and when required by such Law. If the Indemnifying Party fails to post such security or make such payment and the Indemnified Party, at its option, does so instead, the Indemnifying Party shall forthwith after demand by the Indemnified Party reimburse the Indemnified Party for any Losses it has suffered as a result of posting such security or making such payment. If the amount of any Claim in respect of which a payment or reimbursement has been made by the Indemnifying Party, as finally determined, is less than the amount which was paid or reimbursed by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the person asserting such Claim or any other person, pay such difference to the Indemnifying Party.
- (g) Notwithstanding Sections 11.3(a) through 11.3(e), in the event that the Vendor would be liable for the payment of any Taxes under this Article 11 if assessed or imposed, the Vendor, in the Vendor's sole and absolute discretion, will have the right to control any audit involving any such Taxes and/or to contest any assertion that any such Taxes are payable in any proceedings available to the Company, the Company's Subsidiaries or the Purchaser; provided, however, that the Purchaser will assist with audits and provide all relevant information, and that the Vendor shall keep the Purchaser reasonably informed of the progress of any such audit and/or contest, shall consult with the Purchaser in connection with any significant actions in respect of any such audit and/or contest in a timely fashion to allow the Purchaser a reasonable opportunity for review and input in respect of such actions and shall not enter into any settlement with respect to such audit and/or contest without receiving the prior written consent of the Purchaser (such consent not to be unreasonably withheld). The Purchaser, on the one hand, and the Vendor, on the other hand, shall fully cooperate in good faith in connection with any such audit or other proceeding.

11.4 Tax Status of Indemnification Payments

Any payment made by the Vendor pursuant to this Article 11 shall constitute a reduction of the Purchase Price allocated first up to the value of any shares purchased by Purchaser from Vendor (including the Purchased Shares) and the remainder to the Purchased Debt and any payment made by the Purchaser pursuant to this Article 11 shall constitute an increase in the Purchase Price allocated to the value of any shares purchased by Purchaser from Vendor (including the Purchased Shares). In either case, each of the Vendor and the Purchaser shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past Tax Returns as may be necessary to reflect the foregoing. The Parties agree that the amount of any indemnity payment made pursuant to this Article 11 shall take into account the Tax treatment of such indemnity payment to the Party receiving such indemnity payment (excluding, for certainty, any reduction in the adjusted cost base of shares except to the extent that such reduction results in a gain under subsection 40(3) of the Tax Act) and the Tax treatment of the Losses giving rise to such indemnity payment. For greater certainty, the Parties agree that in calculating the amount of any Loss for purposes of this Article 11 there shall be deducted an amount equal to the present value of any Tax benefit as a result of such Loss and available to the Party that incurred such Loss. The Parties further agree that the present value of any Tax benefit will take into account the expected timing of any Tax deduction or Tax credit.

11.5 Insurance and Other Recoveries

Notwithstanding anything contained in this Agreement to the contrary, Losses of an Indemnified Party shall be net of any insurance or other prior or subsequent recoveries by such Indemnified Party in connection with the facts giving rise to the right of indemnification (including under or pursuant to any insurance policy, indemnity, reimbursement agreement or contract pursuant to which or under which such Indemnified Party is a party or has rights). The applicable Indemnified Party shall use commercially reasonable efforts to recover from insurance policies or other applicable sources of recovery the maximum portion of any Losses of such Indemnified Party. If the applicable Indemnified Party has used commercially reasonable efforts to recover any amounts recoverable under insurance policies or other applicable sources of recovery and has not recovered the applicable Losses, the applicable Indemnifying Party shall be liable for the amount by which such Losses exceeds the amounts actually recovered subject to the limitations on indemnification set out in this Article 11. If the applicable Indemnified Party fails to use commercially reasonable efforts to recover any amounts recoverable under insurance policies or other applicable sources of recovery, the applicable Indemnifying Party shall not be required to indemnify the applicable Indemnified Party for that portion of any Losses that could reasonably be expected to have been recovered had the applicable Indemnified Party used such commercially reasonable efforts.

11.6 Mitigation

An Indemnified Party shall use its reasonable efforts to mitigate any Losses or liability that any such Indemnified Party asserts or is reasonably likely to assert under this Article 11. In the event that any Indemnified Party fails to make such reasonable efforts to mitigate any such claim or liability, then notwithstanding anything contained in this Agreement to the contrary, the Indemnifying Party shall not be required to indemnify the Indemnified Party for that portion of

any Losses that could reasonably be expected to have been avoided if the Indemnified Party had made such efforts.

11.7 Calculation of Losses

Notwithstanding anything to the contrary in this Article 11, no Indemnified Party shall be entitled to indemnification under this Article 11 or to make a claim for any amounts under this Article 11 in respect of (i) special, exemplary or punitive damages, except to the extent payable by an Indemnified Party to a third Person, or (ii) consequential, indirect or speculative damages, or any Losses calculated based on any multiple of lost earnings or other similar methodology, unless (A) such damages or Losses were reasonably foreseeable, (B) with respect to Losses based on a diminution in value of the Company or its Subsidiaries, such calculation is the most appropriate method to fairly compensate the Indemnified Party, and/or (C) the basis for such Loss is of a recurring nature or represents a reduction in the historical cash flow or earnings of the Company and its Subsidiaries (taken as a whole), which reduction would reasonably be expected to result in an impairment of the Company's and its Subsidiaries' (taken as a whole) future cash flows or earnings.

11.8 Double Claims

No Indemnified Party shall be entitled to recover from any Indemnifying Party under this Article 11 more than once in respect of the same Losses (notwithstanding that such Loss may result from breaches of multiple provisions of this Agreement).

11.9 Exclusive Remedy

Except as set out in Section 12.3 and Section 13.1, the rights of indemnity set forth in this Article 11 are the sole and exclusive remedy of each Party in respect of any misrepresentation, incorrectness in or breach of any representation or warranty, or breach of covenant, by the other Party under this Agreement or in the certificates contemplated by Section 8.2, 8.3, 9.2 or 9.3. Accordingly, the Parties waive, from and after the Closing, any and all rights, remedies and Claims that one Party may have against the other, whether at law, under any statute or in equity (including but not limited to claims for contribution or other rights of recovery arising under any Environmental Laws, claims for breach of contract, breach of representation and warranty, negligent misrepresentation and all claims for breach of duty), or otherwise, directly or indirectly, relating to the provisions of this Agreement or the transactions contemplated by this Agreement other than as expressly provided for in this Article 11, other than those arising with respect to any fraud or wilful misconduct and other than those provided for in other documents or instruments delivered pursuant to this Agreement. The Parties agree that if a Claim for indemnification is made by a Party in accordance with this Article 11 and there has been a refusal by the other Party to make payment or otherwise provide satisfaction in respect of such Claim, then a legal proceeding is the appropriate means to seek a remedy for such refusal. This Article 11 shall remain in full force and effect in all circumstances and shall not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants under this Agreement or under any Closing document or by any termination or rescission of this Agreement by any Party.

11.10 Trustee and Agent

The Purchaser, on the one hand, and the Vendor, on the other hand, acknowledge that the other Party is acting as trustee and agent for the Purchaser Indemnified Parties and the Vendor Indemnified Parties, respectively, on whose behalf and for whose benefit the indemnities in Article 11 are provided and that such remaining Indemnified Parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. The Parties agree that the other Party may enforce the indemnity for and on behalf of such Indemnified Parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

ARTICLE 12

TERM, TERMINATION, AMENDMENT AND WAIVER

12.1 Termination

This Agreement may be terminated at any time prior to the Closing Date:

- (a) by mutual written consent of the Purchaser and the Vendor; or
- (b) by either the Purchaser or the Vendor if the Purchaser Shareholder Approval is not obtained at the Purchaser Meeting (including any adjournment or postponement thereof); or
- (c) by either the Purchaser or the Vendor if the Closing Time shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 12.1(c) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations, warranties or covenants under this Agreement has been the cause of, or resulted in, the failure of the Closing Time to occur by the Outside Date (it being agreed that for purposes of this Section 12.1(c), a failure to pay the Purchase Price on the Outside Date shall not be a failure of the Purchaser to fulfill its obligations or a breach of covenant under this Agreement in circumstances where the Purchaser has not received funds in the amount contemplated by the Purchaser Commitment Letters and shall therefore not prevent termination of this Agreement by the Purchaser pursuant to this Section 12.1(c), subject to payment of the termination payment pursuant to Section 12.3(a)); or
- (d) by the Purchaser if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Vendor set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 8.2 or 8.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Purchaser and provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 9.2 or 9.3 not to be satisfied;

- (e) by the Vendor if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 9.2 or 9.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date as reasonably determined by the Vendor and provided that the Vendor is not then in breach of this Agreement so as to cause any condition in Section 8.2 or 8.3 not to be satisfied; or
- (f) by either the Purchaser or the Vendor if the CRTC rejects the transactions contemplated in this Agreement (if applicable, after the appeal or reapplication to CRTC contemplated by Section 10.4(d)).

12.2 Effect of Termination

In the event of the termination of this Agreement in the circumstances set out in Section 12.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party hereunder, except with respect to the obligations set forth in Section 7.3(c), Section 7.4(d), Article 11, this Section 12.2, Section 12.3 and Article 13 (other than Section 13.1) where applicable. Nothing contained in this Section shall relieve any Party from liability for any willful and intentional breach of any provision of this Agreement. No termination of this Agreement shall affect the obligations of the Parties pursuant to the confidentiality agreement dated August 7, 2015 between the Vendor and the Purchaser, except to the extent specified therein.

12.3 Termination Payments and Expense Reimbursements

- (a) If this Agreement is terminated pursuant to Section 12.1(c) [*Outside Date*] in circumstances where all of the conditions set forth in Article 8 have been satisfied or waived by the Purchaser other than those conditions that by their terms are to be satisfied at the Effective Time (but which conditions are capable of being satisfied), the Purchaser shall pay to the Vendor, or as the Vendor may direct, the amount of \$55 million in the aggregate as liquidated damages in immediately available funds to an account designated by the Vendor, within two Business Days following such termination.
- (b) If this Agreement is terminated pursuant to Section 12.1(b) [*No Purchaser Shareholder Approval*], and
 - (i) following the date hereof and prior to such termination, a Purchaser Acquisition Proposal is made to the Purchaser or publicly announced by any Person;
 - (ii) such Purchaser Acquisition Proposal has not expired or been withdrawn at least five Business Days prior to the Purchaser Meeting; and
 - (iii) within 365 days following the date of such termination such Purchaser Acquisition Proposal or another Purchaser Acquisition Proposal made or publicly announced during the pendency of such Purchaser Acquisition Proposal is consummated or the Purchaser enters into an agreement

providing for the Purchaser Acquisition Proposal referred to in clause (b)(i) above or another Purchaser Acquisition Proposal made or publicly announced during the pendency of such Purchaser Acquisition Proposal, and the applicable Purchaser Acquisition Proposal is consummated by the Purchaser within such 365-day period or thereafter,

the Purchaser shall pay to the Vendor, or as the Vendor may direct, the amount of \$55 million in the aggregate as liquidated damages in immediately available funds to an account designated by the Vendor, within two Business Days following completion of the acquisition contemplated by the applicable Purchaser Acquisition Proposal.

- (c) If this Agreement is terminated pursuant to (i) Section 12.1(c) [*Outside Date*] in circumstances where all of the conditions set forth in Article 8 have been satisfied or waived by the Purchaser other than (A) those conditions that by their terms are to be satisfied at the Effective Time (but which conditions are capable of being satisfied), and (B) the receipt of CRTC Approval, or (ii) Section 12.1(f) [*CRTC Approval*], the Purchaser shall pay to the Vendor or as the Vendor may direct an amount equal to the reasonable out-of-pocket expenses incurred by the Vendor and its Subsidiaries in connection with the transactions contemplated by this Agreement, with such amount not to exceed \$7,500,000, as liquidated damages in immediately available funds to an account designated by the Vendor, within two Business Days following such termination.
- (d) Each of the Parties acknowledges that the agreements contained in this Section 12.3 are an integral part of the transactions contemplated by this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 12.3 are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that on the termination of this Agreement pursuant to Section 12.1(b) or 12.1(c), the payment in full of any amount owing pursuant to Section 12.3(a), 12.3(b) or 12.3(c), as applicable, is the sole monetary remedy of the Vendor or the Purchaser, as applicable, and the Vendor or the Purchaser, as applicable, shall be precluded from any other remedy against the other Party at Law or in equity or otherwise (including an order for specific performance), and shall not seek to obtain any recovery, judgment or damages of any kind, whether consequential, indirect or punitive, against the Vendor or the Purchaser, as applicable, or any of its Subsidiaries or Representatives in respect of this Agreement or the transactions contemplated by this Agreement.

ARTICLE 13

GENERAL

13.1 Specific Performance

- (a) Subject to Section 12.3(d), the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity. Subject to Section 12.3(d), such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties. Notwithstanding the foregoing or any other provision of this Agreement, the Parties acknowledge and agree that the Vendor shall not be entitled to enforce specifically the obligations of the Purchaser to consummate the transactions contemplated by this Agreement unless (i) all of the conditions set forth in Article 8 have been satisfied or waived by the Purchaser (other than those conditions that by their terms are to be satisfied at the Effective Time); (ii) the Purchaser Debt Financing (or any alternative financing thereto contemplated by Section 7.5) has been funded or is required to be funded, and (iii) the Vendor has irrevocably confirmed that if specific performance is granted and the Purchaser Debt Financing (or any alternative financings thereto contemplated by Section 7.5) are funded, it is ready, willing and able to consummate the sale of the Purchased Shares and Purchased Debt.
- (b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that (i) by seeking the remedies provided for in this Section 13.1, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement (including monetary damages), and (ii) nothing set forth in this Section 13.1 shall require any Party hereto to institute any proceeding for (or limit any Party's right to institute any proceeding for) specific performance under this Section 13.1 prior or as a condition to exercising any termination right under this Agreement (and/or receipt of any amounts due in connection with such termination), nor shall the commencement of any legal action or legal proceeding pursuant to this Section 13.1 or anything set forth in this Section 13.1 restrict or limit any Party's right to terminate this Agreement in accordance with the terms hereof, or pursue any other remedies under this Agreement that may be available then or thereafter.

13.2 Public Notices

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no Party shall act in

this regard without the prior approval of the other, such approval not to be unreasonably withheld.

13.3 Announcement and Shareholder Communications

The Purchaser and the Vendor shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Purchaser and the Vendor, the text and timing of each Party's announcement to be approved by the other Party in advance, acting reasonably. The Purchaser and the Vendor agree to co-operate in the preparation of presentations, if any, to the Vendor's shareholders or the Purchaser Shareholders regarding the transactions contemplated by this Agreement, and no Party shall: (a) issue any press release or otherwise make public announcements with respect to this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); or (b) make any filing with any Governmental Authority with respect thereto without prior consultation with the other Party; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

13.4 Expenses

Except as otherwise provided in this Agreement each Party shall pay all costs and expenses (including the fees and disbursements of legal counsel and other advisers) it incurs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement. In particular, the Vendor shall be responsible for any fees payable in connection with any regulatory filings to be made pursuant to this Agreement or in connection with the sale of the Purchased Shares and Purchased Debt, any fees and expenses of any broker or investment advisor retained by the Vendor, the Company or any of their respective Subsidiaries in connection with the sale of the Purchased Shares and such fees and expenses shall not constitute an obligation of the Purchaser, the Company or any of its Subsidiaries.

13.5 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in Person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

- (a) in the case of a Notice to the Vendor at:

Shaw Communications Inc.
Suite 900, 630 – 3rd Avenue S.W.
Calgary, AB T2P 4L4

Attention: Senior Vice President and General Counsel
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

and to:

Attention: Senior Vice President, Corporate Development & Capital Markets
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

With a copy, in the case of notice to the Vendor to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Attention: Vincent Mercier and Peter Hong
Fax: 416.863.0871
E-mail: vmercier@dwpv.com and phong@dwpv.com

and to:

Goodmans LLP
3400-333 Bay Street
Toronto, Ontario, Canada
M5H 2S7

Attention: Stephen H. Halperin and Robert Vaux
Fax: 416.979.1234
E-mail: shalperin@goodmans.com and rvaux@goodmans.com

(b) in the case of a Notice to the Purchaser at:

Corus Entertainment Inc.
Corus Quay
25 Dockside Drive
Toronto, ON M5A 0B5

Attention: President and Chief Executive Officer
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

and to:

Attention: General Counsel
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

With a copy to, in the case of notice to the Purchaser to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
PO Box 50, Suite 6300
100 King Street West
Toronto, ON M5X 1B8

Attention: Douglas Bryce
Fax: 416.862.6666
E-mail: dbryce@osler.com

and to:

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, 44th Floor
Toronto, Ontario, Canada
M5H 3Y4

Attention: Frank Callaghan
Fax: 416.361.2784
E-mail: fcallaghan@blg.com

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

13.6 Assignment

No Party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of each of the other Parties.

13.7 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and, as applicable, their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

13.8 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, is binding unless executed in writing by the Party to be bound thereby.

13.9 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

13.10 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by electronic means and all such counterparts and electronic deliveries together constitute one and the same agreement.

[Signature page follows]

IN WITNESS OF WHICH the Parties have executed this Agreement.

CORUS ENTERTAINMENT INC.

By: "Doug Murphy"

Name: Doug Murphy

Title: President and Chief Executive
Officer

By: "Tom Peddie"

Name: Tom Peddie

Title: Chief Financial Officer

SHAW COMMUNICATIONS INC.

By: "Jay Mehr"

Name: Jay Mehr

Title: Executive Vice President & Chief
Operating Officer

By: "Vito Culmone"

Name: Vito Culmone

Title: Executive Vice President & Chief
Financial Officer

SCHEDULE 4.1

REPRESENTATIONS AND WARRANTIES OF THE VENDOR

1. Organization and Qualification of the Company

The Company is a corporation duly incorporated and validly existing under the laws of the Province of Alberta and has all necessary corporate power, authority and capacity to own its assets and to carry on its business as presently conducted. The Company is duly qualified, licensed or registered to conduct business and is in good standing in each jurisdiction in which its assets are located or it conducts business.

2. Status of the Vendor and Right to Sell

The Vendor is a corporation existing under the laws of the Province of Alberta. The Vendor is the sole registered and beneficial owner of the Purchased Shares and Purchased Debt free and clear of all Encumbrances. The Vendor has the exclusive right to dispose of the Purchased Shares and Purchased Debt as provided in the Agreement and, subject to the receipt of CRTC Approval, such disposition will not violate, contravene, breach or offend against or result in any default under any Material Contract, charter or by-law provision, Order, judgment, decree, licence, permit or Laws, to which the Vendor is a party or subject or by which the Vendor is bound or affected. The Purchased Shares are not subject to the terms of any shareholders agreement.

3. Residence

The Vendor is not a non-resident of Canada within the meaning of the Tax Act.

4. Due Authorization and Enforceability of Obligations

The Vendor has all necessary corporate power, authority and capacity to enter into the Transaction Agreements and to carry out its obligations under the Transaction Agreements. The execution and delivery of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements have been duly authorized by all necessary corporate action on the part of the Vendor. This Agreement constitutes, and each other Transaction Agreement and other agreement to be executed by the Vendor in connection with the Closing will constitute, a valid and binding obligation of the Vendor enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) general principles of equity.

5. Absence of Conflicts

Subject to the receipt of CRTC Approval and except as disclosed on Section 5 of the Vendor Disclosure Letter, and except for the Material Contracts listed on Section 5 of the Vendor Disclosure Letter or as would not reasonably be expected to result in a Company Material Adverse Change, none of the Company or any of its Subsidiaries is a party to, bound or affected by or subject to any:

- (a) Contract;
- (b) charter or by-law; or
- (c) Laws or Governmental Authorizations, including any CRTC Licences;

that would be violated in any material respect, breached in any material respect by, or under which default would occur or an Encumbrance would, or with notice or the passage of time would, be created, or in respect of which the obligations of the Company or any of its Subsidiaries will materially increase or the rights or entitlements of the Company or any of its Subsidiaries will materially decrease or any obligation on the part of the Company or any of its Subsidiaries to give notice to any Governmental Authority will arise, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement to be entered into under the terms of this Agreement. There has been no sale, assignment, subletting, licensing or granting of any rights in or other disposition of or in respect of any of the Company's or any of its Subsidiaries' assets or any granting of any Contract or right capable of becoming an agreement or option for the purchase, assignment, subletting, licensing or granting of any rights in or other disposition of any of such assets other than pursuant to the provisions of, or as disclosed in, this Agreement or pursuant to purchase orders accepted by the Company or any of its Subsidiaries in the ordinary course of business.

6. Regulatory Approvals

Other than CRTC Approval, no approval, Order, consent of or filing with any Governmental Authority is required on the part of the Vendor, the Company or any of its Subsidiaries, in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of the Vendor's obligations under this Agreement or any other documents and agreements to be delivered under this Agreement.

7. Capitalization

Section 7 of the Vendor Disclosure Letter sets forth the authorized and issued capital of the Company. At the Closing Time, the Purchased Shares will constitute all of the securities in the capital of the Company. All of the Purchased Shares have been duly and validly issued and are outstanding as fully paid and non-assessable shares. No options, warrants or other rights to purchase the Purchased Shares and no securities or obligations convertible into or exchangeable for the Purchased Shares have been authorized or agreed to be issued or are outstanding.

8. Subsidiaries

- (a) Section 8 of the Vendor Disclosure Letter sets forth a complete list of the Company's Subsidiaries, including name and jurisdiction of formation and the authorized and issued capital for such Subsidiaries, including the registered holder of any such issued securities. Except for the Subsidiaries set forth in Section 8 of the Vendor Disclosure Letter, the Company does not own or have beneficial interest in, directly or indirectly, any capital stock or other equity securities of any other Person.

- (b) Each Subsidiary of the Company is a corporation or partnership, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite corporate or partnership power and authority and all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now being conducted, except where the failure to be so organized, validly existing, qualified or in good standing, or to have such power or authority, would not be, individually or in the aggregate, a Company Material Adverse Change.
- (c) The Company or a Subsidiary of the Company is the registered and beneficial owner of all of the outstanding shares of capital stock or other equity interests of each of its Subsidiaries, free and clear of any Encumbrances. All of the shares in each of its Subsidiaries have been duly and validly issued and are outstanding as fully paid and non-assessable shares. No options, warrants or other rights to purchase shares or other securities of the Company or of any of its Subsidiaries and no securities or obligations convertible into or exchangeable for shares or other securities of the Company or any of its Subsidiaries have been authorized or agreed to be issued or are outstanding.

9. Books and Records

- (a) The Books and Records fairly and correctly set out and disclose in all material respects the financial position of the Company and its Subsidiaries and all material financial transactions relating to each of their businesses has been accurately recorded in such Books and Records. The Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by the Company's and its Subsidiaries' current Information Technology.
- (b) The articles and by-laws for the Company and each of its Subsidiaries, including any and all amendments, have been delivered or made available to the Purchaser and such Articles and by-laws as so amended are in full force and effect and no amendments are being made to them.
- (c) The corporate records and minute books for the Company and each of its Subsidiaries have been made available to the Purchaser. The minute books include complete and accurate minutes of all meetings of the directors or shareholders for the Company and each of its material Subsidiaries, as applicable, held to date or resolutions passed by the directors or shareholders on consent, since October 27, 2010. The share certificate book, register of shareholders, register of transfers and register of directors for the Company and each of its Subsidiaries, are complete and accurate.

10. Company Financial Statements

The Company Financial Statements (and, when available, the unaudited interim consolidated financial statements of the Company and its Subsidiaries for the period ended November 30,

2015) have been prepared in accordance with GAAP (subject to year-end adjustments, where applicable) applied on a basis consistent with prior periods and present fairly, in all material respects, the consolidated financial position, results of operations and changes in financial positions of the Company as of the respective dates thereof and for the respective periods covered thereby (except as may be otherwise indicated in the Company Financial Statements and the notes thereto or the related report of the Company's auditors).

11. Absence of Certain Changes or Events

Since August 31, 2015, other than the transactions contemplated in the Agreement and as disclosed in the Vendor Public Documents, (i) the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent with past practices, and (ii) there has not been any event, occurrence, development or state of circumstances or facts that was or would be reasonably expected to be, individually or in the aggregate, a Company Material Adverse Change.

12. Absence of Undisclosed Liabilities

- (a) None of the Company or any of its Subsidiaries has incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise), which continue to be outstanding, except: (i) as disclosed in the Company Financial Statements, (ii) as disclosed on Section 12 of the Vendor Disclosure Letter, (iii) as incurred in the ordinary course of business and which are not a Company Material Adverse Change, or (iv) in respect of any registered pension plan, the obligation to make special payments to liquidate any solvency deficiency or any unfunded liability in accordance with actuarial reports disclosed to the Purchaser under Section 28.
- (b) None of the Company or any of its Subsidiaries has incurred, is liable for or otherwise guaranteed any long term debt (as defined in accordance with GAAP).

13. Absence of Changes and Unusual Transactions

Except as disclosed in Section 13 of the Vendor Disclosure Letter, since the date of the Balance Sheet:

- (a) none of the Company or any of its Subsidiaries has transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Balance Sheet or cancelled any debts or entitlements except, in each case, in the ordinary course of business;
- (b) none of the Company or any of its Subsidiaries has discharged or satisfied any Encumbrance, or paid any obligation or liability (fixed or contingent) other than liabilities included in the Balance Sheet and liabilities incurred since the date of the Balance Sheet in the ordinary course of business;
- (c) none of the Company or any of its Subsidiaries has granted any bonuses, whether monetary or otherwise, or made any general wage or salary increases in respect of its Employees, other than as provided for in the Collective Agreements, or changed the terms of employment for any Employee or entered into a written

contract with any Employee except in the ordinary course of business and consistent with past practice;

- (d) none of the Company or any of its Subsidiaries has, directly or indirectly, (i) engaged in any transaction or entered into any arrangement with any officer, director, shareholder, Employee (whether current or former or retired), consultant, independent contractor or agent of the Company or any of its Subsidiaries, with a value in excess of \$1 million, or (ii) made any loan to any officer, director, shareholder, Employee (whether current or former or retired), consultant, independent contractor or agent of the Company or any of its Subsidiaries in excess of the lesser of \$500,000 and such individual's annual compensation (if applicable);
- (e) none of the Company or any of its Subsidiaries, directly or indirectly, has declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, purchased or otherwise acquired any of its shares; and
- (f) none of the Company or any of its Subsidiaries has authorized, agreed or otherwise become committed to do any of the foregoing.

14. Non-Arm's Length Transactions

- (a) Other than as disclosed in Section 14 of the Vendor Disclosure Letter and except for employment arrangements with Employees, the terms of which are disclosed in Section 26 of the Vendor Disclosure Letter, neither the Vendor, nor any director or officer, former director or officer, shareholder or Employee of, or any other Person not dealing at arm's length with the Company or any Subsidiary is engaged in any transaction or arrangement with or is a party to a Contract with, or has any indebtedness, liability or obligation to, the Company or any of its Subsidiaries in excess of \$1 million (or, in the case of any loan to any director or officer, former director or officer, shareholder or Employee of, or any other Person not dealing at arm's length with the Company or any Subsidiary, in excess of the lesser of \$500,000 and such individual's annual compensation (if applicable));
- (b) There are no third party debt or operating facilities shared among the Company and its Subsidiaries or any operating unit thereof, on the one hand, and the Vendor and its Affiliates (other than the Company and its Subsidiaries) or any operating unit thereof, on the other hand.

15. No Joint Venture Interests or Strategic Alliances

Other than as disclosed in Section 15 of the Vendor Disclosure Letter, none of the Company or any of its Subsidiaries is a party to any material strategic alliance or co-operative agreement or is a partner, beneficiary, trustee, co-tenant, joint-venturer or otherwise a participant in any material partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking and none of the Company or any of its Subsidiaries has significant investment interests in any business owned or controlled by any third party.

16. Major Suppliers and Customers

Section 16 of the Vendor Disclosure Letter sets forth a comprehensive listing of each supplier of goods and services to, and each customer of, the Company and its Subsidiaries to whom the Company and its Subsidiaries paid or billed in excess of \$10,000,000 in the aggregate during the 12 month period ended August 31, 2015, together with, in each case, the amount so billed or paid. Other than as disclosed in Section 16 of the Vendor Disclosure Letter, since August 31, 2015, there has been no termination or modification or change in the business relationship with any such supplier or customer. To the knowledge of the Vendor, other than as disclosed in Section 16 of the Vendor Disclosure Letter, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with the Company or any of its Subsidiaries.

17. Sufficiency of Assets

The Real Property, Real Property Leases, Tangible Personal Property, Equipment Contracts, Appurtenances, Accounts Receivable, Technology, Environmental Approvals, Governmental Authorizations and Improvements of the Company and its Subsidiaries are sufficient for the continued conduct of the Company's and its Subsidiaries' businesses after the Closing in substantially the same manner as conducted prior to the Closing. Substantially all of the Tangible Personal Property is in good condition, repair and (where applicable) proper working order, subject to normal course wear and tear and having regard to its expected useful life and such assets have been properly and regularly maintained.

18. Title to Certain Assets

- (a) Except with respect to Technology and Real Property, each of the Company and its Subsidiaries: (i) is the sole legal and beneficial and (where its interests are registrable) the sole registered owner of; or (ii) is the holder of a valid and subsisting lease, licence or other legal right to, all of its assets and interests in its assets, with good and valid title, free and clear of all Encumbrances other than Permitted Encumbrances.
- (b) Schedule 18 sets forth a true and correct list of all vehicles owned or leased by the Company or any of its Subsidiaries, including a description of the vehicle, the vehicle identification number, whether the vehicle is owned or leased, the registered owner of the vehicle (in the case of owned vehicles) or the lessee (in the case of leased vehicles) and the lessor (in the case of leased vehicles).
- (c) Schedule 18 sets forth a true and correct list of all bank accounts registered in the name of the Company or any of its Subsidiaries, or which are used by the Company or any of its Subsidiaries in the course of the Business.

19. Business Matters

- (a) Schedule 19 of the Vendor Disclosure Letter sets forth a true and correct list of:
 - (i) all Services owned or controlled by the Company or any of its Subsidiaries;

- (ii) all Canadian programming expenditures incurred for the return year ended August 31, 2015 and the amounts paid in respect thereof, and projected obligations for Canadian programming expenditures for the return year ending August 31, 2016; and
 - (iii) all CRTC tangible benefits payments made for the return year ended August 31, 2015 and projected obligations for the return year ending August 31, 2016.
- (b) Other than as disclosed in Schedule 19 of the Vendor Disclosure Letter, there are no outstanding, ongoing or unresolved audits under any carriage or other agreement with any broadcasting distribution undertaking.

20. Collectability of Accounts Receivable

The Accounts Receivable are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Books and Records and to be provided for in the Working Capital Statement, and, to the knowledge of the Company, are not subject to any defence, counterclaim or set off.

21. Compliance with Laws

The operations of the Company and its Subsidiaries have been and are now conducted in compliance in all material respects with all Laws of each jurisdiction the Laws of which have been and are now applicable to the business or products of the Company or of any Subsidiary (including, for certainty, all requirements of the CRTC) and none of the Company or any of its Subsidiaries has received any notice of any alleged material violation of any such Laws that remains unresolved or outstanding. The Company and each Subsidiary has developed and implemented corporate policies and procedures designed to provide for compliance in all material respects with applicable Laws and has complied with such policies and procedures in all material respects.

22. Governmental Authorizations

Section 22 of the Vendor Disclosure Letter sets forth a complete list of all material Governmental Authorizations, including all CRTC Licences, but excluding the Environmental Approvals which are listed in Section 36 of the Vendor Disclosure Letter, and true and complete copies of such authorizations have been delivered or made available to the Purchaser. The Governmental Authorizations listed in Schedules 22 and 36 are all the authorizations required by the Company or any of its Subsidiaries to enable each of them to carry on its business in material compliance with all Laws. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a material violation of any such Governmental Authorization or give rise to a material obligation on the part of the Company or any of its Subsidiaries to undertake or bear any material cost. No proceedings are pending or, to the knowledge of the Vendor, threatened, which could result in their revocation or limitation and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal.

23. Government Grants

Section 23 of the Vendor Disclosure Letter includes a complete and accurate list of all Contracts relating to grants or other forms of financial assistance, including loans with interest at below market rates, received by the Company or any of its Subsidiaries from any Governmental Authority.

24. Litigation

Except as disclosed in Section 24 of the Vendor Disclosure Letter, there are no Claims, investigations or other proceedings, including appeals and applications for review, in progress, or, to the knowledge of the Vendor, pending or threatened against or relating to the Company or any of its Subsidiaries before any Governmental Authority, which, if determined adversely to the Company or any of its Subsidiaries, would,

- (a) be material to the Company and its Subsidiaries,
- (b) enjoin, restrict or prohibit the transfer of all or any part of the Purchased Shares and Purchased Debt as contemplated by this Agreement, or
- (c) delay, restrict or prevent the Vendor or the Company or any of its Subsidiaries from fulfilling any of its obligations set out in this Agreement or arising from this Agreement,

and the Vendor has no knowledge of any existing ground on which any such action, suit, litigation or proceeding might be commenced with any reasonable likelihood of success. Except as disclosed in Section 24 of the Vendor Disclosure Letter, there is no judgment, decree, injunction, rule or Order of any Governmental Authority or arbitrator outstanding against the Company or any of its Subsidiaries. The Purchaser has been provided with copies of all of the audit response letters from all counsel to the Company and each of its Subsidiaries for the last three years.

25. Taxes

Except as disclosed in Section 25 of the Vendor Disclosure Letter:

- (a) Each of the Company and its Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it and has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Authority. All such Tax Returns filed were correct and complete in all material respects;
- (b) Each of the Company and its Subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority.
- (c) For taxable periods ending on or after October 27, 2010, none of the Company or any of its Subsidiaries has entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which (i) to file any Tax Return covering any Taxes for which the Company or any of its

Subsidiaries is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Company or any of its Subsidiaries is or may be liable; (iii) the Company or any of its Subsidiaries is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authority may assess or collect Taxes for which the Company or any of its Subsidiaries is or may be liable;

- (d) For taxable periods ending on or after October 27, 2010, all income and capital tax liabilities of each of the Company and its Subsidiaries have been assessed by the relevant Governmental Authorities and notices of assessment have been issued to each such entity by the relevant Governmental Authorities for all taxation years or periods ending prior to and including the taxation year or period ended August 31, 2014;
- (e) To the knowledge of the Vendor, there are no proceedings, investigations, audits or Claims now pending or threatened against the Company or any of its Subsidiaries in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes;
- (f) Each of the Company and its Subsidiaries has duly and timely withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employee, officer or director and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Law to be remitted by it;
- (g) Each of the Company and its Subsidiaries has duly and timely collected and paid all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected and paid by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Law to be remitted by it;
- (h) For taxable periods ending on or after October 27, 2010, none of sections 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to the Company or any of its Subsidiaries at any time up to and including the Closing Date;
- (i) For taxable periods ending on or after October 27, 2010, none of the Company or any of its Subsidiaries has acquired property from a non-arm's length Person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under section 160 of the Tax Act;
- (j) For taxable periods ending on or after October 27, 2010, for all transactions between the Company or any of its Subsidiaries and any non-resident Person with whom the Company or any of its Subsidiaries was not dealing at arm's length,

each of the Company and its Subsidiaries has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act;

- (k) Each of the Company and its Subsidiaries is duly registered under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax and under Division I of Chapter VIII of Title I of the *Quebec Sales Tax Act* with respect to the Quebec sales tax, as required; and
- (l) Notwithstanding the representations and warranties in this Section 25, the Vendor is providing no representation or warranty in respect of the adjusted cost base of the Vendor, the Company or its Subsidiaries in any debt, shares or partnership interests.

26. Employment Matters

- (a) The Vendor has provided to the Purchaser a complete and accurate list of the Employees, together with their titles, service dates, current wages, salaries or hourly rate of pay, benefits, vacation entitlement, commissions and bonus (whether monetary or otherwise) or other compensation paid since the beginning of the most recently completed fiscal year (including the date of payment if paid since August 31, 2015) or payable to each such Employee and the date upon which each such term of employment became effective if it became effective in the 12-month period prior to the date of the Agreement. The Vendor has provided to the Purchaser a list of Employees on inactive status, including lay-off, short-term disability leave, long-term disability leave, pregnancy and parental leave or other extended absences, or receiving benefits pursuant to workers' compensation legislation, and specifies the last date of active employment, the reason for the absence and the expected date of return of each such Employee (if known).
- (b) Current and complete copies of all Employment Contracts have been delivered or made available to the Purchaser. Except for those Employment Contracts listed in Section 26 of the Vendor Disclosure Letter, there are no Employment Contracts which are not terminable on the giving of reasonable notice in accordance with applicable Laws, nor are there any Employment Contracts providing for cash, other compensation, benefits or contingent rights on Closing. To the knowledge of the Vendor, no executive employed by the Company or any of its Subsidiaries has any plans to terminate his or her employment.
- (c) Except as set forth in Section 26 of the Vendor Disclosure Letter, there are no Claims nor, to the knowledge of the Vendor, pending or threatened Claims pursuant to any Laws relating to the Employees or former employees, including employment standards, human rights, labour relations, occupational health and safety, workers' compensation, pay equity or employment equity. To the knowledge of the Vendor, nothing has occurred which might lead to a Claim under any such Laws. There are no outstanding decisions, Orders or settlements or pending settlements which place any obligation upon the Company or any of its Subsidiaries to do or refrain from doing any act.

- (d) All current assessments under workers' compensation legislation in relation to the Company and its Subsidiaries and all of their respective contractors have been paid or accrued. None of the Company nor any of its Subsidiaries has been or is subject to any additional or penalty assessment under such legislation which has not been paid or has been given notice of any audit.
- (e) The Vendor has made available to the Purchaser for review all inspection reports, workplace audits or written equivalent, made under any occupational health and safety legislation which relate to the Company or any of its Subsidiaries. There are no outstanding inspection Orders or written equivalent made under any occupational health and safety legislation which relate to the Company or any of its Subsidiaries.

27. Collective Agreements

- (a) Section 27 of the Vendor Disclosure Letter sets forth a complete list of the Collective Agreements and their expiry dates. Current and complete copies of all Collective Agreements have been provided to the Purchaser.
- (b) Except as disclosed in Section 27 of the Vendor Disclosure Letter, no Union has bargaining rights in respect of the Company or its Subsidiaries, any Employees or any Persons providing on site services in respect of the Company or its Subsidiaries.
- (c) There are no outstanding or, to the knowledge of the Vendor, threatened unfair labour practices or complaints or applications relating to any Union, including any proceedings which could result in certification of a Union as bargaining agent for any Employees providing on site services in respect of the Company or its Subsidiaries and there have not been any such proceedings within the last three years.
- (d) There are no threatened or apparent Union organizing activities involving the Company or its Subsidiaries, any Employees providing on site services in respect of the Company or its Subsidiaries that are not already covered by the Collective Agreements.
- (e) None of the Company or its Subsidiaries is in violation in any material respect of any provision under any Collective Agreement.
- (f) Except as disclosed in Section 27 of the Vendor Disclosure Letter, none of the Company or its Subsidiaries has any material grievances or pending arbitration cases outstanding nor, to the knowledge of the Vendor, are there any threatened material grievances or arbitration cases relating to the Company or its Subsidiaries.
- (g) None of the Company or its Subsidiaries has engaged in any unfair labour practices and, during the past three years, there has not been any strike, lock-out, work stoppage, or other material labour dispute involving the Company or its Subsidiaries. None of the Company or its Subsidiaries has engaged in any plant

closing or employee lay-off activities within the past three years that would violate the group termination or lay-off requirements of any applicable employment standards legislation. There is no strike, work stoppage, slow-down, lock out or other labour dispute occurring or, to the knowledge of the Vendor, threatened or affecting the Company or its Subsidiaries.

28. Pension and Other Benefit Plans

- (a) Section 28 of the Vendor Disclosure Letter sets forth a complete list of the Benefit Plans and identifies whether each Benefit Plan is a Parent Plan or a Company Plan. Current and complete copies of all written Benefit Plans as amended to date or, where oral, written summaries of the terms thereof, have been made available to the Purchaser together with copies of all material documents relating to the Company Plans, including (i) any funding agreements (including trust agreements, insurance contracts and policies and benefit administration contracts); (ii) the most recent actuarial valuation prepared in respect of each Company Plan (if any), (iii) member booklets, and (iv) material correspondence with a Governmental Authority within the last 3 years.
- (b) Section 28 of the Vendor Disclosure Letter: (i) sets forth a complete list of each Pension Plan along with its registration number(s) and jurisdiction of registration, (ii) identifies each Pension Plan that is a Defined Benefit Plan, and (iii) where applicable, discloses the Pension Plan Unfunded Liability in respect of each Company Plan that is a Defined Benefit Plan.
- (c) None of the Benefit Plans applicable to the Employees is a Multi-Employer Plan.
- (d) Each Company Plan is, and has been, established, registered, amended, funded, administered and invested in compliance in all material respects with the terms of such Company Plan (including the terms of any documents in respect of such Company Plan), the Collective Agreements, and all applicable Laws. Neither the Company nor any its Subsidiaries has received, in the last three years, any notice from any Person questioning or challenging such compliance, and the Vendor has no knowledge of any such notice beyond the last three years.
- (e) There is no investigation by a Governmental Authority or Claim (other than routine claims for payment of benefits) pending or, to the knowledge of the Vendor, threatened, involving any Benefit Plan or their assets, and no facts exist which could reasonably be expected to give rise to any such investigation or Claim (other than routine claims for payment of benefits).
- (f) The Company and its Subsidiaries have no formal plan and have made no promise or commitment to create any additional benefit plans which would be considered to be a Benefit Plan once created or to improve or change the benefits provided under any Benefit Plan applicable to the Employees.
- (g) None of the Benefit Plans provide for benefit increases, payments or the acceleration of, or an increase in, securing or funding obligations that are

contingent upon or will be triggered by the entering into of the Agreement or the completion of the transactions contemplated by the Agreement.

- (h) All employer and employee payments, contributions and premiums required to be remitted, paid to or in respect of each Benefit Plan and each Statutory Plan have been paid or remitted in a timely fashion in accordance with its terms and all Laws.
- (i) No individuals are participating in (or are eligible to participate in) any of the Company Plans other than Employees or former employees of the Company or any of its Subsidiaries, or officers or directors of the Company or any of its Subsidiaries (and any spouses, dependants, survivors or beneficiaries of such persons).
- (j) All data necessary to administer each Benefit Plan is in the possession of the Company or its Subsidiaries or their agents and is in a form which is sufficient for the proper administration of the Benefit Plan in accordance with its terms and all Laws and such data is complete and correct in all material respects.
- (k) Section 28 of the Vendor Disclosure Letter, sets forth a complete list of the Post-Retirement Benefit Plans and identifies whether each such plan is a Parent Plan or a Company Plan.
- (l) None of the Benefit Plans, or any insurance contract relating thereto, require or permit a retroactive increase in premiums or payments, or require additional premiums or payments on termination of the Benefit Plan or any insurance contract relating thereto.
- (m) No event has occurred respecting any Defined Benefit Plan which would entitle any Person (without the consent of the Company or any of its Subsidiaries) to wind-up or terminate any Defined Benefit Plan, in whole or in part. Where any Defined Benefit Plan has been partially or fully wound-up or terminated, all assets, including any surplus, attributable to such partial or full wind-up or termination have been fully distributed in accordance with all Laws or where such distribution of assets is pending, the amount of the surplus attributable to such partial or full wind-up or termination together with the date as of which such amount is determined is disclosed Section 28 of the Vendor Disclosure Letter.

29. Privacy

Except as disclosed in Section 29 of the Vendor Disclosure Letter:

- (a) the Company and its Subsidiaries are in material compliance with all Data Protection Laws, including, where necessary, filing notifications on any register of data controllers. As of the date of this Agreement, no claims are pending, or, to the knowledge of the Company, are threatened in writing against the Company or any of its Subsidiaries by any Person alleging a violation of such Data Protection Laws or by any Person alleging a violation of such Person's privacy or confidentiality rights or rights relating to Personal Information;

- (b) the Company and each of its Subsidiaries, to the extent required by Law, have a written privacy policy which governs their collection, use and disclosure of Personal Information and the Company and each of its Subsidiaries are in compliance in all material respects with their respective privacy policies;
- (c) all required consents to the collection, use or disclosure of Personal Information in connection with the conduct of the Company's and its Subsidiaries' businesses (including disclosure to Affiliates of the Company or any of its Subsidiaries) have been obtained;
- (d) to the knowledge of the Company, there has been no: (A) unauthorised disclosure of any material third party proprietary or confidential information in the possession, custody or control of the Company and its Subsidiaries; or (B) material breach of any security procedures of the Company or its Subsidiaries wherein confidential information has been disclosed to a third party; and
- (e) the Company and its Subsidiaries have implemented procedures in accordance with industry practice to ensure internal and external security of the confidentiality and integrity of all data stored in or processed in connection therewith including procedures for taking and storing, on-site and off-site, back-up copies of programs and data.

30. Owned Real Property

- (a) Section 30 of the Vendor Disclosure Letter sets forth a complete list of the Owned Real Property in each case by reference to the owner, municipal address and legal description.
- (b) Except as disclosed in Section 30 of the Vendor Disclosure Letter, the Company or the named Subsidiary, as the case may be, is the legal and beneficial owner of the Owned Real Property in fee simple, with good and marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances.
- (c) Except as disclosed in Section 30 of the Vendor Disclosure Letter, there are no Contracts which affect or relate to the title to, or ownership, operation (other than operational contracts entered into in the normal course of business) or management of, the Owned Real Property.

31. Leased Real Property

- (a) Section 31 of the Vendor Disclosure Letter sets forth a complete list of the Leased Real Property and details for each Leased Real Property including: (i) municipal address, (ii) legal description, (iii) area of premise (if applicable), and (iv) details of annual rent payable, current terms, renewal rights and security deposits or prepaid rent.
- (b) Except as disclosed in Section 31 of the Vendor Disclosure Letter, the Real Property Leases have not been altered or amended except in the normal course of business and are in full force and effect. There are no Contracts between the

landlord and tenant, or sublandlord and subtenant, or other relevant parties relating to the use and occupation of the Leased Real Property, other than as contained in the Real Property Leases.

- (c) There are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under the Real Property Leases on the part of the Company or any of its Subsidiaries or, to the knowledge of the Vendor, on the part of any other party to such Real Property Leases.
- (d) None of the Company or any of its Subsidiaries has an option, right of first refusal or other right relating to the Leased Real Property, other than as set out in the Real Property Leases.
- (e) To the knowledge of the Vendor, none of the Company or any of its Subsidiaries has waived, or omitted to take any action in respect of any material rights under any of the Real Property Leases.

32. Real Property Generally

- (a) True and complete copies of certificates of title relating to the Owned Real Property within the possession or control of the Vendor or the Company and/or its Subsidiaries, have been delivered to the Purchaser.
- (b) Except as disclosed on Section 32 of the Vendor Disclosure Letter, no Person has any right to purchase, option to purchase, right of first refusal or other rights with respect to any of the Real Property other than the Purchaser pursuant to this Agreement.
- (c) Section 32 of the Vendor Disclosure Letter sets forth a list of known third parties entitled to use or have possession or occupancy of any of the Real Property, including the key commercial terms of such use, possession or occupancy, and, except as disclosed on Section 32 of the Vendor Disclosure Letter, no Person other than the Company or a Subsidiary is using or has any right to use, or is in possession or occupancy of, any part of such Real Property.
- (d) None of the Company or any of its Subsidiaries has entered into any agreement to sell, transfer, encumber, or otherwise dispose of or impair the right, title and interest of the Company or any of its Subsidiaries in and to the Owned Real Property or the air, density and easement rights relating to the Owned Real Property.
- (e) To the knowledge of the Vendor, the current uses of the Real Property are permitted under current zoning and land use regulations and Laws. None of the Company or any of its Subsidiaries has made application for any minor variance or amendments to zoning by-laws or official plans in respect of the Real Property and the Vendor has no knowledge of any proposed or pending changes to any zoning regulation or official plan affecting the Real Property, except in the ordinary course of business.

- (f) Except for Permitted Encumbrances, to the knowledge of the Vendor, no Improvements encroach on real property not forming part of the Owned Real Property and no buildings, structures or other improvements on adjoining lands encroach upon the Owned Real Property.
- (g) The Vendor has no knowledge of any expropriation or condemnation or similar proceeding pending or threatened against the Owned Real Property or any part of the Owned Real Property.
- (h) All accounts for work and services performed or materials placed or furnished upon or in respect of the construction and completion of any Improvements have been fully paid and no one is entitled to claim a lien under the *Construction Lien Act* (Ontario) or other similar legislation for such work performed by or on behalf of the Company or any of its Subsidiaries.
- (i) The Owned Real Property is fully serviced (including water, storm and sanitary sewer and electrical service) to a level sufficient to permit the operation of the business of the Company and its Subsidiaries to be carried on after Closing as it has been carried on in the ordinary course by the Company and its Subsidiaries. All municipal levies, local improvements, imposts and permit fees due and payable prior to the Closing Date have been or shall be paid by the Company and its Subsidiaries as at the Closing Date.
- (j) There are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under the Permitted Encumbrances on the part of the Company or any of its Subsidiaries or, to the knowledge of the Vendor, on the part of any other party to such Permitted Encumbrances.
- (k) There are no matters affecting the right, title and interest of the Company or any of its Subsidiaries in and to the Owned Real Property which, in the aggregate, would materially and adversely affect the ability of the Company or any of its Subsidiaries after the Closing Date to carry on the business upon the Owned Real Property as it has been carried on in the ordinary course by the Company and its Subsidiaries.

33. Intellectual Property

- (a) Section 33 of the Vendor Disclosure Letter sets forth:
 - (i) a complete list of all Intellectual Property which has been registered, or for which applications for registration have been filed, by or on behalf of the Company or any of its Subsidiaries in any jurisdiction;
 - (ii) a complete list of all Material Contracts and Encumbrances relating to any of the Information Technology, and such Material Contracts are in full force and effect and no material default exists on the part of the Company or any of its Subsidiaries or, to the knowledge of the Vendor, on the part of the other parties thereto;

- (iii) a complete list of the material Information Technology of which the Company or any of its Subsidiaries is not the sole beneficial and registered owner.
- (b) Each of the Company and its Subsidiaries is using or holding the Technology of which it is not the sole beneficial and registered owner with the consent of or a licence from the owner of such Technology, all of which such consents or licences are in full force and effect and no material default exists on the part of the Company or any of its Subsidiaries or, to the knowledge of the Company, except as disclosed in Section 33 of the Vendor Disclosure Letter, on the part of any of the other parties thereto.
- (c) Except as disclosed in Section 33 of the Vendor Disclosure Letter:
 - (i) all of the Intellectual Property is in full force and effect and has not been used or enforced or failed to be used or enforced in a manner that would result in its abandonment, cancellation or unenforceability;
 - (ii) there are no Claims by the Company or any of its Subsidiaries relating to breaches, violations, infringements or interferences with any of the Technology by any other Person and none of the Company or any of its Subsidiaries has any knowledge of any facts upon which such a Claim could be based;
 - (iii) to the knowledge of the Company, no other Person is using any of the Technology so as to breach, violate, infringe or interfere with the rights of the Company or any of its Subsidiaries;
 - (iv) there are no Claims in progress or pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries relating to the Technology and there is no valid basis for any such Claim; and
 - (v) to the knowledge of the Company, the carrying on of the Company's business and the carrying on of each Subsidiary's business and the use, possession, reproduction, distribution, sale, licensing, sublicensing or other dealings involving any of the Technology does not breach, violate, infringe or interfere with any rights of any other Person.
- (d) The Information Technology:
 - (i) is suitable for the purposes for which it is being used and is proposed to be used based on the plans and forecasts of the Company and its Subsidiaries including their forecasted growth is not expected to require a material upgrade or replacement within the 12 month period after the Closing Date and none are planned, other than non-material upgrades or replacements in the ordinary course of business;

- (ii) is complete and no other computer hardware, software, system or other information technology is needed in order to carry on the Company's business and the business of each Subsidiary as conducted on the Closing Date;
- (iii) to the knowledge of the Company, is free from known defects or deficiencies that cannot be remedied, , including any undisclosed program routine, device or other feature, including viruses, worms, bugs, malware, time locks, software bombs, Trojan horses, "back doors" or "trap doors", in each case that is designed to delete, disable, deactivate, interfere with or otherwise harm any Information Technology, and any virus or other intentionally created, undocumented contaminant that may, or may be used to, access, modify, delete, damage or disable any hardware, system or data; and
- (iv) to the knowledge of the Company, does not contain any disabling mechanisms or protection features which are designed to disrupt or prevent the use of the Information Technology, including computer viruses, time locks or any code, instruction or device that may be used without authority to access, modify, delete or damage any of the Information Technology.

34. Material Contracts

Section 34 of the Vendor Disclosure Letter sets forth a complete list of the Material Contracts. True and complete copies of all Material Contracts (including all material amendments thereto) have been made available to the Purchaser and, other than as set forth in Section 34 of the Vendor Disclosure Letter, no Material Contract has been modified, rescinded or terminated since the date such Material Contract was first made available to the Purchaser. Other than as set forth in Section 34 of the Vendor Disclosure Letter, all Material Contracts are all in full force and effect unamended and there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such Material Contract on the part of the Company or any of its Subsidiaries or, to the knowledge of the Vendor, on the part of any other party to such Material Contracts. The Company and each of its Subsidiaries has the capacity, including the necessary personnel, equipment and supplies, to perform all its obligations under the Material Contracts.

35. Insurance

Each of the Company and its Subsidiaries maintains such policies of insurance, issued by responsible insurers, as are appropriate to its operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance are in full force and effect and none of the Company or any of its Subsidiaries is in default, as to the payment of premiums or otherwise, under the terms of any such policy. Section 35 of the Vendor Disclosure Letter sets forth (i) a complete list of all policies of insurance which the Company or any of its Subsidiaries maintain and the particulars of such policies, including the name of the insurer, the risk insured against, indication whether the policy is claims made or occurrence based, the amount of coverage and the amount of any deductible and a summary of all claims under each such policy

for the past five years; (ii) details of any self-insurance arrangements by or affecting the Company and its Subsidiaries, including any reserves established thereunder; and (iii) details of any insurance coverage provided to third parties and details of the policies under which such coverage is provided.

36. Environmental Matters

Except as disclosed in Section 36 of the Vendor Disclosure Letter:

- (a) To the knowledge of the Vendor, all Environmental Approvals have been obtained, are valid and in full force and effect, have been and are being complied with, and there have been and are no applications made or proceedings commenced or threatened to revoke, suspend, amend or alter any Environmental Approval. None of the Company or any of its Subsidiaries has received any notice of any intention to revoke, suspend, amend or alter any Environmental Approval and there are no circumstances which exist which could result in the revocation, suspension, amendment or alteration of any Environmental Approval.
- (b) To the knowledge of the Vendor, all operations of the Company and its Subsidiaries have been and are now, in compliance in all material respects with all Environmental Laws. None of the Company or any of its Subsidiaries has received any notice of any alleged violation of such Laws. Any Release by the Company or any of its Subsidiaries and to the knowledge of the Vendor, by the Company's or any of its Subsidiaries' predecessors in title of any Hazardous Substance into the Environment complied and complies in all material respects with all Environmental Laws.
- (c) To the knowledge of the Vendor, none of the Company, its Subsidiaries or any of their respective operations or any Owned Real Property has been or is now the subject of any Environmental Order, nor does the Vendor have any knowledge of any investigation or evaluation commenced or threatened as to whether any such Environmental Order is necessary nor has any threat of any such Environmental Order been made. None of the Company or any of its Subsidiaries has received any notice of any Environmental Order or any notice of intention to issue an Environmental Order nor are there any circumstances which could reasonably be expected to result in the issuance of any such Environmental Order.
- (d) None of the Company or any of its Subsidiaries is currently being prosecuted for or, to the knowledge of the Vendor, has been prosecuted for or convicted of, any offence under any Environmental Law, nor has the Company or any of its Subsidiaries been found liable in any proceeding or been required by any Environmental Order to pay any fine, penalty, damages, costs, expenses, amount or judgment to any Person as a result of any Release or threatened Release or as a result of the breach or contravention of any Environmental Law, and to the knowledge of the Vendor there is no basis for any such proceeding or action. None of the Company or any of its Subsidiaries has received any Claim, summons or charge or any notice of any violation or Claim under or alleging any contravention of any Environmental Law or any notice of any intention to issue

any Claim, summons, charge or notice of violation or contravention of any Environmental Law.

- (e) True and complete copies of all material environmental data and studies (including the results of any environmental audit assessment or environmental management system) relating to the Company and its Subsidiaries in the possession or control of the Vendor, the Company or any of its Subsidiaries have been delivered or made available to the Purchaser.
- (f) To the knowledge of the Vendor, there are no Hazardous Substances present in, on, at or under any of the Owned Real Property or any other assets of the Company or any of its Subsidiaries or any property currently or previously used or occupied by or under the charge, management or control of the Company or any of its Subsidiaries (including underlying soils and substrata, vegetation, surface water and groundwater) at concentrations or in amounts which could reasonably be expected to result in or form the basis for the issuance of an Environmental Order or which exceed decommissioning or remediation standards under any applicable Environmental Laws or standards published or administered by the Governmental Authority responsible for establishing or applying such standards.
- (g) The Vendor has no knowledge of any Hazardous Substance originating from any neighbouring or adjoining properties which has migrated onto, into or under or is migrating towards any of the Owned Real Property or any other assets of the Company or any of its Subsidiaries.
- (h) The Vendor has no knowledge of any Hazardous Substance originating from any of the Owned Real Property or any other assets of the Company or any of its Subsidiaries which has migrated onto, or is migrating towards any other property.
- (i) To the knowledge of the Vendor, none of the Company or any of its Subsidiaries has given or agreed to give, or is a party to or bound by, any financial assurance, guarantee, surety or indemnity in respect of Environmental Approvals, Environmental Orders or any other matter relating to the Environment.

37. Securities Law Matters

The transactions contemplated by this Agreement are exempt from the requirements of MI 61-101 to obtain a formal valuation and to obtain minority securityholder approval on the basis of sections 5.5(a) and 5.7(a) thereof.

38. Brokers

Except as set forth in Section 38 of the Vendor Disclosure Letter, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Vendor, the Company or any of its Subsidiaries who might be entitled to any fee or commission from the Company or any of its Subsidiaries in connection with the transactions contemplated by the Agreement.

39. Assets Located and Sales in the United States

The Company, including all entities it now controls, directly or indirectly, as defined under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“**HSR Act**”), 15 U.S.C. §18a (§7 A of the Clayton Act), and the rules promulgated by the Federal Trade Commission to implement the HSR Act (16 C.F.R. Parts 801, 802 and 803) does not hold assets located in the United States with a fair market value of US\$76.3 million or more and did not make sales in or into the United States of US\$76.3 million or more in its most recently competed fiscal year.

40. Shomi Partnership

The interest of the Company in the Shomi Partnership has been divested of in the manner specified in Section 40 of the Vendor Disclosure Letter.

SCHEDULE 5.1

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor the matters set out below.

1. Organization and Qualification

The Purchaser is a corporation duly incorporated and validly existing under the laws of Canada and has all necessary corporate power, authority and capacity to own its assets and to carry on its business as presently conducted. The Purchaser is duly qualified, licensed or registered to conduct business and is in good standing in each jurisdiction in which its assets are located or it conducts business.

2. Residence

The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

3. Due Authorization and Enforceability of Obligations

The Purchaser has all necessary corporate power, authority and capacity to enter into the Transaction Agreements to which it is a party and to carry out its obligations under the Transaction Agreements to which it is a party. The execution and delivery of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement constitutes, and each Transaction Agreement and each other agreement to be executed by the Vendor in connection with the Closing will constitute, a valid and binding obligation of the Vendor enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) general principles of equity. The Consideration Shares have been duly authorized for issuance and sale by the Purchaser pursuant to this Agreement.

4. Support of the Transaction

The board of directors of the Purchaser, upon receiving the recommendation of the Special Committee and after consultation with its financial and outside legal advisors, has unanimously determined (with certain interested directors having disclosed an interest in the transaction and having recused themselves from voting) that the transactions contemplated by this Agreement are in the best interests of the Purchaser and the Purchaser Shareholders, has unanimously approved (with certain interested directors having disclosed an interest in the transaction and having recused themselves from voting) this Agreement, and has resolved to recommend that the Purchaser Shareholders vote in favour of the issuance of the Consideration Shares at the Purchaser Meeting.

5. Absence of Conflicts

Subject to the receipt of CRTC Approval and Purchaser Shareholder Approval and to compliance with applicable securities Laws and the rules of the TSX, except as would not

reasonably be expected to result in a Purchaser Material Adverse Change or except as disclosed in Section 5 of the Purchaser Disclosure Letter, none of the Purchaser or any of its Subsidiaries is a party to, bound or affected by or subject to any:

- (a) Contract;
- (b) charter or by-law; or
- (c) Laws or Governmental Authorizations, including any CRTC Licence;

that would be violated in any material respect, breached in any material respect by, or under which default would occur or an Encumbrance would, or with notice or the passage of time would, be created, or in respect of which the obligations of the Purchaser will materially increase or the rights or entitlements of the Purchaser will materially decrease or any obligation on the part of the Company or any of its Subsidiaries to give notice to any Governmental Authority will arise, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement to be entered into under the terms of this Agreement (including the Investor Rights Agreement).

6. Regulatory Approvals

Other than the CRTC Approval, and for compliance with applicable securities Laws and the rules of the TSX, no approval, Order, consent of or filing with any Governmental Authority is required on the part of the Purchaser in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of the Purchaser's obligations under this Agreement or any other documents and agreements to be delivered under this Agreement.

7. Capitalization

The authorized share capital of the Purchaser consists of an unlimited number of Purchaser Class A Shares; an unlimited number of Purchaser Class B Shares; an unlimited number of Class 1 preferred shares, issuable in series; an unlimited number of Class 2 preferred shares, issuable in series; and an unlimited number of Class A preferred shares. As of December 31, 2015, 3,425,792 Purchaser Class A Shares and 84,237,997 Purchaser Class B Shares were issued and outstanding. All outstanding Purchaser Class A Shares and Purchaser Class B Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights, and all Purchaser Class A Shares or Purchaser Class B Shares issuable upon exercise of outstanding stock options in accordance with their respective terms will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. All Purchaser Class B Shares issued in accordance with the terms of the Agreement will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Except as disclosed in the Purchaser Public Documents, there are no options, warrants or other rights, shareholder rights plans, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the Purchaser of any shares of the Purchaser or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of the Purchaser.

8. Subsidiaries

All of the Purchaser's Material Subsidiaries are disclosed in the Purchaser Public Documents, and the Purchaser owns, directly or indirectly, all of the issued and outstanding shares or other ownership interests of its Material Subsidiaries. Except as disclosed in the Purchaser Public Documents, the Purchaser does not have a material interest in any capital stock or other equity securities of any other Person. Each material Subsidiary of the Purchaser is a Person duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all requisite power and authority and all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now being conducted, except where the failure to be so organized, validly existing, qualified or in good standing, or to have such power or authority, would not be, individually or in the aggregate, a Purchaser Material Adverse Change.

9. Securities Law Matters

- (a) The Purchaser is a reporting issuer (where such concept exists) in all provinces of Canada, is in material compliance with all applicable Canadian Securities Laws therein and is not on the list of reporting issuers in default under the Canadian Securities Laws of such provinces, as applicable.
- (b) The Purchaser Class B Shares are listed and posted for trading on the TSX and the Purchaser is in material compliance with the rules of the TSX.
- (c) The Purchaser is not subject to any delisting, suspension of trading in or cease trading or other order that may operate to prevent or restrict trading in the Purchaser Class A Shares or the Purchaser Class B Shares, and no proceedings have been initiated or, to the knowledge of the Purchaser, are pending or threatened by any Governmental Authority in relation thereto.
- (d) The Purchaser has filed in a timely manner all documents and information required to be filed by it under applicable Canadian Securities Laws with all applicable Governmental Authorities and the TSX and all such documents and information were, as of their respective dates of such filings, in compliance in all material respects with all applicable Canadian Securities Laws and at the time filed did not contain any misrepresentations. The Purchaser has not filed any confidential material change report with any Governmental Authority or the TSX which remains confidential as of the date of this Agreement.

10. Purchaser Financial Statements

The Purchaser's audited consolidated financial statements as at and for the fiscal years ended August 31, 2015 (the "**Purchaser Financial Statements**") have been prepared in accordance with GAAP (subject to year-end adjustments, where applicable) applied on a basis consistent with prior periods and present fairly, in all material respects, the consolidated financial position, results of operations and changes in financial position of the Purchaser as of the date thereof and for the period covered thereby (except as may be otherwise indicated in such Purchaser Financial Statements and the notes thereto or the related report of Purchaser's auditors).

11. Disclosure and Internal Controls

- (a) The Purchaser has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by the Purchaser in the Purchaser Public Documents filed or submitted by it under applicable Canadian Securities Laws are recorded, processed, summarized and reported within the time periods specified in applicable Canadian Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Purchaser in the Purchaser Public Documents filed or submitted under applicable Canadian Securities Laws are accumulated and communicated to the Purchaser's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.
- (b) The Purchaser has established and maintains a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of the Purchaser and each of its Subsidiaries; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of the Purchaser and its Subsidiaries are made only in accordance with authorizations of management and directors of the Purchaser and its Subsidiaries; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of the property or assets of the Purchaser or any of its Subsidiaries that could be a Purchaser Material Adverse Change.

12. Absence of Certain Changes or Events

Since August 31, 2015, other than the transactions contemplated in the Agreement and as disclosed in the Purchaser Public Documents, (i) the business of the Purchaser and its Subsidiaries has been conducted in the ordinary course consistent with past practices, and (ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to be, individually or in the aggregate, a Purchaser Material Adverse Change.

13. Absence of Undisclosed Liabilities

None of the Purchaser or any of its Subsidiaries has incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise), which continue to be outstanding, except (a) as disclosed in the Purchaser Financial Statements, or (b) as incurred in the ordinary course of business and which are not a Purchaser Material Adverse Change.

14. Absence of Changes and Unusual Transactions

Except as disclosed in the Purchaser Public Documents, since August 31, 2015, none of the Purchaser or any of its Subsidiaries has transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Company Financial Statements or cancelled any debts or entitlements except, in each case, in the ordinary course of business.

15. No Joint Venture Interests or Strategic Alliances

Other than as disclosed in the Purchaser Public Documents, none of the Purchaser or any of its Subsidiaries is a party to any material strategic alliance or co-operative agreement or is a partner, beneficiary, trustee, co-tenant, joint-venturer or otherwise a participant in any material partnership, trust, joint venture, co-tenancy, or similar jointly owned business undertaking and none of the Purchaser or any of its Subsidiaries has significant investment interests in any business owned or controlled by any third party.

16. Compliance with Laws

The operations of the Purchaser and its Subsidiaries have been and are now conducted in compliance in all material respects with all Laws of each jurisdiction the Laws of which have been and are now applicable to the business or products of the Purchaser or of any Subsidiary and none of the Purchaser or any of its Subsidiaries has received any notice of any alleged violation of any such Laws. The Purchaser and each Subsidiary has developed and implemented corporate policies and procedures designed to provide for compliance in all material respects with applicable Laws and has complied with such policies and procedures in all material respects.

17. Governmental Authorizations

The Governmental Authorizations held by the Purchaser and its Subsidiaries are all of the authorizations required by the Purchaser or any of its Subsidiaries to enable each of them to carry on its business in compliance with all Laws. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization or give rise to an obligation on the part of the Purchaser or any of its Subsidiaries to undertake or bear any cost, which violation, obligation or cost would be a Purchaser Material Adverse Change. No proceedings are pending or, to the knowledge of the Purchaser, threatened, which could result in their revocation or limitation and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal.

18. Litigation

There are no Claims, investigations or other proceedings, including appeals and applications for review, in progress, or, to the knowledge of the Purchaser, pending or threatened against or relating to the Purchaser or any of its Subsidiaries before any Governmental Authority, which, if determined adversely to the Purchaser or any of its Subsidiaries, would,

- (a) be a Purchaser Material Adverse Change,
- (b) enjoin, restrict or prohibit the issuance of all or any part of the Consideration Shares as contemplated by this Agreement, or
- (c) delay, restrict or prevent the Purchaser or any of its Subsidiaries from fulfilling any of its obligations set out in this Agreement or arising from this Agreement,
- (d) and the Purchaser has no knowledge of any existing ground on which any such action, suit, litigation or proceeding might be commenced with any reasonable likelihood of success,

There is no judgment, decree, injunction, rule or Order of any Governmental Authority or arbitrator outstanding against the Purchaser or any of its Subsidiaries.

19. Financing Arrangements

True, correct and complete copies of the Purchaser Commitment Letters have been provided to the Vendor. Each Purchaser Commitment Letter is valid and in full force and effect. The obligations of the Lenders to fund the commitments under the Purchaser Commitment Letters are not subject to any conditions precedent or other contingencies related to the funding of the full amount of the Purchaser Debt Financing, other than as expressly set forth in the Purchaser Commitment Letters. Excerpts of those portions, if any, of each executed fee letter associated with the Purchaser Debt Financing that contain any conditions to the funding of the Purchaser Debt Financing, have been provided to the Vendor. The Purchaser represents and warrants that (other than the excerpted portion of the fee letters referred to in the immediately preceding sentence) there are no side letters or agreements to which Purchaser is a party related to the funding or investing, as applicable, of the Purchaser Debt Financing that could reasonably be expected to adversely affect the availability of the Purchaser Debt Financing other than as expressly set forth in the Purchaser Commitment Letters delivered to the Vendor on or prior to the date of the Agreement. The Purchaser has fully paid or caused to be paid any and all commitment fees or other fees required by the Purchaser Commitment Letters to be paid as of the date of the Agreement. The aggregate proceeds contemplated by the Purchaser Commitment Letters will be sufficient: (i) to pay the aggregate Purchase Price for all of the Purchased Shares and the amounts required to be paid under Article 3 of the Agreement; and (ii) to fund all other amounts payable by the Purchaser pursuant to the Agreement and all other fees and expenses incurred by the Purchaser in connection with the negotiation, execution and delivery of the Agreement and the consummation of the transactions contemplated by the Agreement. The Purchaser, after due inquiry, does not have any reason to believe: (i) that any of the conditions to the Purchaser Debt Financing will not be satisfied or that the Purchaser Debt Financing will not be available on the Closing Time; or (ii) that the Purchaser will not have funds otherwise available prior to the Closing Time sufficient to satisfy the Purchaser's obligations under the Agreement.

20. Material Contracts

All of the Purchaser's material Contracts are all in full force and effect unamended and there are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under any such material Contract on the part of the

Purchaser or any of its Subsidiaries or, to the knowledge of the Purchaser, on the part of any other party to such material Contracts. The Purchaser and each of its Subsidiaries has the capacity, including the necessary personnel, equipment and supplies, to perform all its obligations under the material Contracts.

21. Insurance

Each of the Purchaser and its Subsidiaries maintains such policies of insurance, issued by responsible insurers, as are appropriate to its operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance are in full force and effect and none of the Purchaser or any of its Subsidiaries is in default, as to the payment of premiums or otherwise, under the terms of any such policy.

22. Written Opinion of Financial Advisor

The Purchaser has received a fairness opinion provided by, and the formal valuation of, Barclays Capital Canada Inc. (true and complete copies of which have been delivered to the Vendor by the Purchaser), in connection with the purchase and sale of the Purchased Shares and Purchased Debt, and such fairness opinion and valuation have been neither withdrawn nor modified.

23. Non-Arm's Length Transactions

Other than as disclosed in the Purchaser Public Documents, neither the Purchaser, nor any director or officer, former director or officer, shareholder or employee of, or any other Person not dealing at arm's length with the Purchaser or any of its Subsidiaries is engaged in any transaction or arrangement with or is a party to a Contract with, or has any indebtedness, liability or obligation to, the Purchaser or any of its Subsidiaries, except for employment arrangements entered into in the ordinary course of business.

24. Taxes

- (a) Each of the Purchaser and its material Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Authority and has duly, completely and correctly reported all income and all other amounts and information required to be reported thereon.
- (b) Each of the Purchaser and its material Subsidiaries has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority.

SCHEDULE 7.4

ALTERNATIVE TRANSACTIONS

Alternative A - Closing Steps

- The Purchaser will directly acquire from the Vendor a non-interest bearing demand note owing by the Company in consideration for cash and Purchaser Class B Shares. The principal amount of the note will need to be determined.
- A wholly-owned subsidiary of the Purchaser (“**Holdco**”) will acquire the Purchased Shares from the Vendor in consideration for preferred shares of Holdco.
- The preferred shares of Holdco will be redeemed for a non-interest bearing note of Holdco (the “**Redemption Note**”). The Redemption Note will be repaid by Holdco immediately thereafter with cash.
- The Purchaser will indirectly fund the repayment of the Redemption Note by lending the required cash to the Company in consideration for a non-interest bearing demand note secured against the operating assets of the Company. The Company will on-lend the funds to Holdco which will use the funds to repay the Redemption Note.

Alternative B - Closing Steps

- The Purchaser will directly acquire from the Vendor all of the issued and outstanding shares of 1507441 Alberta Ltd. and a non-interest bearing demand promissory note owing by 1507441 Alberta Ltd. in consideration for cash and Purchaser Class B Shares.
- The principal amount of the note will be approximately equal to the purchase price for the Company.
- 1507441 Alberta Ltd. is a holding company that will own the shares of the Company and any debt of the Company owing to the Vendor.

For greater certainty, there will be various pre-closing reorganization steps prior to, and various post-closing reorganization steps following, the steps for Alternative A or Alternative B set forth above (which remain subject to Section 7.4).

EXHIBIT A
GOVERNANCE AND INVESTOR RIGHTS AGREEMENT

(See attached)

CORUS ENTERTAINMENT INC.

- and -

SHAW COMMUNICATIONS INC.

GOVERNANCE AND INVESTOR RIGHTS AGREEMENT

●, 20●

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Schedule A - Registration Rights Procedures

GOVERNANCE AND INVESTOR RIGHTS AGREEMENT

THIS AGREEMENT made the ● day of ●, 20●,

BETWEEN:

CORUS ENTERTAINMENT INC.,
(hereinafter referred to as “**Corus**”),

- and -

SHAW COMMUNICATIONS INC.,
(hereinafter referred to as “**Shaw**”).

WHEREAS Corus and Shaw have entered into a share purchase agreement dated January 13, 2016 (the “**Purchase Agreement**”) providing for the sale by Shaw to Corus of the Purchased Shares (as defined in the Purchase Agreement);

AND WHEREAS the Purchase Agreement provides that as part of the consideration payable for the Purchased Shares, Corus will issue 71,364,853 Class B Shares (as defined herein) to Shaw (the “**Consideration Shares**”);

AND WHEREAS as a condition to the completion of the transactions contemplated pursuant to the Purchase Agreement, Corus has agreed to grant certain rights set out herein to Shaw on the terms and subject to the conditions set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

ARTICLE 1 **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Agreement, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Purchase Agreement, otherwise, the following terms have the following meanings:

“**Affiliate**” of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly;

“**Applicable Securities Laws**” means the securities legislation in each province and territory of Canada, including all rules, regulations, published policy statements and

blanket orders thereunder or issued by one or more of the Canadian Securities Regulatory Authorities;

“**Board of Directors**” means the board of directors of Corus;

“**Bought Deal**” means a fully underwritten offering on a bought deal basis pursuant to which an underwriter has committed to purchase securities of Corus pursuant to a “bought deal” letter prior to the filing of a prospectus or prospectus supplement or a Distribution pursuant to an overnight marketed offering;

“**Business Day**” means any day, other than a Saturday or Sunday, on which Royal Bank of Canada in Toronto, Ontario and Calgary, Alberta is open for commercial banking business during normal banking hours;

“**Canadian Securities Regulatory Authorities**” means, collectively, the securities regulatory authority in each of the provinces and territories of Canada;

“**Class A Shares**” means the Class A participating shares in the capital of Corus;

“**Class B Shares**” means the Class B non-voting participating shares in the capital of Corus;

“**Closing Date**” has the meaning set out in the Purchase Agreement;

“**Consideration Shares**” has the meaning set out in the recitals;

“**control**” means, in respect of:

- (a) a corporation, the ability of a Person or group of Persons acting in concert to influence the manner in which the business of such corporation is carried on, whether as a result of ownership of sufficient voting shares of such corporation to enable that Person or group of Persons to elect a majority of the directors of such corporation or by contract or otherwise;
- (b) a partnership, trust, syndicate or other entity, actual power or authority to manage and direct the affairs of, or ownership of more than fifty percent (50%) of the transferable beneficial interests in, such entity,

and the term “controlled” has a corresponding meaning;

“**Corus**” has the meaning set out in the recitals;

“**Corus Directors**” means the duly appointed or elected directors of Corus from time to time;

“**Corus Shares**” means, collectively, the Class A Shares and the Class B Shares;

“**Corus Successor**” has the meaning set out in Section 6.1;

“**Demand Notice**” has the meaning set out in Section 4.1(a);

“**Demand Registration**” has the meaning set out in Section 4.1(a);

“**Director Eligibility Criteria**” has the meaning set out in Section 2.1(e);

“**Distribution**” means a distribution or sale of Corus Shares to the public for cash by means of a prospectus under Applicable Securities Laws, and the terms “**Distribute**” and “**Distributed**” shall have corresponding meanings;

“**DRIP**” means the dividend reinvestment plan of Corus;

“**Executive Committee**” has the meaning set out in Section 2.3;

“**Hold Restrictions**” has the meaning set out in Section 3.2;

“**Hold Shares**” means Consideration Shares that are subject to the Hold Restrictions, excluding, for greater certainty, any Consideration Shares that are within the scope of Section 3.2;

“**Material Transaction**” means:

- (a) any take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, merger, tender offer, exchange offer, consolidation, recapitalization, reorganization, liquidation, dissolution, or winding-up in respect of Corus or any of its material Subsidiaries;
- (b) any direct or indirect sale of assets (or any lease, long-term supply arrangement, licence, or other arrangement having the same economic effect as a sale) of Corus or any of its Subsidiaries representing 20% or more of the consolidated assets, revenues, or earnings of Corus;
- (c) any direct or indirect sale, issuance, or acquisition of shares or other equity interests (or securities convertible or exchangeable into or exercisable for such shares or interests) in Corus or any of its material Subsidiaries representing 20% or more of the issued and outstanding equity or voting interests Corus or such material Subsidiary or rights or interests therein or thereto;
- (d) any similar transaction or series of transaction involving Corus or any of its Subsidiaries, directly or indirectly; and
- (e) any transaction or series of transactions which, pursuant to Applicable Securities Laws or the policies of the TSX, requires approval by the Shareholders (whether in the aggregate or by class vote);

“**NI 52-110**” means National Instrument 52-110 *Audit Committees*;

“**Notices**” has the meaning set out in Section 7.1;

“Participating Interests” has the meaning set out in Section 5.1(a);

“Person” means any individual, sole proprietorship, partnership, firm, entity, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“Piggy-Back Registration” has the meaning set out in Section 4.2(a);

“Purchase Agreement” has the meaning set out in the recitals;

“Qualifying Securities” has the meaning set out in Section 4.1(a);

“Registration Expenses” means all out-of-pocket expenses incident to the parties’ performance of, or compliance with, this Agreement in connection with a Distribution, including all registration and filing fees, all fees and expenses of complying with Applicable Securities Laws, all printing expenses, all internal expenses, all “road show” and marketing expenses, all listing fees, all registrars’ and transfer agents’ fees, the fees and disbursements of counsel for Corus and any selling security holders and of Corus’s independent public accountants, including the expenses of any special audits and/or “comfort” letters required by or incidental to such performance and compliance, but excluding Selling Expenses;

“Selling Expenses” means all underwriting commissions, discounts or brokers’ commissions incurred in connection with a Distribution of Corus Shares;

“Shareholder” means a holder of Class A Shares or Class B Shares;

“Shaw” has the meaning set out in the recitals;

“Shaw Nominee” means each Corus Director who is nominated by Shaw and elected or appointed from time to time to the Board of Directors pursuant to the terms of this Agreement;

“Special Committee” has the meaning set out in Section 2.4;

“Strategic Initiative” means any plan, intention, discussion, program or process to enter into new lines of business, expand existing lines of business, close a significant business unit or any other strategic business alternative which, individually or in the aggregate, would reasonably be expected to be material to Corus and its Subsidiaries taken as a whole;

“Subsidiaries” with respect to a Person means, at the time such determination is being made, any other Person controlled by such first Person, in each case, whether directly or indirectly;

“TSX” means the Toronto Stock Exchange and its successors; and

“Valid Business Reason” has the meaning set out in Section 4.1(c)(v)(B).

1.2 Rules of Construction

In this Agreement, unless otherwise expressly stated or the context otherwise requires:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article” or “Section” followed by a number or letter refer to the specified Article or Section to this Agreement;
- (c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;
- (e) the word “including” is deemed to mean “including without limitation”;
- (f) the terms “party” and “the parties” refer to a party or the parties to this Agreement;
- (g) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time;
- (h) any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (i) all dollar amounts refer to Canadian dollars;
- (j) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends;
- (k) references to “underwriter” include agents acting on an agency or best efforts basis, and references to “underwritten” offerings, issuances or distributions include offerings, issuances or distributions made on an agency or best efforts basis;
- (l) whenever any action is required to be taken or period of time is to expire on a day other than a Business Day, such action shall be taken or period shall expire on the next following Business Day; and

- (m) the beneficial ownership of Corus by Shaw shall be calculated as a percentage, the numerator of which shall be the aggregate number of Corus Shares beneficially owned by Shaw and the denominator of which shall be the aggregate number of outstanding Corus Shares

1.3 Affiliates

The parties acknowledge that they are Affiliates by virtue of being under common Control, however, for purposes of this Agreement and the interpretation of the provisions of this Agreement, the parties agree that Shaw and its Subsidiaries shall be deemed not to be Affiliates of Corus and its Subsidiaries and that Corus and its Subsidiaries shall be deemed not to be Affiliates of Shaw and its Subsidiaries.

1.4 Beneficial Ownership

For purposes of this Agreement, Shaw shall be deemed not to beneficially own any Corus Shares beneficially owned or controlled by any controlling shareholder or shareholders of Shaw.

1.5 Entire Agreement

This Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement and the Purchase Agreement.

1.6 Time of Essence

Time shall be of the essence of this Agreement.

1.7 Governing Law and Submission to Jurisdiction

(a) This Agreement shall be interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable in that province.

(b) Each of the parties irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

1.8 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this

Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

1.9 Waiver

No waiver of any provision of this Agreement shall be binding unless it is in writing. No indulgence or forbearance by a party shall constitute a waiver of such party's right to insist on performance in full and in a timely manner of all covenants in this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement at any time.

1.10 Amendments

This Agreement may be amended or supplemented only by a written agreement signed by each of the parties.

1.11 Binding Effect

This Agreement shall be binding upon the parties hereto and their respective permitted successors and permitted assigns.

1.12 Nature of Holdings

The entering into of this Agreement by Shaw should not be interpreted to mean that the Class B Shares held by Shaw may not legally be sold or otherwise disposed of, including in any of the relevant provinces and territories of Canada, without a prospectus and that such Class B Shares may not thereafter be freely resold without a prospectus.

1.13 Schedules

The following schedule is attached hereto and forms part of this Agreement:

Schedule A	-	Registration Rights Procedures
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ARTICLE 2
BOARD OF DIRECTORS & COMMITTEES

2.1 Board of Directors Nominees

(a) Corus agrees that upon the issuance of the Consideration Shares in accordance with the terms of the Purchase Agreement, the Board of Directors shall immediately appoint

three initial Shaw Nominees to serve on the Board of Directors until the next annual general meeting of Shareholders.

(b) Corus covenants and agrees to take all necessary steps to decrease the size of the Board of Directors to a total of 12 Corus Directors (including the Shaw nominees) and cause the resignation or retirement of one member of the Board of Directors that is not a Shaw Nominee, in each case prior to July 31, 2016.

(c) Following the decrease of the size of the Board of Directors as contemplated in Section 2.1(b): (i) for so long as Shaw beneficially owns at least 30% of the outstanding Corus Shares, Shaw shall be entitled to three Shaw Nominees; (ii) for so long as Shaw beneficially owns at least 20% but less than 30% of the outstanding Corus Shares, Shaw shall be entitled to two Shaw Nominees; (iii) for so long as Shaw beneficially owns at least 10% but less than 20% of the outstanding Corus Shares, Shaw shall be entitled to one Shaw Nominee; and (iv) if Shaw beneficially owns less than 10% of the outstanding Corus Shares, Shaw shall not be entitled to any Shaw Nominees.

(d) Corus hereby agrees to nominate and recommend for election, at each meeting of Shareholders at which Corus Directors are to be elected, such number of Shaw Nominees as set forth in Section 2.1(c) for election to the Board of Directors.

(e) Shaw agrees that both the initial Shaw Nominees and all subsequent Shaw Nominees, shall in each case (i) be “Canadian” as defined in the Direction to the CRTC (Ineligibility of Non-Canadians); and (ii) satisfy, as applicable, Corus’s eligibility criteria of general application (as determined in good faith by the Board of Directors or an authorized committee thereof and including, for greater certainty, any applicable laws, regulations or stock exchange rules or policies) for director candidates (the “**Director Eligibility Criteria**”). In addition, Shaw agrees that not less than two (one, if Section 2.1(c)(ii) applies) of the three Shaw Nominees must meet the independence criterion set forth in Section 1.4 of NI 52-110, provided that if Section 2.1(c)(iii) applies the foregoing independence criterion shall not be applicable, and that not less than one of the three Shaw Nominees must meet the requirements of NI 52-110 to sit on the Corus audit committee.

(f) Shaw shall advise Corus of the identity of each Shaw Nominee at least ten Business Days prior to the date on which proxy solicitation materials are to be mailed by Corus (as advised by Corus to Shaw at least 20 Business Days prior to such date) for purposes of any meeting of Shareholders at which Corus Directors are to be elected. If Shaw does not advise Corus of the identity of any Shaw Nominee prior to such deadline, then Shaw will be deemed to have nominated the incumbent Shaw Nominee(s).

(g) In the event that any Shaw Nominee shall cease to serve as a Corus Director, whether due to such Shaw Nominee’s death, disability, resignation or removal, Corus shall cause the Board of Directors to appoint as soon as practicable a replacement Shaw Nominee in accordance with this Agreement to fill the vacancy caused by such death, disability, resignation or removal, provided that such Shaw Nominee satisfies the Director Eligibility Criteria and Shaw remains eligible to nominate such Shaw Nominee pursuant to Section 2.1(c).

(h) In the event that Shaw ceases to have any rights to appoint one or more Shaw Nominees, Shaw agrees to use its commercially reasonable efforts to, unless requested otherwise by Corus, cause any Shaw Nominees who are then Corus Directors to resign from the Board of Directors forthwith.

2.2 Management to Endorse and Vote

Corus hereby agrees that management of Corus shall in respect of every meeting of Shareholders at which the election of Corus Directors is to be considered, and at every reconvened meeting following an adjournment or postponement thereof, endorse and recommend the Shaw Nominees identified in Corus's proxy materials for election to the Board of Directors so long as such Shaw Nominees satisfy the Director Eligibility Criteria, and shall vote their Class A Shares and the Class A Shares in respect of which management is granted a discretionary proxy in favour of the election of such Shaw Nominees to the Board of Directors at every such meeting.

2.3 Executive Committee

The Board of Directors has previously established an executive committee (the “**Executive Committee**”), which meets on an “as needed” basis to address timely issues when it is not possible to convene a meeting of the entire Board of Directors. For so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Corus Shares, Shaw shall have the right to appoint one Shaw Nominee to the Executive Committee or any successor committee thereto.

2.4 Special Committee

For so long as Shaw beneficially owns Class B Shares representing at least 15% of the outstanding Corus Shares, Shaw shall have the right to appoint one Shaw Nominee to any special committee or other similarly constituted committee (each, a “**Special Committee**”) formed for the purposes of evaluating regulatory issues, Strategic Initiatives or any Material Transactions involving Corus and/or its Subsidiaries; provided that a Shaw Nominee may not serve on a Special Committee if Shaw or an Affiliate of Shaw is (or is likely to become) an “**interested party**” (as such term is defined in Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions*) in respect of the applicable Regulatory Issue, Strategic Initiative or Material Transaction.

2.5 Directors Liability Insurance

Each Shaw Nominee shall be entitled to the benefit of any directors' liability insurance or indemnity to which other Corus Directors are entitled.

ARTICLE 3
TRANSFERS OF CONSIDERATION SHARES; DRIP

3.1 Limitations on Transfer

Except as provided in or permitted by Sections 3.2 or 3.3, Shaw hereby agrees that Shaw will not directly or indirectly, without the prior written consent of Corus:

(a) sell, offer to sell, grant any option, right or warrant for the sale of, or otherwise lend, transfer, assign or dispose of (including by making any short sale, engaging in any hedging, monetization or derivative transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership or the Consideration Shares, whether or not cash settled) in a public offering or by way of private placement or otherwise any Consideration Shares or any securities issued by Shaw convertible, exchangeable or exercisable into Consideration Shares; or

(b) agree to or announce any intention to do any of the foregoing, except for the filing of a Form 45-102F1 filed not earlier than seven days prior to the date on which the applicable Hold Restriction expires in respect of the applicable Consideration Shares.

3.2 Exceptions

The restrictions set forth in Section 3.1 (the “**Hold Restrictions**”) shall not apply with respect to (a) the tendering of any Consideration Shares to, or the selling of any Consideration Shares pursuant to, a formal take-over bid for the Class B Shares supported by a majority of the Corus Board, (b) the selling of any Consideration Shares pursuant to a plan of arrangement, amalgamation or similar transaction of Corus, (c) the selling of any Consideration Shares to Corus for purchase and cancellation under any normal course issuer bid or substantial issuer bid of the Company in place from time to time or (d) the selling of any Consideration Shares in order to fund the payment of claims for indemnity pursuant to Section 13.1 of the Purchase Agreement.

3.3 Hold Periods

From and after the date that is: (a) 12 months following the Closing Date, the Hold Restrictions shall not apply with respect to one-third of the Consideration Shares; (b) 18 months following the Closing Date, the Hold Restrictions shall not apply with respect to two-thirds of the Consideration Shares; and (c) 24 months following the Closing Date, the Hold Restrictions shall no longer apply.

3.4 DRIP

(a) On the date hereof, Shaw shall enroll 100% of the Consideration Shares in the existing DRIP, and shall maintain enrolment of such shares in the DRIP until the earlier of (i) September 1, 2017, and (ii) the date such Consideration Shares are no longer Hold Shares.

(b) Until the date that is 24 months following the Closing Date, subject to applicable Law, Corus shall not amend the Corus Share price discount under the DRIP from its current level (being a discount of 2% to the average market price of the Corus Shares).

(c) The parties agree that any Corus Shares issued to Shaw pursuant to the DRIP shall not be subject to the Hold Restrictions.

ARTICLE 4

DEMAND AND PIGGY-BACK REGISTRATION RIGHTS SECTION

4.1 Demand Registration Rights

(a) Subject to Section 4.1(c), upon the written request (a “**Demand Notice**”) of Shaw made at any time and from time to time, Corus will use commercially reasonable efforts, subject to complying with Applicable Securities Laws and applicable stock exchange requirements (and Corus will use commercially reasonable efforts to comply with such laws), to file such documents and take such other steps as may be necessary under Applicable Securities Laws to qualify for Distribution all or any whole number of Class B Shares held by Shaw which are not Hold Shares (the “**Qualifying Securities**”). Corus and Shaw shall cooperate in a timely manner and in accordance with the procedures set forth in Schedule A hereto in connection with each such Distribution (a “**Demand Registration**”).

(b) After receipt of a Demand Notice referred to in Section 4.1(a), Corus shall have five Business Days (or two Business Days in the context of a Bought Deal) to determine whether it wishes to Distribute Class B Shares under the prospectus prepared in connection with such Demand Registration by giving written notice to Shaw, specifying the number of Class B Shares it wishes to Distribute, provided that if the lead underwriter or underwriters, acting in good faith, advises Shaw in writing that, in its or their judgment, the inclusion of the Class B Shares to be Distributed by Corus in the Demand Registration should be limited (i) due to market conditions, or (ii) because the number of Class B Shares proposed to be distributed is likely to have a significant adverse effect on the successful marketing of the Distribution (including the price range acceptable to Shaw), then the maximum number of Class B Shares that the lead underwriter advises or lead underwriters advise should be Distributed will be allocated as follows: (1) first, to the number of Qualifying Securities; and (2) second, to the number of Class B Shares to be Distributed by Corus, if any, that may be accommodated in such Distribution.

(c) Notwithstanding Section 4.1(a), Corus will not be obligated to effect a Demand Registration:

- (i) within a period of six months after the date of completion of a previous Distribution;
- (ii) during a regularly scheduled black-out period in which insiders of Corus are restricted from trading in securities of Corus under the insider trading policy or other policy of Corus;
- (iii) unless the Distribution of Qualifying Securities would reasonably be expected to result in gross proceeds of at least \$40 million to Shaw (or, in

the case of a Distribution of Qualifying Securities to fund the payment of claims for indemnity pursuant to Section 13.1 of the Purchase Agreement, at least \$25 million to Shaw);

- (iv) other than in a province of Canada; or
- (v) in the event that the Board of Directors determines in good faith that there is a Valid Business Reason (as defined below) and that it is, therefore, in the best interests of Corus to defer the filing of a prospectus at such time, in which case Corus's obligations under this Section 4.1 will be deferred until the earlier of:
 - (A) five Business Days after the date that such Valid Business Reason ceases to exist; and
 - (B) the expiry of a period of not more than 90 days from the date of receipt of the Demand Notice; provided that such right of deferral may not be exercised more than once in any 12-month period.

For purposes of this Section 4.1(c)(v), “**Valid Business Reason**” means a determination that the effect of the filing of a prospectus:

- (I) would impede or materially adversely affect a pending or proposed acquisition, disposition, financing, merger, recapitalization, consolidation, reorganization, or similar transaction involving Corus or any of its Subsidiaries that is material to Corus and its Subsidiaries taken as a whole, or the negotiations, discussions or pending proposals with respect thereto; or
- (II) would require the disclosure of material non-public information that Corus has a *bona fide* business purpose for preserving as confidential;

provided that Corus will give written notice of its determination to defer filing and of the fact that the Valid Business Reason for such deferral no longer exists, in each case, promptly after the occurrence thereof. If at any time prior to receiving written notice that a Valid Business Reason for a deferral no longer exists, Shaw advises Corus in writing that it has determined to withdraw such request for a Demand Registration, then such Demand Registration and the request therefor will be deemed to be withdrawn and such request will be deemed not to have been given for purposes of determining whether Shaw has exercised its right to a Demand Registration pursuant to this Section 4.1.

- (d) Any Demand Registration pursuant to Section 4.1(a) shall:
- (i) specify the number of Class B Shares which Shaw intends to Distribute;
 - (ii) describe the nature or methods of the proposed offer and sale thereof and the provinces and territories of Canada in which such offer shall be made;
 - (iii) contain an undertaking of Shaw to provide all such information regarding its holdings and the proposed manner of Distribution thereof as may be reasonably required in order to permit Corus to comply with all Applicable Securities Laws;
 - (iv) specify whether such offer and sale shall be made by an underwritten public offering; and
 - (v) be carried out in accordance with the procedures set forth in Schedule A to this Agreement.

(e) In the case of an underwritten public offering initiated pursuant to this Section 4.1, Shaw shall have the right to jointly select the managing underwriter or underwriters of such Qualifying Securities. Corus will have the right to retain counsel of its choice to assist it in fulfilling its obligations under this Section 4.1.

(f) Notwithstanding anything to the contrary contained herein, a Demand Registration will not be considered as having been effected until a receipt has been issued for a final prospectus by the Canadian Securities Regulatory Authorities or a prospectus supplement to a base shelf prospectus has been filed with the Canadian Securities Regulatory Authorities in accordance with National Instrument 44-102 – *Shelf Distributions*, in each case, pursuant to which the Qualifying Securities are to be sold; and provided further that at any time prior to the issuance of such a receipt or filing of such a prospectus supplement, Shaw may withdraw its request for Demand Registration by advising Corus in writing that it has determined to withdraw such request, in which case (i) such Demand Registration and the request therefor will be deemed to be withdrawn, and (ii) such request will be deemed not to have been given for purposes of determining whether Shaw has exercised its right to a Demand Registration pursuant to this Section 4.1, provided that this provision shall only apply to one such withdrawal in a calendar year and, thereafter, subsequent withdrawals in such calendar year will count as an exercise of the Demand Registration right.

4.2 Piggy-Back Registration Rights

(a) Commencing on and after the date which is twelve months after the date hereof, if Corus proposes to make a Distribution, other than by way of a Bought Deal, Corus will promptly give Shaw five Business Days' prior written notice of the proposed Distribution, including proposed pricing. Upon the written request of Shaw given within five Business Days after receipt of the notice of the proposed Distribution from Corus, subject to Section 4.2(c), Corus will use commercially reasonable efforts to, in conjunction with the proposed Distribution, cause to be qualified in such offering the applicable number of Class B Shares of Shaw in accordance with the procedures set forth in Schedule A to this Agreement (a "**Piggy-Back Registration**"),

provided that if the lead underwriter or underwriters of such proposed Distribution, acting in good faith, advise Corus in writing that, in its or their judgment, the inclusion of the Qualifying Securities held by Shaw in the proposed Distribution should be limited (i) due to market conditions, or (ii) because the number of Class B Shares proposed to be Distributed is likely to have a significant adverse effect on the successful marketing of the proposed Distribution (including the price acceptable to Corus), then the maximum number of Class B Shares that the lead underwriter advises or lead underwriters advise should be Distributed will be allocated as follows: (i) first, to the number of Class B Shares that Corus proposes to Distribute; and (ii) second, subject to the preceding sentence, to the number of Qualifying Securities, if any, that may be accommodated in such Distribution.

(b) If the proposed Distribution is not completed within 180 days of a notice of a Piggy-Back Registration, the related notice of a Piggy-Back Registration delivered by Shaw hereunder shall be deemed to be withdrawn.

(c) If Corus is proposing to undertake a Bought Deal, Corus shall give such notice to Shaw, including anticipated pricing, as is practical in the circumstances given the speed and urgency under which Bought Deals are conducted. Shaw shall have the lesser of two Business Days from the date Corus advises it of such proposed Bought Deal, or the time as is practicable under the circumstances to notify Corus of the number of Qualifying Securities that Shaw requests to be included in such Bought Deal; unless otherwise agreed to by Corus, such amount not to exceed the proportion in the Bought Deal that the Class B Shares held by Shaw represent of all outstanding Corus Shares. Corus shall use commercially reasonable efforts to include such Class B Shares in any Bought Deal, and, if so included, the procedures set forth in Schedule A to this Agreement shall apply to such Distribution; provided that if the lead underwriter or underwriters of such proposed Bought Deal, acting in good faith, advises Corus in writing that, in its or their judgment, the inclusion of the Qualifying Securities held by Shaw in the proposed Bought Deal should be limited (i) due to market conditions, or (ii) because the number of Class B Shares proposed to be distributed is likely to have a significant adverse effect on the successful marketing of the proposed Distribution (including the price acceptable to Corus), then the maximum number of Class B Shares that the lead underwriter advises or lead underwriters advise should be Distributed will be allocated as follows: (i) first, to the number of Class B Shares that Corus proposes to Distribute; and (ii) second, to the number of Qualifying Securities, if any, that may be accommodated in such Distribution.

4.3 Expiry of Rights

The Demand Registration rights and Piggy-Back Registration rights granted to Shaw pursuant to this Article 4 shall terminate and be of no further force or effect at such time as Shaw no longer beneficially owns Class B Shares representing at least 5% of the outstanding Corus Shares.

ARTICLE 5
PRE-EMPTIVE RIGHTS

5.1 Pre-Emptive Right

(a) Provided that Shaw beneficially owns Class B Shares representing at least 10% of the outstanding Corus Shares, no equity or participating securities or securities convertible or exchangeable into equity or participating securities (collectively, “**Participating Interests**”) will be issued by Corus and no option or other right for the purchase of or subscription for any Participating Interest will be granted at any time after the date hereof except upon compliance with the following provisions.

(b) Provided that Shaw beneficially owns Class B Shares representing at least 10% of the outstanding Corus Shares, if Corus proposes to offer any Participating Interests, Shaw shall be entitled to participate in such issuance on a *pro rata* basis, but only to the extent necessary to maintain its then proportional fully-diluted equity interest in Corus. In the event that the issuance in question consists of the issuance of Class A Shares, then Shaw shall be entitled to acquire that number of Class B Shares that will allow it to maintain its then proportional fully-diluted equity interest in Corus. At least five Business Days prior to the closing of any such proposed offering, Corus shall deliver to Shaw a notice in writing offering Shaw the opportunity to subscribe for a *pro rata* number of Participating Interests. The offer will contain a description of the terms and conditions relating to the Participating Interests and will, to the extent known, state the price at which the Participating Interests are offered and the date on which the purchase of Participating Interests is to be completed and will state that Shaw, if it wishes to subscribe for Participating Interests, may do so only by giving written notice of the exercise of the subscription right granted hereby to Corus within five Business Days after the date of the offer, provided that if Corus receives a “bought deal” letter (which for the purposes of Sections 5.1(b) and (c) means a fully underwritten commitment from an underwriter or underwriters) relating to such Distribution, Shaw shall have the lesser of two Business Days from the time Corus advises it of such “bought deal” or the time as is practicable under the circumstances to provide the written notice to Corus specified in this Section 5.1(b). Shaw will be entitled to participate in the issuance of the Participating Interests by way of private placement at the same price and on the same terms as such Participating Interests are to be offered by Corus to any party.

(c) If Corus proposes to grant an option or other right for the purchase of or subscription for Participating Interests, such option or other right will also be made available to Shaw as nearly as may be possible in accordance with the foregoing.

(d) If Shaw exercises its right to subscribe for Participating Interests granted under Section 5.1(b), then Corus shall, subject to the receipt and continued effectiveness of all required approvals (including the approval(s) of the TSX and any other stock exchange or over-the-counter market on which the Corus Shares (or either class of them) are then listed and/or traded and any required approvals under Applicable Securities Laws), which approvals Corus shall use all commercially reasonable efforts to promptly obtain (including by applying for any necessary price protection confirmations, seeking Shareholder approval (if required) in the manner described below, and having management and each Corus Director voting their Corus Shares and all votes received by proxy in favour of the issuance of the Participating Interests to Shaw), issue

to Shaw, against payment of the subscription price payable in respect thereof, that number of Participating Interests so subscribed for by Shaw.

(e) If Corus is required by the TSX or otherwise to seek Shareholder approval for the issuance of the Participating Interests to Shaw, then Corus shall call and hold a meeting of Shareholders to consider the issuance of the Participating Interests to Shaw as soon as reasonably practicable, and, in any event, such meeting shall be held within 60 days after the date that Corus is advised that it will require Shareholder approval; provided, however, that if the Shareholders vote against the issuance of the Participating Interests to Shaw, then Corus shall not be required to issue to Shaw, and Shaw shall not be entitled to receive, such Participating Interests.

5.2 Non-Applicability of Pre-Emptive Right

The provisions of Section 5.1 will not apply in the following circumstances:

- (a) to any issues of Participating Interests or to the grant of any option or other right for the purchase of or subscription for any Participating Interests:
 - (i) pursuant to any plan from time to time in effect relating to reinvestment by holders of Corus Shares of dividends or distributions of Corus in Corus Shares, including any “bonus” entitlements;
 - (ii) in connection with any security-based compensation arrangement that are Corus Share distributions in lieu of cash distributions;
 - (iii) pursuant to a shareholder rights plan of Corus;
 - (iv) upon the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which Shaw did not exercise, failed to exercise, or waived, its rights under Section 5.1 or in respect of which such pre-emptive rights did not apply;
 - (v) upon the issuance of any Corus Shares or securities exchangeable into Corus Shares as consideration for the acquisition of any assets, securities, property or properties; or
 - (vi) pursuant to any over-allotment option granted to the underwriters in a securities offering.
- (b) in the event that the rights of Shaw under Section 5.1 are waived by Shaw.

ARTICLE 6 **CORUS SUCCESSORS**

6.1 Certain Requirements in Respect of a Combination

Subject to Section 6.3, in the event that Corus enters into a transaction whereby all or substantially all of its undertaking, property and assets would become the property of any

other Person or all of its shares are acquired by another Person in exchange for, in whole or in part, securities of such other Person, it shall ensure that such other Person or continuing entity (the “**Corus Successor**”) executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence (i) the substantial preservation and non-impairment in any material respect of the rights of Shaw hereunder with respect to the Corus Successor, as if the Corus Successor was Corus hereunder, and (ii) the assumption by the Corus Successor of liability for all amounts payable and property deliverable hereunder and the covenant of such Corus Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Corus under this Agreement.

6.2 Vesting of Powers in Successor

Whenever the conditions of Section 6.1 have been duly observed and performed, if required by Section 6.1, the parties hereto and the Corus Successor will execute and deliver a supplemental agreement hereto and thereupon the Corus Successor will possess and from time to time may exercise each and every right and power and will be subject to each and every obligation of Corus hereunder and any act or proceeding under any provision hereunder required to be done or performed by the Corus Directors or any officers of Corus may be done and performed with like force and effect by the trustees, directors or officers, as applicable, of such Corus Successor.

6.3 Non-Applicability

Sections 6.1 shall only apply if immediately following the consummation of a transaction contemplated by Section 6.1, Shaw will hold more than 5% of the outstanding votes attached to all securities of the Corus Successor immediately following the completion of such transaction.

ARTICLE 7 **GENERAL**

7.1 Notices

All notices, demands or other communications (“**Notices**”) to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient or by email addressed to the recipient. Such notices, demands and other communications shall be delivered to the parties at the respective addresses or email addresses indicated below:

- (a) in the case of a Notice to Corus at:

Corus Entertainment Inc.
Corus Quay
25 Dockside Drive
Toronto, ON M5A 0B5

Attention: President and Chief Executive Officer
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

and to:

Attention: General Counsel
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

With a copy to, in the case of notice to Corus to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
PO Box 50, Suite 6300
100 King Street West
Toronto, ON M5X 1B8

Attention: Douglas Bryce
Fax: 416.862.6666
E-mail: dbryce@osler.com

(b) in the case of a Notice to Shaw at:

Shaw Communications Inc.
Suite 900, 630 – 3rd Avenue S.W.
Calgary, AB T2P 4L4

Attention: Senior Vice President and General Counsel
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

and to:

Attention: Senior Vice President, Corporate Development & Capital Markets
Fax: **[Fax number redacted.]**
E-mail: **[E-mail address redacted.]**

With a copy, in the case of notice to Shaw to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Attention: Vincent Mercier and Peter Hong
Fax: 416.863.0871
E-mail: vmercier@dwpv.com and phong@dwpv.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing or

sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, emailed or sent before 5:00 p.m. (local time at the address of the party receiving such communication) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

7.2 Further Assurances

Each party shall act in good faith in performing its obligations and exercising its rights herein and shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable commercial efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

7.3 Ownership of Class B Shares

Shaw shall, at the request of Corus from time to time but no more frequently than monthly, deliver a certificate to Corus certifying the number of Class B Shares beneficially owned by Shaw.

7.4 Assignment

Except as specifically contemplated by Section 6.1, this Agreement is not assignable by either party except with the prior written consent of the other.

7.5 Termination

This Agreement shall terminate upon Shaw beneficially owning less than 5% of the outstanding Corus Shares.

7.6 Counterparts

This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement. Delivery of an executed signature page to this Agreement by a party by facsimile or electronic transmission shall be as effective as delivery of a manually executed copy of this Agreement by such party.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CORUS ENTERTAINMENT INC.

by _____
Name:
Title:

by _____
Name:
Title:

SHAW COMMUNICATIONS INC.

by _____
Name:
Title:

by _____
Name:
Title:

SCHEDULE A

REGISTRATION RIGHTS PROCEDURES

1. Demand Registration Procedures

Whenever Corus is under an obligation pursuant to the provisions of this Agreement to effect the qualification of Class B Shares in connection with a Distribution of any Qualifying Securities on behalf of Shaw:

- (a) Corus shall prepare and file as expeditiously as practicable (and, in any event, not later than 45 days after the receipt of a Demand Notice in the case of a Distribution other than by way of a Bought Deal) with the appropriate Canadian Securities Regulatory Authorities all documents reasonably necessary, including, if required, a prospectus or short form prospectus and any amendment or supplement thereto, to qualify for Distribution the Qualifying Securities and, in so doing, act as expeditiously as is practicable and in good faith to settle all deficiencies and obtain those receipts and clearances and provide those customary undertakings and commitments as may be reasonably required by any Canadian Securities Regulatory Authority, all as may be necessary to permit the Distribution of the Qualifying Securities in compliance with all Applicable Securities Laws. Notwithstanding the foregoing, in the event the Distribution is to be made pursuant to a Bought Deal in accordance with this Agreement, Corus shall attend to such preparations and filings as soon as is practical in the circumstances taking into account the speed and urgency under which Bought Deals are conducted;
- (b) prior to the filing of a prospectus and up to the date of completion of the Distribution of the Qualifying Securities, Corus shall permit Shaw to review and participate in the preparation of the prospectus and any related offering materials or filings and shall allow Shaw and any underwriters or agents involved to conduct any due diligence investigations reasonably requested;
- (c) during the period from the date of initiation of the Distribution and up to the date of completion of the Distribution of the Qualifying Securities, Corus shall promptly notify Shaw in writing of:
 - (i) any filing made by Corus of information relating to the Distribution with any Canadian Securities Regulatory Authority and any correspondence with any Canadian Securities Regulatory Authority regarding the Distribution;
 - (ii) any material change within the meaning of Applicable Securities Laws (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or prospects of Corus and its Subsidiaries, taken as a whole;

- (iii) any material fact within the meaning of Applicable Securities Laws which has arisen or has been discovered and would have been required to have been stated in the prospectus and any related offering materials or filings had the fact arisen or been discovered on, or prior to, the date of such document; and
 - (iv) any change in any material fact within the meaning of Applicable Securities Laws (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained in the prospectus or any related offering materials or filings which fact or change is, or may be, of such a nature as to render any statement in any such document misleading or untrue in any material respect or which would result in a misrepresentation within the meaning of Applicable Securities Laws in any such document, or which would result in any such document not complying with Applicable Securities Laws.
- (d) during the period from the date of initiation of the Distribution to the date of completion of the Distribution of the Qualifying Securities, Shaw shall promptly notify Corus in writing of:
 - (i) any filing made by Shaw of information relating to the Distribution with any Canadian Securities Regulatory Authority and any correspondence with any Canadian Securities Regulatory Authority regarding the Distribution;
 - (ii) any material fact, within the meaning of Applicable Securities Laws, in respect of Shaw which has arisen or has been discovered and would have been required to have been stated in the prospectus and any related offering materials or filings had the fact arisen or been discovered on, or prior to, the date of such document; and
 - (iii) any change in any material fact, within the meaning of Applicable Securities Laws, (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact), in respect of Shaw, contained in the prospectus or any related offering materials or filings which fact or change is, or may be, of such a nature as to render any statement in any such document misleading or untrue in any material respect or which would result in a misrepresentation within the meaning of Applicable Securities Laws in any such document, or which would result in any such document not complying with Applicable Securities Laws.
- (e) Corus and Shaw shall in good faith discuss any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether written notice need be given under Section 1(c) or Section 1(d) of this Schedule A;

- (f) promptly, and in any event within any applicable time limitation, Corus shall comply, to the satisfaction of Shaw, acting reasonably, with all applicable filings and other requirements under Applicable Securities Laws as a result of a material change, the discovery of a material fact or the change in a material fact referred to under Section 1(c) or 1(d) of this Schedule A, provided that Corus shall not file any amendment to the prospectus or other document without first complying with its obligations in Section 1(c) of this Schedule A;
- (g) Corus shall furnish to Shaw such number of copies of any preliminary prospectus, prospectus and any supplements or amendments thereto, any documents incorporated by reference in such prospectus and such other documents as Shaw may reasonably request in order to facilitate the Distribution of the Qualifying Securities;
- (h) if an underwritten public offering is contemplated, Corus shall execute and perform the obligations under an underwriting agreement in a form reasonably satisfactory to Shaw containing customary representations, warranties and indemnities for the benefit of Shaw, Corus and the underwriter(s);
- (i) subject to Applicable Securities Laws, Corus shall keep the prospectus effective until Shaw has completed the sale of Class B Shares under the prospectus, but no longer than 60 days from the date of the prospectus, provided that Shaw uses commercially reasonable efforts to complete the such sale as soon as reasonably practicable;
- (j) Corus shall use commercially reasonable efforts to furnish to the underwriter(s) involved in the Distribution all documents as they may reasonably request;
- (k) Corus shall take such other customary actions and execute and deliver such other customary documents as may be reasonably necessary to give full effect to the rights of Shaw under this Agreement;
- (l) Corus shall use its commercially reasonable efforts to list the Qualifying Securities on each securities exchange or quotation system on which Class B Shares are then-listed or quoted, if such Class B Shares are not already so listed or quoted;
- (m) Corus shall use commercially reasonable efforts to prevent the issuance of any cease trading order suspending the use of any prospectus and, if any such order is issued, to obtain the withdrawal of any such order; and
- (n) Corus shall use its commercially reasonable efforts to furnish, at the request of Shaw, on the date that such Class B Shares are delivered to the underwriters for sale in connection with the Distribution:
 - (i) an opinion, dated such date, of Corus's counsel for the purposes of such Distribution, in form and substance as is customarily given to underwriters

in an underwritten public offering, addressed to Shaw and the underwriters, if any; and

- (ii) a letter, dated such date, from Corus's auditors, in form and substance as is customarily given by auditors to underwriters in an underwritten public offering, addressed to Shaw and the underwriters, if any.

2. Rights and Obligations of Shaw

Shaw will furnish to Corus such information and execute such documents regarding the Qualifying Securities and the intended method of disposition thereof as Corus may reasonably request in order to effect the requested qualification for sale or other disposition in accordance with this Agreement and Applicable Securities Laws. If an underwritten public offering is contemplated, Shaw shall execute an underwriting agreement containing customary representations, warranties and indemnities (and contribution covenants) for the benefit of the underwriters and Corus; provided that the obligation to indemnify shall be limited in amount to the gross proceeds received by Shaw from the sale of Qualifying Securities pursuant to such Distribution. Shaw will have the right to withdraw from a proposed underwritten public offering at any time prior to the signing of the underwriting agreement, without incurring any obligation to Corus or any proposed underwriter, except as set forth below.

3. Expenses of Registration

- (a) Subject to Sections 3(b), (c) and (d) of this Schedule A, all Registration Expenses incurred in respect of a Distribution shall be borne by Corus, provided that in all cases Shaw shall bear the fees and expenses of its counsel.
- (b) Subject to Sections 3(c) and (d) of this Schedule A, Registration Expenses incurred in respect of a Demand Registration shall be borne by Corus and Shaw in proportion to the number of Class B Shares sold, directly or indirectly, by each pursuant to the prospectus filed in connection with such Demand Registration.
- (c) If a Distribution initiated by Corus is not completed, other than solely as a result of a default by Shaw under this Agreement or under an underwriting agreement or other enforceable agreement with the underwriters in respect of the Distribution, all Registration Expenses shall be borne by Corus. If a Distribution is not completed solely as a result of a default by Shaw under this Agreement or under an underwriting agreement or other enforceable agreement with the underwriters in respect of the Distribution, all Registration Expenses and all out-of-pocket expenses of Corus and its counsel related to the Distribution shall be borne by Shaw.
- (d) If a Demand Registration is not completed, other than as a result of a default by Corus under this Agreement or under an underwriting agreement or other enforceable agreement with the underwriters in respect of the Distribution, all Registration Expenses shall be borne by Shaw. If a Demand Registration is not completed as a result of a default by Corus under this Agreement or under an underwriting agreement or other enforceable agreement with the underwriters in

respect of the Distribution, all Registration Expenses and all out-of-pocket expenses of Corus and Shaw and their respective counsel related to the Distribution shall be borne by Corus.

- (e) Selling Expenses, if any, shall in all cases be borne by Corus and Shaw *pro rata* in respect of the Class B Shares being Distributed by Corus and Shaw, respectively.

4. Indemnification

- (a) Corus will indemnify Shaw, each of its officers, employees, directors and agents, with respect to a registration which has been effected pursuant to this Agreement, and each underwriter, if any, of Corus' securities covered by such registration, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof) including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by Corus of Applicable Securities Laws in connection with any such registration, and Corus will reimburse Shaw, each of its officers, employees, directors, and agents, and each such underwriter, for any reasonable legal and any other expenses incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or action, provided that Corus will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any information relating solely to Shaw or the underwriter, which information has been provided to Corus in writing by Shaw or the underwriter, respectively, contained in such prospectus, or any amendment or supplement thereto; and provided, further, that Corus will not be liable with respect to any loss, claim, damage or liability with respect to any Person who purchased Qualifying Securities and to whom there was not sent or who was not given a copy of any amended, supplemented or final prospectus, as applicable, with respect to such Qualifying Securities, if (i) such loss, claim, damage or liability results from an untrue statement or an omission or alleged untrue statement or omission contained in any preliminary or other prospectus that was corrected in such amended, supplemented or final prospectus and (ii) Corus had previously furnished copies of such amended, supplemented or final prospectus to Shaw or the underwriters for Shaw.
- (b) Shaw will, if Qualifying Securities held by Shaw are included in the securities as to which such registration is being effected, indemnify Corus, each of its directors and officers, and each underwriter, if any, of Corus's securities covered by such a registration, against all expenses, claims, losses, damages and liabilities or actions in respect thereof, including any of the foregoing incurred in settlement of any

litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or any amendment or supplement thereto or based on any omission (or alleged omission) to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by Shaw of Applicable Securities Laws in connection with any such registration and Shaw will reimburse Corus, such directors, officers, employees, agents and such underwriters for any reasonable legal and any other expenses incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any information relating solely to Shaw contained in such prospectus, or any amendment or supplement thereto, made in reliance upon and in conformity with written information furnished to Corus by Shaw for use therein; provided, however, that the liability of Shaw for indemnification under this Section 4(b) will not exceed the net proceeds from the offering actually received by Shaw.

- (c) Each party entitled to indemnification under this Section 4 (the “**Indemnified Party**”) will give written notice to the party required to provide indemnification (the “**Indemnifying Party**”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and will permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who will conduct the defense of such claim or litigation, will be approved by the Indemnified Party (whose approval will not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party’s expense, and provided further that the failure of any Indemnified Party to give notice as provided herein will not relieve the Indemnifying Party of its obligations under this Section 4 unless the failure to give such notice is materially prejudicial to an Indemnifying Party’s ability to defend such action. An Indemnified Party will have the right to retain its own counsel, with fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential conflicting interests between such Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, will, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. No Indemnified Party shall settle any claim or litigation resulting therefrom without the prior written consent of the Indemnifying Party, not to be unreasonably withheld.
- (d) If the indemnification provided for in this Section 4 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to

any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, will contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations, provided, however, that the liability of Shaw under this Subsection 4(d) will not exceed the net proceeds from the offering received by Shaw. The relative fault of the Indemnifying Party and of the Indemnified Party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent with respect to, knowledge regarding and opportunity to correct, such information.

- (e) Notwithstanding the foregoing, to the extent that the provisions regarding indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions of the underwriting agreement shall prevail.

SCHEDULE C — DESCRIPTION OF THE SHAW MEDIA BUSINESS

INFORMATION CONCERNING SHAW MEDIA

Corporate Structure

Shaw Media was incorporated under the CBCA on January 21, 2010 under the name 7316712 Canada Inc. and changed its name on October 28, 2010 to Shaw Media Inc. It was continued under the *Business Corporations Act* (Alberta) effective December 13, 2010 and amalgamated with CW Media Inc. on December 15, 2010.

The head office of Shaw Media is 121 Bloor Street East, Toronto, Ontario, Canada, M4W 3M5. The registered office of Shaw Media is Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4.

The following table lists the material entities owned or controlled by Shaw Media, together with the governing jurisdictions of, and the voting and equity interests of Shaw Media in, such entities.

	Governing Jurisdiction	Voting Interest	Equity Interest
Shaw Television Limited Partnership	Manitoba	100%	100%
Showcase Television Inc.	Canada	100%	100%
History Television Inc.	Canada	100%	100%
HGTV Canada Inc.	Canada	80.2%	67%
Food Network Canada Inc.	Canada	80.2%	71%

BUSINESS OF SHAW MEDIA

Description of Shaw Media

Shaw Media provides Canadians with engaging programming content through its portfolio of television, digital and mobile properties which include:

- 19 specialty services including HGTV Canada, Food Network Canada, History Canada, Showcase and Slice, and their companion websites;
- 12 Global Television branded conventional television stations;
- Global News and globalnews.ca; and
- HISTORY Go and Global Go mobile apps.

Shaw Media's fiscal year ends on August 31st of each year. For the 2015 fiscal year, Shaw Media generated revenues of \$1.08 billion, operating income before restructuring costs and amortization of \$342 million and free cash flow of \$230 million. Operating income before restructuring costs and amortization and free cash flow are non-IFRS measures. See "Non-IFRS Measures". Shaw Media's specialty television business accounted for 54% of 2015 revenues, while its conventional television business accounted for the remaining 46% of 2015 revenues.

Specialty Services

Specialty services are only available to households that subscribe to a service or a package of services offered by CRTC-regulated television service providers (known as broadcasting distribution undertakings or "BDUs") that distribute those services by cable television, direct-to-home satellite television, internet protocol television and through other technologies. Five of these television service providers capture approximately 85% of the total regulated television subscriber base as of March 2015. Shaw Media maintains strong relationships with these key television service providers.

Shaw Media's specialty services operate in the "Specialty and Pay" sector, which includes services providing special interest programming, including news, sports, arts, lifestyle, and entertainment programming. Each of Shaw Media's 19 specialty service brands has a distinct programming focus within the lifestyle, documentary/factual, drama or news genres or a mix of these.

The table below sets forth a summary description of each of the brands comprising Shaw Media's specialty channel portfolio:

Specialty Channel	% Economic Interest	Summary Description
Action	100%	Provides a combination of full-length action movies and television programs intended to thrill audiences with heroes and high stakes
BBC Canada	50% ⁽¹⁾	Operates in partnership with BBC Worldwide and features a wide variety of Canadian and British comedies, dramas, and lifestyle series, both classic and new programming
BC1	100%	24-hour, all news channel that provides breaking news, top headlines, weather, traffic, and coverage of community events and happenings that shape British Columbia
Crime + Investigation	100%	Features a mix of leading current suspense and crime drama franchises, as well as unscripted series and programs related to crime, investigation, and mystery
DejaView	100%	Airs television classics from the '60s, '70s and '80s
DIY	67% ⁽²⁾	Serves as one of Canada's go-to destinations for home improvement television, featuring programs and experts intended to assist viewers from small-scale projects to major home renovations
DTOUR	100%	Offers exclusive content intended to provide a fresh perspective on the world through new experiences and engaging personalities
Food Network Canada	71% ⁽²⁾⁽³⁾	Features food-related programming from Canada and around the world and brings iconic characters together through inspiring food stories, culinary competitions, and behind the scenes access
FYI	100%	A contemporary lifestyle network that covers a range of experiences reflecting how people live today through diverse lifestyle content
HGTV Canada	67% ⁽²⁾	Focuses on compelling and entertaining stories about the connections people have with their homes by offering programs featuring home renovations, entertainment and advice
History Canada	100%	Specializes in both original and acquired programming bringing worldwide and Canadian historical stories to life, and featuring real-life characters forging unique paths
H2	100%	Offers a broader view of history across science, technology and popular culture from around the globe
IFC Canada	100%	Offers both award-winning movies and "cult classics" as well as series
Lifetime	100%	Features a mix of scripted and unscripted series and movies that feature Hollywood stars and real-life personalities intended

Specialty Channel	% Economic Interest	Summary Description
		to provide audiences with opportunities to escape, indulge, laugh and be moved
MovieTime	100%	Serves as a destination for an extensive collection of contemporary hit and “big-ticket” movies, featuring approximately 250 titles per month
National Geographic Canada	50% ⁽¹⁾	Features scientific exploration and adventure programming from around the globe that showcase adventurers, explorers, and scientists
Nat Geo Wild	50% ⁽¹⁾	A sister network to National Geographic that focuses on wildlife and natural history programming to bring viewers close to animals in remote environments and closer to home
Showcase	100%	Provides a high quality dramatic and general entertainment experience by offering premium drama, including original Canadian programming as well as Hollywood movies and series
Slice	100%	Features exclusive programming focussed on providing a leading destination for affluent, educated, and engaged audiences through hit shows and relatable topics targeting a female demographic

Notes:

(1) Voting interest is 80%.

(2) Voting interest is 80.2%.

(3) A 20% interest in Food Network Canada was acquired by Shaw Media from Corus in 2013.

For the Fall 2015 period (August 31, 2015 to November 29, 2015), among adults aged 25-54, Shaw Media had four of the top-10 ranking non-sports English-language specialty services in Canada (including having two of the top three non-sports services), and 11 of the top-30 services. In this same period, Shaw Media’s specialty services also carried 15 of the top-30 specialty shows (non-sports) including *The Curse of Oak Island* (on History Canada), *Halloween Wars* (on Food Network Canada) and *Mr. Robot* (on Showcase).

In a series of transactions that closed in 2013 and 2014, Corus acquired Shaw Media’s interest in the specialty service ABC Spark and the French-language services Historia and Séries+, and Shaw Media acquired the Corus interest in Food Network Canada.

Global and Global News

Global Television stations operate in the “Conventional” broadcast sector, which includes government-owned public networks, such as the Canadian Broadcasting Corporation, as well as privately-owned station groups and networks that are available over-the-air to most Canadian households. The Global Television network has wide-coverage across Canada through 12 over-the-air television stations located from Halifax to Vancouver. For the fall broadcast season (September 15, 2015 to November 29, 2015), among adults 25-54, Global Television had more top-20 programs nationally and in the key metered markets across the country than it had in the corresponding period in 2014. In Vancouver, Calgary and Edmonton, Global Television has the top new broadcast network drama (*Limitless* in Calgary and Edmonton and *Supergirl* in Vancouver). Other series that premiered in Fall 2015 included *Heroes Reborn*, *Minority Report* and *The Late Show with Stephen Colbert*. These new shows joined the line-up of established series including *Survivor*, the *NCIS* franchise, *The Blacklist*, *Madam Secretary*, *The Good Wife*, *Hawaii Five-O* and others. In addition, Global Television has a long-standing relationship with the PGA Tour to bring top-level professional golf to Canadians throughout each weekend during the PGA season.

Global News believes it resonates with viewers as both a stand-alone news brand and also as an integral part of the overall Global Television brand. On average, Global News reaches approximately 10 million viewers per week on television nationally, and is the top news program for adults aged 25-54 in all timeslots (morning, noon, evening, late night, and weekend) in British Columbia, Calgary, and Edmonton (excluding noon news in Calgary). Global News' early-evening newscast, *Global National*, which launched in 2001, is the only major daily national newscast to air during the dinner hour. *Global National* has news bureaus and correspondents in every major Canadian city, as well as Washington, D.C., and London, England, which provide Canadians with in-depth analysis and perspective on important national and international events. Global News also produces *The Morning Show*, a daily news and interview program on Global Television, as well as the weekly investigative journalism series *16x9*, and Sunday political talk show *The West Block*. *16X9* seeks to delve into, and introduces Canadians to, issues that matter in an insightful and engaging manner. In addition, Global News delivers local news programs to most major markets across Canada. In fiscal 2012 and 2013, Global expanded its news line-up with the launch of morning news programming in Toronto, Regina, Saskatoon, Winnipeg, Montreal, and Halifax, and Global is the only major Canadian network to expand news programming over the past five years. In 2013, Shaw Media launched BC1, a dedicated 24-hour all news specialty channel in British Columbia which further expanded the Global News platform.

Digital Platforms

Canadians can also engage with Shaw Media's brands on digital and mobile platforms through its portfolio of websites that includes foodnetwork.ca, hgtv.ca, history.ca, slice.ca and globaltv.com. Through these websites, Shaw Media seeks to deepen the connection between its brands and its viewers/users beyond the television platform. The websites provide a means of further engaging viewers/users with additional content, including full-episodes of shows, opportunities to interact with program personalities and niche-specific content, including recipes, do-it-yourself tips and other features. In the first quarter of fiscal 2016, traffic to Shaw Media's digital properties grew 27% year-over-year to approximately 8.4 million unique visitors. This growth was driven by foodnetwork.ca (57% year-over-year growth) and globalnews.ca (34% year-over-year growth). Over this same period, video segment views also showed strong growth, with year-over-year growth of 12% to approximately 60 million segment views across the portfolio driven by foodnetwork.ca (44% year-over-year growth), globalnews.ca (33% year-over-year growth) and hgtv.ca (27% year-over-year growth).

During 2014, Shaw Media commenced the roll out of its "TV everywhere" strategy with the launch of the Global Go and HISTORY Go apps in order to meet the changing needs of its conventional and specialty viewing audiences. These apps allow viewers to watch live TV, and full episodes, clips and video exclusives on-demand on iOS and android mobile devices. HISTORY Go content is available only to HISTORY Canada subscribers, while certain content on Global Go is available to all Canadians. Both HISTORY Go and Global Go are available to all Canadians and feature a selection of full episodes for promotion and sampling. Subscribers, once logged into the applications, are able to access a robust catalogue of content, including live streaming and full seasons. By making content available through online websites and over-the-top platforms, such as these apps, Shaw Media gives Canadians access to content when and where they choose. At the end of the first quarter of fiscal 2016, Global Go had been downloaded 2.4 million times and HISTORY Go had been downloaded 243,000 times. Shaw Media's TV everywhere products generate revenues through fees paid by BDUs that offer the products to their subscribers and through the sale of digital video advertising.

Viewers are also increasingly changing how they consume news content, and Global News has, and continues to, pursue a strategy it believes reflects these changing habits. Globalnews.ca enables Canadians to access Global News coverage wherever and whenever they want, through the web, mobile devices, e-mail alerts, RSS feeds and social media. It can be customized to the local market of the viewer/user, and features responsive design which is user-friendly technology intended to optimize content to fit any screen size or resolution to create a seamless experience on all browsers and platforms, including tablets and smart phones. The site incorporates native content advertising opportunities that give advertisers new ways to engage with the *Global News* audience. In October 2015, globalnews.ca reached an all-time high of 7.9 million unique visitors supported by the federal election.

Content Acquisition and Commissioning

The breadth of Shaw Media's brand portfolio allows it to lever its content purchasing to obtain favourable and cost-effective access to programming rights across both its television and digital properties. This is particularly important when securing rights to leading programming from global-scale suppliers. By maintaining key relationships with

major United States studios, including NBC Universal, FOX, Sony, and leading United States and international cable television partners, including Scripps Networks Interactive, AETN, National Geographic and the BBC, Shaw Media pursues its objective of securing high-quality programming for all of its platforms, as well as exclusive access to iconic brands for its specialty channel portfolio.

Shaw Media also maintains strong relationships with a number of Canada's most prominent and experienced independent producers in order to secure supply of Canadian content. Shaw Media develops and commissions original Canadian programming in the drama, documentary/factual and lifestyle genres for distribution through all of its platforms and, in certain cases, through syndication. Management of original commissioning for all of Shaw Media's television channels is centralized, thereby allowing for decision-making to be made on a portfolio basis that optimizes Canadian content programming for Shaw Media's brands, channels and websites.

Advertising and Subscriber Revenues

Shaw Media generates revenue primarily through selling advertising on both conventional television stations and specialty services. It also generates subscriber revenue from the distribution of its specialty services to its television subscriber base. In Fiscal 2015, Shaw Media's conventional television stations generated approximately \$445 million of advertising revenues, and its specialty services generated approximately \$569 million of combined advertising and subscriber revenues.

Shaw Media competes not only with other conventional stations and specialty and pay services for advertising revenue, but also other forms of media, including, digital, print, radio, and outdoor. Its specialty services compete with other specialty services for subscriber revenues and increasingly also compete for revenue against over-the-top platforms that are not regulated by the CRTC.

Shaw Media's integrated national and local sales teams sell advertising for all of its television and digital platforms. The majority of advertising revenue is derived from annual commitments from major advertising agencies, with advertising revenues derived from conventional sales being slightly higher than advertising revenues derived from specialty sales. Advertising revenues are typically higher during the fall and spring and lower during the summer months, whereas expenses are incurred more evenly throughout the year. This reflects the higher demand during the fall launch of season premieres and increased viewership in the spring during season finales.

Shaw Media leverages the strength and breadth of its brand portfolio to optimize its advertising revenues through cross-platform and cross-brand sales. With 11 of the top-30 English language specialty channels in Canada, Shaw Media leverages its strong brand portfolio to negotiate advantageous agreements with the major television service providers. Shaw Media reinforces its scale and scope by cross-promoting its own brands and programming across its other brands and platforms.

Through its Marketing Ventures team, Shaw Media creates customized and innovative advertising campaigns for its clients. The Marketing Ventures team builds and executes these campaigns across all platforms, including custom commercials, custom short-form creative, contests, brand and product integration in Shaw Media's programming, endorsements and unique media executions. As one of the leading lifestyle content providers in Canada, Shaw Media has a strong slate of context-relevant, original productions into which advertisers can integrate their products. This maximizes the opportunity to yield positive results for advertisers by generating a positive impact on brand perception, likelihood to purchase and consumer trust in the product.

Shaw Media is also exploring a number of next generation advertising solutions that combine the intelligence of data with the power of television to maintain and grow its advertising business. Shaw Media is exploring new ways for advertisers to focus on optimal advertising placement on its programming by identifying generic audience profiles and aggregate lifestyle demographics that can be used to identify relevant "audiences". This allows advertisers to make decisions based on identified demographics to purchase "audiences" rather than shows and time slots. All data collection, analysis and use is designed for compliance with applicable privacy protection laws. Through these next generation advertising solutions, Shaw Media is working to ensure that its advertising opportunities evolve with the expectations of its advertising clients to strive to position Shaw Media as the most innovative media partner for advertisers in its space. Shaw Media is also part of an industry working group that is looking at the development of a common video terminal based measurement system.

Employees

Shaw Media employs approximately 2,000 full-time and part-time employees, of which unionized employees represent approximately 50%. Shaw Media is party to five collective agreements with three unions: Unifor, the Canadian Media Guild and the Canadian Union of Public Employees (CUPE). All collective agreements are current with the exception of the agreement with CUPE in respect of Global Montreal, which expired on August 31, 2015, and for which the parties expect initial renewal discussions to occur in the third quarter of 2016.

Licensing and Ownership

Shaw Media holds a separate CRTC broadcast licence for each of its conventional television stations and for each of its specialty services. These CRTC broadcasting licences must be renewed from time to time and cannot be transferred without regulatory approval. On January 12, 2016, the majority of the licences for the Global Television stations and specialty services were administratively renewed from September 1, 2016 to August 31, 2017, subject to the terms and conditions in effect under the current licenses. Historically, the CRTC has consistently renewed licences, absent serious breaches of licence conditions or regulations. Under its CRTC broadcast licences, each Shaw Media station and specialty service must expend a certain percentage of its prior-year revenues on Canadian programs ("**Canadian Programming Expenditures**" or "**CPE**"), and also on specific categories of Canadian programs defined as "programs of national interest" which include drama and long-form documentary. Each licence also contains certain exhibition requirements in respect of Canadian programs. The 2011 decision renewing Shaw Media's licences implemented for the first time a "group-based" licensing regime whereby the CPE requirements of each Shaw Media station and specialty service licensee may be shared and satisfied, collectively, between and among those stations and specialty services, subject to certain restrictions. Shaw Media seeks to maximize the flexibility afforded by the group licensing regime by strategic allocation of the group obligations to each station and specialty service and, partly in furtherance of this objective, manages its Canadian program commissioning centrally on a portfolio-basis.

As an owner of specialty services and conventional television stations, Shaw Media is subject to the same regulatory framework applicable to Corus. For more information regarding certain regulations applicable to the Company's business, see "Canadian Communications Industry – Regulatory Environment" in the Company's 2015 AIF, which is incorporated by reference into this Circular. See also "Risk Factors – Risks Related to Shaw Media's Business".

Management believes that there are no CRTC benefits payable as a consequence of the Acquisition.

DIVIDENDS

Shaw Media has not paid any dividends since September 2012.

CONSOLIDATED CAPITALIZATION

As at January 31, 2016, the amount Shaw Media owes to its parent has decreased by approximately \$30 million from the amount as at November 30, 2015.

INDEBTEDNESS OF EXECUTIVE OFFICERS

No executive officer of Shaw Media is indebted to Shaw Media.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Shaw Media and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although management does not expect that the outcome of these matters will have a material adverse effect on Shaw Media, there can be no assurance that these matters, or other legal matters that arise in the future, will not have a material adverse effect on Shaw Media, its operations and/or its financial results.

AUDITORS OF SHAW MEDIA

Shaw Media's auditors are Ernst & Young LLP, located in Calgary, Alberta, and such auditors are independent in accordance with the Rules of Professional Conduct of Chartered Professional Accountants of Alberta.

<p align="center">SCHEDULE D — SHAW MEDIA HISTORICAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS</p>

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Condensed interim consolidated financial statements of

Shaw Media Inc.

Three months ended November 30, 2015 and 2014

Unaudited

Shaw Media Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

<i>[thousands of Canadian dollars]</i>	November 30, 2015	August 31, 2015
ASSETS		
Current		
Cash	28,854	13,140
Accounts receivable	268,063	219,191
Other current assets	26,472	19,669
	323,389	252,000
Investment in a joint venture	35,537	43,799
Property and equipment	106,454	111,904
Defined benefit pension asset	4,608	-
Deferred income tax assets	16,716	18,896
Intangibles	1,663,898	1,644,155
Goodwill	537,594	537,594
	2,688,196	2,608,348
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	193,247	164,161
Provisions	8,272	9,829
Due to Parent	322,858	337,997
Income taxes payable	24,281	20,660
Unearned revenue	511	960
	549,169	533,607
Other long-term liabilities	44,384	49,872
Provisions	9,573	9,460
Deferred income tax liabilities	140,927	142,504
	744,053	735,443
Shareholders' equity		
Common shareholder	1,699,161	1,636,438
Non-controlling interests in subsidiaries	244,982	236,467
	1,944,143	1,872,905
	2,688,196	2,608,348

See accompanying notes

Shaw Media Inc.

**CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME**
(unaudited)

<i>[thousands of Canadian dollars]</i>	Three months ended November 30,	
	2015	2014
Revenue	294,498	307,227
Operating, general and administrative expenses <i>[note 4]</i>	(176,412)	(188,335)
Amortization of property and equipment and intangibles	(7,317)	(8,079)
Operating income	110,769	110,813
Interest income	38	37
Accretion of long-term liabilities and provisions	(741)	(1,197)
Equity loss	(17,512)	(13,146)
Other losses	(916)	(1,631)
Income before income taxes	91,638	94,876
Current income tax expense	25,153	23,273
Deferred income tax expense (recovery)	(777)	2,145
Net income	67,262	69,458
Net income attributable to:		
Equity shareholder	58,747	61,505
Non-controlling interests in subsidiaries	8,515	7,953
	67,262	69,458
<hr/>		
Net income	67,262	69,458
Other comprehensive income		
Items that will not be subsequently reclassified to income:		
Remeasurements on employee benefit plans (net of income tax of \$1,380)	3,837	-
Comprehensive income	71,099	69,458
Comprehensive income attributable to:		
Equity shareholder	62,584	61,505
Non-controlling interests in subsidiaries	8,515	7,953
	71,099	69,458

See accompanying notes

Shaw Media Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

Three months ended November 30, 2015

<i>[thousands of Canadian dollars]</i>	Attributable to equity shareholder					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
Balance as at September 1, 2015	850,000	15,800	775,667	(5,029)	1,636,438	236,467	1,872,905
Net income	-	-	58,747	-	58,747	8,515	67,262
Other comprehensive income	-	-	-	3,837	3,837	-	3,837
Comprehensive income	-	-	58,747	3,837	62,584	8,515	71,099
Related party transaction	-	139	-	-	139	-	139
Balance as at November 30, 2015	850,000	15,939	834,414	(1,192)	1,699,161	244,982	1,944,143

Three months ended November 30, 2014

<i>[thousands of Canadian dollars]</i>	Attributable to equity shareholder					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
Balance as at September 1, 2014	850,000	14,498	627,387	(10,905)	1,480,980	234,553	1,715,533
Net income	-	-	61,505	-	61,505	7,953	69,458
Other comprehensive income	-	-	-	-	-	-	-
Comprehensive income	-	-	61,505	-	61,505	7,953	69,458
Related party transaction	-	543	-	-	543	-	543
Share-based compensation	-	200	-	-	200	-	200
Distributions declared by subsidiaries to non-controlling interests	-	-	-	-	-	(7,535)	(7,535)
Balance as at November 30, 2014	850,000	15,241	688,892	(10,905)	1,543,228	234,971	1,778,199

See accompanying notes

Shaw Media Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<i>[thousands of Canadian dollars]</i>	Three months ended November 30,	
	2015	2014
OPERATING ACTIVITIES		
Net income	67,262	69,458
Adjustments to reconcile net income to funds flow from operations:		
Amortization	7,317	8,079
Program rights	(25,654)	(24,201)
Deferred income tax expense (recovery)	(777)	2,145
CRTC benefit obligation funding	(4,367)	(4,711)
Defined benefit pension plans	(920)	(385)
Accretion of long-term liabilities and provisions	741	1,197
Equity loss	17,512	13,146
Other	285	482
Funds flow from operations	61,399	65,210
Changes in non-cash balances related to operations:		
Accounts receivable	(48,872)	(54,261)
Other current assets	(1,923)	(3,933)
Accounts payable, provisions and other liabilities	32,090	43,194
Income taxes payable	3,621	(9,484)
Unearned revenue	(449)	(709)
Due to Parent	(15,139)	7,405
	(30,672)	(17,788)
	30,727	47,422
INVESTING ACTIVITIES		
Additions to property and equipment	(3,127)	(4,824)
Additions to other intangibles	(2,839)	(1,000)
Investment in a joint venture	(9,250)	(29,576)
Proceeds on disposal of property and equipment	203	-
	(15,013)	(35,400)
FINANCING ACTIVITIES		
Distributions paid to non-controlling interests in subsidiaries	-	(7,535)
Increase in cash	15,714	4,487
Cash, beginning of year	13,140	14,124
Cash, end of year	28,854	18,611
Supplemental operating cash flow disclosures		
Interest received	38	37
Income taxes paid, net of refunds	21,605	32,680

See accompanying notes

1. CORPORATE INFORMATION

Shaw Media Inc. (the “Company”) is a Canadian company which provides programming content through one of Canada’s largest television networks, Global Television, and numerous specialty networks and digital properties. The Company is a wholly owned subsidiary of Shaw Communications Inc. (“Shaw” or the “Parent”), an Alberta corporation, which is a public company with shares listed on the Toronto Stock Exchange, TSX Venture Exchange and New York Stock Exchange.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in compliance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The condensed interim consolidated financial statements of the Company for the three months ended November 30, 2015 were authorized for issue by the Company’s board of directors on January 14, 2016.

Basis of presentation

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for defined benefit pension and post retirement liabilities which are measured at the present value of the defined benefit obligations less the fair value of plan assets. The financial statements are expressed in thousands of Canadian dollars unless otherwise indicated. The condensed interim consolidated statements of income are presented using the nature classification for expenses.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions occurring since the Company’s last fiscal year end and are not fully inclusive of all matters required to be disclosed by IFRS in the Company’s annual consolidated financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended August 31, 2015.

The condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements.

3. SEASONALITY OF OPERATIONS

The Company’s operating results are affected by seasonality and fluctuate throughout the year due to a number of factors including seasonal advertising and viewing patterns. As such, operating results for an interim period should not be considered indicative of full fiscal year performance. In general, advertising revenues are higher during the first quarter and lower during the fourth quarter while expenses are incurred more evenly throughout the year.

4. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended November 30,	
	2015	2014
	\$	\$
Employee salaries and benefits	45,972	47,846
Purchases of goods and services	130,440	140,489
	176,412	188,335

Employee salaries and benefits include amounts incurred by Shaw and allocated to the Company for specific media employees.

5. FAIR VALUES

The fair value of financial instruments included in current assets and current liabilities approximates their carrying value due to their short-term nature.

The fair value of program rights payable included in other long-term liabilities, estimated by discounting future cash flows, approximates their carrying value.

6. SUBSEQUENT EVENTS

On January 13, 2016 Shaw announced it entered into an agreement with Corus Entertainment Inc. (“Corus”), a related party subject to common voting control, to sell the Company for \$2.65 billion. The transaction is expected to close in the third quarter of fiscal 2016.

On December 30, 2015, the Company sold its 50% interest in Shomi Partnership to a wholly owned subsidiary of Shaw for \$41,000.

Shaw Media Inc.

INDEPENDENT AUDITORS' REPORT

To the Directors of Shaw Media Inc.

We have audited the accompanying consolidated financial statements of Shaw Media Inc., which comprise the consolidated statements of financial position as at August 31, 2015 and 2014, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Shaw Media Inc. as at August 31, 2015 and 2014, and its financial performance and its cash flows for the years ended August 31, 2015, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Calgary, Canada

November 23, 2015

Ernst + Young LLP

Chartered Accountants

Shaw Media Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>[thousands of Canadian dollars]</i>	August 31, 2015 \$	August 31, 2014 \$
ASSETS		
Current		
Cash	13,140	14,124
Accounts receivable <i>[note 4]</i>	219,191	233,106
Other current assets <i>[note 5]</i>	19,669	21,897
	252,000	269,127
Investment in a joint venture <i>[note 6]</i>	43,799	-
Property and equipment <i>[note 7]</i>	111,904	126,340
Deferred income tax assets <i>[note 16]</i>	18,896	24,546
Intangibles <i>[note 8]</i>	1,644,155	1,655,304
Goodwill <i>[note 8]</i>	537,594	537,594
	2,608,348	2,612,911
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	164,161	160,730
Provisions <i>[note 10]</i>	9,829	6,226
Due to Parent <i>[note 20]</i>	337,997	446,502
Income taxes payable	20,660	42,040
Unearned revenue	960	1,192
	533,607	656,690
Other long-term liabilities <i>[notes 11 and 18]</i>	49,872	84,304
Provisions <i>[note 10]</i>	9,460	9,020
Deferred income tax liabilities <i>[note 16]</i>	142,504	147,364
	735,443	897,378
Commitments and contingencies <i>[notes 17 and 18]</i>		
Shareholders' equity		
Common and preferred shareholders	1,636,438	1,480,980
Non-controlling interests in subsidiaries	236,467	234,553
	1,872,905	1,715,533
	2,608,348	2,612,911

See accompanying notes

Shaw Media Inc.

**CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME**

<i>Years ended August 31</i>	2015	2014	2013
<i>[thousands of Canadian dollars]</i>	\$	\$	\$
Revenue	1,079,617	1,095,569	1,106,444
Operating, general and administrative expenses <i>[note 14]</i>	(737,844)	(743,316)	(756,042)
Restructuring costs <i>[notes 10 and 14]</i>	(12,485)	(12,306)	-
Amortization of property and equipment and intangibles <i>[notes 7 and 8]</i>	(30,195)	(33,119)	(34,850)
Operating income	299,093	306,828	315,552
Interest income (expense)	118	93	(27)
Gain on sale of media assets <i>[note 3]</i>	-	48,950	-
Gain on sale of associate <i>[note 3]</i>	-	-	6,864
Accretion of long-term liabilities and provisions	(4,095)	(7,271)	(10,922)
Equity income (loss) <i>[notes 3 and 6]</i>	(55,699)	-	140
Other gains (losses) <i>[note 15]</i>	(5,120)	3,419	(386)
Income before income taxes	234,297	352,019	311,221
Current income tax expense <i>[note 16]</i>	62,797	52,161	35,159
Deferred income tax expense (recovery) <i>[note 16]</i>	(1,267)	18,537	31,240
Net income	172,767	281,321	244,822
Net income attributable to:			
Equity shareholder	148,280	250,865	206,893
Non-controlling interests in subsidiaries	24,487	30,456	37,929
	172,767	281,321	244,822
Net income	172,767	281,321	244,822
Other comprehensive income <i>[note 13]</i>			
Items that will not be subsequently reclassified to income:			
Remeasurements on employee benefit plans	5,876	70	9,107
Comprehensive income	178,643	281,391	253,929
Comprehensive income attributable to:			
Equity shareholder	154,156	250,935	216,000
Non-controlling interests in subsidiaries	24,487	30,456	37,929
	178,643	281,391	253,929

See accompanying notes

Shaw Media Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended August 31, 2015

<i>[thousands of Canadian dollars]</i>	Attributable to equity shareholder					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
Balance as at September 1, 2014	850,000	14,498	627,387	(10,905)	1,480,980	234,553	1,715,533
Net income	-	-	148,280	-	148,280	24,487	172,767
Other comprehensive income	-	-	-	5,876	5,876	-	5,876
Comprehensive income	-	-	148,280	5,876	154,156	24,487	178,643
Related party transaction	-	569	-	-	569	-	569
Share-based compensation	-	733	-	-	733	-	733
Distributions declared by subsidiaries to non-controlling interests	-	-	-	-	-	(22,573)	(22,573)
Balance as at August 31, 2015	850,000	15,800	775,667	(5,029)	1,636,438	236,467	1,872,905

Year ended August 31, 2014

<i>[thousands of Canadian dollars]</i>	Attributable to equity shareholder					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
Balance as at September 1, 2013	850,000	11,208	376,522	(10,975)	1,226,755	229,930	1,456,685
Net income	-	-	250,865	-	250,865	30,456	281,321
Other comprehensive income	-	-	-	70	70	-	70
Comprehensive income	-	-	250,865	70	250,935	30,456	281,391
Related party transaction	-	3,290	-	-	3,290	-	3,290
Distributions declared by subsidiaries to non-controlling interests	-	-	-	-	-	(25,833)	(25,833)
Balance as at August 31, 2014	850,000	14,498	627,387	(10,905)	1,480,980	234,553	1,715,533

Year ended August 31, 2013

<i>[thousands of Canadian dollars]</i>	Attributable to equity shareholder					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
Balance as at September 1, 2012	850,000	3,442	225,737	(20,082)	1,059,097	280,544	1,339,641
Net income	-	-	206,893	-	206,893	37,929	244,822
Other comprehensive income	-	-	-	9,107	9,107	-	9,107
Comprehensive income	-	-	206,893	9,107	216,000	37,929	253,929
Related party transaction	-	7,766	-	-	7,766	-	7,766
Acquisition of non-controlling interests	-	-	(56,108)	-	(56,108)	(69,698)	(125,806)
Distributions declared by subsidiaries to non-controlling interests	-	-	-	-	-	(18,845)	(18,845)
Balance as at August 31, 2013	850,000	11,208	376,522	(10,975)	1,226,755	229,930	1,456,685

See accompanying notes

Shaw Media Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years ended August 31 [thousands of Canadian dollars]</i>	2015 \$	2014 \$	2013 \$
OPERATING ACTIVITIES			
Net income	172,767	281,321	244,822
Adjustments to reconcile net income to funds flow from operations:			
Amortization	30,195	33,119	34,850
Program rights	14,016	(10,780)	(28,640)
Deferred income tax expense (recovery)	(1,267)	18,537	31,240
CRTC benefit obligation funding	(30,206)	(54,967)	(43,921)
Gain on sale of media assets	-	(48,950)	-
Gain on sale of associate	-	-	(6,864)
Defined benefit pension plans	(2,389)	(5,026)	(5,739)
Accretion of long-term liabilities and provisions	4,095	7,271	10,922
Equity loss (income)	55,699	-	(140)
Other	1,459	1,200	1,245
Funds flow from operations	244,369	221,725	237,775
Changes in non-cash balances related to operations:			
Accounts receivable	13,915	(12,068)	(7,770)
Other current assets	201	(495)	15,988
Accounts payable, provisions and other liabilities	8,313	18,618	1,113
Income taxes payable	(21,380)	8,266	(14,260)
Unearned revenue	(232)	769	(1,158)
Due to Parent	(108,505)	(273,757)	(157,134)
	(107,688)	(258,668)	(163,221)
	136,681	(36,943)	74,554
INVESTING ACTIVITIES			
Additions to property and equipment	(11,937)	(15,888)	(29,957)
Additions to other intangibles	(4,174)	(3,971)	(4,241)
Proceeds on sale of media assets <i>[note 3]</i>	-	141,280	-
Investment in a joint venture <i>[note 6]</i>	(99,498)	-	-
Proceeds on disposal of property and equipment	517	47	565
	(115,092)	121,468	(33,633)
FINANCING ACTIVITIES			
Repayment of promissory note <i>[note 19]</i>	-	(47,759)	-
Distributions paid to non-controlling interests in subsidiaries	(22,573)	(25,833)	(18,845)
Acquisition of non-controlling interest <i>[note 3]</i>	-	-	(59,000)
	(22,573)	(73,592)	(77,845)
Increase (decrease) in cash	(984)	10,933	(36,924)
Cash, beginning of year	14,124	3,191	40,115
Cash, end of year	13,140	14,124	3,191
Supplemental operating cash flow disclosures			
Interest paid (received)	(118)	(93)	27
Income taxes paid, net of refunds	80,008	41,330	32,065

See accompanying notes

1. CORPORATE INFORMATION

Shaw Media Inc. (the “Company”) is a Canadian company which provides programming content through one of Canada’s largest television networks, Global Television, and numerous specialty networks and digital properties. The Company is a wholly owned subsidiary of Shaw Communications Inc. (“Shaw” or the “Parent”), an Alberta corporation, which is a public company with shares listed on the Toronto Stock Exchange, TSX Venture Exchange and New York Stock Exchange.

The Company was incorporated under the federal laws of Canada on January 21, 2010 under the name 7316712 Canada Inc. and through a series of transactions in fiscal 2010 and 2011, acquired 100% of the broadcasting businesses of Canwest Global Communications Inc. including all of the over-the-air channels, which were in creditor protection, and the speciality channels of CW Investments Co. 7316712 Canada Inc. changed its name to Shaw Media Inc. on October 28, 2010 and was continued under the Business Corporations Act (Alberta) on December 13, 2010. The registered office of the Company is located at Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

As at November 23, 2015 the Company’s board of directors approved, and authorized for issue, the consolidated statements of financial position of the Company as at August 31, 2015 and 2014 and the consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for each of the years in the three year period ended August 31, 2015.

Basis of presentation

These consolidated financial statements have been prepared under the historical cost convention except for defined benefit pension and post retirement liabilities which are measured at the present value of the defined benefit obligations less the fair value of plan assets. The financial statements are expressed in thousands of Canadian dollars unless otherwise indicated. The consolidated statements of income are presented using the nature classification for expenses.

Reportable segment

The Company’s media operations are its only reportable segment which is comprised of conventional television stations and specialty television networks. Revenue is generated primarily from advertisers who place advertisements on channels and from subscribers who indirectly through broadcast distribution undertakings pay a fee to receive distribution of the Company’s channels.

Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, which are entities over which the Company has control. Control exists when the Company has power over an investee, is exposed to or has rights to variable returns from its involvement and has the ability to affect those returns. Intercompany transactions and balances are eliminated on consolidation. The results of operations of subsidiaries acquired during the period are included from their respective dates of acquisition, being the time at which the Company obtains control. Consolidation of a subsidiary ceases when the Company loses control. A change in ownership interests of a subsidiary, without a loss of control, is accounted for as an equity transaction. The Company assesses control through share ownership and voting rights.

Non-controlling interests arise from business combinations in which the Company acquires less than 100% ownership interest. At the time of acquisition, non-controlling interests are measured at either fair value or their proportionate share of the fair value of acquiree's identifiable assets. The Company determines the measurement basis on a transaction by transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is increased or decreased for their share of changes in equity.

(ii) Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues, and expenses of its interests in joint operations.

The Company's joint operations included a 50% interest in Historia and Series+ s.e.nc ("Historia and Series+") until January 1, 2014.

Historia and Series+ are two Canadian French-language specialty television channels. The Company classified its 50% interest as a joint operation after considering the terms and conditions of the partnership agreement and other facts and circumstances including the significant obligations that arise with respect to the Canadian Radio-television Telecommunications Commission ("CRTC") broadcasting licenses which are required to operate the channels and which are held at the partner level.

Investments in associates and joint ventures

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the operating and financial policies of the investee, but is not control or joint control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the

contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the associate's or joint venture's net income/loss and other comprehensive income/loss after the date of investment, additional contributions made and dividends received.

The Company has classified its 50% interest in the Shomi Partnership ("shomi") as a joint venture after considering the terms and conditions of the partnership agreement and other facts and circumstances including business plans to make the service available to subscribers of other distributors and as an over-the-top service for purchase by any subscriber.

Revenue

Affiliate subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are broadcast and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Operating, general and administrative expenses

Operating, general and administrative expenses include expenses directly attributable to the media business and incorporate costs associated with the Company's employees who participate in Shaw's group based employee plans. In addition, expenses include amounts that have been charged by Shaw to the Company for certain functions including, but not limited to, back-office support and shared services functions, executive level management and administrative functions. These allocated costs have been primarily based on number of employees and estimated levels of service provided to or benefits received by the Company. The nature of the allocated costs includes compensation and benefits, professional fees, marketing expenses, employee related costs and other general corporate expenses.

Cash

Cash is presented net of outstanding cheques. When the amount of outstanding cheques is greater than the amount of cash, the net amount is presented as bank indebtedness.

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the account is past due, specific risks associated with the customer, the Company's past collection history and changes in business circumstances.

Property and equipment

Property and equipment are recorded at purchase cost. Direct labour and other directly attributable costs incurred to construct new assets and upgrade existing assets are capitalized. In addition, any asset removal and site restoration costs in connection with the retirement of assets are capitalized. Repairs and maintenance expenditures are charged to operating expense as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Estimated useful life
Transmitters, broadcasting and communication equipment	5-15 years
Buildings	15-40 years
Data processing	3-4 years
Other	3-20 years

The Company reviews the estimates of lives and useful lives on a regular basis.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale when specific criteria are met and are measured at the lower of carrying amount and estimated fair value less costs to sell. Assets held for sale are not amortized and are reported separately on the statement of financial position.

Intangibles

The excess of the cost of acquiring businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist of amounts allocated to television broadcast licenses, trademarks, brands, program rights and software assets. Television broadcast licenses, trademarks and brands represent identifiable assets with indefinite useful lives. Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses. Program rights are segregated on the statement of financial position between current and noncurrent based on expected life at time of acquisition.

Software that is not an integral part of the related hardware is classified as an intangible asset. Internally developed software assets are recorded at historical cost and include direct material and labour costs. Software assets are amortized on a straight-line basis over estimated useful lives ranging from three to ten years. The Company reviews the estimates of lives and useful lives on a regular basis.

Impairment

(i) Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at March 1) and when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of a cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company considers that its media operations comprise one CGU. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Non-financial assets with finite useful lives

For non-financial assets, such as property and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount of the asset is determined based on the higher of FVLCS and VIU. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. Previously recognized impairment losses are reviewed for possible reversal at each reporting date and all or a portion of the impairment is reversed if the asset's value has increased.

CRTC benefit obligations

The fair value of CRTC benefit obligations committed as part of business acquisitions are initially recorded at the present value of amounts to be paid net of any expected incremental cash inflows. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for revisions to the timing of the cash flows. Changes in the obligation due to the passage of time are recorded as accretion of long-term liabilities and provisions in the income statement.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or amount of the outflow may still be uncertain. Provisions are measured using the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties associated with the obligation. Provisions are discounted where the time value of money is considered material.

(i) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred, on a discounted basis, with a corresponding increase to the carrying amount of property and equipment, primarily in respect of transmitter sites. This cost is amortized on the same basis as the related asset. The liability is subsequently increased for the passage of time and the accretion is recorded in the income statement as accretion of long-term liabilities and

provisions. The discount rates applied are subsequently adjusted to current rates as required at the end of reporting periods. Revisions due to the estimated timing of cash flows or the amount required to settle the obligation may result in an increase or decrease in the liability. Actual costs incurred upon settlement of the obligation are charged against the liability to the extent recorded.

(ii) Restructuring provisions

Restructuring provisions, primarily in respect of employee termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised to those affected that the plan will be carried out.

(iii) Other provisions

Provisions for disputes, legal claims and contingencies are recognized when warranted. The Company establishes provisions after taking into consideration legal assessments (if applicable), expected availability of insurance or other recourse and other available information.

Income taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same authority in the same taxable entity. Income tax expense for the period is the tax payable for the period using tax rates substantively enacted at the reporting date, any adjustments to taxes payable in respect of previous years and any change during the period in deferred income tax assets and liabilities, except to the extent that they relate to a business combination or divestment, items recognized directly in equity or in other comprehensive income. The Company records interest and penalties related to income taxes in income tax expense.

Tax credits and government grants

Until August 31, 2014, the Company had access to a government program which supported local programming produced by conventional television stations. Government financial assistance is recognized when management has reasonable assurance that the conditions of the government programs are met and accounted for as a reduction of related costs in the period the costs are incurred.

Foreign currency translation

Transactions originating in foreign currencies are translated into Canadian dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated at the period-end rate of exchange and non-monetary items are translated at historic exchange rates. The net foreign exchange loss recognized on the translation and settlement of current monetary assets and liabilities was \$5,612 (2014 – \$1,155; 2013 - \$1,092) and is included in other losses.

Financial instruments

Financial instruments have been classified as loans and receivables, assets held-for-trading or financial liabilities. Cash has been classified as held-for-trading and is recorded at fair value with any change in fair value immediately recognized in income (loss). Other financial assets are classified as loans and receivables. Loans and receivables and financial liabilities are carried at amortized cost. None of the Company's financial assets are classified as held-to-maturity or available-for sale and none of its financial liabilities are classified as held-for-trading.

Fair value measurements

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs for the asset or liability are based on observable market data, either directly or indirectly, other than quoted prices.

Level 3 Inputs for the asset or liability are not based on observable market data.

The Company determines whether transfers have occurred between levels in the fair value hierarchy by assessing the impact of events and changes in circumstances that could result in a transfer at the end of each reporting period.

Employee benefits

The Company accrues its obligations under its employee benefit plans, net of plan assets. The cost of pensions and other retirement benefits earned by certain employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Past service costs from plan initiation and amendments are recognized immediately in the income statement. Remeasurements include actuarial gains or losses and the return on plan assets (excluding interest income). Actuarial gains and losses occur because assumptions about benefit plans relate to a long time frame and differ from actual experiences. These assumptions are revised based on actual experience of the plans such as changes in discount rates, expected retirement ages and projected salary increases. Remeasurements are recognized in other comprehensive income (loss) on an annual basis, at a minimum, and on an interim basis when there are significant changes in assumptions.

August 31 is the measurement date for the Company's employee benefit plans. The last actuarial valuations for funding purposes for the various plans were performed effective December 31, 2014 and the next actuarial valuations for funding purposes are effective December 31, 2015.

Share-based compensation

The Company does not have any share-based compensation plans. Eligible employees of the Company may participate in Shaw's stock option plan and employee share purchase plan ("ESPP"). The options granted are equity awards and Shaw calculates the fair value using the Black-Scholes option pricing model. The Company recognizes the expense over the vesting period of the options with the related credit recorded to contributed surplus. If Shaw recharges the Company for the grant date fair value of the options, the recharge is offset against contributed surplus. Under the ESPP, eligible employees may contribute to a maximum of 5% of their monthly base compensation. The Company contributes an amount equal to 25% of the participant's contributions and records such amounts as compensation expense. The impact of these plans on the Company's results is not significant and, accordingly, supplementary disclosure is not provided.

Guarantees

The Company discloses information about certain types of guarantees that it has provided, including certain types of indemnities, without regard to whether it will have to make any payments under the guarantees.

Estimation uncertainty and critical judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and significant changes in assumptions could cause an impairment in assets. The following require the most difficult, complex or subjective judgements which result from the need to make estimates about the effects of matters that are inherently uncertain.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that could impact the carrying amount of assets and liabilities and results of operations in future periods.

(i) Allowance for doubtful accounts

The Company is required to make an estimate of an appropriate allowance for doubtful accounts on its receivables. The estimated allowance required is a matter of judgement and the actual loss eventually sustained may be more or less than the estimate, depending on events which have yet to occur and which cannot be foretold, such as future business and economic conditions.

(ii) Property and equipment

The Company is required to estimate the expected useful lives of its property and equipment. These estimates of useful lives involve significant judgement. In determining these estimates, the Company takes into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. Management's judgement is also required in determination of the amortization method, the residual value of assets and the capitalization of labour and overhead.

(iii) Business combinations – purchase price allocation

Purchase price allocations involve uncertainty because management is required to make assumptions and judgements to estimate the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Fair value estimates are based on quoted market prices and widely accepted valuation techniques, including discounted cash flow ("DCF") analysis. Such estimates include assumptions about inputs to the valuation techniques, industry economic factors and business strategies.

(iv) Impairment

The Company estimates the recoverable amount of its CGU using a FVLCS calculation based on a DCF analysis. Significant judgements are inherent in this analysis including estimating the amount and timing of the cash flows attributable to the broadcast licenses, the selection of an appropriate discount rate, and the identification of appropriate terminal growth rate assumptions. In this analysis the Company estimates the discrete future cash flows associated with the intangible asset for five years and determines a terminal value. The future cash flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using both a perpetuity growth assumption and a multiple of operating income before restructuring costs and amortization. The discount rates used in the analysis are based on the Company's weighted average cost of capital and an assessment of the risk inherent in the projected cash flows. In analyzing the FVLCS determined by the DCF analysis, the Company also considers a market approach determining a recoverable amount and total entity value determined using a market capitalization approach. Recent market transactions are taken into account, when available. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, are included in note 8. The DCF analysis uses significant unobservable inputs and is therefore considered a level 3 fair value measurement.

(v) Employee benefit plans

The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows

and is reviewed and adjusted as changes are required.

(vi) Income taxes

The Company is required to estimate income taxes using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. In determining the measurement of tax uncertainties, the Company applies a probable weighted average methodology. Realization of deferred income tax assets is dependent on generating sufficient taxable income during the period in which the temporary differences are deductible. Although realization is not assured, management believes it is more likely than not that all recognized deferred income tax assets will be realized based on reversals of deferred income tax liabilities, projected operating results and tax planning strategies available to the Company and its subsidiaries.

(vii) Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

Critical judgements

The following are critical judgements apart from those involving estimation:

(i) Determination of a CGU

Management's judgement is required in determining cash generating units for the impairment assessment of indefinite-life intangible assets. The Company has determined it has one CGU for its media operations by considering operating activities and asset management.

(ii) Television broadcast licenses – indefinite-life assessment

The Company's businesses are dependent upon television broadcast licenses granted by the CRTC. While these licenses must be renewed from time to time, the Company has never failed to do so. In addition, there are currently no legal, regulatory or competitive factors that limit the useful lives of these assets.

Adoption of recent accounting pronouncement

The adoption of the following standard effective September 1, 2014 had no impact on the Company's consolidated financial statements.

- IFRIC 21 *Levies* provides guidance on when to recognize a financial liability imposed by a government, if the levy is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, or where the timing and amount of the levy is certain.

Standards, interpretations and amendments to standards issued but not yet effective

The Company has not yet adopted certain standards and interpretations that have been issued but are not yet effective. The following pronouncements are being assessed to determine the impact on the Company's results and financial position.

- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*) prohibits revenue from being used as a basis to depreciate property, plant and equipment and significantly limits use of revenue-based amortization for intangible assets. The amendments are to be applied prospectively for the annual period commencing September 1, 2016.
- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*. The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual period commencing September 1, 2018.
- IFRS 9 *Financial Instruments: Classification and Measurement* replaces IAS 39 *Financial Instruments* and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The standard is required to be applied retrospectively for the annual period commencing September 1, 2018.

3. PURCHASE AND SALE OF ASSETS

Transactions with Corus Entertainment Inc. ("Corus")

During 2013 the Company entered into a series of agreements with Corus to optimize its portfolio of specialty channels. Effective April 30, 2013, the Company sold to Corus its 49% interest in ABC Spark and acquired from Corus its 20% interest in Food Network Canada. In addition, the Company agreed to sell to Corus its 50% interest in its two French-language channels, Historia and Series+.

Historia and Series+

The sale of Historia and Series+ closed on January 1, 2014. The Company recorded proceeds, including working capital adjustments, of \$141,280 and a gain on sale of media assets of \$48,950.

Food Network Canada and ABC Spark

In 2013 the acquisition of an additional 20% interest in Food Network Canada increased the Company's ownership to 71%. The difference between the consideration of \$66,806, including working capital adjustments, and carrying value of the interest acquired of \$46,784 has been charged to retained earnings.

The Company recorded proceeds, including working capital adjustments, of \$19,047 and gain on sale of associate of \$6,864 on the disposition of its 49% interest in ABC Spark. During 2013, the Company recorded equity income of \$140 for the period to April 30, 2013.

The Company issued a non-interest bearing promissory note of \$47,759 to satisfy the net consideration in respect of these transactions. The promissory note was settled in fiscal 2014 in connection with the closing of the sale of Historia and Series+ to Corus.

Transaction with Rogers Communications Inc. ("Rogers")

During 2013, the acquisition of Rogers' 33.3% interest in TVtropolis increased the Company's ownership to 100%. The difference between the consideration of \$59,000 and the carrying value of the interest acquired of \$22,914 has been charged to retained earnings.

4. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
Subscriber and trade receivables	208,683	222,330
Due from related parties <i>[note 19]</i>	3,771	213
Miscellaneous receivables	7,768	11,548
	220,222	234,091
Less allowance for doubtful accounts	(1,031)	(985)
	219,191	233,106

Included in operating, general and administrative expenses is a bad debt expense (recovery) of \$496 (2014 – (\$242); 2013 - \$956).

5. OTHER CURRENT ASSETS

	2015	2014
	\$	\$
Program rights	14,157	16,184
Tax indemnity	948	948
Prepaid expenses and other	4,564	4,765
	19,669	21,897

6. INVESTMENT IN A JOINT VENTURE

The Company has a 50% joint control interest in Shomi Partnership (“shomi”), which is a subscription video-on-demand service that launched in November 2014. The Company’s interest in shomi is accounted for using the equity method. Summarized financial information at August 31, 2015 and for the ten months then ended is as follows:

	\$
Current assets	28,081
Non-current assets	131,921
Current liabilities	(54,532)
Non-current liabilities	(15,850)
Partnership net assets	89,620
Carrying amount of the investment ⁽¹⁾	43,799
	\$
Revenue	18,265
Expenses	(127,441)
Partnership net loss	109,176
Equity loss in the partnership ⁽¹⁾	55,699

- (1) The Company's carrying amount the investment and equity loss does not equal 50% of the partnership’s net assets and net loss due to elimination of unrealized profit on downstream transactions between the Company and shomi.

7. PROPERTY AND EQUIPMENT

	August 31, 2015			August 31, 2014		
	Cost	Accumulated	Net book	Cost	Accumulated	Net book
	\$	amortization	value	\$	amortization	value
	\$	\$	\$	\$	\$	\$
Transmitters, broadcasting, communications and production equipment	109,638	62,706	46,932	103,492	49,986	53,506
Land and buildings	62,379	15,892	46,487	61,189	12,341	48,848
Leasehold improvements, data processing and other	40,376	21,891	18,485	44,594	20,608	23,986
	212,393	100,489	111,904	209,275	82,935	126,340

Changes in the net carrying amounts of property and equipment for 2015 and 2014 are summarized as follows:

	August 31, 2014				August 31, 2015
	Net book value	Additions	Amortization	Disposals	Net book value
	\$	\$	\$	\$	\$
Transmitters, broadcasting, communications and production equipment	53,506	8,481	(15,055)	-	46,932
Land and buildings	48,848	1,208	(3,552)	(17)	46,487
Leasehold improvements, data processing and other	23,986	971	(6,472)	-	18,485
	126,340	10,660	(25,079)	(17)	111,904

	August 31, 2013				August 31, 2014
	Net book value	Additions	Amortization	Disposals	Net book value
	\$	\$	\$	\$	\$
Transmitters, broadcasting, communications and production equipment	60,586	9,670	(16,750)	-	53,506
Land and buildings	51,339	1,010	(3,501)	-	48,848
Leasehold improvements, data processing and other	27,079	4,117	(7,210)	-	23,986
	139,004	14,797	(27,461)	-	126,340

In 2015, the Company recognized a gain of \$500 (2014 – \$47; 2013 - \$20) on the disposal of property and equipment.

8. INTANGIBLES AND GOODWILL

	2015 \$	2014 \$
Television broadcasting licenses	1,313,154	1,313,154
Program rights and advances	279,246	291,235
Goodwill	537,594	537,594
Other intangibles		
Software	13,855	13,015
Trademark and brands	37,900	37,900
	51,755	50,915
Net book value	2,181,749	2,192,898

Television broadcast licenses, trademark and brands have been assessed as having indefinite useful lives. While licenses must be renewed from time to time, the Company has never failed to do so. In addition, there are currently no legal, regulatory, competitive or other factors that limit the useful lives of these assets.

There have been no changes in the carrying amount of intangibles with indefinite useful lives during 2015 and 2014.

Intangibles subject to amortization are as follows:

	August 31, 2015			August 31, 2014		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Program rights and advances	670,604	377,201	293,403	695,764	388,345	307,419
Software	31,628	17,773	13,855	28,541	15,526	13,015
	702,232	394,974	307,258	724,305	403,871	320,434
Less current portion of program rights			14,157			16,184
			293,101			304,250

The changes in the carrying amount of intangibles subject to amortization are as follows:

	Program rights and advances \$	Software \$	Total \$
September 1, 2013	296,639	15,586	312,225
Additions	414,068	3,087	417,155
Amortization	(403,288)	(5,658)	(408,946)
August 31, 2014	307,419	13,015	320,434
Additions	390,257	5,956	396,213
Amortization	(404,273)	(5,116)	(409,389)
August 31, 2015	293,403	13,855	307,258

Impairment testing of indefinite-life intangibles and goodwill

The Company conducted its annual impairment test on goodwill and indefinite-life intangibles as at March 1, 2015 and the recoverable amount of its CGU exceeded the carrying value.

A hypothetical decline of 10% in the recoverable amount of the broadcast licenses for the Company's CGU as at March 1, 2015 would not result in any impairment loss. Any changes in economic conditions since the impairment testing conducted as at March 1, 2015 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2015.

Significant estimates inherent to this analysis include discount rates and the terminal value. At March 1, 2015, the estimates that have been utilized in the impairment test reflect any changes in market conditions and are as follows: (i) post-tax discount rate – 8.5%, (ii) terminal growth rate – nil% and (iii) terminal operating income before restructuring charges and amortization multiple – 6.5X.

A sensitivity analysis of significant estimates is conducted as part of every impairment test. With respect to the impairment test performed in the third quarter, the estimated decline in recoverable amount for the sensitivity of significant estimates is as follows:

Estimated decline in recoverable amount		
Terminal value		
1% increase in discount rate	1% decrease in terminal growth rate	0.5 times decrease in terminal operating income before restructuring costs and amortization multiple
7.0%	n/a	2.0%

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015 \$	2014 \$
Trade	7,115	4,651
Program rights	68,552	64,331
CRTC benefit obligations	27,652	29,566
Accrued liabilities	60,842	62,182
	164,161	160,730

10. PROVISIONS

	Asset retirement obligations \$	Restructuring ⁽¹⁾ \$	Other \$	Total \$
September 1, 2013	8,566	-	2,900	11,466
Additions	454	12,306	1,366	14,126
Payments	-	(10,346)	-	(10,346)
August 31, 2014	9,020	1,960	4,266	15,246
Additions	440	12,485	2,226	15,151
Payments	-	(11,108)	-	(11,108)
August 31, 2015	9,460	3,337	6,492	19,289
<hr/>				
Current	-	1,960	4,266	6,226
Long-term	9,020	-	-	9,020
August 31, 2014	9,020	1,960	4,266	15,246
<hr/>				
Current	-	3,337	6,492	9,829
Long-term	9,460	-	-	9,460
August 31, 2015	9,460	3,337	6,492	19,289

⁽¹⁾ During 2014, the Company announced organizational structure changes to enhance its ability to grow as the leading content experience company. During 2015, the Company undertook further organizational changes as it redefines itself from a traditional broadcaster to the broader focus of a media organization. Restructuring amounts are primarily in respect of severance and employee related costs. The majority of remaining costs at August 31, 2015 are expected to be paid within the next six months.

11. OTHER LONG-TERM LIABILITIES

	2015 \$	2014 \$
Pension liabilities <i>[note 18]</i>	1,229	11,097
CRTC benefit obligations	23,362	47,563
Post retirement liabilities <i>[note 18]</i>	18,613	18,198
Program rights liabilities	5,410	5,538
Other	1,258	1,908
	49,872	84,304

12. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of each of the following: Class A Voting common shares, Class B Non-voting common shares and Non-voting preferred shares.

Issued and outstanding

2015	2014		2015	2014
Number of securities			\$	\$
10,000,100	10,000,100	Class A common shares	850,000	850,000

13. OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Other comprehensive income is comprised of remeasurements on employee benefit plans which will not be subsequently reclassified to income. The remeasurements and related tax effects are as follows:

	2015	2014	2013
	\$	\$	\$
Remeasurements	7,933	95	12,430
Income taxes	(2,057)	(25)	(3,323)
	5,876	70	9,107

Accumulated other comprehensive loss is comprised of the following:

	2015	2014
	\$	\$
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans	5,029	10,905

14. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	2015	2014	2013
	\$	\$	\$
Employee salaries and benefits	194,976	206,749	204,412
Purchases of goods and services	555,353	548,873	551,630
	750,329	755,622	756,042

Employee salaries and benefits include amounts incurred by Shaw and allocated to the Company for specific media employees.

15. OTHER GAINS (LOSSES)

Other gains (losses) generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities and gains and losses on disposal of property and equipment. In 2014, the category also included a refund of \$4,878 from the Canwest CCAA plan implementation fund.

16. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's net deferred tax liability consists of the following:

	2015 \$	2014 \$
Deferred tax assets	18,896	24,546
Deferred tax liabilities	(142,504)	(147,364)
Net deferred tax liability	(123,608)	(122,818)

Significant changes recognized to deferred income tax assets (liabilities) are as follows:

	Property and equipment and software assets \$	Broadcast licenses, trademark and brands \$	Partnership income \$	Non- capital loss carry- forwards \$	Accrued charges \$	Total \$
Balance at September 1, 2013	14,329	(176,007)	-	4,824	52,598	(104,256)
Recognized in statement of income	131	(112)	-	(3,795)	(14,761)	(18,537)
Recognized in other comprehensive income	-	-	-	-	(25)	(25)
Balance at August 31, 2014	14,460	(176,119)	-	1,029	37,812	(122,818)
Recognized in statement of income	(613)	(112)	9,465	(1,029)	(6,444)	1,267
Recognized in other comprehensive income	-	-	-	-	(2,057)	(2,057)
Balance at August 31, 2015	13,847	(176,231)	9,465	-	29,311	(123,608)

The Company has taxable temporary differences associated with its investment in its subsidiaries. No deferred tax liabilities have been provided with respect to such temporary differences as the Company is able to control the timing of the reversal and such reversal is not probable in the foreseeable future.

The income tax expense differs from the amount computed by applying the statutory rates to income before income taxes for the following reasons:

	2015 \$	2014 \$	2013 \$
Current statutory income tax rate	26.5%	26.4%	26.4%
Income tax expense at current statutory rates	62,089	92,933	82,162
Net increase (decrease) in taxes resulting from:			
Non-taxable portion of capital gains	(28)	(8,681)	(906)
Effect of tax rate changes	(389)	-	(487)
Recognition of previously unrecognized tax losses	(24)	(547)	(1,291)
Other	(118)	(13,007)	(13,079)
Income tax expense	61,530	70,698	66,399

Due to provincial enacted corporate income tax rate changes, the statutory income tax rate for the Company increased from 26.4% in 2014 to 26.5% in 2015.

The components of income tax expense are as follows:

	2015 \$	2014 \$	2013 \$
Current income tax expense	62,821	52,708	36,450
Current income tax recovery from recognition of previously unrecognized tax losses	(24)	(547)	(1,291)
	62,797	52,161	35,159
Deferred tax expense (recovery) related to temporary differences	(878)	18,537	31,727
Deferred tax recovery from tax rate changes	(389)	-	(487)
Income tax expense	61,530	70,698	66,399

17. COMMITMENTS AND CONTINGENCIES

Commitments

(i) The Company has various long-term operating commitments as follows:

	\$
2016	392,352
2017 - 2020	244,948
Thereafter	7,944
	645,244
Comprised of:	\$
Program related agreements	542,967
Lease of premises and circuits	35,502
Exclusive rights to use intellectual property	61,283
Other	5,492
	645,244

Included in operating, general and administrative expenses are rental expenses of \$11,075 (2014 - \$10,545; 2013 - \$11,156).

- (ii) As part of the CRTC decisions approving the acquisition of the broadcasting businesses in 2012 and 2011, the Company is required to contribute approximately \$182,131 in new benefits to the Canadian broadcasting system over seven years. The obligations were recorded in the income statement at fair value, being the sum of the discounted future net cash flows using appropriate discount rates. At August 31, 2015, the remaining expenditure commitments in respect of these obligations is \$57,183 which will be funded over future years through fiscal 2019.
- (iii) In late fiscal 2014, the Company partnered with Rogers to form shomi, a new subscription video-on-demand service which launched in beta in early November 2014. The Company's remaining capital commitment is \$58,102 of which, \$9,250 was funded subsequent to year end.

Contingencies

The Company and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although resolution of such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these consolidated financial statements.

Guarantees

In the normal course of business the Company may enter into indemnification agreements and issue commercial surety bonds with and to third parties.

Indemnities

Many agreements related to acquisitions and dispositions of business assets include indemnification provisions where the Company may be required to make payment to a vendor or purchaser for breach of contractual terms of the agreement with respect to matters such as litigation, income taxes payable or refundable or other ongoing disputes. The indemnification period usually covers a period of two to four years. Counterparties to these agreements provide the Company with comparable indemnifications. The indemnification period generally covers, at maximum, the period of the applicable agreement plus the applicable limitations period under law.

The maximum potential amount of future payments that the Company would be required to make under these indemnification agreements is not reasonably quantifiable as certain indemnifications are not subject to limitation. However, the Company enters into indemnification agreements only when an assessment of the business circumstances would indicate that the risk of loss is remote. At August 31, 2015, management believes it is remote that the indemnification provisions would require any material cash payment.

Commercial surety bond

The Company has granted a commercial surety bond, issued by a high rated financial institution, to the third party in the event the Company does not perform its contractual obligations. As of August 31, 2015, the guarantee instrument amounted to \$50. The Company has not recorded any additional liability with respect to the guarantee, as the Company does not expect to make any payments in excess of what is recorded on the Company's consolidated financial statements. This guarantee instrument matures on December 14, 2015.

18. EMPLOYEE BENEFIT PLANS

Defined contribution pension plans

Shaw and the Company have several defined contribution pension plans for employees and for the majority of these employees, the Company contributes 5% of eligible earnings to the maximum amount deductible under the Income Tax Act. Total pension costs in respect of the plans were \$3,329 (2014 - \$3,078; 2013 - \$2,720).

Defined benefit pension plans

The Company has a number of registered defined benefit pension plans. The pension plans expose the Company to a number of risks, of which the most significant are as follows:

- (i) Volatility in market conditions: The accrued benefit obligations are calculated using discount rates with reference to bond yields closely matching the term of the estimated cash flows while many of the assets are invested in other types of assets. If plan assets underperform these yields, this will result in a deficit. Changing market conditions in conjunction with discount rate volatility will result in volatility of the accrued benefit liabilities. To minimize some of the investment risk, the Company has established long-term funding targets where the time horizon and risk tolerance are specified.
- (ii) Selection of accounting assumptions: The calculation of the accrued benefit obligations involves projecting future cash flows of the plans over a long time frame. This means that assumptions used can have a material impact on the statements of financial position and comprehensive income because in practice, future experience of the plans may not be in line with the selected assumptions.

The plans are funded and provide pension benefits to certain unionized and non-unionized employees. Benefits under these plans are based on the employees' length of service and final average salary. These plans are regulated by the Office of the Superintendent of Financial Institutions, Canada in accordance with the provisions of the Pension Benefits Standards Act and Regulations. The regulations set out minimum standards for funding the plans.

The table below shows the change in the benefit obligations, change in fair value of plan assets and the funded status of these defined benefit plans.

	2015	2014
	\$	\$
Accrued benefit obligation, beginning of year	171,065	151,600
Current service cost	5,598	4,854
Interest cost	7,135	7,404
Employee contributions	857	930
Payment of benefits to employees	(8,123)	(10,325)
Remeasurements:		
Effect of changes in demographic assumptions	-	639
Effect of changes in financial assumptions	(354)	15,663
Effect of experience adjustments	(3,422)	300
Accrued benefit obligation, end of year	172,756	171,065
Fair value of plan assets, beginning of year	159,968	133,390
Employer contributions	9,806	11,723
Employee contributions	857	930
Interest income	6,604	6,523
Payment of benefits to employees	(8,123)	(10,326)
Administrative expenses paid from plan assets	(1,288)	(962)
Return on plan assets, excluding interest income	3,703	18,690
Fair value of plan assets, end of year	171,527	159,968
Accrued benefit liability and plan deficit, end of year	1,229	11,097

The weighted average duration of the defined benefit obligation at August 31, 2015 is 16.3 years.

The plan assets at August 31, 2015 are comprised of investments in pooled funds as follows:

	\$
Equity - Canadian	45,583
Equity - Foreign	27,332
Fixed income - Canadian	98,612
	171,527

The underlying securities in the pooled funds have quoted prices in an active market.

The tables below show the significant weighted-average assumptions used to measure the pension obligation and cost for these plans.

	2015	2014	2013
	%	%	%
Accrued benefit obligation			
Discount rate	4.10	4.09	4.84
Rate of compensation increase	3.00	3.00	3.50
Benefit cost for the year			
	%	%	%
Discount rate	4.09	4.84	4.67
Rate of compensation increase	3.00	3.50	3.50

The calculation of the accrued benefit obligation is sensitive to the assumptions above. A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2015 by \$30,553. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by \$5,684.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statement of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense, which is included in employee salaries and benefits expense, is comprised of the following components:

	2015	2014	2013
	\$	\$	\$
Current service cost	5,598	4,854	5,111
Interest cost	7,135	7,404	7,065
Interest income	(6,604)	(6,523)	(5,539)
Administrative expenses	1,288	962	716
Pension expense	7,417	6,697	7,353

Other benefit plans

The Company has post-employment benefits plans that provide post-retirement health and life insurance coverage to retirees and are funded on a pay-as-you-go basis. The table below shows the change in the accrued post-retirement obligation which is recognized in the statement of financial position.

	2015	2014
	\$	\$
Accrued benefit obligation and plan deficit, beginning of year	18,198	15,422
Current service cost	703	568
Interest cost	717	721
Payment of benefits to employees	(551)	(506)
Remeasurements:		
Effect of changes in demographic assumptions	39	(29)
Effect of changes in financial assumptions	(637)	2,119
Effect of experience adjustments	144	(97)
Accrued benefit obligation and plan deficit, end of year	18,613	18,198

The weighted average duration of the benefit obligation at August 31, 2015 is 17.5 years.

The post-retirement benefit plan expense, which is included in employee salaries and benefits expense, is \$1,420 (2014 - \$1,289; 2013 - \$1,416) and is comprised of current service and interest cost.

The discount rate used to measure the post-retirement benefit cost for the year was 4.00% (2014 – 4.75%; 2013 – 4.50%). The discount rate used to measure the accrued benefit obligation as at August 31, 2015 was 4.20% (2014 – 4.00%). A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2015 by \$3,555.

Employer contributions

The Company’s estimated contributions to the defined benefit plans in fiscal 2016 are \$10,755.

19. RELATED PARTY TRANSACTIONS

Controlling shareholder

The Company is a direct wholly-owned subsidiary of Shaw. The majority of the Class A Shares of Shaw are held by JR Shaw, members of his family and the companies owned and/or controlled by them (the “Shaw Family Group”). All of the Class A Shares held by the Shaw Family Group are subject to a voting trust agreement entered into by such persons. The Shaw Family Group is represented as Directors, Senior Executive and Corporate Officers of Shaw.

Significant investments in subsidiaries

The following are the significant subsidiaries of the Company, all of which are formed or incorporated in Canada.

	Ownership Interest	
	August 31, 2015	August 31, 2014
Shaw Television Limited Partnership	100%	100%
Showcase Television Inc	100%	100%
History Television Inc.	100%	100%
HGTV Canada Inc.	67%	67%

Key management personnel and Board of Directors

The key management personnel of the Company are considered to be the most senior executive team of Shaw and along with its Board of Directors have the authority and responsibility for planning, directing and controlling the activities of the Company.

Compensation

The following represents compensation expense that has been charged by Shaw to the Company for its key management personnel and Board of Directors in exchange for services rendered to the Company.

	2015	2014	2013
	\$	\$	\$
Short-term employee benefits	3,614	4,261	4,515
Long-term employee benefits	475	363	2,035
	4,089	4,624	6,550

Transactions with Shaw and its other subsidiaries

During 2015, the Company was allocated costs from its Parent of \$23,400 (2014 - \$23,726; 2013 \$27,931) in respect of certain functions including, but not limited to, back-office support and shared services functions, executive level management and administrative functions as well as certain compensation amounts incurred by Shaw in respect of the Company's employees.

During the year, the Company charged Shaw and its subsidiaries network fees of \$66,859 (2014 - \$65,817; 2013 - \$63,069), TV Everywhere services of \$3,500 (2014 - \$3,500; 2013 - \$600), advertising fees of \$1,480 (2014 - \$1,840; 2013 - \$1,626), recoveries of sales team costs of \$1,020 (2014 - \$1,056; 2013 - \$946) and production, programming and master control services of \$847 (2014 - \$800; 2013 - \$772).

During 2015, subsidiaries of Shaw charged the Company uplink fees of \$5,157 (2014 - \$5,222; 2013 - \$5,099), backhaul charges of \$5,616 (2014 - \$5,250; 2013 - \$5,133) and television spots of \$1,022 (2014 - \$833; 2013 - \$538).

Transactions between the Company and Shaw and its subsidiaries are settled through intercompany borrowings with Shaw ("due to Parent"). The amount due to Parent is without stated terms of repayment and is non-interest bearing.

During the current year, the Company recorded \$569 (2014 - \$3,290; 2013 - \$7,766) as contributed surplus in respect of the Local Television Satellite Solution ("LTSS") portion of the fiscal 2011 CRTC benefit obligation (see note 17). The LTSS portion of the obligation, which involved providing free equipment to certain qualifying households relying on over-the-air reception, was settled by a subsidiary of Shaw. No consideration was exchanged between the parties and at August 31, 2015, the LTSS portion of the obligation was extinguished.

In 2015, \$733 was recognized as contributed surplus in respect of the fair value of options granted by Shaw to the Company's employees and for which there was no recharge from Shaw. During 2014 and 2013, \$625 and \$1,075 was recognized in contributed surplus but was offset by recharges from Shaw.

The Company provided Shaw with advertising spots in return for television spots (U.S. Avails or Ad Insertion). The exchange of inventory was used by the Company and Shaw to promote their respective products and services. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Other related parties

The Company has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Corus and its subsidiaries

The Company's Parent and Corus are subject to common voting control. During the year, advertising fees of \$651 (2014 - \$1,168; 2013 - \$1,018) and programming fees of \$347 (2014 - \$nil; 2013 - \$15) were paid to Corus and its subsidiaries. In addition, the Company provided

programming content of \$1,551 (2014 - \$969; 2013 - \$570) and administrative, advertising and other services for \$294 (2014 - \$398; 2013 - \$189). At August 31, 2015, the Company had a net of \$379 owing in respect of these transactions (2014 - \$213).

During 2013, the Company sold to Corus its 49% interest in ABC Spark and acquired from Corus its 20% interest in Food Network Canada. The Company had a non-interest bearing promissory note of \$47,759 owing to Corus at August 31, 2013 in respect of these transactions. In addition, the Company agreed to sell to Corus its 50% interest in its two French-language channels, Historia and Series+. The sale of the Historia and Series+ closed in 2014 at which time the Company settled the aforementioned promissory note.

The Company provided Corus with television advertising spots in return for radio and television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Joint arrangement

During the year, the Company charged shomi for programming content sublicensing, advertising services and creative services totalling \$18,215. At August 31, 2015, the Company had a receivable of \$3,392 in respect of these transactions.

20. FINANCIAL INSTRUMENTS

Fair values

The fair value of financial instruments included in current assets and current liabilities approximates their carrying value due to their short-term nature.

The fair value of program rights payable included in other long-term liabilities, estimated by discounting future cash flows, approximates their carrying value.

Risk management

The Company is exposed to a number of risks and uncertainties related to its financial instruments and in order to mitigate such risks, employs appropriate risk management strategies, to ensure the exposure to these risks is consistent with its risk tolerance and business objectives.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate as a result of changes in market prices. While certain of the Company's program rights and operating expenditures are incurred in US dollars, the Company is not exposed to significant foreign currency risk or any other market risk.

Credit risk

A significant portion of sales are made to advertising agencies which results in some concentration of credit risk. At August 31, 2015, approximately 72% (2014 - 61%) of the \$185,888 (2014 - \$200,886) of advertising receivables is due from the ten largest accounts. The largest amount due

from an advertising agency is \$20,393 (2014 - \$20,378) which is approximately 11% (2014 – 10%) of advertising receivables. As at August 31, 2015, the Company had accounts receivable of \$219,191 (August 31, 2014 - \$233,106), net of the allowance for doubtful accounts of \$1,031 (August 31, 2014 - \$985). The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. As at August 31, 2015, \$40,027 (August 31, 2014 - \$36,645) of accounts receivable is considered to be past due, defined as amounts outstanding past normal credit terms and conditions. Uncollectible accounts receivable are charged against the allowance account based on the age of the account and payment history. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The Company mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers. Credit is extended and credit limits are determined based on credit assessment criteria and credit quality.

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by monitoring cash flow generated from operations. With the exception of non-current program rights liabilities which have contractual maturities between 1 to 3 years, all of the Company's financial instruments have contractual maturities of less than one year.

21. CAPITAL STRUCTURE MANAGEMENT

The Company is a wholly-owned subsidiary of Shaw and therefore, the Company's capital structure is managed in conjunction with the capital structure of Shaw. The Company's objectives when managing capital are to: (i) maintain sufficient capital to enable the business to operate efficiently, (ii) generate predictable and sustainable cash flows and (iii) ensure funds are available to fund business strategies.

To ensure Shaw maintains an efficient and effective capital structure, intercompany borrowings are used between the Company and Shaw. The Company defines capital as comprising all components of shareholders' equity (other than non-controlling interests and amounts in accumulated other comprehensive loss) and amounts due to the Parent less cash.

	August 31, 2015	August 31, 2014
	\$	\$
Cash	(13,140)	(14,124)
Due to Parent	337,997	446,502
Share capital	850,000	850,000
Contributed surplus	15,800	14,498
Retained earnings	775,667	627,387
	1,966,324	1,924,263

Shaw manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. Shaw may also from time to time change or adjust its objectives when managing capital in light of business circumstances, strategic

opportunities, or the relative importance of competing objectives as determined by Shaw. There is no assurance that Shaw will be able to meet or maintain its currently stated objectives.

The Company is not subject to any externally imposed capital requirements or debt covenants and its overall capital structure management strategy remains unchanged from the prior year.

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

January 14, 2016

Tabular dollar amounts are in thousands of Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis, dated January 14, 2016, should be read in conjunction with Shaw Media Inc.'s unaudited condensed interim consolidated financial statements and notes thereto for the three months ended November 30, 2015, and Shaw Media Inc.'s consolidated statements of financial position as at August 31, 2015 and 2014 and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2015. The terms "we," "us," "our," "Shaw Media" and the "Company" refer to Shaw Media Inc. and its direct and indirect subsidiaries as a group, unless context otherwise requires.

About Shaw Media

Shaw Media is a wholly owned subsidiary of Shaw Communications Inc. ("Shaw" or the "Parent"), an Alberta corporation, which is a public company with shares listed on the Toronto Stock Exchange, TSX Venture Exchange and New York Stock Exchange. Shaw Media provides Canadians with engaging programming content through one of Canada's largest conventional television networks, Global Television, 19 specialty networks and digital properties.

On December 30, 2015, the Company sold its 50% interest in shomi, the subscription video-on-demand service launched in early November 2014 in partnership with Rogers Communication Inc., to a wholly owned subsidiary of Shaw for \$41 million.

On January 13, 2016, Shaw announced it entered into an agreement with Corus Entertainment Inc. ("Corus"), a related party subject to common voting control, to sell Shaw Media for \$2.65 billion. The transaction is expected to close in the third quarter of fiscal 2016.

Select Financial Highlights

(thousands of Canadian dollars)	Three months ended November 30,		
	2015	2014	Change %
Operations:			
Revenue	294,498	307,227	(4.1)
Operating income before restructuring costs and amortization ⁽¹⁾	118,086	118,892	(0.7)
Operating margin ⁽¹⁾	40.1%	38.7%	1.4pts
Net income	67,262	69,458	(3.2)
Funds flow from operations ⁽²⁾	61,399	65,210	(5.8)

(1) Refer to Non-IFRS and Additional GAAP Measures.

(2) Funds flow from operations is before changes in non-cash balances related to operations as presented in the Consolidated Statements of Cash Flows.

Non-IFRS and Additional GAAP Measures

The Company's Management's Discussion and Analysis may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings and sub-totals in the financial statements. The Company utilizes these measures in making operating decisions and assessing its performance. These non-IFRS measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance or liquidity prescribed by IFRS. The following contains a description of the Company's use of non-IFRS

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

financial measures and additional GAAP measures and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

- **Operating income before restructuring costs and amortization**
 - Operating income before restructuring costs and amortization is calculated as revenue less operating, general and administrative expenses. It is calculated before one-time items like restructuring costs, amortization (a non-cash expense) and interest. Operating income before restructuring costs and amortization is also one of the measures used by management to evaluate the performance of the business.

	Three months ended November 30,	
<i>(thousands of Canadian dollars)</i>	2015	2014
Operating income	110,769	110,813
Add back:		
Amortization:		
Property and equipment and intangibles	7,317	8,079
Operating income before restructuring costs and amortization	118,086	118,892

- **Operating margin**
 - Operating margin is calculated by dividing operating income before restructuring costs and amortization by revenue.

Accounting Standards

Management's Discussion and Analysis accompanying the Company's consolidated statements of financial position as at August 31, 2015 and 2014 and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2015 outlined critical accounting policies, including key estimates and assumptions, that management has made under these policies and how they affect the amounts reported in the consolidated financial statements. Management's Discussion and Analysis also describes significant accounting policies where alternatives exist. The condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements.

Results of Operations

Highlights of the consolidated financial results are as follows:

- Revenue for the quarter of \$294 million, a decrease of 4.1% from \$307 million for the first quarter of 2015
- First quarter operating income before restructuring costs and amortization of \$118 million, a decrease of 0.7% from \$119 million for the first quarter of 2015
- Operating margin for the first quarter of 40.1%, up from 38.7% for the first quarter of 2015
- Net income for the first quarter of \$67 million, a decrease of 3.2% from \$69 million for the first quarter of 2015

Revenue and operating income before restructuring costs and amortization for the quarter were \$294 million and \$118 million, respectively, compared to \$307 million and \$119 million last year. The revenue decrease was driven primarily by lower airtime revenues and lower syndication revenues and the comparative quarter benefitting from shomi. The lower operating income before restructuring costs and amortization was primarily due to lower revenues partially offset by lower programming and employee related costs.

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

In the quarter, Global continued to deliver solid programming results improving in the top 10 program rankers over the same period last year both nationally and in major markets, finishing with 6 of the top 20 nationally. The results are driven by the long standing NCIS franchise along with Survivor: Cambodia (Season 31) and The Blacklist. Newly launched Supergirl and Limitless rank in the top 20 programs along with a strong performance by the Late Show with Stephen Colbert, which has grown audiences in the late night time period across all demographics.

The Company's specialty channels also delivered strength in the channel rankers with 6 of the top 20 channels. National Geographic, which continues to maintain its number one position in the digital channels, ranks within the top 20 of all specialty channels. The fall programming launch included a strong stable of returning shows along with new programming that included Mr. Robot on Showcase and Camp Cutthroat on Food Network which both ranked in the top 30. Shaw Media owned 11 of the top 20 programs this fall, with our top shows being The Curse of Oak Island, Hunting Hitler and Forged in Fire, all on the History Channel which continues to be the top entertainment specialty channel in Canada.

Global News continues to dominate in western Canada and leverages its market leadership to promote strong community connections for both our local stations and Shaw Media overall. Global Winnipeg provided extensive coverage and community support for the Shaw Road to the Grey Cup. In Calgary and Vancouver, Global and Shaw staff teamed up in major fundraisers for Ronald McDonald House. Global BC provided on-air talent to support the Timmy Telethon on Shaw TV. Globalnews.ca continues to experience strong growth in the quarter reaching an all time high of 7.9 million Unique Visitors, up 35% over year ago.

Amortization

	Three months ended November 30,		
	2015	2014	Change %
<i>(thousands of Canadian dollars)</i>			
Amortization expense			
Property and equipment and intangibles	(7,317)	(8,079)	(9.4%)

Amortization of property and equipment and intangibles decreased over the comparable period as amortization of new expenditures was more than offset by the impact of assets that became fully depreciated.

Other income and expenses

	Three months ended November 30,		
	2015	2014	Increase (decrease) in income
<i>(thousands of Canadian dollars)</i>			
Accretion of long-term liabilities and provisions	(741)	(1,197)	456
Equity loss	(17,512)	(13,146)	(4,366)
Other losses	(916)	(1,631)	715

The Company records accretion expense in respect of the discounting of certain long-term liabilities and provisions which are accreted to their estimated value over their respective terms. The expense is primarily in respect of CRTC benefit obligations.

The Company recorded an equity loss of \$18 million in the first quarter of fiscal 2016 related to its interest in shomi compared to \$13 million recorded in the comparable period in fiscal 2015.

Other losses generally include realized and unrealized foreign exchange gains and losses on U.S. dollar denominated current assets and liabilities, and gains and losses on disposal of property and equipment.

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

Income tax expense

Income taxes are lower in the current year mainly due to lower income before income taxes.

Net income

Net income was \$67 million for the quarter compared to \$69 million for the comparable period. The changes in net income are outlined in the table below.

<i>(thousands of Canadian dollars)</i>		November 30, 2015 net income compared to:
		Three months ended November 30, 2014
Decreased operating income before restructuring costs and amortization		(806)
Decreased amortization		762
Increased interest income		1
Change in other net costs and revenue ⁽¹⁾		(3,195)
Decreased income taxes		1,042
		(2,196)

⁽¹⁾ Net other costs and revenue includes accretion of long-term liabilities and provisions, equity loss of a joint venture, and other losses as detailed in the Consolidated Statements of Income.

Consolidated Cash Flow Analysis

Operating activities

		Three months ended November 30,	
<i>(thousands of Canadian dollars)</i>	2015	2014	Change %
Funds flow from operations	61,399	65,210	(5.8)
Net change in non-cash balances related to operations ⁽¹⁾	(30,672)	(17,788)	72.4
	30,727	47,422	(35.2)

⁽¹⁾ Net change in non-cash balances related to operations as detailed in the Consolidated Statements of Cash Flows

Funds flow from operations decreased from the comparable quarter last year primarily due to a decline in operating income before restructuring costs and amortization of \$1 million, an increase in program rights expense adjustment of \$1 million and an increase of \$2 million in current income tax. The net change in non-cash balances related to operations fluctuated over the comparative period due to the timing of payment on amounts due to Shaw, current income taxes payable, and accounts payable and accrued liabilities as well as fluctuations in accounts receivable.

Investing activities

		Three months ended November 30,	
<i>(thousands of Canadian dollars)</i>	2015	2014	Decrease
Cash flow used in investing activities	(15,013)	(35,400)	(20,387)

The cash used in investing activities decreased over the comparative period due to reduced cash outlays in respect of the Company's investment in shomi.

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

Financing activities

The changes in financing activities during the comparative periods were as follows:

(thousands of Canadian dollars)	Three months ended November 30,	
	2015	2014
Distributions paid to non-controlling interests	-	(7,535)

There were no distributions declared or paid to non-controlling interests in the first quarter of fiscal 2016.

Financial Position

Total assets were \$2.7 billion at November 30, 2015. Following is a discussion of significant changes in the consolidated statement of financial position since August 31, 2015.

Current assets increased by \$71 million as a result of increases in cash of \$16 million, accounts receivable of \$49 million and other current assets of \$7 million. Accounts receivable increased due to seasonably higher advertising revenues in the first quarter of the year. Cash increased as funds provided by operations exceeded the cash outlay for investing activities while other current assets increased primarily due to higher program rights.

Investments in a joint venture decreased \$8 million due to the Company's interest in shomi.

Property and equipment decreased \$5 million primarily due to amortization in excess of capital investment.

Intangibles increased \$20 million primarily due to additional net investment in program rights and advances.

A defined benefit pension asset was recorded in the quarter primarily as a result of re-measurement of the pension obligation.

Current liabilities increased \$16 million primarily due to increases in accounts payable and accrued liabilities of \$29 million and income taxes payable of \$4 million, partly offset by a decrease in amount due to parent of \$15 million. Accounts payable and accruals increased due to timing of payment and fluctuations in programming costs. Income tax payable increased due to the current year provision, partially offset by tax installment payments. Amounts owing to Shaw decreased as repayments are made to the extent of available excess cash.

Other long-term liabilities decreased \$5 million due to reclassification of current amounts of the CRTC benefit obligations.

Shareholder's equity increased \$71 million due to income attributable to both Shaw and non-controlling interests in subsidiaries.

Liquidity and Capital Resources

In the current year, the Company generated \$61 million of funds from operations. Shaw Media used its funds flow from operations to fund the net working capital change of \$31 million, pay \$6 million of capital expenditures and make \$9 million in financial investments.

Risks and Uncertainties

The significant risks and uncertainties affecting the Company and its business are discussed in the Management's Discussion and Analysis accompanying the Company's consolidated statements of financial

Shaw Media Inc.

Management's Discussion and Analysis

For the three months ended November 30, 2015

position as at August 31, 2015 and 2014 and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2015 under the heading Known events, trends, risks and uncertainties.

Shaw Media Inc.
Management's Discussion and Analysis
August 31, 2014 and 2015

November 23, 2015

Tabular dollar amounts are in thousands of Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis should be read in conjunction with Shaw Media Inc.'s consolidated statement of financial position as at August 31, 2015 and 2014 and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three year period ended August 31, 2015. The terms "we," "us," "our," "Shaw Media" and the "Company" refer to Shaw Media Inc. and its direct and indirect subsidiaries as a group.

About Shaw Media

Shaw Media is a wholly owned subsidiary of Shaw Communications Inc. ("Shaw" or the "Parent"), an Alberta corporation, which is a public company with shares listed on the Toronto Stock Exchange, TSX Venture Exchange and New York Stock Exchange.

The Company was incorporated under the federal laws of Canada on January 21, 2010 under the name 7316712 Canada Inc. and through a series of transactions in fiscal 2010 and 2011, acquired 100% of the broadcasting businesses of Canwest Global Communications Corp., including all of the over-the-air channels, which were in creditor protection, and the specialty channels of CW Investments Co. 7316712 Canada Inc. changed its name to Shaw Media Inc. on October 28, 2010 and was continued under the *Business Corporations Act* (Alberta) on December 13, 2010.

Shaw Media provides Canadians with engaging programming content through one of Canada's largest conventional television networks, Global Television, 19 specialty networks and digital properties. In 2013, Shaw Media launched Global News: BC1, a dedicated 24 hour all news Specialty channel in the province of British Columbia and acquired the remaining equity interest in TVtropolis (subsequently rebranded DTOUR). In 2013, the Company entered into a number of transactions with Corus Entertainment ("Corus") to optimize its portfolio of specialty channels, agreeing to sell its interests in ABC Spark Inc., Historia and Series+ and to acquire an additional interest in Food Network Canada. The ABC Spark and Food Network Canada transactions closed in 2013 and the Historia and Series+ transaction closed in 2014.

Shaw Media earns revenue from two principal sources: advertising revenue and revenue from consumers subscribing to specialty channels. For both, it is critical that the Company offers Canadians entertaining content that engages them. Content is available to Canadians through a variety of dynamic channels, whether conventional or specialty television, companion websites or over-the-top platforms. Catering to consumer demand for quality and choice, Shaw Media strives to offer the best content available to Canadians when and where they choose to consume it.

Conventional Television

Global Television reaches virtually all English-speaking Canadians through 12 over-the-air conventional television stations. Global Television offers a programming mix of entertainment and news programs aimed primarily at viewers aged 18 to 49. Global Television's line-up includes hit programs such as *Bones*, *The Blacklist*, the *NCIS* franchise, *Hawaii Five-O*, *Limitless*, *Rookie Blue*, *Elementary*, *The Late Show with Stephen Colbert* and three reality series, *Survivor*, *Big Brother* and *Big Brother Canada*. Global.ca and Global GO distribute Global Television's entertainment content online and on over-the-top platforms as the business evolves to the changing consumption habits of viewers.

News

The Global News team produces the news and current affairs content for Global Television. Global News has successful local news programs in every major market, including the only major daily supper hour

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Management's Discussion and Analysis
August 31, 2014 and 2015

national news show and is the dominant local news organization in western Canada. Global National, the network's early-evening newscast, garners almost a million viewers every weekday.

GlobalNews.ca is Global News' online platform that enables Canadians to access Global News coverage wherever and whenever they want, through the web, mobile devices, email alerts, RSS feeds and social media. It features user friendly technology, which automatically scales content to fit any screen size or resolution to create a seamless experience on all browsers and platforms, including tablets and smart phones. New innovative content advertising opportunities have been incorporated into the site giving advertisers exciting new ways to engage with the Global News audience.

Specialty Channels

Shaw Media operates 19 of Canada's most popular specialty channels, including HGTV Canada, Food Network Canada, Showcase, HISTORY, Slice and National Geographic.

All of the specialty channels are wholly-owned by Shaw Media with the exception of channels for which we have partnered with global leaders: Food Network Canada, HGTV Canada, DIY Canada (each of the foregoing with Scripps Networks), National Geographic Canada, National Geographic Canada Wild and BBC Canada. Equity interests in these channels ranges between 50% and 71%, with voting control of 80% or more.

Over-the-top

To meet the changing needs of conventional and specialty viewing audiences, Shaw Media rolled out Global Go and HISTORY Go apps in 2014. These apps allow viewers to watch live TV, full episodes of select shows, clips and video exclusives on popular mobile devices, including WiFi enabled devices.

In November 2014, in partnership with Rogers Communications Inc. ("Rogers"), Shaw Media launched shomi on a test basis to Shaw and Rogers customers. In August 2015, the service was made available to all Canadians. With a current library of approximately 1,200 films and 15,000 individual episodes in categories curated by experts, shomi offers its subscribers some of the best entertainment available - whenever and wherever they want. shomi may be accessed over-the-top through the service's website and the shomi app and on television through the on-demand libraries of participating television providers.

Advertising

Shaw Media's team is exploring a number of next generation advertising solutions that combine the intelligence of data with the power of television to maintain and grow our advertising business.

The Company is part of an industry working group that is looking at the development of a common video terminal based measurement system. Shaw Media is also exploring new ways for advertisers to focus on optimal advertising placement on programming by identifying generic audience profiles and aggregate lifestyle demographics that can be used to identify relevant "audiences". This allows advertisers to make decisions based on identified demographics to purchase "audiences" rather than shows and time slots. All data collection, analysis and use is designed for compliance with applicable privacy protection laws.

The Company is also continuing to create opportunities for branded content and product integrations within its shows and brands. As one of the leading lifestyle content providers in Canada, we have a strong slate of context-relevant, original productions into which advertisers can integrate their products. This type of integration yields positive results for the advertisers, generating a positive impact on brand perception, likelihood to purchase and consumer trust in the product.

Shaw Media Inc.

Management's Discussion and Analysis

August 31, 2014 and 2015

Through these next generation advertising solutions Shaw Media is working to ensure that advertising opportunities evolve with the expectations of its advertising clients to position the Company as the most innovative media partner for advertisers in the space.

Shaw Media is also building revenues from increasingly popular digital platforms along with further syndication opportunities around the Company's strong content.

Through these initiatives and advances in the way the Company creates content, produce and deliver news and develop business, Shaw Media has moved its business beyond the traditional broadcast model to become a driven media company.

Seasonality

Shaw Media's financial results are subject to fluctuations throughout the year due to, among other things, seasonal advertising and viewing patterns. In general, advertising revenues are higher during the fall, the first quarter, and lower during the summer months, the fourth quarter, whereas expenses are incurred more evenly throughout the year. The specialty services depend on a small number of broadcast distribution undertakings ("BDUs") for distribution of their services.

Restructuring

With the adoption in 2014 of a restructuring program by the Parent, Shaw Media transformed the way it organizes, plans and executes its business to achieve corporate and operational strategy. The program is designed to enhance efficiency and growth potential by ensuring business decisions are made in accordance with disciplined customer-centric criteria. As a result, all aspects of the operations, including resource allocation, are prioritized for their impact on the Company's valued customers and viewers. In 2015, Shaw Media further reorganized its operations in order to accelerate the evolution from a traditional broadcaster to a multi-platform media business that includes both long and short-form video, branded content, instructional videos, behind-the-scenes content, web content and social media.

Select Financial and Operational Highlights

Through an evolving operating and competitive landscape our consolidated business has delivered stable and profitable results in 2013, 2014 and 2015.

	<u>Year ended August 31,</u>		
(thousands of Canadian dollars)	2015	2014	Change %
Operations:			
Revenue	1,079,617	1,095,569	(1.5)
Operating income before restructuring costs and amortization ⁽¹⁾	341,773	352,253	(3.0)
Operating margin ⁽¹⁾	31.7%	32.2%	(0.5)pts
Net income	172,767	281,321	(38.6)
Funds flow from operations ⁽²⁾	244,369	221,725	10.2

(1) Refer to Key performance drivers.

(2) Funds flow from operations is before changes in non-cash working capital balances related to operations as presented in the Consolidated Statements of Cash Flows.

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	<u>Year ended August 31,</u>		
<i>(thousands of Canadian dollars)</i>	2014	2013	Change %
Operations:			
Revenue	1,095,569	1,106,444	(1.0)
Operating income before restructuring costs and amortization ⁽¹⁾	352,253	350,402	0.5
Operating margin ⁽¹⁾	32.2%	31.7%	0.5pts
Net income	281,321	244,822	14.9
Funds flow from operations ⁽²⁾	221,725	237,775	(6.8)

(1) Refer to Key performance drivers.

(2) Funds flow from operations is before changes in non-cash working capital balances related to operations as presented in the Consolidated Statements of Cash Flows.

Key Performance Drivers

Shaw Media measures the success of its strategies using a number of key performance drivers which are outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

Revenue

Revenue is a measurement determined in accordance with International Financial Reporting Standards ("IFRS"). It represents the inflow of cash, receivables or other consideration arising from the sale of products and services. Revenue is net of items such as trade or volume discounts, agency commissions and certain excise and sales taxes.

Non-IFRS measures

The Company's Management's Discussion and Analysis may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings and sub-totals in the financial statements. The Company utilizes these measures in making operating decisions and assessing its performance. These non-IFRS measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance or liquidity prescribed by IFRS. The following contains a description of the Company's use of non-IFRS financial measures and additional GAAP measures and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

- **Operating income before restructuring costs and amortization**
 - Operating income before restructuring costs and amortization is calculated as revenue less operating, general and administrative expenses. It is calculated before one-time items like restructuring costs, amortization (a non-cash expense) and interest. Operating income before restructuring costs and amortization is also one of the measures used by management to evaluate the performance of the business.

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	Year ended August 31,		
(thousands of Canadian dollars)	2015	2014	2013
Operating income	299,093	306,828	315,552
Add back (deduct):			
Restructuring costs	12,485	12,306	-
Amortization:			
Property and equipment and intangibles	30,195	33,119	34,850
Operating income before restructuring costs and amortization	341,773	352,253	350,402

- **Operating margin**

- Operating margin is calculated by dividing operating income before restructuring costs and amortization by revenue.

Critical Accounting Policies and Estimates

The Company prepared its Consolidated Financial Statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). An understanding of the Company's accounting policies is necessary for a complete analysis of results, liquidity and trends. Refer to Note 2 to the Consolidated Financial Statements for additional information on accounting policies. The following section discusses key estimates and assumptions that management has made under IFRS and how they affect the amounts reported in the Consolidated Financial Statements and notes. Following is a discussion of the Company's critical accounting policies:

Revenue and expense recognition

Revenue is considered earned as services are performed, provided that at the time of performance, ultimate collection is reasonably assured. Such performance is regarded as having been achieved when reasonable assurance exists regarding the measurement of the consideration that will be derived from rendering the service.

Shaw Media's affiliate subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are aired or displayed on the Company's digital properties and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Allowance for doubtful accounts

The majority of the Company's revenues are earned from selling on credit to advertising agencies. Because some customers do not pay their debts, selling on credit necessarily involves credit losses. The Company is required to make an estimate of an appropriate allowance for doubtful accounts on its receivables. In determining its estimate, the Company considers factors such as the number of days the account is past due, specific risks associated with the customer, the Company's past collection history and changes in business circumstances. The estimated allowance required is a matter of judgement and the actual loss eventually sustained may be more or less than the estimate, depending on events which have yet to occur and which cannot be foretold, such as future business and economic conditions. Conditions causing deterioration or improvement in the aging of accounts receivable and collections will increase or decrease bad debt expense.

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Amortization policies and useful lives

The Company amortizes the cost of property and equipment and other intangibles over the estimated useful service lives of the items. These estimates of useful lives involve considerable judgment. In determining these estimates, the Company takes into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. On an annual basis, the Company reassesses its existing estimates of useful lives to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly or in a different way than the Company has anticipated, the Company may have to shorten the estimated life of certain property and equipment or other intangibles which could result in higher amortization expense in future periods or an impairment charge to write down the value of property and equipment or other intangibles.

Intangibles

The excess of the cost of acquiring the business of Shaw Media over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist primarily of amounts allocated to broadcast licenses, trademarks and brands which represent identifiable assets with indefinite useful lives.

Broadcast licenses are licenses to operate conventional and specialty services that are identified on a business combination.

The Company has concluded that its broadcast licenses have indefinite useful lives since there are no legal, regulatory, contractual, economic or other factors that would prevent their renewal or limit the period over which these assets will contribute to the Company's cash flows. Goodwill and broadcast licenses are not amortized but are assessed for impairment on an annual basis in accordance with IAS 36 "Impairment".

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses.

Other intangibles include software that is not an integral part of the related hardware, a trademark and brands. Software is amortized on a straight-line basis over their estimated useful lives ranging from three to ten years.

Asset impairment

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at March 1) and when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of a cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell and its value in use. A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company has determined it has one CGU for its media operations by considering operating activities and asset management. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The results of the impairment tests are provided in Note 8 to the Consolidated Financial Statements.

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Employee benefit plans

As at August 31, 2015, Shaw Media had various registered defined benefit plans for certain unionized and non-unionized employees. The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The differences between actual and assumed results are immediately recognized in other comprehensive income/loss. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations and is also used to calculate the interest income on plan assets. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes are required.

Deferred income taxes

The Company has recognized deferred income tax assets and liabilities for the future income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are also recognized in respect of losses of certain of the Company's subsidiaries. The deferred income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse or the tax losses are expected to be utilized. Realization of deferred income tax assets is dependent upon generating sufficient taxable income during the period in which the temporary differences are deductible. The Company has evaluated the likelihood of realization of deferred income tax assets based on forecasts of taxable income of future years, existing tax laws and tax planning strategies. Significant changes in assumptions with respect to internal forecasts or the inability to implement tax planning strategies could result in future impairment of these assets.

Commitments and contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Contractual and other commercial obligations primarily relate to program rights and operating lease agreements for lease of premises and circuits in the normal course of business and exclusive rights to use intellectual property.

Additionally, as part of the Canadian Radio-Television and Telecommunications Commission ("CRTC") decisions approving the acquisition of the broadcasting businesses in 2012 and 2011, the Company is required to contribute new benefits to the Canadian broadcasting system over a seven year period. The funding of these new benefits will continue through to 2019.

In fiscal 2014, the Company partnered with Roger to form shomi, a new subscription video-on-demand service which launched in beta in early November 2014. As part of the arrangement the Company has a capital commitment with funding scheduled through to 2017.

Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

New Accounting Standards

Shaw Media has adopted or will adopt a number of new accounting policies as a result of recent changes in IFRS as issued by the IASB. The ensuing discussion provides additional information as to the date that

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Shaw Media is or was required to adopt the new standards, the methods of adoption permitted by the standards, the method chosen by Shaw Media, and the effect on the financial statements as a result of adopting the new policies. The adoption or future adoption of these accounting policies has not and is not expected to result in changes to the Company's current business practices.

The Company adopted the following standards:

Adoption of recent accounting pronouncement

The adoption of the following standards and amendments effective September 1, 2013 had no impact on the Company's consolidated financial statements other than additional disclosure requirements.

- IFRS 10 Consolidated Financial Statements, replaces previous consolidation guidance and outlines a single consolidation model that identifies control as the basis for consolidation of all types of entities.
- IFRS 11 Joint Arrangements, replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The new standard classifies joint arrangements as either joint operations or joint ventures.
- IFRS 12 Disclosure of Interests in Other Entities, sets out required disclosures on application of IFRS 10, IFRS 11 and IAS 28 (amended 2011).
- IAS 27 Separate Financial Statements was amended in 2011 for the issuance of IFRS 10 and retains the same guidance for separate financial statements.
- IAS 28 Investments in Associates was amended in 2011 for changes based on issuance of IFRS 10 and IFRS 11 and provides guidance on accounting for joint ventures, as defined by IFRS 11, using the equity method.
- IFRS 13 Fair Value Measurement, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure of fair value measurements.

The Company had elected to early adopt the amendments to IAS 36 *Impairment of Assets* for the year ended August 31, 2014. The amendments limit the requirement to disclose the recoverable amount to assets (including goodwill) for which an impairment loss was recognized or reversed in the period, instead of the recoverable amount for each CGU to which significant goodwill or indefinite-life intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed.

The adoption of the following standard effective September 1, 2014 had no impact on the Company's consolidated financial statements.

- IFRIC 21 *Levies*, provides guidance on when to recognize a financial liability imposed by a government, if the levy is accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or where the timing and amount of the levy is certain.

Standards, interpretations and amendments to standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations and amendments that have been issued but are not yet effective. The following pronouncements are being assessed to determine their impact on the Company's results and financial position.

- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*) prohibits revenue from being used as a basis to depreciate property and equipment and significantly limits use of revenue-based amortization for intangible assets. The amendments are to be applied prospectively for the annual period commencing September 1, 2016.

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- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*. The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual period commencing September 1, 2018.
- IFRS 9 *Financial Instruments: Classification and Measurement*, replaces IAS 39 *Financial Instruments* and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The standard is required to be applied retrospectively for the annual period commencing September 1, 2018.

Related Party Transactions

The following sets forth certain transactions in which the Company is involved with related parties.

Shaw

The Company is a direct, wholly-owned subsidiary of Shaw. During the year, the Company entered into several transactions with Shaw and its other subsidiaries. Shaw allocated various corporate costs and charged uplink fees to the Company. Shaw Media charged Shaw and its other subsidiaries network fees. Also, Shaw Media and Shaw exchanged advertising spots in return for television spots in which no monetary consideration was involved.

During 2015, the Company was allocated costs from Shaw of \$23,400 (2014 - \$23,726; 2013 \$27,931) in respect of certain functions including, but not limited to, back-office support and shared services functions, executive level management and administrative functions as well as certain compensation amounts incurred by Shaw in respect of the Company's employees. Also, subsidiaries of Shaw charged the Company uplink fees of \$5,157 (2014 - \$5,222; 2013 - \$5,099), backhaul charges of \$5,616 (2014 - \$5,250; 2013 - \$5,133) and television spots of \$1,022 (2014 - \$833; 2013 - \$538).

Also in the year, the Company charged Shaw and its subsidiaries network fees of \$66,859 (2014 - \$65,817; 2013 - \$63,069), TV Everywhere services of \$3,500 (2014 - \$3,500; 2013 - \$600), advertising fees of \$1,480 (2014 - \$1,840; 2013 - \$1,626), recoveries of sales team costs of \$1,020 (2014 - \$1,056; 2013 - \$946) and production, programming and master control services of \$847 (2014 - \$800; 2013 - \$772).

Transactions between the Company and Shaw and its subsidiaries are settled through intercompany borrowings with Shaw ("due to Parent"). The amount due to Parent is without stated terms of repayment and is non-interest bearing.

Additional transactions between the Company and Shaw of which consideration was not exchanged are more fully described in Note 17 to the Consolidated Financial Statements.

Corus

The Company and Corus are subject to common voting control. During the year, advertising and programming fees were paid to various Corus subsidiaries. The Company provided programming content to

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various Corus subsidiaries. In addition, the Company provided Corus with television advertising spots in return for radio and television advertising.

During the year, advertising fees of \$651 (2014 - \$1,168; 2013 - \$1,018) and programming fees of \$347 (2014 - \$nil; 2013 - \$15) were paid to Corus and its subsidiaries. In addition, the Company provided programming content of \$1,551 (2014 - \$969; 2013 - \$570) and administrative, advertising and other services for \$294 (2014 - \$398; 2013 - \$189). At August 31, 2015, the Company had a net of \$379 owing in respect of these transactions (2014 - \$213).

In 2013, the Company entered into a number of transactions with Corus to optimize its portfolio of specialty channels. Shaw Media agreed to sell to Corus its 49% interest in ABC Spark and 50% of its interest in Historia and Series+. In addition, Corus agreed to sell to Shaw Media its 20% interest in Food Network Canada. The ABC Spark and Food Network Canada transactions closed in 2013 and the Historia and Series+ transaction closed in 2014.

The Company has also provided Corus with television advertising spots in return for radio and television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Joint arrangement

During the year, the Company charged shomi for programming content sublicensing, advertising services and creative services totaling \$18,215. At August 31, 2015, the Company had a receivable of \$3,392 in respect of these transactions.

Key management personnel and Board of Directors

The key management personnel of the Company are considered to be the most senior executive team of Shaw and along with its Board of Directors have the authority and responsibility for planning, directing and controlling the activities of the Company.

Other related parties

The Company has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2015 CONSOLIDATED RESULTS

<i>(thousands of Canadian dollars)</i>	2015	2014	Change %
Operations:			
Revenue	1,079,617	1,095,569	(1.5)
Operating income before restructuring costs and amortization ⁽¹⁾	341,773	352,253	(3.0)
Operating margin ⁽¹⁾	31.7%	32.2%	(0.5) pts
Net income	172,767	281,321	(38.6)
Funds flow from operations ⁽²⁾	244,369	221,725	10.2
Balance sheet:			
Total assets	2,608,348	2,612,911	
Due to Parent	337,997	446,502	
Long-term financial liabilities			
Other long-term liabilities	49,872	84,304	
Provisions	9,460	9,020	

⁽¹⁾ Refer to Key performance drivers.

⁽²⁾ Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.

2015 Highlights

- Revenue and operating income before restructuring costs and amortization for 2015 were \$1.08 billion and \$342 million, respectively, compared to \$1.10 billion and \$352 million for the prior year. The revenue decline was primarily due to reduced advertising revenues on Shaw Media's specialty channels and the effect of the disposition in the prior year of Historia and Series+, partially offset by increased conventional airtime, subscriber and other revenues.
- Operating income before restructuring costs and amortization declined due to the net revenue decrease and was partially offset by lower employee related, advertising, promotion and various other costs. The prior year benefited by \$6 million related to Historia and Series+ and \$6 million related to a distant signal retransmission royalty adjustment while fiscal 2015 included \$12 million of transactions with shomi.
- In 2015, Shaw Media undertook organizational changes as it redefined itself from a traditional broadcaster to the broader focus of a media organization. Approximately 100 roles were eliminated and 45 new roles created. The Company recorded restructuring costs of \$13 million.
- Global Television delivered solid programming results throughout 2015 with a number of programs ranking in the top 10 or top 20 nationally and across multiple major markets during the year.
- Throughout the year, Shaw Media's specialty portfolio held solid positions in the channel rankers and closed out the year with 6 of the top 20 channels.
- Global News continues to retain the number one position in the western Canadian markets and continued focus on online and mobile audiences have delivered strong growth in both page and

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video views. In addition, Global National was recognized as Best National Newscast at the Canadian Screen Awards while Globalnew.ca was honoured with the Edward R. Murrow Award for the best news website outside of the U.S. Further, Shaw Media continues to strengthen its position in efficient delivery of news with the recent consolidation of the production of its national and international segments for the morning news shows and has implemented a streamlined process to deliver local late night and weekend newscasts into all markets.

- During the current year, the Company partnered with Rogers to form shomi, a new subscription video-on-demand service having the latest most exclusive shows and selections personalized for viewers. The service was launched in beta in early November 2014 and was made available to all Canadians in August 2015.

Amortization

<i>(thousands of Canadian dollars)</i>	2015	2014	Change %
Amortization expense			
Property and equipment and intangibles	(30,195)	(33,119)	(8.8%)

Amortization of property and equipment and intangibles decreased over the comparable year as amortization of new expenditures was more than offset by the impact of assets that became fully depreciated.

Other income and expenses

<i>(thousands of Canadian dollars)</i>	2015	2014	Increase (decrease) in income
Gain on sale of media assets	-	48,950	(48,950)
Accretion of long-term liabilities and provisions	(4,095)	(7,271)	3,176
Equity loss	(55,699)	-	(55,699)
Other gains (losses)	(5,120)	3,419	(8,539)

The sale of Historia and Series+ closed on January 1, 2014 and the company recorded proceeds of \$141 million and a gain of \$49 million.

The Company records accretion expense in respect of the discounting of certain long-term liabilities and provisions which are accreted to their estimated value over their respective terms. The expense is primarily in respect of CRTC benefit obligations.

The Company recorded an equity loss of \$56 million in fiscal 2015 related to its interest in shomi, the subscription video-on-demand service launched in early November 2014. The equity loss includes amounts in respect of the development and launch of the business.

Other gains (losses) category generally includes realized and unrealized foreign exchange gains and losses on U.S. dollar denominated current assets and liabilities, gains and losses on disposal of property and equipment. In 2014, the category also included a refund of \$5 million from the Canwest CCAA plan implementation fund.

Income tax expense

The income tax expense was calculated using current statutory income tax rates of 26.5% for 2015 and 26.4% for 2014 and was adjusted for the reconciling items identified in Note 16 to the Consolidated Financial Statements.

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Net income

Net income was \$173 million in 2015 compared to \$281 million in 2014. The year-over-year changes are summarized in the table below.

Net income decreased \$108 million from the prior year. The current year included lower operating income before restructuring costs and amortization offset by lower amortization and income taxes. Net other costs and revenue in both years was impacted by various items including the gain on sale of Historia and Series+ in 2014 and the \$5 million refund from the Canwest CCAA plan implementation fund while the current year included an equity loss in the shomi joint venture and higher realized and unrealized foreign exchange losses.

<i>(thousands of Canadian dollars)</i>	
Decreased operating income before restructuring costs and amortization	(10,480)
Increased restructuring costs	(179)
Decreased amortization	2,924
Increased interest income	25
Change in other net costs and revenue ⁽¹⁾	(110,012)
Decreased income taxes	9,168
	(108,554)

⁽¹⁾ Net other costs and revenue includes gains on sale of Historia & Series+ in 2014 for \$49 million, accretion of long-term liabilities and provisions, equity loss of a joint venture of \$55 million in 2015, and other gains/losses as detailed in the Consolidated Statements of Income.

CAPITAL EXPENDITURES

<i>(thousands of Canadian dollars)</i>	Year ended August 31,		Change %
	2015	2014	
Property and equipment			
Transmitters, broadcasting, communication and production equipment	8,481	9,670	(12.3)
Land and buildings	1,208	1,010	19.6
Leasehold improvements, data, processing and other	971	4,117	(76.4)
Total as per Note 7 to the audited annual consolidated financial statements	10,660	14,797	(28.0)

Capital investment was \$11 million in 2015 compared to \$15 million in the comparative year as work continued on various projects including upgrading production equipment, infrastructure and facility investments.

OVERVIEW OF FISCAL 2014 CONSOLIDATED RESULTS

<i>(thousands of Canadian dollars)</i>	2014	2013	Change %
Operations:			
Revenue	1,095,569	1,106,444	(1.0)
Operating income before restructuring costs and amortization ⁽¹⁾	352,253	350,402	0.5
Operating margin ⁽¹⁾	32.2%	31.7%	0.5 pts
Net income	281,321	244,822	14.9
Funds flow from operations ⁽²⁾	221,725	237,775	(6.8)

⁽¹⁾ Refer to Key performance drivers.

⁽²⁾ Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.

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2014 Highlights

- Revenue and operating income before restructuring costs and amortization for 2014 were \$1.10 billion and \$352 million, respectively, compared to \$1.11 billion and \$350 million for the prior year. The marginal revenue decline was primarily due to reduced advertising revenues on Conventional channels and the effect of the disposition of Historia and Series+, partially offset by increased subscriber revenue, video on demand revenue due to the launch of the TVEverywhere offering and other revenues that included a retroactive adjustment of \$6 million related to Global Television's share of royalties for distant signal transmission for the years 2009 through 2013. During 2014 the Company completed sale of its 50% interest in its two French-language channels, Historia and Series+, to Corus.
- Operating income before restructuring costs and amortization was unchanged year-over-year as the 2014 revenue decline was offset through various lower expenses including employee related, marketing and various other costs. The prior year also benefited from a favourable adjustment of approximately \$3 million to align certain broadcast license fees with the CRTC billing period.
- In 2014, Shaw Media undertook organizational changes to enhance its ability to grow as the leading content experience company. The Company recorded restructuring costs of \$12 million.
- Global delivered solid programming results throughout 2014 with new programs such as The Blacklist and returning favourites including the NCIS franchise, Elementary, Bones and Survivor.
- Throughout 2014, Shaw Media's specialty portfolio held solid positions in the channel rankers in adult 25-54 category and closed out the year with 6 of the top 20 channels. In late fiscal 2014, Shaw Media announced the rebranding of two existing channels to FYI and Crime + Investigation which took place early fiscal 2015.
- During the year, Global News retained the number one position in the Vancouver, Calgary and Edmonton markets, while continued focus on online and mobile audiences has maintained Globalnews.ca as Canada's fastest growing major news site. Global News continued to receive recognition for the quality of its journalism and public service and was honoured during 2014 with numerous awards from various organizations, including Global Calgary receiving the prestigious RTDNA "Best Local Newscast in Canada" award. In addition, Globalnews.ca won the 2013 Eppy Award for the best overall news website design, surpassing major Canadian and US news sites.

Amortization

<i>(thousands of Canadian dollars)</i>	2014	2013	Change %
Amortization expense			
Property and equipment and intangibles	(33,119)	(34,850)	(5.0)

Amortization of property and equipment and intangibles decreased over the comparable year as amortization of new expenditures was more than offset by the impact of assets that became fully depreciated.

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Other income and expenses

<i>(thousands of Canadian dollars)</i>	2014	2013	Increase (decrease) in income
Gain on sale of media assets	48,950	-	48,950
Gain on sale of associates	-	6,864	(6,864)
Accretion of long-term liabilities and provisions	(7,271)	(10,922)	3,651
Equity income	-	140	(140)
Other gains (losses)	3,419	(386)	3,805

The sale of Historia and Series+ closed on January 1, 2014 and the Company recorded proceeds of \$141 million and a gain of \$49 million. In 2013, the Company recorded a gain of \$7 million on the sale of its interest in ABC Spark to Corus.

The Company records accretion expense in respect of the discounting of certain long-term liabilities and provisions which are accreted to their estimated value over their respective terms. The expense is primarily in respect of CRTC benefit obligations.

Other gains (losses) category generally includes realized and unrealized foreign exchange gains and losses on U.S. dollar denominated current assets and liabilities, gains and losses on disposal of property and equipment. In 2014, the category also included a refund of \$5 million from the Canwest CCAA plan implementation fund.

Income tax expense

The income tax expense was calculated using current statutory income tax rate of 26.4% for 2014 and 26.4% for 2013 and was adjusted for the reconciling items identified in Note 16 to the Consolidated Financial Statements.

Net income

Net income was \$281 million in 2014 compared to \$245 million in 2013. The year-over-year changes are summarized in the table below.

Net income increased \$36 million from the prior year. The 2014 net income included higher operating income before restructuring costs and amortization, lower amortization offset by higher restructuring costs and income taxes. Net other costs and revenue in both years were impacted by various items including the gain on sale of Historia and Series+ in 2014 and the gain on the sale of ABC Spark in 2013.

<i>(thousands of Canadian dollars)</i>	
Increased operating income before restructuring costs and amortization	1,851
Increased restructuring costs	(12,306)
Decreased amortization	1,731
Increased interest income	120
Change in other net costs and revenue ⁽¹⁾	49,402
Increased income taxes	(4,299)
	36,499

⁽¹⁾ Net other costs and revenue includes gains on sale of Historia & Series+ in 2014 for \$49 million, gain on sale of ABC Spark in 2013 for \$6.9 million, accretion of long-term liabilities.

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CONSOLIDATED CASH FLOW ANALYSIS

2015 Cash Flow Highlights

Operating activities

<i>(thousands of Canadian dollars)</i>	2015	2014	Change %
Funds flow from operations	244,369	221,725	10.2
Net change in non-cash working capital balances related to operations ⁽¹⁾	(107,688)	(258,668)	58.4
	136,681	(36,943)	>100

⁽¹⁾ Net change in non-cash working capital balances related to operations as detailed in the Consolidated Statements of Cash Flows

Funds flow from operations increased over the last year primarily due to a reduction in CRTC benefit obligation funding of \$25 million and a decrease in non-cash program rights expense adjustment of \$25 million offset by a decline in operating income before restructuring costs and amortization of \$10 million and an increase of \$11 million in current income tax. The net change in non-cash balances related to operations fluctuated over the comparative periods due to the timing of payment on amounts due to Shaw, current income taxes payable, accounts payable and accrued liabilities as well as fluctuations in accounts receivable.

Investing activities

<i>(thousands of Canadian dollars)</i>	2015	2014	Increase
Cash flow used in investing activities	(115,092)	121,468	236,560

The cash used in investing activities increased over the comparative year due to the proceeds on the sale of Historia and Series+ in 2014 and the cash outlay in respect of investment in shomi in 2015.

Financing activities

The changes in financing activities during 2015 and 2014 were as follows:

<i>(millions of Canadian dollars)</i>	2015	2014
Repay promissory note	-	(47,759)
Distributions paid to non-controlling interests	(22,573)	(25,833)
	(22,573)	(73,592)

During 2013, the Company sold to Corus its 49% interest in ABC Spark and acquired from Corus its 20% interest in Food Network Canada. The Company had a non-interest bearing promissory note of \$47,759 owing to Corus at August 31, 2013 in respect of these transactions and in 2014 repaid the amount owing in full.

2014 Cash Flow Highlights

Operating activities

<i>(thousands of Canadian dollars)</i>	2014	2013	Change %
Funds flow from operations	221,725	237,775	(6.8)
Net change in non-cash balances related to operations ⁽¹⁾	(258,668)	(163,221)	58.5
	(36,943)	74,554	>100

⁽¹⁾ Net change in non-cash balances related to operations as detailed in the Consolidated Statements of Cash Flows

Shaw Media Inc.

Management's Discussion and Analysis

August 31, 2014 and 2015

Funds flow from operations were lower in 2014 relative to 2013 primarily due to an increase in CRTC benefit obligation funding of \$11 million, an increase in restructuring costs of \$12 million and an increase in current income tax of \$17 million offset by an increase in operating income before restructuring costs and amortization of \$2 million and non-cash program rights expense adjustment of \$18 million. The net change in non-cash balances related to operations fluctuated over the comparative period due to the timing of payment on amounts due to Parent, current income taxes payable, accounts payable and accrued liabilities and fluctuations in accounts receivable.

Investing activities

<i>(thousands of Canadian dollars)</i>	2014	2013	Decrease
Cash flow used in investing activities	121,468	(33,633)	155,101

The cash used in investing activities decreased over the comparative year due to the proceeds on the sale of Historia and Series+ in 2014 and the higher additions to property and equipment and to intangible assets in 2013.

Financing activities

The changes in financing activities during 2014 and 2013 were as follows:

<i>(thousands of Canadian dollars)</i>	2014	2013
Repay promissory note	(47,759)	-
Distributions paid to non-controlling interests	(25,833)	(18,845)
Acquisition of non-controlling interest	-	(59,000)
	(73,592)	(77,845)

FINANCIAL POSITION

Total assets were \$2.6 billion at August 31, 2015 with no significant change on total assets of \$2.6 billion at August 31, 2014.

Current assets decreased by \$17 million as a result of lower accounts receivable due to timing on collection of advertising revenues. Property and Equipment decreased \$14 million primarily due to amortization in excess of capital investment. Intangibles decreased \$11 million primarily due to higher program rights and advances amortization in excess of additions.

In 2015, the Company invested in shomi, a subscription video-in-demand service that launched in November 2014, and ended the fiscal year with an investment carrying amount of \$44 million.

Current liabilities decreased \$123 million due to a decrease in amount due to parent of \$109 million and income taxes payable of \$21 million. Income tax payable decreased due to tax installment payments.

Other long-term liabilities decreased \$34 million due to payments towards the CRTC benefit obligations and decreased pension liabilities as a result of contributions of \$10 million.

Shareholder's equity increased \$155 million primarily due to increases in retained earnings on current year earnings of \$148 million and other comprehensive earnings of \$6 million.

Shaw Media Inc.
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LIQUIDITY AND CAPITAL RESOURCES

In order to maintain an efficient and effective capital structure, intercompany borrowings are used between the Company and its parent, Shaw. The Company defines capital as comprising all components of shareholder's equity (other than non-controlling interests and amounts in accumulated other comprehensive loss) and amounts due to the Parent less cash. Funds flow from operations continues to be an increasing source of liquidity with an increase of \$23 million over fiscal 2014.

Off-balance sheet arrangement and guarantees

Guarantees

Generally it is not the Company's policy to issue guarantees to non-controlled affiliates or third parties; however, it has entered into certain agreements as more fully described in Note 17 to the Consolidated Financial Statements. As disclosed thereto, Shaw Media believes it is remote that these agreements would require any cash payment.

Contractual obligations

The amounts of estimated future payments under the Company's contractual obligations at August 31, 2015 are detailed in the following table.

Contractual Obligations

	Payments due by period				
	Total	Within 1 year	2 – 3 years	4 – 5 years	More than 5 years
(millions of Canadian dollars)					
Operating obligations ⁽¹⁾	645,244	392,352	179,441	65,507	7,944
Other obligations ⁽²⁾	5,410	-	5,410	-	-
	650,654	392,352	184,851	65,507	7,944

(1) Includes program related agreements, lease of circuits and premises and exclusive rights to use intellectual property in Canada.

(2) Includes other non-current financial liabilities.

Known events, trends, risks and uncertainties

The discussion in this MD&A addresses only what management has determined to be the most significant known events, trends, risks and uncertainties relevant to the Company, its operations and/or its financial results. This discussion is not exhaustive.

Competition and technological change

Shaw Media operates in an open and competitive marketplace. The rapid deployment of new technologies, services and products has reduced traditional broadcasting services and further expands the competitive landscape. The Company may face competition in the future from other technologies being developed or yet to be developed. While Shaw Media continually seeks to strengthen its competitive position through investments in infrastructure, technology, and programming, there can be no assurance that these investments will be sufficient to maintain market share or performance in the future.

The conventional and specialty television business and the advertising markets in which they operate are highly competitive. Numerous broadcast and specialty television networks, as well as online advertising platforms and websites, compete for subscribers and advertising revenues. Shaw Media's ability to compete successfully depends on a number of factors, including its ability to secure popular television and other programming rights for all platforms, including traditional linear broadcast rights and non-linear rights, in order to achieve high distribution levels and attract advertising. Shaw Media's ability to continue to attract

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advertising customers also depends on its ability to meet the evolving expectations of its advertising customers.

Impact of Regulation

As more fully discussed under "Government regulations and regulatory developments", a majority of our Canadian business activities are subject to regulations and policies administered by Industry Canada and/or the CRTC. Shaw's operations and financial results are affected by changes in regulations, policies and decisions, including changes in interpretation of existing regulations by courts, the government or the regulators, in particular the CRTC, Industry Canada, the Competition Bureau and the Copyright Board. This regulation relates to, and may have an impact on, among other things, licensing, competition, programming carriage and terms of carriage, strategic transactions and the potential for new or increased fees. Changes in the regulatory regime may have a material adverse effect on the Company, its operations and/or its financial results.

Economic conditions

The Canadian and U.S. economies are affected by uncertainty in global financial and equity markets and slowdowns in global economic growth. Changes in economic conditions may affect discretionary consumer and business spending, resulting in increased or decreased demand for Shaw Media's product offerings. Current or future events caused by volatility in domestic or international economic conditions or a decline in economic growth may have a material adverse effect on the Company, its operations and/or its financial results.

Foreign exchange

As a wholly owned subsidiary of Shaw, Shaw Media has limited direct exposure to financial risks in its day-to-day operations with the exception of a portion of the Company's program rights, revenues and operating expenses are denominated in U.S. dollars. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar may have an adverse but not significant effect on Shaw Media, its operations and/or its financial results.

Litigation

Shaw Media and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although management does not expect that the outcome of these matters will have a material adverse effect on the Company, there can be no assurance that these matters, or other legal matters that arise in the future, will not have a material adverse effect on the Company, its operations and/or its financial results.

Information systems and internal business processes

Many aspects of the Company's business depend to a large extent on various IT systems and software, and on internal business processes managed independently by Shaw Media or by its Parent. Shaw and Shaw Media regularly undertake initiatives to update and improve these systems and processes. Although the Company has taken steps to reduce the risks of failure of these systems and processes, there can be no assurance that potential failures of, or deficiencies in, these systems, processes or change initiatives will not have an adverse effect on the Company's business and operating results.

Reliance on suppliers

Shaw Media is connected to or relies on many vendors. Any disruption to the services provided by these suppliers, including labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting the business operations of these carriers or utilities may affect the Company's ability to operate and, therefore have a material adverse effect on its operations and/or its financial results.

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Programming expenses

Programming costs are also one of the most significant expenses in the Shaw Media business. Increased competition in the television broadcasting industry and with online video providers for content, developments affecting producers and distributors of programming content, changes in viewer preferences and other developments could impact both the availability and cost of programming content. Although the Company has developed processes to effectively manage these costs, programming content may be purchased for broadcasting one to two years in advance, making it more difficult to predict how such content will perform, and if content fails to perform as expected there may be a material adverse effect on Shaw Media, its operations and/or its financial results.

Unionized labour

Approximately 50% of current employees are employed under one of five collective agreements represented by three unions. If labour disruptions occur, it is possible large numbers of employees may be involved and the business may be disrupted. Shaw Media is currently preparing to negotiate one collective agreement and the remaining four agreements have been renewed and are in effect for the next one to three years.

Government regulations and regulatory developments

Substantially all of the Company's Canadian business activities are subject to regulations and policies established under various legislation (*Broadcasting Act* (Canada) ("Broadcasting Act"), *Telecommunications Act* (Canada) ("Telecommunications Act"), *Radiocommunication Act* (Canada) ("Radiocommunication Act") and *Copyright Act* (Canada) ("Copyright Act")). Broadcasting and telecommunications are generally administered by the Canadian Radio-television and Telecommunications Commission ("CRTC") under the supervision of the Department of Canadian Heritage ("Canadian Heritage") and Department of Industry ("Industry Canada"), respectively.

Pursuant to the Broadcasting Act, the CRTC is mandated to supervise and regulate all aspects of the broadcasting system in a flexible manner. The Broadcasting Act sets out requirements for television broadcasters with respect to Canadian content. Shaw Media's businesses are dependent upon licenses (or operate pursuant to an exemption order) granted and issued by the CRTC and Industry Canada.

Pursuant to the Copyright Act, the Copyright Board of Canada oversees the collective administration of copyright royalties in Canada, including the review and approval of copyright tariff royalties payable to copyright collectives by BDUs, television broadcasters and online content services.

The sections below include a more detailed discussion of various regulatory matters and recent developments specific to Shaw Media's businesses.

Licensing and ownership

The Company holds a separate license for each of its conventional over the air ("OTA") television stations and each specialty service. These CRTC broadcasting licenses must be renewed from time to time and cannot be transferred without regulatory approval. The majority of the Company's licenses for its OTA television stations and specialty services are current to August 31, 2016 and are expected to be administratively renewed to August 31, 2017. Under these licenses, the Company is subject to an expenditure-based regulatory regime, whereby the Company must expend a certain percentage of its prior year revenues from its conventional OTA and specialty services on Canadian content, and also on specific categories of Canadian programs defined as "programs of national interest". These obligations are imposed on an individual license basis, but with certain restrictions, may be shared among various conventional OTA and specialty licenses.

Shaw Media Inc.
Management's Discussion and Analysis
August 31, 2014 and 2015

Let's Talk TV regulatory framework

In October 2013, the CRTC initiated a “conversation with Canadians about the future of television”, commonly referred to as “Let’s Talk TV”, which led to a major review of the regulatory and policy framework for the Canadian television broadcasting system and a series of policy decisions in 2015. The new policy framework will require licensed BDUs to offer a \$25 entry-level service offering (basic service) by March 2016. BDUs will be allowed to offer a larger “first-tier offering”. By March 2016, all discretionary services (not offered on the basic service) must be offered either on a standalone basis or in packages of up to ten programming services. On or after December 1, 2016, these services must be offered both on a standalone basis and in packages of up to ten programming services. These changes will significantly impact BDUs’ customer management systems and may create market uncertainty for both BDUs and programming services. Additional uncertainty may result from the elimination of genre protection and changes to access rules. The CRTC has also proposed new regulations governing simultaneous substitution, which may result in rebates (BDU errors) or loss of privileges (broadcaster errors). The CRTC has also introduced new codes governing the relationship between BDUs and their customers, the “Television Service Provider Code of Conduct”, and the relationship between distributors and programmers, the “Wholesale Code”. The CRTC has, as well, prohibited 30-day cancellation policies for voice, Internet and broadcasting distribution services. A proceeding on local and community television may result in changes to the policies and funding regimes governing community channels and local television stations.

New Media and Internet

The CRTC has issued a digital media exemption order requiring that Internet-based and mobile point to point broadcasting services not offer television programming on an exclusive or preferential basis in a manner that depends on subscription to a specific mobile or retail Internet service and not confer an undue preference or disadvantage.

The CRTC has decided to not impose a levy on the revenue of exempt digital media undertakings to support Canadian new media content and instead issued an exemption order for VOD services offered both by licensed BDUs and direct to consumer over the Internet, such as shomi. These services benefit from virtually the same flexibility as services operating under the digital media exemption order (including the ability to offer exclusive programming) and are subject to similar restrictions on offering a service on an exclusive or preferential basis or conferring an undue preference or disadvantage.

SCHEDULE E — PRO FORMA FINANCIAL STATEMENTS
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(Attached).

Unaudited pro forma condensed consolidated financial information
(In thousands of Canadian dollars)

Corus Entertainment Inc.

As at November 30, 2015, for the three-month period ended
November 30, 2015 and for the year ended August 31, 2015

Corus Entertainment Inc.

Unaudited pro forma consolidated financial information

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Corus Entertainment Inc.

Pro forma condensed consolidated statement of financial position as at November 30, 2015

(Unaudited)

(In thousands of Canadian dollars)

	Corus Entertainment Inc.	Shaw Media Inc.	Notes	Pro forma adjustments	Pro forma statement of financial position
ASSETS					
Current					
Cash and cash equivalents	42,170	28,854	2, 3(a), 3(a)(viii)	(162,900)	(91,876)
Accounts receivable	212,747	268,063	3(h)	(157)	480,653
Prepaid expenses and other	13,735	26,472	2, 3(b), 3(f)	2,962	43,169
Assets held for disposal	165,814	—		—	165,814
Total current assets	434,466	323,389		(160,095)	597,760
Tax credits receivable	25,459	—		—	25,459
Investment in a joint venture	—	35,537	3(k)	(35,537)	—
Intangibles, investments and other assets	168,082	1,663,898	2, 3(c)	(1,612,898)	219,082
Property, plant and equipment	136,344	106,454		—	242,798
Defined benefit pension asset	—	4,608		—	4,608
Program and film rights	450,588	—	2, 3(b), 3(c), 3(f)	303,104	753,692
Film investments	41,558	—		—	41,558
Broadcast licenses	906,590	—	2, 3(c), 3(f)	1,313,000	2,219,590
Goodwill	775,688	537,594	2, 3(f)	594,194	1,907,476
Deferred tax assets	37,995	16,716	2, 3(f)	22,646	77,357
	2,976,770	2,688,196		424,414	6,089,380
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	240,768	193,247	3(d), 3(h)	354	434,369
Unearned revenue	—	511	3(d)	(511)	—
Income taxes payable	834	24,281		—	25,115
Provisions	9,436	8,272		—	17,708
Due to parent	—	322,858	3(m)	(322,858)	—
Current portion of long-term debt	150,000	—	3(a)(v)	(150,000)	—
Liabilities associated with assets held for disposal	63,472	—		—	63,472
Total current liabilities	464,510	549,169		(473,015)	540,664
Long-term debt	631,518	—	3(a)	1,640,955	2,272,473
Provisions	—	9,573	3(e)	(9,573)	—
Other long-term liabilities	404,341	44,384	3(e)	9,573	458,298
Deferred tax liabilities	238,507	140,927	2, 3(f)	73	379,507
Total liabilities	1,738,876	744,053		1,168,013	3,650,942
Share capital	998,144	1,699,161	2, 3(a)(vii)	(616,011)	2,081,294
Contributed surplus	9,738	—		—	9,738
Retained earnings	207,574	—	3(a)(vi), 3(a)(vii)	(68,628)	138,946
Accumulated other comprehensive income	7,750	—		—	7,750
Total equity attributable to shareholders	1,223,206	1,699,161		(684,639)	2,237,728
Equity attributable to non-controlling interest	14,688	244,982	2, 3(f)	(58,960)	200,710
Total shareholders' equity	1,237,894	1,944,143		(743,599)	2,438,438
	2,976,770	2,688,196		424,414	6,089,380

See accompanying notes

Corus Entertainment Inc.

Pro forma condensed consolidated statement of income for the three-month period ended
November 30, 2015

(Unaudited)

(In thousands of Canadian dollars, except per share information)

	Corus Entertainment Inc.	Shaw Media Inc.	Notes	Pro forma adjustments	Pro forma statement of income
Revenue	228,318	294,498	3(h)	(312)	522,504
Direct cost of sales, general and administrative expenses	132,440	176,412	3(h), 3(j)	(1,612)	307,240
Depreciation and amortization	11,002	7,317		—	18,319
Interest expense	18,890	703	3(g)	17,802	37,395
Business acquisition, integration and restructuring costs	2,361	—	2, 3(l)	(2,533)	(172)
Equity loss	—	17,512	3(k)	(17,512)	—
Other expense, net	3,925	916		—	4,841
Income before income taxes	59,700	91,638		3,543	154,881
Income tax expense	16,877	24,376	3(g), 3(j), 3(k), 3(l)	477	41,730
Net income for the period	42,823	67,262		3,066	113,151
Net income attributable to:					
Shareholders	41,320	58,747		2,971	103,038
Non-controlling interest	1,503	8,515	3(f)	95	10,113
	42,823	67,262		3,066	113,151
Earnings per share attributable to shareholders:					
Basic (note 4)	\$ 0.47				\$ 0.54
Diluted (note 4)	\$ 0.47				\$ 0.54

See accompanying notes

Corus Entertainment Inc.

Pro forma consolidated statement of income for the year ended August 31, 2015

(Unaudited)

(In thousands of Canadian dollars, except per share information)

	Corus Entertainment Inc.	Shaw Media Inc.	Notes	Pro forma adjustments	Pro forma statement of income
Revenue	815,315	1,079,617	3(h)	(2,843)	1,892,089
Direct cost of sales, general and administrative expenses	538,128	737,844	3(h), 3(j)	(8,143)	1,267,829
Depreciation and amortization	24,057	30,195		—	54,252
Interest expense	50,936	3,977	3(g)	71,233	126,146
Broadcast license and goodwill impairment	130,000	—		—	130,000
Intangible impairment	51,786	—		—	51,786
Business acquisition, integration and restructuring costs	19,032	12,485		—	31,517
Equity loss	—	55,699	3(k)	(55,699)	—
Other expense (income), net	(10,117)	5,120		—	(4,997)
Income (loss) before income taxes	11,493	234,297		(10,234)	235,556
Income tax expense	30,993	61,530	3(g), 3(j), 3(k)	(2,711)	89,812
Net income (loss) for the year	(19,500)	172,767		(7,523)	145,744
Net income (loss) attributable to:					
Shareholders	(25,154)	148,280		(7,913)	115,213
Non-controlling interest	5,654	24,487	3(f)	390	30,531
	(19,500)	172,767		(7,523)	145,744
Earnings (loss) per share attributable to shareholders:					
Basic (note 4)	\$ (0.29)				\$ 0.60
Diluted (note 4)	\$ (0.29)				\$ 0.60

See accompanying notes

Corus Entertainment Inc.

Notes to the unaudited pro forma condensed consolidated financial information
(Unaudited)
(In thousands of Canadian dollars)

1. BASIS OF PREPARATION

The unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015, the unaudited pro forma condensed consolidated statement of income for the three-month period ended November 30, 2015 and the pro forma consolidated statement of income for the year ended August 31, 2015 of Corus Entertainment Inc. ("Corus"), collectively the "unaudited pro forma condensed consolidated financial information", have been prepared by management of Corus for illustrative purposes only and give effect to Corus' acquisition of Shaw Media Inc. ("Shaw Media"), which is a subsidiary of Shaw Communications Inc. ("Shaw") and a related party under common control (the "Acquisition"), and give effect to the financing of the Acquisition. The unaudited pro forma condensed consolidated financial information has been prepared on the basis of the assumptions and adjustments described below and in note 3. The unaudited pro forma condensed consolidated financial information has been prepared using International Financial Reporting Standards ("IFRS") and on a basis consistent with Corus' accounting policies.

The Acquisition is a business combination between entities under common control and the unaudited pro forma condensed consolidated financial information was prepared using the acquisition method pursuant to IFRS 3 *Business Combinations* ("IFRS 3"). The reason for Corus to complete the Acquisition is for Corus to increase market presence and to realize synergies given the manner in which the existing activities of Corus and the acquired business complement one another. The Acquisition has been negotiated on an arm's length basis at fair value and was determined to have substance as the process was conducted through independent Board committees and the use of independent business valuations, with approval of the Acquisition from Corus' Class B shareholders required. Under the acquisition method, assets and liabilities of Shaw Media will be recorded at their fair value on the date of purchase and the total purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed. The excess of the consideration given over the fair value of the net assets acquired and identified will be recorded as goodwill.

The unaudited pro forma condensed consolidated financial information was based on the historical financial statements of Corus and Shaw Media. Certain elements of the Shaw Media historical financial statements have been reclassified in preparation of the unaudited pro forma condensed consolidated financial information to conform to the financial statement presentation currently adopted by Corus.

The unaudited pro forma condensed consolidated financial information does not purport to represent what the combined results of operations or financial position actually would have been if the transactions had taken place on the dates indicated. The unaudited pro forma condensed consolidated financial information is not a forecast or projection of future results. The actual financial position and results of operations of Corus for any period following the closing of the Acquisition will vary from the amounts set forth in the unaudited pro forma condensed consolidated financial information and such variation may be material.

In preparing the unaudited pro forma condensed consolidated financial information, no adjustments have been made to reflect operating synergies and administrative cost savings that could result from the operations of the combined assets. The unaudited pro forma condensed consolidated financial information includes acquisition costs and costs of financing.

Under acquisition accounting, the measurement of the fair value of the Shaw Media assets and liabilities assumed is dependent upon certain valuations and other studies that have not yet been

Corus Entertainment Inc.

Notes to the unaudited pro forma condensed consolidated financial information
(Unaudited)
(In thousands of Canadian dollars)

finalized. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial information. Differences between these preliminary estimates and the final acquisition accounting may occur and may be material.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the unaudited condensed consolidated financial statements of Corus as at and for the three-month period ended November 30, 2015, the audited consolidated financial statements of Corus as at and for the year ended August 31, 2015, the unaudited condensed consolidated financial statements of Shaw Media as at and for the three-month period ended November 30, 2015 and the audited consolidated financial statements of Shaw Media as at and for the year ended August 31, 2015.

The unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015 has been prepared using information from the unaudited condensed consolidated statement of financial position of Corus as at November 30, 2015, the unaudited condensed consolidated statement of financial position of Shaw Media as at November 30, 2015, and the adjustments and assumptions outlined below. The unaudited pro forma condensed consolidated statement of financial position gives effect to the Acquisition as if it had occurred on November 30, 2015.

The unaudited pro forma condensed consolidated statement of income for the three-month period ended November 30, 2015 has been prepared using information from the unaudited condensed consolidated statement of income and comprehensive income of Corus for the three-month period ended November 30, 2015, the unaudited condensed consolidated statement of income and comprehensive income of Shaw Media for the three-month period ended November 30, 2015, and the adjustments and assumptions outlined below. The unaudited pro forma condensed consolidated statement of income for the three-month period ended November 30, 2015 gives effect to the Acquisition as if it had occurred on September 1, 2014.

The unaudited pro forma condensed consolidated statement of income for the year ended August 31, 2015 has been prepared using information from the audited consolidated statement of income and comprehensive income of Corus for the year ended August 31, 2015, the audited consolidated statement of income and comprehensive income of Shaw Media for the year ended August 31, 2015, and the adjustments and assumptions outlined below. The unaudited pro forma consolidated statement of income for the year ended August 31, 2015 gives effect to the Acquisition as if it had occurred on September 1, 2014.

Transactions between Corus and Shaw Media have been eliminated from the unaudited pro forma condensed consolidated financial information. See notes to the unaudited pro forma condensed consolidated financial information below.

Corus Entertainment Inc.

Notes to the unaudited pro forma condensed consolidated financial information
(Unaudited)
(In thousands of Canadian dollars)

2. THE TRANSACTION

Corus plans to enter into an agreement with Shaw under which Corus will acquire 100% of Shaw Media for purchase consideration of \$2,650,000, consisting of cash consideration of \$1,850,000 and the issuance of 71.4 million Corus Class B common shares ("Class B shares") to Shaw valued at \$800,000, subject to certain working capital adjustments. The cash consideration for the Transaction is being financed through the following: (a) issuance of Class B shares valued at \$294,930; and (b) issuance of various long-term debt instruments to a syndicate of lenders, net of redemption and refinancing of certain existing debt instruments as described in note 3(a).

Corus' unaudited pro forma condensed consolidated financial information incorporates the Shaw Media preliminary acquisition equation. The following table summarizes the preliminary fair value of the consideration owing and the fair value tentatively assigned to each of the major classes of assets acquired and liabilities assumed.

Estimated fair value recognized on acquisition date:

Assets	
Cash	28,854
Accounts receivable	267,906
Prepaid expenses and other	29,434
Property and equipment	106,454
Defined benefit pension asset	4,608
Program and film rights	303,104
Broadcast licenses	1,313,000
Other intangible assets	51,000
Deferred tax assets	20,985
	2,125,345
Liabilities	
Accounts payable and accrued liabilities	193,601
Income taxes payable	24,281
Current provisions	8,272
Other long-term liabilities	53,957
Deferred tax liability	141,000
Non-controlling interest	186,022
	607,133
Total identifiable net assets at fair value	1,518,212
Goodwill arising on acquisition	1,131,788
Purchase price consideration	2,650,000

Corus tentatively identified intangible assets of \$1,313,000 related to broadcast licenses, \$303,104 related to program rights and \$51,000 related to other intangible assets. Goodwill of \$1,131,788 million arises principally from the ability to leverage media content and the expected operating synergies arising from the integration of the Shaw Media business with Corus' existing operations. None of the goodwill recognized is expected to be deductible for income tax purposes. Estimated acquisition costs of \$20,191 (of which \$2,533 have been incurred as at November 30, 2015) are non-recurring items that result from the transaction and as a result \$17,658 of acquisitions costs have been recognized as an adjustment to cash and retained earnings in the unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015. Such non-

Corus Entertainment Inc.

Notes to the unaudited pro forma condensed consolidated financial information
(Unaudited)
(In thousands of Canadian dollars)

recurring items do not result in an adjustment to the unaudited pro forma condensed consolidated statement of income.

The fair values of the identifiable net assets have been determined provisionally and will continue to be reviewed and adjusted during the measurement period to reflect new information obtained about facts and circumstances that exist as of the acquisition date.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

a) The following table summarizes the financing of the purchase price consideration:

Purchase price consideration:

Acquisition of Shaw Media	2,650,000
Class B shares issued to Shaw	(800,000)
Cash consideration	1,850,000

Financing:

Term loan 1 ⁽ⁱ⁾	667,000
Term loan 2 ⁽ⁱ⁾	1,333,000
Class B shares issued to the public	294,930
Senior unsecured notes ⁽ⁱⁱ⁾	300,000
Borrowing on new revolver facility ⁽ⁱⁱⁱ⁾	—
Redemption of existing senior unsecured notes ^(iv)	(550,000)
Refinancing of existing bank debt ^(v)	(238,965)
Early redemption fee ^(vi)	(61,900)
Transaction costs ^(vii)	(56,965)
Total financing, net of transaction costs	1,687,100
Pro forma use of cash and cash equivalents ^(viii)	162,900

- (i) The Acquisition's cash consideration is being partially financed by two term loans of \$667,000 ("Term Loan 1") and \$1,333,000 ("Term loan 2"), respectively, to a syndicate of lenders (collectively the "Term Loans"). Term Loan 1 matures in three years from the issuance date and Term Loan 2 matures in five years from the issuance date. Amounts borrowed under the term loan are primarily in the form of bankers' acceptance (or an equivalent) at varying interest rates and normally mature over periods of 30 to 180 days. The interest rate spread above the bankers' acceptance rate varies based on the Company's debt to cash flow ratio (range of 1.2% to 3.0%). An assumed increase of 1/8% in borrowing rates during the three-month period ended November 30, 2015 would have decreased unaudited consolidated pro forma net income by \$592, with an equal but opposite effect for an assumed decrease of 1/8% in borrowing rates. An assumed increase of 1/8% in borrowing rates during the year ended August 31, 2015 would have decreased unaudited consolidated pro forma net income by \$2,444, with an equal but opposite effect for an assumed decrease of 1/8% in borrowing rates.
- (ii) The Acquisition's cash consideration is being partially financed by \$300,000 in senior unsecured notes (the "Senior Unsecured Notes") to a syndicate of lenders. The Senior Unsecured Notes mature in seven years from the issuance date.

Corus Entertainment Inc.

Notes to the unaudited pro forma condensed consolidated financial information
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(In thousands of Canadian dollars)

- (iii) Corus plans to enter into a new senior secured revolving credit facility (the “Revolving Facility”) provided by a syndicate of lenders. No initial drawings on the Revolving Facility are planned at this time. The Revolving Facility consists of a committed credit of up to \$300,000 that matures in four years from the issuance date. As a revolving facility, amounts borrowed may be repaid and reborrowed as required through the term of the Revolving Facility. The commitment expires at the maturity date and there are no mandatory reductions to the committed amount, subject to certain covenants, during the term of the facility. Amounts borrowed under the Revolving Facility are primarily in the form of bankers’ acceptance (or an equivalent) at varying interest rates and normally mature over periods of 30 to 180 days. The interest rate spread above the bankers’ acceptance rate varies based on the Company’s debt to cash flow ratio (range of 1.2% to 3.0%). The blended interest rate of Term Loan 1, Term Loan 2, the Senior Unsecured Notes and the drawings on the Revolving Facility is approximately 4.4%.
- (iv) Corus plans to use a portion of the proceeds raised to redeem \$550,000 in existing senior unsecured notes (the “Existing Senior Unsecured Notes”) that were due on February 11, 2020.
- (v) Corus plans to use a portion of the proceeds raised to refinance \$238,965 in existing bank debt (the “Existing Bank Debt”) of which \$150,000 matures on February 3, 2016 and \$88,965 matures on February 25, 2019.
- (vi) Corus expects to incur approximately \$61,900 in early redemption fees to repay the existing debt outlined in note 3(a)(iv). The early redemption fee is an estimate based on current prevailing rates and is subject to change based on market conditions. Also, upon repayment of the existing debt outlined in notes 3(a)(iv) and 3(a)(v) above, recognition of amortization of \$7,447 of deferred financing on existing debt is accelerated. These are non-recurring items that result from the transaction and have been recognized as an adjustment to retained earnings, as well as the related \$18,377 tax impact recognized as an adjustment to deferred tax assets and retained earnings, in the unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015. Such non-recurring items do not result in an adjustment to the unaudited pro forma condensed consolidated statement of income.
- (vii) Pro forma adjustments were made to the unaudited pro forma condensed consolidated financial information for the following: (a) to record debt-related transaction costs of approximately \$27,527 as a reduction of the debt balance at inception and amortize the balance into income using the effective interest rate method; (b) to record share issue transaction costs of approximately \$11,780 as a reduction of the share capital balances at inception; and (c) to record transaction costs of approximately \$17,658 (\$20,191 less \$2,533 incurred as at November 30, 2015) to be incurred related to the Acquisition. The transaction costs related to the Acquisition are non-recurring items that result from the transaction and have been recognized as an adjustment to cash and retained earnings in the unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015. Such non-recurring items do not result in an adjustment to the unaudited pro forma condensed consolidated statement of income. The transaction costs related to the Acquisition include fees to access \$560,000 in bridge financing, which will be replaced with Class B shares issued to the Public and the senior unsecured notes. As

Corus Entertainment Inc.**Notes to the unaudited pro forma condensed consolidated financial information
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the long-term financing listed in the table above is expected to be in place when the Acquisition is consummated, the bridge financing has not been reflected in the unaudited pro forma condensed consolidated financial information aside from recognition of the access costs as transaction costs of the Acquisition.

- (viii) Subsequent to November 30, 2015, Corus received proceeds of \$189,900 from a transaction with Bell Media and expects to fund the pro forma use of cash and cash equivalents with these proceeds.
- (b) Shaw Media presents its program rights assets as current (within prepaid expenses and other) and non-current based on the availability period. Corus classifies its program rights assets as intangible assets pursuant to IAS 38 *Intangible Assets* and presents all program rights as non-current assets. A pro forma adjustment of \$19,038 was made to reclassify all current program rights assets from Shaw Media as non-current assets to conform with Corus' presentation.
- (c) Shaw Media presents its non-current program and film rights and broadcast licenses asset in aggregate within intangibles, investments and other assets on its statement of financial position. Corus presents program and film rights and broadcast licenses as separate line items on its statement of financial position. A pro forma adjustment was made to reclassify \$300,019 of Shaw Media non-current program and film rights and \$1,313,154 of Shaw Media broadcast licenses out of intangibles, investments and other assets and into program and film rights and broadcast licenses respectively prior to performing the pro forma entries to account for the business combination.
- (d) Shaw Media presents unearned revenue as a separate line item on its statement of financial position as at November 30, 2015. Corus presents unearned revenue within accounts payable and accrued liabilities. A pro forma adjustment was made to reclassify \$511 of Shaw Media unearned revenue into accounts payable and accrued liabilities.
- (e) Shaw Media presents long-term provisions as a separate line item on its statement of financial position as at November 30, 2015. Corus presents long-term provisions within other long-term liabilities. A pro forma adjustment was made to reclassify \$9,573 of Shaw Media long-term provisions into other long-term liabilities.
- (f) A pro forma adjustment was made to tentatively allocate the purchase price consideration for the Acquisition to the fair values of assets acquired and liabilities assumed on a pro forma basis as described above. All assets and liabilities included in Shaw Media's condensed consolidated statement of financial position have been adjusted to reflect their fair value as determined by Corus as part of the preliminary purchase price allocation shown in note 2.
- (g) Interest expense was adjusted to reflect the additional debt incurred to fund the acquisition (note 3(a)(i) to (iii)). A pro forma adjustment was made to increase interest expense by \$26,308 for the three-month period ended November 30, 2015. A pro forma adjustment was made to increase interest expense by \$107,613 for the year ended August 31, 2015. Interest expense was also adjusted to reflect the repayment of debt as part of the funding of the acquisition (note 3(a)(iv) to (v)). A pro forma adjustment was made to decrease interest expense by \$8,506 for the three-month period ended November 30, 2015. A pro forma adjustment was made to decrease interest expense by \$36,380 for the year ended August 31, 2015.

Corus Entertainment Inc.

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- (h) Intercompany sales between Corus and Shaw Media totalled \$312 for the three-month period ended November 30, 2015 and related to \$143 of advertising and programming provided by Corus to Shaw Media and \$169 of programming content and other services provided by Shaw Media to Corus in the normal course of business. Intercompany sales between Corus and Shaw Media totalled \$2,843 for the year ended August 31, 2015 and related to \$998 of advertising and programming provided by Corus to Shaw Media and \$1,845 of programming content and other services provided by Shaw Media to Corus in the normal course of business. A pro forma adjustment was made to eliminate the amounts recorded in revenues and direct cost of sales, general and administrative expenses in Corus' unaudited pro forma condensed consolidated statement of income for the three-month period ended November 30, 2015 and Corus' unaudited pro forma consolidated statement of income for the year ended August 31, 2015. A pro forma adjustment was also made to eliminate intercompany payables and receivables of \$157 between Corus and Shaw Media as at November 30, 2015.
- (i) Program rights acquired are amortized on a systematic basis generally over the estimated exhibition period as the programs are aired. Property and equipment acquired are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Transmitters, broadcasting and communication equipment	5-15 years
Buildings	15-40 years
Data processing	3-4 years
Other	3-20 years

- (j) A pro forma adjustment was made to reduce the amortization of the program and film rights by \$1,300 for the three-month period ended November 30, 2015 and \$5,300 for the year ended August 31, 2015 related to fair value adjustments taken on Shaw Media's program rights.
- (k) Corus is not acquiring Shaw Media's 50% joint control interest in the Shomi Partnership as Shaw Media sold its 50% interest in the Shomi Partnership to Shaw on December 30, 2015. A pro forma adjustment was made to eliminate the balance of \$35,537 from investment in a joint venture in Corus' unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015 and pro forma adjustments were made to eliminate \$17,512 of equity loss from Corus' unaudited pro forma condensed consolidated statement of income for the three-month period ended November 30, 2015 and to eliminate \$55,699 of equity loss from Corus' unaudited pro forma consolidated statement of income for the year ended August 31, 2015.
- (l) Acquisition costs of \$2,533 were eliminated in the unaudited pro forma condensed consolidated statement of income for the three months ended November 30, 2015 as a result of the pro forma acquisition date of September 1, 2014.
- (m) Corus is not assuming a liability previously payable to Shaw by Shaw Media. A pro forma adjustment was made to eliminate the balance of \$322,858 from due to parent in Corus' unaudited pro forma condensed consolidated statement of financial position as at November 30, 2015.

Corus Entertainment Inc.

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4. PRO FORMA EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Earnings per share attributable to shareholders of the Company in the unaudited pro forma condensed consolidated statements of income for the three months ended November 30, 2015 and the year ended August 31, 2015 were computed assuming a subscription price of \$9.00 per share for Class B shares issued to the public. The following table provides a reconciliation of the denominators, which are presented in thousands of shares, used in computing basic and diluted loss per share.

	For the three- Month period ended November 30, 2015	For the year ended August 31, 2015
Shares outstanding	87,277	86,441
Pro forma issuance of shares	104,135	104,135
Weighted average shares outstanding during the period - Basic	191,412	190,576
Effect of dilutive securities	—	38
Weighted average shares outstanding during the period - Diluted	191,412	190,614
<hr/>		
Pro forma earnings per share attributable to shareholders		
Basic	\$ 0.54	\$ 0.60
Diluted	\$ 0.54	\$ 0.60

SCHEDULE F — BARCLAYS FORMAL VALUATION AND FAIRNESS OPINION
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(Attached).

January 12, 2016

The Special Committee of the Board of Directors
Corus Entertainment Inc.
Corus Quay
25 Dockside Drive
Toronto, Ontario
M5A 0B5

To the Special Committee of the Board of Directors:

Barclays Capital Canada Inc. ("**Barclays**" or "**we**") understands that Corus Entertainment Inc. ("**Corus**") has agreed to acquire 100% of Shaw Media Inc. ("**Shaw Media**" or the "**Company**") from Shaw Communications Inc. ("**Shaw Communications**") for aggregate consideration (the "**Consideration**") of \$2,650 million (comprised of cash and Class B non-voting participating shares of Corus ("**Class B Shares**")) (collectively, the "**Transaction**") pursuant to a share purchase agreement (the "**Share Purchase Agreement**") to be dated January 13, 2016 between Shaw Communications and Corus. Under the terms of the Share Purchase Agreement, the aggregate purchase price is payable in respect of all of the shares of Shaw Media and the ordinary course non-interest bearing debt owed by Shaw Media to Shaw Communications in the aggregate principal amount of \$335 million (the "**Purchased Debt**"). Barclays' valuation of Shaw Media relates to the aggregate value of all of the shares of Shaw Media and the Purchased Debt.

Barclays understands that voting control of each of Corus and Shaw Communications is held by the Shaw Family Living Trust ("**SFLT**") and related entities, which as of the date hereof, beneficially own, control or direct 2,906,496 Class A participating shares of Corus ("**Class A Shares**"), representing approximately 85% of the issued and outstanding shares of such class, and 17,562,400 Class A participating shares of Shaw Communications, representing approximately 78% of the issued and outstanding shares of such class. Barclays has been advised by counsel to the Special Committee (as defined below) that, due to the relationship between Corus and Shaw Communications, the Transaction is a "related party transaction" as defined in *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Given the nature of the Transaction, on September 15, 2015, the Board of Directors of Corus (the "**Board**") appointed a special committee of directors who are independent within the meaning of MI 61-101 (the "**Special Committee**") to, among other matters, review and consider the proposed structure, terms and conditions of the Transaction, coordinate and oversee negotiations with Shaw Communications, appoint an independent and qualified valuator of Shaw Media (the "**Valuator**"), supervise the preparation of a formal valuation, and report to the Board with its recommendation in respect to the Transaction.

On October 23, 2015, the Special Committee retained Barclays to act as the independent valuator under MI 61-101 and financial advisor to the Special Committee. The Special Committee instructed Barclays to prepare a formal valuation of Shaw Media (the "**Valuation**") in accordance with

the requirements set forth in MI 61-101 and to deliver an opinion as to whether the Consideration to be paid pursuant to the Transaction is fair, from a financial point of view, to Corus (the “**Opinion**”). The Valuation and the Opinion are referred to collectively as the “Valuation and Opinion”.

Completion of the Transaction is subject to the satisfaction or waiver of certain conditions. MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to “minority approval” (as defined in MI 61-101, being a simple majority of the votes cast by “minority” shareholders of each class of affected securities (as defined in MI 61-101), in each case voting separately as a class), unless an exemption is available or discretionary relief is granted by the applicable securities regulatory authorities. In relation to approval of the Transaction, “minority approval” requires the approval of a simple majority of holders of Class A Shares (“**Corus Class A Shareholders**”) and Class B Shares (“**Corus Class B Shareholders**”), voting separately as a class, other than Class A Shares and Class B Shares beneficially owned, or over which control or direction is exercised by: (a) the issuer; (b) an “interested party” (as defined in MI 61-101); (c) a “related party” to such “interested party” within the meaning of MI 61-101 (subject to the exceptions set out therein); and (d) any person that is a joint actor with any of the foregoing referred to in (b) and (c) for purposes of MI 61-101. Barclays understands that the terms of the Transaction will be more fully described in a circular (the “**Circular**”) to be mailed to Corus Class A Shareholders and Corus Class B Shareholders. Barclays understands that the Valuation and the Opinion will form an exhibit to, and will be referenced in, the Circular, and hereby consents to such inclusion, reference and filing as necessary with the securities commissions or similar regulatory authorities in each province of Canada.

The Valuation and Opinion have been prepared in accordance with the disclosure standards for formal valuations and fairness opinions of the Investment Industry Regulatory Organization of Canada (“**IIROC**”), but IIROC has not been involved in the preparation or review of the Valuation or the Opinion. Barclays has prepared the Valuation effective as of January 12, 2016 (the “**Valuation Date**”). Any events subsequent to the Valuation Date may affect the validity of the Valuation and Opinion and Barclays makes no representations that the Valuation and Opinion will be accurate after the Valuation Date.

ENGAGEMENT OF BARCLAYS

On October 10, 2015, the Chairman of the Special Committee contacted Barclays regarding a potential advisory assignment concerning the Transaction. On October 23, 2015, the Special Committee retained Barclays pursuant to an engagement letter (the “**Engagement Letter**”) to provide financial advisory services in connection with the Transaction, including the preparation of the Valuation and Opinion.

The Engagement Letter specifies that Barclays will be paid a fixed advisory fee for its services to be rendered thereunder, including an additional fee following substantial completion or delivery to the Special Committee (whether in writing or orally) of the Valuation or Opinion. These fees are in no way contingent on the completion of the Transaction, or any other transaction or the conclusions reached in the Valuation and Opinion. Furthermore, Barclays is to be reimbursed for its reasonable out-of-pocket expenses, including, without limitation, professional and legal fees and disbursements, plus any sales, use or other taxes (including additions to such taxes, if any) related thereto incurred in connection with its engagement under the Engagement Letter, and is to be indemnified by Corus in certain circumstances.

CREDENTIALS OF BARCLAYS

Barclays, together with its affiliates, is one of the largest global investment banking firms, with operations in all facets of corporate finance, mergers and acquisitions, research, sales and trading and financial advisory services to corporations, governments, institutions and individuals. Barclays has been involved in a significant number of transactions involving private and publicly traded companies, including telecommunications and media companies, and has extensive experience in preparing valuations and fairness opinions, including those that conform to the requirements of MI 61-101.

The opinions expressed herein represent the views and opinions of Barclays and the form and content thereof have been approved by a committee of senior officers of Barclays and its affiliates, each of whom is experienced in mergers and acquisitions, divestitures, valuations analyses, fairness opinions and capital markets matters.

INDEPENDENCE OF BARCLAYS

Barclays, together with its affiliates, is a full service securities firm engaged, either directly or through its affiliates, in various activities, including securities trading, investment management, financing and brokerage activities and financial advisory services for companies, governments and individuals. In the ordinary course of these activities, Barclays and its affiliates may actively trade the debt and equity securities or other financial instruments (or related derivative instruments) of Corus, Shaw Communications or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of clients or on behalf of Corus, Shaw Communications or associated or affiliated entities or related persons for which it received or may receive compensation. In addition, as an investment dealer, Barclays conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Corus and Shaw Communications. However, for the purposes of acting as the Valuator, Barclays has considered the provisions of MI 61-101 regarding the independence and qualifications of a valuator and is of the view that it is independent of

all interested parties in the Transaction. Except as expressed herein, there are no understandings, agreements or commitments that exist between Barclays and any of Corus, Shaw Communications or any of their respective associates or affiliates with respect to any future financial advisory or investment banking business.

Barclays confirmed to the Special Committee that it is of the view that it is independent within the meaning of MI 61-101 of Shaw Communications and any “interested party” (as such term is defined for the purposes of MI 61-101) in the Transaction and that it has the appropriate qualifications to prepare the Valuation and Opinion.

Specifically, neither Barclays nor any of its affiliated entities, as defined in MI 61-101:

- (i) is an associated or affiliated entity or issuer insider (as such terms are defined for the purposes of MI 61-101) of Corus, Shaw Communications, SFLT, or any of their respective associates or affiliates;
- (ii) is an advisor to any “interested party” (as such term is defined for purposes of MI 61-101) in connection with the Transaction;
- (iii) is a manager or co-manager of a soliciting dealer group for the Transaction (or a member of the soliciting dealer group for the Transaction providing services beyond the customary soliciting dealer’s functions or receiving more than the per security or per security holder fees payable to the other members of the group); or
- (iv) will receive compensation that will depend in whole or in part on the conclusions reached in the Valuation and Opinion or the outcome of the Transaction or has any financial interest in the completion of the Transaction.

The Special Committee determined that Barclays was qualified and independent within the meaning of MI 61-101.

SCOPE OF REVIEW

In preparing the Valuation and Opinion, Barclays reviewed, considered, attended, relied upon or carried out, among other things, the following:

1. a draft share purchase agreement dated January 11, 2016;
2. a draft governance and investor rights agreement dated January 11, 2016;
3. an initial Shaw Media information package provided to Corus on August 11, 2015;
4. the draft preliminary non-binding offer by Corus to acquire Shaw Media dated September 30, 2015;
5. Presentation by Corus management and RBC Capital Markets (“RBC”) to the Special Committee, Barclays and Borden Ladner Gervais LLP, dated October 20, 2015;
6. a Shaw Media management presentation to Corus, dated October 28, 2015;
7. a Corus management presentation to Shaw Communications, dated October 29, 2015;
8. due diligence sessions with Shaw Communications, Shaw Media and Corus management, including sessions related to:
 - a. model assumptions, content distribution, advertising, programming commitments, taxes and human resources for Shaw Media and Corus;
9. files and information from Shaw Communications, Shaw Media and Corus management including:
 - a. a Shaw Media strategy roadmap presentation, dated March 5, 2015;
 - b. a Shaw Media strategic review presentation to the Shaw Communications’ Board of Directors, dated April 14, 2015;
 - c. various commercial agreements and marketing strategy documents;
 - d. a Shaw Media broadcasting distribution undertakings agreements status report as at July 20, 2015 and updated during a diligence session on January 7, 2016;
 - e. unaudited projected financial information of Shaw Media for the years ending August 31, 2015 through August 31, 2020 prepared by the management of Shaw Media;
 - f. unaudited projected financial information of Corus for the years ending August 31, 2015 through August 31, 2020 prepared by management of Corus;
 - g. annual reports of Shaw Communications and Corus for the fiscal years 2011 – 2015;
 - h. audited financial statements and other public information of Shaw Communications and Corus for the fiscal years 2011 – 2015;
 - i. management’s discussion and analysis of the financial condition and results of Shaw Communications and Corus for the fiscal years 2011 – 2015;
 - j. the annual information forms of Shaw Communications and Corus for the fiscal years 2011 – 2015;
 - k. draft unaudited financial statements for the quarter ended November 30, 2015 for Shaw Media and Corus;
 - l. audited consolidated carve-out financial statements of Shaw Media for the fiscal years 2013 – 2015 (2014 – 2015 for consolidated statements of financial position); and
 - m. the quarterly reports and unaudited interim financial statements of Shaw Communications and Corus for the fiscal years 2011 – 2015;
10. discussions with senior management of Shaw Communications, Shaw Media and Corus regarding their outlook for Shaw Media, Corus and each of their divisions, the unaudited financial projections provided, as well as other key business and operating assumptions;

11. discussions with senior management of Corus with respect to the strategic merits and timing of the Transaction;
12. term sheets provided by RBC summarizing the key terms and conditions of the debt and equity financing for the Transaction;
13. various research reports by equity analysts regarding the communications and media sector, Shaw Communications, Corus and other publicly-traded companies we considered relevant;
14. a comparison of the relative financial performance and multiples of publicly-traded companies we considered relevant;
15. the public information and comparison of selected financial metrics with respect to other transactions of a comparable nature we considered relevant;
16. such other corporate, industry and financial market information, analyses and investigations as we considered necessary or appropriate in the circumstances;
17. discussions with the Special Committee regarding the Transaction;
18. discussions with legal counsel to the Special Committee regarding structural, legal and other aspects of the Transaction; and
19. such other financial studies, analyses, investigations and other factors as we deemed relevant.

To the best of its knowledge, Barclays has not been denied access by the Special Committee, Shaw Communications, Shaw Media, or Corus to any information requested by Barclays.

PRIOR VALUATIONS

Management of Shaw Communications has represented to Barclays that they are not aware of any prior valuations (as defined in MI 61-101) relating to Shaw Media or any of its material assets or liabilities in the preceding twenty-four month period.

ASSUMPTIONS AND LIMITATIONS

Barclays has, in accordance with the terms of the Engagement Letter, relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions or representations obtained by it from publicly available sources, and received from senior management of Shaw Communications, Shaw Media, Corus or legal counsel to the Special Committee or any of their respective personnel, advisors or otherwise (collectively the “**Information**”). The Valuation and Opinion are conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of professional judgment, Barclays has not attempted to independently verify the completeness, accuracy or fair presentation of any of the Information.

Barclays has assumed that any future-oriented financial information (“**FOFI**”) provided by Shaw Communications, Shaw Media or Corus and used by Barclays in its analyses has been reasonably prepared and reflects the best currently available estimates and judgments of the management of Shaw Communications, Shaw Media and Corus as applicable. Barclays has also been informed, and relied upon the information, that Shaw Communications has no intention of acquiring Corus.

The Chair of the Special Committee, Chief Executive Officer and Chief Financial Officer of Corus represented to Barclays in a certificate dated January 12, 2016, among other things, that:

- (i) The information, data, advice, opinions, representations and other material (financial and otherwise) (the “**Corus Information**”) provided to Barclays orally by, or in the presence of, an officer or employee of Corus or in writing by the Special Committee, Corus or its affiliates or its or their representatives for the purpose of preparing the Valuation and Opinion was, at the date the Corus Information was provided to Barclays, and is as of the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of Corus and its affiliates or, to their knowledge, Shaw Media and its affiliates, or the Transaction and did not and does not omit to state a material fact in relation to Corus and its affiliates or, to their knowledge, Shaw Media and its affiliates, or the Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was presented;
- (ii) Since the dates on which the Corus Information was provided to Barclays, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Corus and its affiliates and, to their knowledge, Shaw Media and its affiliates and no material change has occurred in the Corus Information or any part thereof which would have or which would reasonably be expected to render the Corus Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the Valuation and Opinion;

- (iii) To their knowledge, there are no facts not contained in or referred to in the Corus Information provided to Barclays or its affiliates which would reasonably be expected to affect the Valuation and Opinion, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached; and
- (iv) All FOFI provided to Barclays by Corus has been prepared using assumptions which were reasonable on the date such FOFI was prepared, having regard to Corus' and Shaw Media's industry, business, financial condition, plans and prospects, represent the best current estimates by Corus and, to their knowledge, Shaw Media, of the most probable results for the periods of Corus and to their knowledge, Shaw Media, presented therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such FOFI, as of the date of the preparation thereof, not misleading in light of the circumstances in which such FOFI was provided to Barclays.

In addition, the Executive Vice President, Broadcasting and President of Shaw Media and Senior Vice President, Corporate Development & Business Planning of Shaw Communications, represented to Barclays in a certificate dated January 12, 2016, among other things, that:

- (i) The information, data, advice, opinions, representations and other material (financial and otherwise) (the "**Shaw Information**") provided to Barclays orally by, or in the presence of, an officer or employee of Shaw Communications, or in writing by Shaw Communications or its affiliates or its representatives for the purpose of preparing the Valuation and Opinion was, at the date the Shaw Information was provided to Barclays, and is as of the date hereof, complete, true and correct and did not and does not contain any untrue statement of a material fact in respect of Shaw Media or its affiliates or the Transaction and did not and does not omit to state a material fact in relation to Shaw Media or its affiliates or the Transaction necessary to make the Shaw Information not misleading in light of the circumstances under which the Shaw Information was presented;
- (ii) Since the dates on which the Shaw Information was provided to Barclays by Shaw Communications, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Shaw Media and its affiliates and no material change has occurred in the Shaw Information or any part thereof which would have or which would reasonably be expected to render the Shaw Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the Valuation and Opinion;
- (iii) To their knowledge, there are no facts not contained in or referred to in the Shaw Information provided to Barclays by Shaw Communications or its affiliates which would reasonably be expected to affect the Valuation and Opinion, including the assumptions used, the procedures adopted, the scope of the review undertaken or the conclusions reached; and
- (iv) All FOFI provided to Barclays by Shaw Communications has been prepared using assumptions which were reasonable on the date such FOFI was prepared, having regard to Shaw Media's industry, business, financial condition, plans and prospects, represent the

best current estimates by Shaw Media of the most probable results for the periods of Shaw Media presented therein, and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such FOFI, as of the date of the preparation thereof, not misleading in light of the circumstances in which such FOFI was provided to Barclays.

In preparing the Valuation and Opinion, Barclays has made several assumptions, including that all final versions of all agreements and documents to be executed and delivered in respect of or in connection with the Transaction will conform in all material respects to the drafts and summaries provided to Barclays, that all conditions precedent to the Transaction can be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Transaction will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Transaction are valid and effective, that the Circular will be distributed to shareholders of Corus in accordance with applicable laws, and that the disclosure in the Circular will be accurate in all material respects and will comply, in all material respects, with the requirements of all applicable laws.

The Valuation and Opinion are rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial or otherwise, of Shaw Media and Corus as they were reflected in the Information reviewed by Barclays. In its analyses and in preparing the Valuation and Opinion, Barclays made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Barclays or any party involved in the Transaction. Although Barclays believes that the assumptions used in its analyses and in preparing the Valuation and Opinion are accurate and appropriate in the circumstances, some or all of them may nevertheless prove to be incorrect.

Any changes in the Information may affect the Valuation and/or the Opinion and, although Barclays reserves the right to change, supplement or withdraw the Valuation and/or the Opinion in the event of any change in the Information, Barclays disclaims any undertaking or obligation to advise any person of any such change in the Information which may come or be brought to Barclays' attention after the date hereof, and/or to update the Valuation and Opinion to reflect any such change. However, without limiting the foregoing, Barclays will be entitled, at any time prior to the completion of the Transaction, to change, supplement or withdraw the Valuation and Opinion, if Barclays concludes that there has been a material change in the business or affairs of Shaw Media and/or Corus, or a change in material fact, an omission to state a material fact, a material change in the factors upon which the Valuation and Opinion are based, or if Barclays becomes aware of any information not previously known by Barclays, regardless of the source, which in its opinion would make the Valuation and Opinion misleading in any material respect.

The Valuation and Opinion have been prepared and provided solely for the use of the Special Committee and the Board and for inclusion in the Circular, and may not be used or relied upon by any other person without the express prior written consent of Barclays. Furthermore, the Valuation and Opinion are not intended to be, and do not constitute, a recommendation to Corus Class A Shareholders or Corus Class B Shareholders, with respect to the Transaction, including how Corus Class A Shareholders or Corus Class B Shareholders should vote their shares or as an opinion concerning the expected trading price or value of any securities of Corus or Shaw Communications

absent completion of the Transaction, or the expected trading price or value of any securities of Corus or Shaw Communications following the announcement or completion of the Transaction.

In connection with the preparation of the Valuation and Opinion, Barclays' mandate did not include the solicitation of interest from any other party with respect to any other extraordinary transaction involving Corus or to evaluate alternatives to the Transaction, including any significant share repurchase. Barclays is not an expert on, and did not render advice to the Special Committee regarding legal, tax, accounting and regulatory matters. Barclays does not express any view or opinion on any tax, accounting or legal implications of the Transaction.

The preparation of a valuation or a financial opinion is a complex process and it is not amenable to partial analysis or summary description. Barclays believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process and analyses underlying the Valuation and Opinion. The analyses summarized in this letter include information presented in tabular format. To understand the analyses completed by Barclays, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses.

Unless otherwise stated herein, all dollar amounts are expressed in Canadian dollars. Certain figures have been rounded for presentation purposes.

OVERVIEW OF SHAW MEDIA

Summary

Shaw Media is a provider of programming content through its portfolio of television, digital and mobile properties which includes:

- 19 specialty channels including HGTV Canada, Food Network Canada, History Canada, Showcase and Slice, and their companion websites;
- 12 Global Television branded conventional television stations;
- Global News and globalnews.ca; and
- HISTORY Go and Global Go mobile apps.

Shaw Media derives revenues from two principal sources: advertising revenue and revenue from subscriptions to its specialty channels.

Shaw Media employs approximately 2,000 full-time and part-time employees.

Products and Services

Conventional Television

Global Television operates in the “Conventional” broadcast sector, which includes government-owned public networks, such as the Canadian Broadcasting Corporation, as well as privately-owned station groups and networks that are available over-the-air to most Canadian households.

Global Television has wide-coverage across Canada through 12 over-the-air television stations located from Halifax to Vancouver. Global Television offers a programming mix of entertainment and news programs aimed primarily at viewers aged 18 to 49. Global Television’s line-up includes programs such as *Bones*, *The Blacklist*, the *NCIS* franchise, *Hawaii Five-O*, *SuperGirl*, *Limitless*, *Elementary*, *The Late Show with Stephen Colbert* and three reality series, *Survivor*, *Big Brother* and *Big Brother Canada*. For the fall broadcast season (September 15, 2015 to November 29, 2015), among adults aged 25 to 54, Global Television had more top-20 programs nationally and in the key metered markets across the country than it had in the corresponding period in 2014.

News

On average, Global News reaches approximately 10 million viewers per week on television nationally, and is the top news program for adults aged 25 to 54 in British Columbia, Calgary, and Edmonton (excluding noon news in Calgary). Global News’ early-evening newscast, *Global National*, which launched in 2001, is the only major daily national newscast to air during the dinner hour. *Global National* has news bureaus and correspondents in every major Canadian city, as well as Washington, D.C., and London, England. In addition, Global News delivers local news programs to most major markets across Canada.

GlobalNews.ca is Global's online platform that enables Canadians to access Global News coverage wherever and whenever they want, through the web, mobile devices, email alerts, RSS feeds and social media. It features technology, which automatically scales content to fit any screen size or resolution to create a seamless experience on all browsers and platforms, including tablets and smart phones. New native content advertising opportunities have been incorporated into the site giving advertisers new ways to engage with the Global News audience.

Specialty Channels

Specialty channels are only available to households that subscribe to a service or package of services offered by Canadian Radio-television and Telecommunications Commission ("CRTC") regulated television service providers (known as broadcasting distribution undertakings, or "BDUs") that distribute those channels by cable television, direct-to-home satellite television, internet protocol television and through other technologies.

Shaw Media operates 19 of Canada's most popular specialty channels, along with their related online properties, including HGTV Canada, Food Network Canada, Showcase, HISTORY, Slice and National Geographic. Each of Shaw Media's 19 specialty channel brands has a distinct programming focus within the lifestyle, documentary/factual, drama or news genres or a mix of these. For the fall 2015 period (August 31, 2015 to November 29, 2015), among adults aged 25 to 54, Shaw Media had four of the top-10 ranking non-sports English-language specialty channels in Canada, and 11 of the top-30 channels.

All of Shaw Media's specialty channels are wholly-owned with the exception of Food Network Canada, HGTV Canada, DIY Canada, National Geographic Canada, Nat Geo Wild and BBC Canada. Shaw Media's economic interests in these channels range between 50% and 71%, with voting control of 80% or more.

The table below sets forth a summary description of each of the brands comprising Shaw Media's specialty channel portfolio:

Speciality Channel	% Economic Interest	Summary Description
Action	100%	Provides a combination of full-length action movies and television programs
BBC Canada	50% ⁽¹⁾	Operates in partnership with BBC Worldwide and features a wide variety of Canadian and British comedies, dramas, and lifestyle series, both classic and new programming
BC1	100%	24-hour, all news channel that provides breaking news, top headlines, weather, traffic, and coverage of community events in British Columbia
Crime + Investigation	100%	Features current suspense and crime drama franchises, as well as unscripted series and programs related to crime, investigation, and mystery
DejaView	100%	Airs television classics from the 60's, 70's and 80's
DIY	67% ⁽²⁾	Serves as one of Canada's destinations for home improvement television, featuring programs and experts

Speciality Channel	% Economic Interest	Summary Description
DTOUR	100%	intended to assist viewers from small-scale projects to major home renovations Offers exclusive content intended to provide a perspective on the world through new experiences and engaging personalities
Food Network Canada	71% ⁽²⁾⁽³⁾	Features food-related programming from Canada and around the world and brings culinary competitions and behind the scenes access
FYI	100%	A contemporary lifestyle network that covers a range of experiences reflecting how people live today through diverse lifestyle content
HGTV Canada	67% ⁽²⁾	Focuses on stories about connections people have with their homes by offering programs featuring home renovations, entertainment and advice
History Canada	100%	Specializes in both original and acquired programming bringing worldwide and Canadian historical stories to life
H2	100%	Offers a broader view of history across science, technology and popular culture from around the globe
IFC Canada	100%	Offers both award-winning movies and “cult classics” as well as series
Lifetime	100%	Features a mix of scripted and unscripted series and movies that feature Hollywood stars and real-life personalities
MovieTime	100%	Serves as a destination for contemporary hit and “big-ticket” movies, featuring approximately 250 titles per month
National Geographic Canada	50% ⁽¹⁾	Features scientific exploration and adventure programming from around the globe that showcase adventurers, explorers and scientists
Nat Geo Wild	50% ⁽¹⁾	A sister network to National Geographic that focuses on wildlife and natural history programming to bring viewers close to animals in remote environments and closer to home
Showcase	100%	Provides a dramatic and general entertainment experience by offering dramas, including original Canadian programming as well as Hollywood movies and series
Slice	100%	Features exclusive programming focused on providing a destination for affluent, educated and engaged audiences through shows and relatable topics targeting a female demographic

1. Voting interest is 80%.

2. Voting interest is 80.2%

3. A 20% interest in Food Network Canada was acquired by Shaw Media from Corus in 2013.

Content Acquisition and Commissioning

The breadth of Shaw Media's brand portfolio allows it to lever its content purchasing to obtain access to programming rights across both its television and digital properties. This is particularly important when securing rights to leading programming from global-scale suppliers. By maintaining key relationships with major United States studios, including NBC Universal, FOX, Sony, and leading United States and international cable television partners, including Scripps Networks Interactive, AETN, National Geographic and the BBC, Shaw Media pursues its objective of securing high-quality programming for all of its platforms, as well as exclusive access to iconic brands for its specialty channel portfolio.

Shaw Media also maintains strong relationships with a number of Canada's most prominent and experienced independent producers in order to secure supply of Canadian content. Shaw Media develops and commissions original Canadian programming in the drama, documentary/factual and lifestyle genres for distribution through all of its platforms and, in certain cases, through syndication.

Advertising and Subscriber Revenues

Shaw Media generates revenue primarily through selling advertising on both conventional television stations and specialty channels. It also generates subscriber revenue from the distribution of its specialty channels to its television subscriber base. In Fiscal 2015, Shaw Media's conventional television stations generated approximately \$445 million of advertising revenues, and its specialty channels generated approximately \$569 million of combined advertising and subscriber revenues.

Shaw Media competes not only with other conventional stations and specialty and pay channels for advertising revenue, but also other forms of media, including, digital, print, radio, and outdoor. Its specialty channels compete with other channels for subscriber revenues and increasingly also compete for revenue against over-the-top platforms that are not regulated by the CRTC.

Shaw Media's integrated national and local sales teams sell advertising for all of its television and digital platforms. The majority of advertising revenue is derived from annual commitments from major advertising agencies, with advertising revenues derived from conventional sales being slightly higher than advertising revenues derived from specialty sales. Advertising revenues are typically higher during the fall and spring and lower during the summer months, whereas expenses are incurred more evenly throughout the year. This reflects the higher demand during the fall launch of season premieres and increased viewership in the spring during season finales. Shaw Media reinforces its scale and scope by cross-promoting its own channel brands and programming across its other channel brands and platforms.

Competition

The conventional and specialty television business and the advertising markets in which Shaw Media operates are highly competitive. Numerous broadcast and specialty television networks, as well as online advertising platforms and websites, and "over-the-top" digital distribution services, such as video-on-demand, subscription video-on-demand and mobile television, compete for subscribers and advertising revenues. Shaw Media's ability to compete successfully depends on a number of factors, including its ability to secure popular television and other programming rights for all platforms,

including traditional linear broadcast rights and non-linear rights, in order to achieve high distribution levels and attract advertising. The CRTC continues to grant new specialty television licenses which further increase competition. Shaw Media's services also compete with a number of foreign programming services which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN.

Regulation

Shaw Media's television business activities are regulated by the CRTC under the *Broadcasting Act* (Canada). The CRTC imposes a range of obligations upon licensees such as exhibition (number of hours broadcast) and expenditure (amount of money spent) requirements for Canadian content programming, accessibility obligations (i.e. closed captioning or descriptive video) and other obligations.

In October 2014, the CRTC completed its public proceeding to review its policy approach to the television system, which it called "Let's Talk TV". On November 19, 2015, the CRTC introduced regulations implementing certain Let's Talk TV determinations including, but not limited to:

- BDUs are required to offer a \$25 entry-level basic service by March 2016. BDUs will be allowed to offer a larger "first-tier offering". By March 2016, all discretionary services (not offered on the basic service) must be offered either on a standalone basis or in packages of up to 10 programming services.
- On or after December 1, 2016, discretionary services must be offered both on a standalone basis and in packages of up to 10 programming services.
- Vertically integrated distributors are required to offer one English- or French-language independent service for every related service that they offer in the same language.
- BDUs are required to distribute one minority language service for every 10 majority language programming services in a majority language market.

These changes have created uncertainty for both BDUs and programming services. The regulations will take effect on March 1, 2016.

Historical Financial Information

The following table summarizes certain financial results of Shaw Media for the fiscal years ended August 31, 2013 to 2015 and for the three months ended November 30, 2014 and 2015:

(in \$ millions, except for %)	Fiscal Year Ended August 31,			3 Months Ended November 30,	
	2013	2014	2015	2014	2015
Income statement items					
Revenue	\$1,106.4	\$1,095.6	\$1,079.6	\$307.2	\$294.5
% Growth	n.a.	(1.0%)	(1.5%)	n.a.	(4.1%)
EBITDA ⁽¹⁾	\$350.4	\$352.3	\$341.8	\$118.9	\$118.1
% Margin	31.7%	32.2%	31.7%	38.7%	40.1%
Net income attributable to equity shareholders	\$206.9	\$250.9	\$148.3	\$61.5	\$58.7
Net income attributable to non-controlling interests in subsidiaries	37.9	30.5	24.5	8.0	8.5
Net income	<u>\$244.8</u>	<u>\$281.3</u>	<u>\$172.8</u>	<u>\$69.5</u>	<u>\$67.3</u>
Cash flow statement items					
Cash flow from operations ⁽²⁾	\$231.7	\$236.8	\$245.2	\$40.0	\$45.9
Capital expenditures ⁽³⁾	(33.6)	(19.8)	(15.6)	(5.8)	(5.8)
Free cash flow	<u>\$198.1</u>	<u>\$217.0</u>	<u>\$229.6</u>	<u>\$34.2</u>	<u>\$40.1</u>

1. Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as revenue less operating and general and administrative expenses.
2. Excludes amounts due from Shaw Media to Shaw Communications under an intercompany loan.
3. Includes additions to property and equipment, additions to other intangibles and proceeds on disposal of property and equipment.

The following table summarizes Shaw Media's balance sheet as at the end of the fiscal years ending August 31, 2014 to 2015 and as at November 30, 2015:

(in \$ millions)	Fiscal Year Ended August 31,		As at
	2014	2015	30-Nov-15
Balance sheet items			
Cash	\$14.1	\$13.1	\$28.9
Accounts receivable	233.1	219.2	268.1
Other current assets	21.9	19.7	26.5
Total current assets	\$269.1	\$252.0	\$323.4
Property and equipment	\$126.3	\$111.9	\$106.5
Intangibles	1,655.3	1,644.2	1,663.9
Investment in a joint venture ⁽¹⁾	--	43.8	35.5
Other non-current assets	562.1	556.5	558.9
Total assets	\$2,612.9	\$2,608.3	\$2,688.2
Due to parent	\$446.5	\$338.0	\$322.9
Accounts payable and accrued liabilities	160.7	164.2	193.2
Other liabilities	290.1	233.3	227.9
Total liabilities	\$897.4	\$735.4	\$744.1
Common and preferred shareholders	\$1,481.0	\$1,636.4	\$1,699.2
Non-controlling interest	234.6	236.5	245.0
Total liabilities and equity	\$2,612.9	\$2,608.3	\$2,688.2

1. Represents a 50% equity interest in Shomi, a subscription video-on-demand service that is not included in the Transaction.

VALUATION

Definition of Fair Market Value

For purposes of the Valuation, “fair market value” means the highest price, expressed in terms of money or money’s worth, available in an open and unrestricted market between informed and prudent parties, each acting at arm’s length, where neither party is under any compulsion to act. Values determined on the foregoing basis represent “en bloc” values, which are values that an acquiror of Shaw Media would be expected to pay in an open and unrestricted auction of the Company.

Approach to Value

The Valuation is based upon the assumptions, techniques and methodologies that Barclays considered appropriate in the circumstances for arriving at an opinion as to the fair market value range for Shaw Media. Fair market value of Shaw Media was analyzed on a going-concern basis.

For the purposes of determining the fair market value of Shaw Media, Barclays considered the following methodologies:

1. Discounted cash flow (“DCF”) analysis;
2. Precedent transactions analysis; and
3. Comparable trading analysis.

Discounted Cash Flow Analysis

Overview

Barclays used the DCF analysis as one of the principal methodologies for determining the fair market value of Shaw Media. The DCF methodology reflects the growth prospects and risks inherent in Shaw Media’s business by taking into account the amount, timing and relative certainty of projected proportionate unlevered after-tax free cash flows expected to be generated by the Company. The DCF analysis requires certain assumptions to be made, among other things, regarding future proportionate unlevered after-tax free cash flows, discount rates and terminal values.

Basis for Proportionate Unlevered After-Tax Free Cash Flows – Management Forecast

Barclays used the forecast provided by Shaw Media management (the “**Management Forecast**”) for the period ending August 31, 2016 to 2020 (the “**Forecast Period**”) as the basis for its determination of the proportionate unlevered after-tax free cash flows expected to be generated by Shaw Media. Barclays reviewed and evaluated the assumptions by business line underlying the projections, including, but not limited to, subscriber growth and revenue, advertising revenue growth, other revenue growth, operating and EBITDA margins, capital expenditures, cash programming costs, programming amortization and tax schedules. Shaw Media discloses its financial information on a consolidated basis. In preparation of the DCF analysis, Barclays excludes the portion of the free cash flow attributable to the non-controlling interest of subsidiaries in the derivation of proportionate unlevered after-tax free cash flow.

Barclays reviewed Shaw Media management's assumptions in comparison to the Company's historical financial results, industry research reports, forecasts by equity research analysts, reports and statements from Shaw Media's peers in Canada and the U.S., Corus' management forecast and other sources considered relevant. After due diligence of the Management Forecast and numerous discussions with management of Shaw Media and Corus, Barclays concluded that the Management Forecast formed a satisfactory basis for the DCF analysis.

Revenue

Revenue within the Forecast Period is projected to grow at a compound annual growth rate of approximately 1.2%, reflecting the assumption of modest growth in specialty television and no growth in conventional television. In light of the recent CRTC decision related to "Let's Talk TV" and associated cable packaging changes, the Management Forecast reflects declines in subscriber base offset by contracted subscriber rate increases and an increase in advertising revenue. The latter is supported by strong ratings in Shaw Media's top specialty channels and a demonstrated demand for high quality entertainment content.

EBITDA

Consolidated EBITDA for the Company is expected to increase marginally over the Forecast Period resulting from the combination of an increase in projected revenue and a modest increase in margins from 31.6% in FY2016 to 32.4% in FY2020. The majority of this increase is projected to be within the specialty television channels moderated by a slight decline in the conventional television network. Consolidated EBITDA in the Forecast Period has been adjusted to remove corporate costs historically allocated to Shaw Media by Shaw Communications which Shaw Media management indicated would not be required to operate Shaw Media if it was not a subsidiary of Shaw Communications.

Capital Expenditures

Capital expenditures are primarily investments in transmitters, broadcasting, communications and production equipment and intangible assets. Due to the low capital intensity nature of Shaw Media's business, and predictability of such expenditures, capital expenditures for the Company are projected to remain at 1.5% of revenue throughout the Forecast Period.

Program Amortization / (Cash Cost)

Shaw Media acquires program rights to broadcast television programs on the Company's conventional television network and specialty channels. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired, and are included in operating expenses. In years where the cost to acquire program rights exceeds the amortization expense, the Company incurs a net cash cost of programming. Within the Forecast Period, cash programming costs are projected to increase, but exhibit a stable trend.

CRTC Tangible Benefit Obligation Funding

CRTC tangible benefit obligation funding includes the commitment to the CRTC as part of Shaw Communications' acquisition of Canwest in 2010. Shaw Media is required to contribute new benefits to the Canadian broadcast system over a seven year period following the close of the acquisition.

Proportionate Unlevered After-Tax Free Cash Flows

The following table is a summary of the proportionate unlevered after-tax free cash flow projections used in the DCF analysis:

(in \$ millions)	Fiscal Year Ended August 31,					Terminal Year
	2016E	2017E	2018E	2019E	2020E	
Revenue	\$1,093.8	\$1,109.0	\$1,124.3	\$1,135.5	\$1,143.1	\$1,143.1
Consolidated EBITDA	\$346.2	\$353.7	\$368.3	\$369.9	\$370.7	\$370.7
Net program amortization / (cash cost)	14.1	2.0	(2.1)	2.4	4.1	--
Capital expenditures	(16.4)	(16.6)	(16.9)	(17.0)	(17.1)	(17.1)
CRTC tangible benefit obligation funding ⁽¹⁾	(29.9)	(26.9)	(0.3)	(0.3)	--	--
Change in net working capital	2.4	(0.9)	0.5	(0.5)	0.3	0.3
Unlevered cash taxes	(76.0)	(79.7)	(90.3)	(91.3)	(92.1)	(92.1)
Consolidated unlevered after-tax free cash flow	\$240.3	\$231.6	\$259.2	\$263.3	\$265.9	\$261.7
Less: Free cash flow attributable to non-controlling interests	(31.4)	(32.5)	(34.1)	(35.3)	(36.7)	(31.1)
Proportionate unlevered after-tax free cash flow	\$208.8	\$199.1	\$225.1	\$227.9	\$229.2	\$230.7

1. Includes CRTC tangible benefit obligation funding from Shaw Communications' acquisition of Canwest in 2010.

The terminal year ("Terminal Year") represents the financial forecast for Shaw Media after the Forecast Period when, after such period, it is assumed it will experience a constant, stable growth rate. In forecasting the Terminal Year, Barclays made an assumption that the annual level of cash programming cost and program amortization would be equal, with cash expenditures at a level broadly consistent with that within the Forecast Period. Based on discussions with the management of Shaw Media, Barclays made the assumption that the annual level of capital expenditures in the Terminal Year would be equal to the projection in the final year of the Forecast Period. Furthermore, Barclays assumed, among other things, that there would be minor annual changes in working capital broadly consistent with the trend exhibited within the Forecast Period.

Discount Rates

The proportionate unlevered after-tax free cash flows developed from the Management Forecast were discounted based on the estimated weighted average cost of capital ("WACC") for Shaw Media. The WACC was calculated based on Shaw Media's after-tax cost of debt and cost of equity, weighted based upon an assumed optimal capital structure for Shaw Media. Shaw Media's assumed optimal capital structure was determined based on discussions with management of Shaw Media and Corus, a review of the capital structures of comparable companies in the North American media sector, and the risks inherent in Shaw Media's business and the North American media industry.

To determine the cost of debt, Barclays reviewed the cost of debt of comparable companies in the North American media sector, and selected a group of companies that have similar credit quality to determine an appropriate long-term cost of debt for Shaw Media at the assumed optimal capital structure.

To determine the cost of equity, Barclays used the capital asset pricing model (“CAPM”). The CAPM calculates the cost of equity based on the risk-free rate of return (the “Risk-Free Rate”), the volatility of equity prices relative to a benchmark (“Beta”), and the equity risk premium (“Equity Risk Premium”). Barclays reviewed a range of unlevered Betas for Shaw Media’s peers across North America, and selected a group of comparable companies that have risks similar to Shaw Media to determine an appropriate unlevered Beta for Shaw Media. The selected unlevered Beta was levered using the assumed optimal capital structure and used to calculate the cost of equity. Barclays also reviewed and considered Betas generated by third party data providers for the comparable companies as it considered the appropriate unlevered Beta.

The following is a summary of the assumptions and calculations Barclays used to estimate the cost of equity and WACC for Shaw Media:

Cost of equity	
Risk-Free Rate ⁽¹⁾	2.97%
Equity Risk Premium ⁽²⁾	7.00%
Levered beta	1.06
Size premium ⁽³⁾	1.77%
Cost of equity	12.18%
Cost of debt	
Long-term cost of debt	6.00%
Statutory tax rate	26.50%
After-tax cost of debt	4.41%
WACC ⁽⁴⁾	
Equity %	65.00%
Cost of equity	12.18%
Debt %	35.00%
After-tax cost of debt	4.41%
Calculated WACC	9.46%

1. 30-Year U.S. Treasury yield as of January 11, 2016.
2. Ibbotson & Associates Report, Equity Risk Premium.
3. Ibbotson & Associates Report, Decile 7.
4. Based on assumed optimal capital structure.

Based on the foregoing and taking into account the sensitivity analyses on the variables above and the assumptions in the Management Forecast, Barclays determined the appropriate WACC for Shaw Media to be in the range of 9.00% to 10.00%.

Terminal Value

To account for the value of the proportionate unlevered after-tax free cash flows after the Forecast Period, Barclays developed terminal enterprise values by applying growth rates (“Perpetual Growth Rates”) to the proportionate unlevered after-tax free cash flow in the Terminal Year.

Barclays selected Perpetual Growth Rates of 0.5% to 1.5% based on the outlook for long-term inflation and growth prospects for Shaw Media beyond the Forecast Period and also considered the implied terminal EV / EBITDA multiples resulting from such analysis.

Benefits to a Purchaser of Acquiring Shaw Media

In accordance with the requirements set forth in MI 61-101, Barclays reviewed and considered whether any distinctive material benefits would accrue to Corus, as well as other potential acquirors, through the acquisition of Shaw Media. Barclays concluded that there would be synergies available to Corus and certain other potential acquirors as a result of: (i) savings of corporate expenses; and (ii) reduction and optimization of operating costs and/or programming costs. Based on discussions with management of Corus, Barclays understands that Corus may achieve pre-tax annual cost synergies of approximately \$40 to \$50 million.

In assessing the amount of synergies to include in the DCF analysis, Barclays considered the amount of synergies that could be achieved by an industry participant, other than Corus, that would potentially acquire Shaw Media, and the amount of synergies for which such acquiror might pay in an open and unrestricted auction of Shaw Media. In making this assessment, Barclays considered that an industry participant, other than Corus, would be required to incur a CRTC tangible benefit obligation approximately equal to 10% of the purchase price for Shaw Media as a result of the change-of-ownership or effective control of the Company, and that a prudent and informed buyer of the Company would reduce the amount of synergies it would pay for after considering the amount of the CRTC tangible benefit obligation it would incur. Barclays estimated the amount of net pre-tax annual cost synergies that would be achievable by another potential acquiror to be in the range of \$20 to \$25 million, giving consideration to the CRTC tangible benefit obligation.

Barclays believes that the successful acquiror of Shaw Media would potentially pay for 50% of such synergies in an open and unrestricted auction for Shaw Media and therefore included 50% of the value, and the commensurate one-time implementation costs, of these synergies in its valuation of the Shaw Media. Barclays reflected these synergies and implementation costs in the DCF analysis starting in FY2016.

Due to the common control of Shaw Media and Corus, Corus management has informed Barclays that the Transaction will not be considered a change-of-ownership or effective control by CRTC and thus no CRTC tangible benefit obligation is assumed to be created.

Summary of the DCF Analysis

The following table provides a summary of the valuation range for Shaw Media resulting from the DCF analysis:

	Valuation Range	
	Low	High
<i>(in \$ millions, except for %)</i>		
Assumptions		
WACC	10.00%	9.00%
Perpetual Growth Rate	0.50%	1.50%
Net present value ⁽¹⁾		
Proportionate unlevered after-tax free cash flows	\$830.1	\$846.5
Terminal value	1,716.8	2,269.2
Enterprise value	\$2,546.9	\$3,115.7

1. Values reflect the inclusion of synergies that Barclays assumed another industry participant would pay for in an open and unrestricted auction.

Sensitivity Analysis

As part of the DCF analysis, Barclays performed sensitivity analyses of the calculated values to changes in several key factors as outlined below:

<i>(in \$ millions, except for %)</i> Selected Items	Sensitivity	Change in Valuation	
		Low	High
WACC	+0.5%	(\$123.0)	(\$188.1)
	-0.5%	\$136.7	\$214.9
Perpetual Growth Rate	+0.5%	\$101.3	\$169.6
	-0.5%	(\$91.2)	(\$148.4)
Revenue Growth	+1.0%	\$117.0	\$146.9
	-1.0%	(\$112.7)	(\$141.4)
EBITDA Margin	+1.0%	\$85.0	\$103.9
	-1.0%	(\$85.0)	(\$103.9)
Synergies ⁽¹⁾	+\$10	\$75.4	\$83.6
	-\$10	(\$75.4)	(\$83.6)

1. Annual synergies in \$ millions. Assumes 50% cost to achieve in year one.

Precedent Transactions Analysis

Barclays reviewed precedent transactions in the Canadian and United States media industry that provided sufficient public information to derive implied transaction multiples. In assessing the comparability of the transactions, Barclays considered, among other things: (i) the asset and revenue mix coming from broadcasting, content creation and other businesses; (ii) the profitability of the businesses; (iii) the economic, technological, competitive, and regulatory environment at the time of the transaction; (iv) the condition of the financial markets at the time of the transaction; and (v) other factors affecting the target company specifically, or the media sector at the time of the respective transactions. The primary metric used to analyze these transactions was the enterprise value (“EV”) to the last twelve months (“LTM”) EBITDA multiple. Barclays assumed that any synergies accruing to the acquiror were captured in the observed transaction multiple.

(in \$ millions, except for multiples)

Date	Country	Target	Acquiror	Transaction Value (\$mm)	EV / LTM EBITDA ⁽¹⁾
16-Mar-12	CAN	Astral Media	BCE	C\$3,396.9	10.5x ⁽²⁾
10-Sep-10	CAN	CTVglobemedia	BCE	C\$3,525.0	9.9x ⁽²⁾
03-May-10	CAN	Canwest	Shaw	C\$2,016.0	9.5x
10-Jan-07	CAN	Alliance Atlantis	Canwest and Goldman Sachs	C\$2,654.2	12.5x ⁽³⁾
04-Mar-13	CAN	50% interest in Teletoon	Corus	C\$498.0 ⁽⁴⁾	11.4x ⁽⁵⁾
04-Mar-13	CAN	Historia and Séries+	Corus	C\$277.2	9.3x ⁽⁵⁾
14-Jul-09	CAN	SexTV, Drive-in Classics	Corus	C\$40.0	7.8x ⁽⁶⁾
07-Mar-08	CAN	Canadian Learning Television	Corus	C\$73.0	10.5x ⁽⁷⁾
21-Mar-14	USA	LIN Media	Media General	US\$2,604.7	11.7x ⁽⁸⁾
23-Dec-13	USA	Gannett (TV Stations in Phoenix and St. Louis)	Meredith Corporation	US\$407.5	8.0x ⁽⁹⁾
29-Jul-13	USA	Allbritton (Perpetual Corporation – 8 TV stations)	Sinclair Broadcast Group	US\$985.0	10.7x
01-Jul-13	USA	Local TV Holdings (19 TV Stations)	Tribune	US\$2,725.0	9.4x
13-Jun-13	USA	Belo Corp.	Gannett	US\$2,171.4	9.4x
06-Jun-13	USA	New Young Broadcasting	Media General	US\$603.5	7.8x
				Mean	9.9x
				Median	9.7x

1. Based on consolidated EBITDA, unless otherwise noted.
2. Based on proportionate EBITDA.
3. Excludes Alliance Atlantis Communications' (AAC) share of the Movie Distribution Income Fund. Further excluding AAC's interest in the CSI series, the estimated broadcast EV / EBITDA multiple is 18.9x.
4. Pro rated for 100% of the enterprise value.
5. EV / FY2013 EBITDA.
6. EV / FY2009 EBITDA.
7. EV / FY2008 EBITDA.
8. LIN Media LTM EBITDA pro forma for New Vision and ACME Albuquerque acquisitions on October 12, 2012 and September 10, 2012, respectively.
9. 8.0x blended LTM multiple represents the US\$407.5mm transaction value plus present value of tax basis step-up and includes the estimated annual synergies.

Barclays placed particular emphasis on the valuation multiple of Shaw Communication's acquisition of Canwest, and also considered the valuation multiple from BCE Inc.'s (“BCE”) acquisition of Astral Media Inc. (“Astral”), BCE's acquisition of CTVglobemedia Inc. (“CTVglobemedia”), and Corus' acquisition of Historia and Séries+.

After reviewing all of the transactions above and considering the impact of changes in the technological and competitive environment in the Canadian and United States media industry, as well as the current regulations governing the Canadian media industry, Barclays selected an EV / LTM EBITDA multiple range of 8.0x – 9.0x.

The table below summarizes the valuation of Shaw Media resulting from the precedent transactions analysis:

	Valuation Range	
	Low	High
<i>(in \$ millions, except for multiples)</i>		
Multiple of proportionate LTM EBITDA	8.0x	9.0x
Proportionate adjusted LTM EBITDA ⁽¹⁾	\$309.0	\$309.0
Enterprise value	\$2,471.8	\$2,780.7

1. Proportionate adjusted LTM EBITDA adjusted for certain non-recurring items.

Comparable Trading Analysis

Barclays also considered the comparable trading analysis and whether a public market analysis might exceed the DCF or precedent transaction values for Shaw Media. Barclays identified, reviewed, and compared Canadian and U.S. public companies (the “Comparable Companies”) across a variety of factors including, among others, enterprise value, expected revenue growth, EBITDA margin, business mix, dividend yield and leverage. Forecast financial data was sourced from consensus equity research analyst estimates and Barclays applied adjustments to such forecasted financial information to align the time periods of the forecast to reflect calendarization. Selected metrics for the Comparable Companies are presented below:

(in \$ millions, except for per share data, multiples and %)

	Share Price 11-Jan-16	Market Capitalization	Enterprise Value	EV / EBITDA		Net Debt / CY'16 EBITDA	Dividend Yield	CY'16 EBITDA Margin
				CY'16E	CY'17E			
Specialty TV								
Corus Entertainment Inc.	C\$11.89	C\$1,059.6	C\$1,613.4	6.7x	6.9x	2.3x	9.6%	32.5%
Discovery Communications, Inc.	US\$25.83	US\$16,989.2	US\$23,389.2	9.3x	8.8x	2.7x	0.0%	37.4%
Viacom Inc.	US\$40.97	US\$16,495.8	US\$28,801.6	6.8x	6.7x	2.9x	3.9%	30.8%
Scripps Networks Interactive, Inc.	US\$53.78	US\$6,949.5	US\$12,382.1	9.1x	8.8x	2.9x	1.7%	40.7%
AMC Network Inc.	US\$75.98	US\$5,634.8	US\$8,397.9	9.5x	9.0x	2.8x	0.0%	31.9%
Average				8.3x	8.0x	2.7x	3.0%	34.7%
Median				9.1x	8.8x	2.8x	1.7%	32.5%

	Share Price 11-Jan-16	Market Capitalization	Enterprise Value	EV / EBITDA		Net Debt / '15E-'16E EBITDA	Dividend Yield	'15E-'16E EBITDA Margin
				'15E-'16E	'16E-'17E			
Conventional TV								
TEGNA, Inc.	US\$23.09	US\$5,118.9	US\$9,461.2	7.4x	7.3x	3.2x	2.4%	34.2%
Tribune Media Co.	US\$31.75	US\$3,021.6	US\$3,696.3	6.6x	6.2x	5.6x	3.1%	26.2%
Sinclair Broadcast Group, Inc.	US\$29.76	US\$2,873.3	US\$6,619.4	8.0x	7.8x	4.6x	2.2%	34.9%
Nexstar Broadcasting Group, Inc. ⁽¹⁾	US\$44.52	US\$1,437.0	US\$2,904.3	8.4x	7.8x	4.2x	1.5%	34.9%
Media General, Inc. ^{(1) (2)}	US\$11.15	US\$1,436.7	US\$3,679.0	7.8x	7.1x	5.1x	0.0%	32.1%
Gray Television, Inc.	US\$14.07	US\$1,021.3	US\$2,162.3	7.9x	7.5x	4.2x	0.0%	38.6%
Average				7.7x	7.3x	4.5x	1.5%	33.5%
Median				7.9x	7.4x	4.4x	1.8%	34.5%

	Share Price 11-Jan-16	Market Capitalization	Enterprise Value	EV / EBITDA		Net Debt / CY'16 EBITDA	Dividend Yield	CY'16 EBITDA Margin
				CY'16E	CY'17E			
Diversified Media								
CBS Corp.	US\$46.78	US\$22,811.8	US\$31,155.9	9.0x	8.8x	2.8x	1.3%	23.7%

Note: Multiples are based on calendarized financial projections. Market data as of January 11, 2016.

1. Market data as of September 25, 2015, one day prior to Nexstar's announcement of its offer to acquire Media General.
2. Pro forma Media General's merger with LIN Media in December 2014.

Barclays notes that market trading prices generally do not reflect “en bloc” values and concluded that the analysis of public company multiples implied values that were below the DCF and precedent transaction methodologies. Given the foregoing, we have not relied on the comparable trading analysis.

Valuation Summary

The following table summarizes the range of enterprise value resulting from the DCF analysis and the precedent transactions analysis:

<i>(in \$ millions)</i>	Valuation Range	
	Low	High
Discounted cash flow analysis	\$2,546.9	\$3,115.7
Precedent transactions analysis	\$2,471.8	\$2,780.7

In determining the fair market value of the Shaw Media, Barclays relied on qualitative judgments based on its experience in rendering such opinions.

Valuation Conclusion

Based upon and subject to the foregoing, and such other factors as we considered relevant, Barclays is of the opinion that, as of the date hereof, the fair market value of Shaw Media is in the range of \$2,450 million to \$2,850 million.

FAIRNESS OPINION

Approach to Fairness

In considering the fairness, from a financial point of view, of the Consideration to be paid by Corus for Shaw Media, Barclays considered and relied upon among other things, the following:

- (i) The Consideration for Shaw Media being at the mid-point of the fair market value range for Shaw Media;
- (ii) The strategic benefits from the acquisition that are expected to accrue to Corus from increased scale and a stronger competitive position;
- (iii) The potential accretion to earnings per share and levered free cash flow per share after taking into account potential cost synergies anticipated by the management of Corus to result from the acquisition;
- (iv) The current dividend being maintained and expected to be sustainable based on forecasts prepared by management of Corus; and
- (v) The combined business' strong free cash flow profile which supports the commitment of Corus management to de-leverage.

Conclusion

Based upon and subject to the foregoing, and such other matters as we considered relevant, Barclays is of the opinion that, as of the date hereof, the Consideration payable to Shaw Communications in connection with the Transaction is fair, from a financial point of view, to Corus.

Yours very truly,

Barclays Capital Canada Inc.

Barclays Capital Canada Inc.

SCHEDULE G — RBC FAIRNESS OPINION
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(Attached).



January 12, 2016

The Board of Directors
Corus Entertainment Inc.
Corus Quay
25 Dockside Drive
Toronto, Ontario
M5A 0B5

To the Board:

RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, understands that Corus Entertainment Inc. ("Corus" or the "Company") and Shaw Communications Inc. ("Shaw") propose to enter into a definitive Share Purchase Agreement (the "Agreement") to be dated January 13, 2016. Under the terms of the Agreement, the Company will acquire 100% of Shaw Media Inc. ("Shaw Media") from Shaw (the "Transaction") for consideration of \$2,650 million, comprised of \$1,850 million in cash and \$800 million through the issuance to Shaw of approximately 71.4 million class B shares of Corus ("Corus Class B Shares") priced at \$11.21 per Corus Class B Share. The terms of the Transaction will be more fully described in an information circular (the "Circular"), which will be mailed to holders of class A shares of Corus and holders of Corus Class B Shares (collectively, "Shareholders") in connection with the Transaction.

RBC understands that Corus and Shaw are "related parties" pursuant to Multilateral Instrument 61-101 as Mr. JR Shaw exercises effective voting control over each of Corus and Shaw through the Shaw Family Living Trust, an entity ultimately controlled by him. RBC further understands the Shaw Family Living Trust has provided a written commitment to the board of directors of Corus (the "Board") indicating its support for the Transaction.

The Company has retained RBC to provide advice and assistance to the Company in evaluating the Transaction, including the preparation and delivery to the Board of RBC's opinion (the "Fairness Opinion") as to the fairness of the consideration to be paid under the Transaction from a financial point of view to the Company. RBC has not prepared a valuation of the Company, Shaw Media or any of their respective securities or assets and the Fairness Opinion should not be construed as such.

Engagement

The Company initially contacted RBC regarding a potential advisory assignment in June 2015, and RBC was formally engaged by the Company through an agreement between the Company and RBC (the "Engagement Agreement") dated June 30, 2015. The terms of the Engagement Agreement provide that RBC is to be paid fees for its services as financial advisor, including fees that are contingent on successful completion of the Transaction or certain other events. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company in certain circumstances. RBC consents to the inclusion of the Fairness Opinion in its entirety and a summary thereof in the Circular and to the filing thereof, as necessary, by the Company with the securities commissions or similar regulatory authorities in each province of Canada.

Relationship With Interested Parties

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, Shaw or any of their respective associates or affiliates. RBC has not been engaged to provide any financial advisory services nor has it participated in any financing involving the Company, Shaw or any of their respective associates or affiliates, within the past two years, other than the services provided under the Engagement Agreement and as described below. For the Company, in connection with the Transaction RBC has agreed to (i) act as lead arranger, sole bookrunner and administrative agent on the proposed secured financing in connection with the Transaction, which will include (a) a \$300 million 4-year revolving credit facility, (b) a \$667 million 3-year term loan, (c) a \$1,333 million 5-year term loan, (d) a \$300 million 12-month high yield bridge loan (the “High Yield Bridge Loan”) and (e) a \$260 million 9-month equity bridge loan (the “Equity Bridge Loan”); and (ii) act as lead bookrunner on (a) a proposed \$300 million issuance of senior unsecured high yield bonds, which will reduce or repay the High Yield Bridge Loan, and (b) a proposed \$260 million issuance of Corus Class B Shares, which will reduce or repay the Equity Bridge Loan. Royal Bank of Canada (“Royal Bank”), controlling shareholder of RBC, currently holds \$62 million of the Company’s senior credit facilities, which are to be refinanced with the proposed facilities in connection with the Transaction.

In the past two years, RBC has acted in the following capacities for Shaw and its associates and affiliates (other than Corus): (i) co-lead manager on Shaw’s concurrent \$300 million 2-year and \$500 million 10-year notes offerings in January 2014, (ii) joint lead arranger and bookrunner on the US\$480 million refinancing of the senior credit facilities of ViaWest Inc. (“ViaWest”) in March 2015, and (iii) lead arranger and bookrunner on ViaWest’s incremental US\$35 million revolving credit facility and US\$80 million term loan B in December 2015 in connection with its acquisition of INetU Inc., on which RBC also acted as financial advisor to ViaWest. Royal Bank currently holds: (i) \$150 million of Shaw’s \$1.0 billion syndicated revolving credit facility, and (ii) US\$42 million of ViaWest’s US\$120 million secured syndicated revolving credit facility.

Other than the services provided under the Engagement Agreement and the financings in connection with the Transaction described above, there are no understandings, agreements, or commitments between RBC and the Company, Shaw or any of their respective associates or affiliates with respect to any future business dealings. RBC may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company, Shaw or any of their respective associates or affiliates. Royal Bank provides banking services to the Company, Shaw and their respective associates or affiliates in the normal course of business.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company, Shaw or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, Shaw or the Transaction.

Credentials of RBC Capital Markets

RBC is one of Canada’s largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The Fairness Opinion expressed herein represents the opinion of RBC and the form and content herein have been approved for release by a committee

of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Scope of Review

In connection with our Fairness Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. the most recent draft, dated January 11, 2016, of the Agreement;
2. the most recent draft, dated January 11, 2016 of the Governance and Investors Rights Agreement to be entered into by Corus and Shaw;
3. audited financial statements of the Company for each of the five fiscal years ended August 31, 2011, 2012, 2013, 2014 and 2015;
4. audited financial statements of Shaw Media, including its 50% interest in the Shomi Partnership ("Shomi") that was subsequently sold to Shaw on December 30, 2015, comprised of consolidated statements of financial position as at August 31, 2014 and 2015, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the fiscal years ended August 31, 2013, 2014, and 2015;
5. the draft unaudited financial information and interim report of the Company for the quarter ended November 30, 2015;
6. the draft unaudited financial statements of Shaw Media, including Shomi, for the quarter ended November 30, 2015;
7. annual reports of the Company for each of the five fiscal years ended August 31, 2011, 2012, 2013, 2014 and 2015;
8. the Notices of Annual Meeting of Shareholders and Management Information Circulars of the Company for each of the two fiscal years ended August 31, 2014 and 2015;
9. annual information forms of the Company for each of the two fiscal years ended August 31, 2014 and 2015;
10. historical segmented financial information of the Company by division for each of the three fiscal years ended August 31, 2013, 2014 and 2015;
11. unaudited projected financial information for the Company on a consolidated basis and segmented by division, prepared by management of the Company, for the five fiscal years ending August 31, 2016 through 2020;
12. unaudited projected financial information for Shaw Media on a consolidated and proportionate basis and segmented by division, prepared by management of Shaw Media, for the five fiscal years ending August 31, 2016 through 2020;
13. draft unaudited pro forma consolidated financial information of the Company for the year ended August 31, 2015;
14. discussions with senior management of the Company;
15. discussions with senior management of Shaw Media and Shaw;
16. discussions with the Company's and Shaw's respective internal and external legal counsels;
17. public information relating to the business, operations, financial performance and stock trading history of the Company, Shaw, and other selected public companies considered by us to be relevant;
18. public information with respect to other transactions of a comparable nature considered by us to be relevant;
19. public information regarding the media industry;

20. representations contained in certificates addressed to us, dated as of the date hereof, from senior officers of the Company and Shaw as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and
21. such other corporate, industry and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

RBC has not, to the best of its knowledge, been denied access by the Company to any information requested by RBC.

Assumptions and Limitations

With the Board's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy and fair presentation of all of the financial (including, without limitation, the financial statements of the Company and Shaw Media) and other information, data, advice, opinions or representations obtained by it from public sources, senior management of the Company, Shaw Media and Shaw, and their consultants and advisors (collectively, the "Information" as relates to the Company, and the "Shaw Media Information" as relates to Shaw Media). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Information and Shaw Media Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information or Shaw Media Information.

Senior officers of Corus have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Information (as defined above) provided orally by, or in the presence of, an officer or employee of the Company or in writing by the Company or any of its subsidiaries or their respective agents to RBC for the purpose of preparing the Fairness Opinion was, at the date the Information was provided to RBC, and is, at the date hereof, or in the case of historical information, was at the date of preparation if so specifically identified to RBC, complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of the Company, its subsidiaries or the Transaction and did not and does not omit to state a material fact in respect of the Company, its subsidiaries or the Transaction necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any statement was made, and that (ii) since the dates on which the Information was provided to RBC, except as disclosed in writing to RBC, there has been no material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its subsidiaries, or material change in the Information, or other material change or change in material facts, which might reasonably be considered material to the Fairness Opinion.

Senior officers of Shaw have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Shaw Media Information (as defined above) provided orally by, or by advisors of Shaw Media or Shaw in the presence of, an officer or employee of Shaw Media or Shaw or in writing by Shaw Media or Shaw or any of their respective subsidiaries or their respective agents to RBC for the purpose of preparing the Fairness Opinion was, at the date the Shaw Media Information was provided to RBC, and is, at the date hereof, or in the case of historical information, was at the date of preparation if so specifically identified to RBC, complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of Shaw Media, its subsidiaries or the Transaction and did not and does not omit to state a material fact in respect of Shaw Media, its subsidiaries or the Transaction necessary to make the Shaw Media Information or any statement contained therein not misleading in light of the circumstances under which the Shaw Media Information was provided or any statement was made, and that (ii) since the dates on which the Shaw Media Information was provided to RBC, except as disclosed in writing to

RBC, there has been no material change or change in material facts, financial or otherwise, in or relating to the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Shaw Media or any of its subsidiaries, or material change in the Shaw Media Information, or other material change or change in material facts, which might reasonably be considered material to the Fairness Opinion.

In preparing the Fairness Opinion, RBC has made several assumptions, including that all of the conditions required to implement the Transaction will be met.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company, Shaw Media and their respective subsidiaries and affiliates, as they were reflected in the Information and Shaw Media Information and as they have been represented to RBC in discussions with management of the Company, Shaw Media and Shaw. In its analyses and in preparing the Fairness Opinion, RBC made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RBC or any party involved in the Transaction.

The Fairness Opinion has been provided for the use of the Board and may not be used by any other person or relied upon by any other person other than the Board without the express prior written consent of RBC. The Fairness Opinion is given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to RBC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, RBC reserves the right to change, modify or withdraw the Fairness Opinion.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Fairness Opinion is not to be construed as a recommendation to any Shareholder as to whether to vote in favour of the Transaction.

Fairness Analysis

Approach to Fairness

In considering the fairness of the consideration to be paid under the Transaction from a financial point of view to the Company, RBC principally considered and relied upon the following approaches: (i) a comparison of the consideration to be paid under the Transaction to a discounted cash flow analysis of Shaw Media; (ii) a comparison of the multiples implied under the Transaction to an analysis of multiples paid in precedent transactions in the Canadian media industry; and (iii) an analysis of the pro forma financial impact of the Transaction on the Company. RBC also reviewed and compared selected financial multiples of North American media companies whose securities are publicly traded to the multiples implied by the consideration under the Transaction. Given that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

Fairness Conclusion

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the consideration to be paid under the Transaction is fair from a financial point of view to the Company.

Yours very truly,

RBC Dominion Securities Inc.

RBC DOMINION SECURITIES INC.



HOW TO CAST YOUR VOTE IN SUPPORT OF THE ACQUISITION RESOLUTION

Time is running short. Vote your proxy form today, or no later than 10:00 a.m. (Toronto time) on Monday, March 7, 2016. In order to ensure that your proxy is received in time for the Meeting of Corus to be held on Wednesday, March 9, 2016, we recommend that you vote in the following ways as soon as possible.

VOTING METHOD	BENEFICIAL SHAREHOLDERS (If your Shares are held with a broker, bank or other Intermediary)	REGISTERED SHAREHOLDERS (If your Shares are held in your name)
INTERNET	Visit www.proxyvote.com and enter your 16 digit control number located on the enclosed voting instruction form.	Visit www.cstvotemyproxy.com and enter your 13 digit control number located on the enclosed form of proxy.
TELEPHONE	Canadian: Call 1-800-474-7493 U.S.: Call 1-800-454-8683 and provide your 16 digit control number located on the enclosed voting instruction form	Use any touch-tone phone, call toll free in Canada and United States: 1-888-489-5760
FACSIMILE	Canadian: Fax your voting instruction form to or toll free to 905-507-7793 or toll free to 1-866-623-5305 in order to ensure that your vote is received before the deadline. U.S.: N/A	You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and United States to: 1-866-781-3111 or scan and email to proxy@canstockta.com
MAIL	N/A	CST Trust Company P.O. Box 721 Agincourt, ON M1S 0A1

If you have any questions or require any assistance in executing your proxy or voting instruction form, please call D.F. King at:



North American Toll Free Number: 1-800-622-1678

Outside North America, Banks, Brokers and Collect Calls: 1-201-806-7301

Email: inquiries@dfking.com

North American Toll Free Facsimile: 1-888-509-5907

Facsimile: 1-647-351-3176

For up to date information please visit the website: www.aStrongNewCorus.com

A Winning Combination with Financial and Strategic Benefits



FINANCIAL

- ✓ Significant Free Cash Flow Generation and Intent to De-lever
- ✓ More than Doubling of Revenue and Adjusted EBITDA
- ✓ Stable Dividend
- ✓ Strong Balance Sheet

STRATEGIC

- ✓ Gain Differentiated Scale
- ✓ Own and Control More Content
- ✓ Engage Audiences Everywhere
- ✓ Diversify Revenue Streams



**ANY QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO
CORUS ENTERTAINMENT INC.'S PROXY SOLICITATION AGENT**

D.F. KING
A CSTOne Company

North American Toll Free Number: 1-800-622-1678
Outside North America, Banks, Brokers and Collect Calls: 1-201-806-7301
Email: inquiries@dfking.com
North American Toll Free Facsimile: 1-888-509-5907
Facsimile: 1-647-351-3176
For up to date information please visit the website: www.aStrongNewCorus.com