Corus Entertainment Inc.

Annual Information Form

Fiscal Year Ended August 31, 2018

November 23, 2018

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All amounts following are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

To the extent any statements made in this document contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking information"). Forward-looking information relates to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, currency value fluctuations, and interest rates. Forward-looking information is predictive in nature and can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. The forward-looking information contained in this document includes, but is not limited to: statements that refer to expectations regarding the Company's anticipated dividend payment schedule and rate commencing in December 2018; expected timing for roll-out of the Company's "Cynch" platform; expected timing for certain legislative changes; Corus' anticipated indebtedness and pro forma leverage targets; and expected OTT and published market revenue growth. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information.

Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such statements involve assumptions, risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information above, including, without limitation: factors and assumptions regarding general market conditions and general outlook for the industry, interest rates, stability of the advertising, distribution, merchandise and subscription markets, operating costs and tariffs, taxes and fees, currency value fluctuations, interest rates, technology developments and assumptions regarding the stability of laws and government regulation and policies and the interpretation or application of those laws and regulations, consistent application of accounting policies, segment profit growth rates, future levels of capital expenditures, expected future cash flows and discount rates, 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: our ability to attract and retain advertising and subscriber revenues; audience acceptance of our television programs and networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws, regulations, and policies or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying forward-looking information are set out under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2018 (the "2018 MD&A") and under the heading "Risk Factors" in this document. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive.

When relying on our forward-looking information to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this document speaks as of the date of this document. Unless otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

INCORPORATION OF CORUS

Organization and Name

Corus Entertainment Inc. ("Corus" or the "Company") is a diversified Canadian-based integrated media and content company that creates and delivers high quality brands and content across platforms for audiences in Canada and around the world. The Company's portfolio of multimedia offerings encompasses 44 specialty television networks, 15 conventional television stations, 39 radio stations and a global content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, and media and technology services.

The Company was originally incorporated under the *Canada Business Corporations Act* as 3470652 Canada Inc. on March 3, 1998. Corus amended its articles to change its name to Corus Entertainment Inc. on May 28, 1999 and subsequently amended its articles on August 26, 1999 to create additional classes of shares. Corus commenced operations on September 1, 1999. On that date, pursuant to a statutory plan of arrangement ("the Arrangement"), Corus was separated from Shaw Communications Inc. ("Shaw") as an independently operated, publicly traded company and assumed ownership of Shaw's radio broadcasting, specialty television, digital audio services and cable advertising services businesses, as well as certain investments held by Shaw.

Pursuant to the Arrangement, Class A shareholders of Shaw received one Class A participating share of Shaw ("Shaw Class A Share") and one-third of a Class A participating share of Corus ("Corus Class A Voting Share") for each Shaw Class A Share previously held by them. Class B non-voting shareholders of Shaw received one Class B non-voting participating share of Shaw ("Shaw Class B Share") and one-third of one Class B non-voting participating share of Corus ("Corus Class B Non-Voting Share") for each Shaw Class B Share previously held by them.

On September 3, 1999, the Corus Class B Non-Voting Shares were listed and posted for trading on the Toronto Stock Exchange (CJR.B). On May 10, 2000, Corus Class B Non-Voting Shares were listed for trading on the New York Stock Exchange (CJR).

On December 18, 2003, the Company amended its articles to state that no Class A Voting Shares may be issued unless the prior written consent of holders of no fewer than two-thirds of existing Class A Voting Shares is obtained. The Company also amended its articles on January 9, 2008 to implement a two-for-one stock split of its Class A Voting Shares and Class B Non-Voting Shares (each such term as defined below under the heading "Capital Structure"), effective February 1, 2008.

The Company voluntarily delisted from the New York Stock Exchange on August 4, 2010. On August 16, 2011, Corus filed a Form 15F with the U.S. Securities and Exchange Commission ("SEC") to voluntarily terminate registration of its Class B Non-Voting Shares, with the deregistration being effective 90 days after the Form 15F filing date.

On April 4, 2018, the board of directors of the Company approved the adoption of Amended and Restated By-Law No. 1, subject to confirmation by shareholders eligible to vote at the next annual meeting of shareholders of the Company. If the amendments to the Company's by-laws are not approved by ordinary resolution at such meeting, Amended and Restated By-Law No. 1 will be of no force and effect and the Company will continue to be governed by its prior by-law.

Corus' registered office is located at 1500, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8 and its executive office is located at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

Subsidiaries

The following table describes the significant operating subsidiaries of Corus as at August 31, 2018, their jurisdiction of incorporation or organization, and the combined percentage of voting securities owned by Corus directly or indirectly.

		Voting interest	
Name	**Jurisdiction**	**2018**	**2017**
Corus Media Holdings Inc.	Alberta	100.0%	100.0%
Corus Radio Inc.	Canada	100.0%	100.0%
Corus Radio Sales Inc.	Canada	100.0%	—
Corus Sales Inc.	Canada	100.0%	100.0%
Food Network Canada Inc.	Canada	80.2%	80.2%
HGTV Canada Inc.	Canada	80.2%	80.2%
History Television Inc.	Canada	100.0%	100.0%
Nelvana Limited	Ontario	100.0%	100.0%
Showcase Television Inc.	Canada	100.0%	100.0%
TELETOON Canada Inc.	Canada	100.0%	100.0%
W Network Inc.	Canada	100.0%	100.0%
YTV Canada, Inc.	Canada	100.0%	100.0%

The Company has other subsidiaries, but they have been omitted as each represents 10% or less of total consolidated assets and 10% or less of total consolidated revenues of the Company. These omitted subsidiaries together represent less than 20% of total consolidated assets and revenues of the Company.

STRATEGIC PRIORITIES

The Company adopted a strategic plan with priorities designed to increase shareholder value through organic growth initiatives and acquisitions. There is an ongoing shift in media consumption habits driven by consumers' appetite for more high quality content across a variety of platforms. Advertisers require access to these audiences across platforms with increasingly targeted, relevant and engaging advertising solutions. To achieve its growth objectives, the Company must ensure its brands and content reach its audiences where they are, while deploying advanced advertising products across these platforms. The Company expected to focus on optimizing and monetizing these audiences, both at home and abroad, by pursuing key strategic priorities as follows:

1. Own and Control More Content

   Increase production of owned content and secure rights to world-class branded content to compete effectively in the domestic and international marketplace.
2. Engage Our Audiences

   Build a two-way relationship with audiences, both viewers and listeners.
3. Expand into New and Adjacent Markets

   Pursue growth in unregulated and regulated businesses, domestically and internationally. Leverage expertise into new categories and markets.

The Company expects to advance these strategic priorities by continuing to deepen many of the Company's extensive domestic and global partnerships and through ongoing excellence in execution. Corus is focused on strengthening and diversifying its financial profile with a particular emphasis on generating free cash flow and achieving its financial leverage goals to support further progress on its strategic priorities.

GENERAL DEVELOPMENT OF THE BUSINESS

Over the past three years, Corus has been transforming to meet the needs of a rapidly evolving media and content marketplace, entering into strategic transactions and implementing new initiatives. The development of the business has been influenced by the continued evolution of the media industry as more fully described in the Description of the Industry section as well as significant changes in the regulatory environment, as more fully described in the Canadian Communications Industry – Regulatory Environment section of this Annual Information Form.

FISCAL 2018

In fiscal 2018, Corus focused on internal growth initiatives over acquisitions, as it targeted the maximization of free cash flow and reduction of its financial leverage. These initiatives aligned with a number of Corus' strategic priorities.

Termination of Sale of Historia and Séries+

On October 17, 2017, Corus announced it had reached an agreement to sell its discretionary specialty television networks Historia and Séries+ to Bell Media Inc. ("Bell Media"). The total value of the transaction was to be approximately $200 million and the proceeds of the sale were intended to be used primarily to pay down debt.

On May 28, 2018, the Commissioner of Competition announced that the sale of Historia and Séries+ by Corus to Bell Media was not approved, and on May 30, 2018, Corus and Bell Media announced that they had agreed to terminate the share purchase agreement for these channels. Historia and Séries+ continue to be operated by Corus.

Financing Activity

On November 30, 2017, Corus completed an agreement to amend and extend the terms of its existing credit facility with its bank group. Pursuant to the amendment, the term facility under the credit facility was adjusted from $2.3 billion to $2.1 billion, reflecting principal repayments made since the facility was established, and the maturity dates were extended to November 2021 (tranche 2) and November 2022 (tranche 1). As well, the mandatory repayments for the term facility were fixed at 1.25% per quarter. The maturity date for the $300 million revolving facility was also extended to November 2021. For additional details, see the Material Contracts - Senior Secured Credit Facility section of this Annual Information Form. A copy of the amendment to the credit agreement was filed on SEDAR at www.sedar.com.

On June 27, 2018, Corus announced a revised Capital Allocation Policy, including a new dividend framework. Effective September 1, 2018, Corus' annual dividend rate was adjusted to $0.24 per Class B Share and $0.235 per Class A share, in line with the Company's target long term goal of maintaining a dividend yield in excess of 2.5%. As well, the dividend payment frequency was changed to quarterly from monthly, with the new payment schedule expected to commence in December 2018. Concurrent with this change, the Company announced it would begin to purchase shares on the open market in lieu of issuing new shares to satisfy its obligations under Corus' Dividend Reinvestment Plan (the "DRIP"). In addition, Corus moved to a 0% discount for shares delivered under the DRIP. The dividend remains subject to approval by the Board of Directors each quarter.

As part of the revised Capital Allocation Policy, the Company's stated long-term objective for financial leverage (net debt to segment profit ratio) was decreased to below 3.0 times, which is revised from the previous financial leverage objective of 3.0 to 3.5 times. At August 31, 2018, the Company's financial leverage was 3.28 times net debt to segment profit as compared to 3.46 times at August 31, 2017, reflecting progress on Corus' efforts to pay down debt.

Own and Control More Content

In fiscal 2018, Corus announced a number of initiatives designed to advance its strategic priority to Own and Control More Content as follows:

The Company's Nelvana subsidiary and Discovery Communications announced the formation of a new venture to produce an original slate of content for the global children's animation market. This venture combines the strengths of the Discovery Kids Latin America business with Corus' suite of kids' channels in Canada and its Nelvana subsidiary to produce premium kids' content for sales across linear and digital platforms.

Nelvana also forged a partnership with Sumitomo Corporation to develop and co-produce anime properties with international appeal. Sumitomo is a Japan-based global trading company and, along with partner Zeroichi, Ltd., will develop original anime and toy concepts for sale across leading kids linear and digital platforms around the world.

Nelvana and its animation software subsidiary ToonBoom have entered into a talent development partnership called China Tales Incubator with WeKids for the Chinese animation market. China Tales Incubator is committed to discovering new talent and developing, producing and distributing original, cutting-edge kids' animation from China to global audiences.

Corus Studios added to its slate of original lifestyle programming, with 4 series introduced to the market in fiscal 2018 and 11 series greenlit for fiscal 2019. Corus Studios' catalogue included 186 episodes of content featuring home renovation, real estate, fashion and travel genres at the end of fiscal 2018.

Engage Our Audiences

In response to shifting consumption habits by audiences, Corus expanded its premium video-on-demand ("Premium VOD") content offerings with a number of its broadcasting distribution undertakings ("BDU") customers in fiscal 2018. Many of the VOD offerings for Corus' key specialty television services, including YTV, Showcase, HGTV, Food and History, were enhanced to include full in-season stacking rights and, in some cases, multiple seasons of content. These new offerings serve to enhance the value proposition for subscribers and provide Corus with a new source of subscriber revenue as well as advertising revenue from dynamic ad insertion ("DAI") on VOD content where DAI technology is available.

Expand into New and Adjacent Markets

Corus continued to make investments in data analytics and advanced advertising technology to improve its position in the marketplace. With television advertisers seeking increased efficiencies and ease of transacting with Corus, in fiscal 2018 the Company developed and introduced "Cynch" in beta trial, the first automated television advertising buying platform in Canada. Cynch is a full serve-platform that streamlines the advertising buying process, improves reporting timelines and enables integration of other data sources to inform and improve advertising campaigns. The Company is working towards a full roll-out of this new product in late fiscal 2019.

To address growing audience and advertiser demand for short form content, Corus launched its own social digital agency known as so.da in June 2018. so.da produces short form content for distribution on social media platforms, and offers data analytics, advertising integrations, sponsorships and creative services to customers. so.da has partnered with Twitter to produce three short-form series focused on entertainment, lifestyle and food genres to offer advertisers and audiences new ways to engage with Corus content.

FISCAL 2017

Following the acquisition of Shaw Media Inc. ("Shaw Media") in fiscal 2016, Corus met its three key objectives for fiscal 2017 as follows:

Complete Shaw Media Integration and Lower Operating Costs

The Company completed its integration of Shaw Media and lowered its operating costs through the capture of annualized cost synergies which were greater than Corus' target of $40 to $50 million.

Improve Competitive Position

The Company's position in the marketplace was improved through increased share of audience in its specialty and conventional television markets as well as certain radio markets, the expansion of offerings for advertisers and further progress in growing Corus' slate of owned content.

Increase Free Cash Flow

Free cash flow was significantly increased to $293 million in fiscal 2017 from $188 million in fiscal 2016. This enabled the Company to achieve its goal of deleveraging to 3.5 times net debt to segment profit by the end of fiscal 2017 while maintaining its annual dividend of $1.14 per Class B Non-Voting Share and making targeted investments to further advance Corus' strategic priorities.

The achievement of these objectives, combined with an ongoing focus on operational efficiencies, resulted in an improved cost structure and enhanced ability to compete in the evolving media landscape.

FISCAL 2016

In fiscal 2016, Corus made significant progress on its multi-year plan to transform into an integrated media and content company. This was achieved through significant merger and acquisition activity as well as initiatives designed to strengthen Corus' competitive position in the marketplace.

The Company continued to advance its strategic priorities, building on initiatives undertaken in fiscal 2015, with the launch of a new suite of Disney-branded discretionary specialty television networks; a broadening of its portfolio of *TV Everywhere* apps; the expansion of its content ownership strategy; and other activities designed to strengthen the business. In November 2015, Corus announced its strategic decision to discontinue its regional Premium Television business and focus on its national media brands, as described below. The Company also embarked upon and successfully completed its transformational acquisition of Shaw Media, which was a key strategic move for the Company in fiscal 2016.

Exit from Regional Premium Television Business

On November 19, 2015, the Company announced that, as part of its plan to invest in and optimize its national media brands, Corus would discontinue its regional Western Canada pay television ("Pay TV") business, which included Movie Central, Encore Avenue and HBO Canada. Effective November 19, 2015, certain of the Company's Pay TV assets and liabilities, which were included in the Television Segment, were reclassified as held for disposal as a consequence of meeting the definition of assets held for sale under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The results of operations of the Pay TV business, as well as its assets and liabilities, are included in the Television segment for the six months ended February 29, 2016, the date upon which Corus ceased operation of this business. Corus received cash consideration of $211.0 million from BCE Inc. ("Bell") to support Bell's national Pay TV expansion efforts.

Acquisition of Shaw Media

On January 13, 2016, the Company entered into an acquisition agreement with Shaw Communications Inc. ("Shaw"), a related party of Corus subject to common voting control, to acquire 100% of its media subsidiary, Shaw Media (the "Shaw Media Acquisition"). On April 1, 2016, the Company completed the Shaw Media Acquisition and consolidated the assets which consisted of 19 specialty television networks, including Food Network Canada, HGTV Canada, Slice, Lifetime, HISTORY, Showcase, National Geographic Canada and BBC Canada, as well as 12 Global Television-branded local and regional conventional television stations in Vancouver, Kelowna, Edmonton, Calgary, Lethbridge, Saskatoon, Regina, Winnipeg, Toronto, Montreal, Saint John and Halifax. Effective April 1, 2016, 100% of the results of operations of Shaw Media, as well as its assets and liabilities, are included in the Television segment. The purchase price for the Shaw Media Acquisition of $2.65 billion was satisfied by Corus through a combination of $1.85 billion in cash consideration and the issuance by the Company to Shaw of 71,364,853 Class B Non-Voting Shares at an agreed value of $11.21 per share for an aggregate value of $800 million.

The Shaw Media acquisition more than doubled Corus' size, providing the Company with enhanced competitive scale and brands.

DESCRIPTION OF THE BUSINESS

Corus' principal business activities are operated through two reporting segments: Television and Radio. The Television segment is comprised of 44 discretionary specialty television networks that provide programming to audiences across Canada, including news, drama, lifestyle, arts, children's and entertainment content; 15 conventional basic carriage television stations, including Global Television; and the Company's content business which includes wholly-owned Nelvana, a global creator, producer and distributor of children's animated content and related consumer products, as well as Corus Studios, Kids Can Press, Toon Boom and Quay Media Services. The Radio segment is comprised of 39 radio stations that are situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated areas of Southern Ontario. The Company also operates companion websites and other digital platforms, including apps, which are related to its brands.

The Company's fiscal year ends on August 31 in each year. The breakdown of revenues by business for the two most recent fiscal years is as follows:

Year ended August 31	**2018**	**2017**
Television	1,499,320	1,529,792
Radio	148,025	149,216
Total revenues	**1,647,345**	**1,679,008**

In both fiscal 2018 and fiscal 2017, the Company's Television segment accounted for 91% of revenues, while its Radio segment accounted for the remaining 9%.

Revenue streams in fiscal 2018 were derived primarily from three areas: advertising, subscriber fees and merchandising, distribution and other, which represented 63%, 31% and 6%, respectively, of total revenues (2017 - 64%, 30% and 6%, respectively).

CORUS OPERATING STRATEGY AND COMPETITIVE STRENGTHS

Corus operates a highly efficient and integrated Television, Radio and Content business, using innovative operating strategies and scale across its portfolio of 44 specialty channels, 15 local televisions stations, 39 radio stations, Nelvana and Corus Studios. These strategies and Corus' competitive strengths are set out in greater detail below.

Deep Partnerships

Corus has relationships with some of the most influential media companies in the world, including The Walt Disney Company; Viacom Inc.; A+E Networks; AMC Networks Inc.; CBS TV; Discovery Communications, Inc.; FOX Broadcasting Company; Harpo Productions, Inc.; NBCUniversal Media, LLC.; SONY Pictures Entertainment, and leading United States and international channel partners, including Discovery Inc.; the BBC; WarnerMedia, LLC.; Hearst Corporation; and National Geographic. These relationships enable Corus to secure high-quality programming for its platforms as well as exclusive access to certain iconic brands for its specialty channel portfolio in Canada such as HGTV, Food Network, History, Disney Channel and others. The Company is focused on supporting its key existing relationships and exploring new relationships with other prominent media companies.

Corus has fostered strong relationships with key global kids programming partners including Disney, Nickelodeon, Cartoon Network, Discovery Kids, Sumitomo, Sony Pictures Animation, Amazon, Hulu, Netflix, Mattel, Hasbro and Spin Master. The extent and strength of these relationships gives Corus a strategic advantage in its efforts to expand its global distribution and merchandising businesses. Investment in new content gives Corus the opportunity to diversify its sources of revenue by creating its own hit properties for global distribution and domestic consumption.

Access to Great Content

Corus uses the breadth of its brand portfolio to obtain favourable and cost effective access to a broad spectrum of programming rights for its television and digital properties. This is particularly important when securing linear and digital rights to programming from global content suppliers. By maintaining key relationships with major U.S. studios and content producers, Corus advances its objective of securing high-quality programming for all of its platforms.

Corus also maintains strong relationships with a number of Canada's most prominent and experienced independent producers in order to secure its supply of Canadian content. Corus develops and/or commissions original Canadian programming in the drama, documentary/factual, kids and lifestyle genres for distribution through all of its platforms and, in some cases, through syndication.

Global Conventional Television Franchise

Corus' television business delivers large national audiences via its Global conventional television business and its 15 stations across Canada. Reaching over 21.4 million viewers every month[1], Global Television provides Canadians with a robust lineup of entertainment and news delivered across multiple platforms. In addition to offering Canadians comprehensive news coverage at the local and national level, Global attracts audiences with a roster of hit series including the *NCIS* and *Chicago* franchises, innovative new formats and original programming.

The scale of Corus' conventional television business enables it to bid on and secure robust packages of premium drama and movie content that can be shared across its specialty television portfolio. The large audiences delivered by Global also enable Corus to commission original tent-pole franchise shows such as *Entertainment Tonight Canada* and *Big Brother Canada*, which offer advertisers innovative integration opportunities. Finally, Global is a powerful cross-promotional platform for many of Corus' top specialty television brands and marquee hits, which reduces the need for Corus to spend on third party marketing platforms.

Leading Specialty Television Portfolio with Attractive Audiences

Corus' growth strategy for its specialty television networks focuses on building a portfolio of strong brands and content that engages audiences and is accessible across multiple platforms. With this large portfolio encompassing the kids, women, drama, lifestyle, family, news and general entertainment categories, the Company offers a broad choice of advertising solutions and bundling opportunities, with an efficient platform for cross-promotion.

Corus has optimized its kids specialty television brands to provide viewers with a range of differentiated services, each targeted to specific ages and stages of their lives. This portfolio approach enables Corus to strategically deploy its programming across the kids television services in order to maximize the return on its content investments.

[1] Numeris PPM Data, Total Canada, Broadcast Year (Aug28/2017 – Aug 26/2018), Global Total, AvMRch, Ind.2+

Internal research reveals that the Corus Kids' portfolio of television services reached approximately 96% of Canadian kids ages 2-11 and approximately nine out of 10 moms with kids under 12 in the past year.[1] Television is viewed by parents as quality family time, and it's one of the top three activities they enjoy with their children, which Corus believes resonates with advertisers seeking to access this audience.

In the Women's category, Corus is recognized for its expertise in marketing to women and has achieved a leadership position in Canada via its differentiated scale. Corus uses research-based insights to deliver content that attracts audiences across its portfolio of complementary drama and lifestyle brands. This is important because the Company's internal research indicates that approximately 90% of household purchase decisions are made by women across an array of categories, from consumer packaged goods to financial institutions.

Relationships with Advertising Agencies

Annual spending from major advertising agencies drives a significant portion of Corus' advertising revenue. The breadth of the Corus portfolio and its strong presence in highly sought after demographics, such as women and families, are two important factors that contribute to securing its annual spending from major advertising agencies. Corus has six of the top 10 specialty television channels for adults aged 25 – 54, seven of the top 10 specialty television channels among women aged 25 – 54 and eight of the top 10 specialty television channels for kids aged 2 – 11.[2]

These channels, along with the scale of Global, ensure that Corus is an attractive partner for advertising agencies. The Company seeks to optimize its advertising revenues through bundled cross-platform and cross-brand sales on a local, regional and national basis.

Advertising Innovations

As advertising models and technologies evolve, the ability to precisely target key demographics is becoming increasingly important to the advertising industry. The acquisition of Shaw Media and the formation of a dedicated data analytics and advanced advertising team has accelerated Corus' efforts in this regard. Corus was the first television company in Canada to offer audience-based buying. This product provides advertisers the ability to reach highly targeted demographics with both first party and third party data sets, and move beyond the traditional age and demographic options offered by television. Corus' Cynch platform, one of Canada's first automated television buying advertising platforms, is designed to simplify the buying process for advertisers with an easy-to-use, self-serve interface. The platform also improves the frequency and accuracy of reporting. Additionally, Corus has launched its own social media agency, so.da, which provides innovative short form content and social media solutions for its advertising customers. Corus also focuses on the growing premium VOD advertising market in Canada. Corus has expanded its on demand offering with BDUs for its key specialty channels. This enhanced offering, combined with dynamic advertising insertion capabilities offered by certain of its BDU customers allows Corus to participate in this emerging new revenue stream.

Corus is working closely with industry organizations such as Numeris and other Canadian media companies to improve audience measurement mechanisms. Examples of these initiatives include Numeris' Video Audience Measurement, which aims to measure audiences across multiple platforms such as linear television, VOD, web, apps and other platforms. By gaining a more thorough understanding of viewers and their consumption habits, Corus expects to be able to provide more robust, targeted and relevant advertising solutions for its customers.

Compelling, Cost Effective Content for Distributors

The Company provides its distributors with strong, differentiated brands and content that Corus believes have the potential to attract and retain subscribers. Corus has in place a number of large content output agreements which have enabled the expansion of the Company's on demand offering for its cable and satellite partners, adding in-season stacking rights for many of its leading specialty television channels. Corus channels deliver audiences more efficiently to distributors at a lower cost than more expensive specialty sports channels.[3] Corus also believes it is well positioned for the potential arrival of new foreign digital distributors to Canada. Corus' specialty television brands such as HGTV Canada, Food Network Canada, National Geographic Canada and HISTORY have typically been included in many skinny bundles offered by these players in the U.S. market. Corus' portfolio of specialty television channels, combined with Global, positions the Company to supply services to these platforms should they choose to launch in Canada.

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1 Numeris PPM Data, English Canada, Broadcast Year (Aug28/2017 – Aug26/2018), Corus English Kids stns, Cum Rch%, K2-11, W25-54 w/kids<12

2 Numeris PPM data, Total Canada, Broadcast Year (Aug28/2017 – Aug26/2018) Mo-Su 2a-2a, CDN Eng Spec/Dig stns excluding sports stns / Kids ranker based on CDN Eng Kids stns only

3 Ratio of % of total audience viewing delivered by Corus specialty channels divided by % total wholesale subscriber revenue captured by Corus Specialty channels is 1.8x versus 0.5x for specialty Sports channels. Source: CRTC individual discretionary and on-demand services statistical and financial summaries 2012-2016, Numeris PPM Data, total Canada Mo-Su 2a-2a, 8/29/2016 to 7/17/2017)

Strength in Local

Global's local television stations are present in a number of markets with Corus radio stations across Canada. Corus' local market assets attract viewers and listeners with brands, content and personalities that Corus believes are relevant to its communities. The Company's local sales teams develop direct relationships with many small business owners without a third party advertising agency intermediary. This relationship is strengthened by the role Global News plays in community partnerships, sponsored initiatives and promotion of charities important to local business owners. The complementary fit of local television and radio offers opportunities for cross-promotion and advertising bundling options for local advertisers.

Combining local television and radio has also led to strategic content sharing. Corus Radio uses the news gathering strength of Global News to optimize Corus' network of news-talk radio brands. With Global Television's news bureaus and correspondents in every major Canadian city, as well as Washington, D.C. and London, England, Corus is able to provide analysis on important local, national and international events. Corus, as one of the largest news-talk radio operators in Canada, uses this content on its radio stations to drive audiences across its many platforms.

Deploying the "Corus Advantage"

Corus has made it a priority to own and control more content for use on its many platforms and for sale globally. The Company has built a leadership position in the Canadian entertainment marketplace by integrating its specialty television networks with its production, distribution and merchandising businesses. The Company calls this vertically integrated model the "Corus Advantage", as it provides Corus with a competitive strength and fuels its investment in owned content. The "Corus Advantage" enables the Company to build brands that not only resonate with Canadians, but also with consumers around the world.

Corus directs a certain amount of its required annual Canadian content spending towards television content produced and distributed by its own Nelvana and Corus Studios businesses. By tapping into other sources of third party production financing, Corus is able to cost effectively produce and own a slate of children's and lifestyle programming. This slate is then sold to broadcasters and distributors around the world, providing Corus with an opportunity to diversify its revenue streams. Corus works collaboratively with potential buyers to provide support, sharing scheduling strategies and promotional assets which help to drive ratings. This an important differentiator for Corus compared to other distributors of content in the international marketplace.

Through Nelvana and Corus Studios, a growing roster of kids and lifestyle content is expected to drive domestic ratings on Corus' specialty television channels and enable sales into the content-hungry global marketplace. The Company's owned content allows Corus to participate in this revenue growth opportunity.

Optimized Operating Model

Corus embraces innovation and new technologies to help reduce its operating costs. Global News deploys a highly efficient multi-market content production model to produce local news for small markets. By centralizing news production and control room functions, Corus is able to cost effectively deliver late night and weekend newscasts to multiple local markets across the country. Corus Television is using machine learning to optimize the scheduling and frequency of cross promotion spots on its networks to drive maximum return on its promotional inventory.

Reaching Audiences on New Platforms

Canadians engage with Corus' brands on digital and mobile platforms through its portfolio of websites. With these websites, Corus seeks to deepen its connection between brands and viewers beyond the television platform. In addition, Corus ensures its content is available on other digital platforms, with a suite of TV Everywhere apps for smartphones and tablets which enable audiences to engage directly with the Company's brands to address the evolving on-demand needs of viewers.

With consumer media habits evolving, Global continues to enhance its digital footprint, delivering its television brands on digital and mobile platforms through a portfolio of websites and apps. Global continues to provide innovative storytelling with its app, Global Go, and online platform, Globalnews.ca, one of Canada's fastest growing news websites. Global Go allows viewers to watch live TV, full episodes, clips and video exclusives on demand on iOS and android mobile devices. Global Go reaches over 190 thousand unique visitors each month (+25% year-over-year)[1] and delivers over 1.9 million video views each month.[2] These products generate revenues through fees paid by BDUs that offer the products to their subscribers and through the sale of digital video advertising.

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[1] comScore Mobile Metrix, Multi-Platform data,3-month average ended August 2018, Base: Total Canada, All locations, 18+ mobile audience

[2] Adobe Analytics, 3-month average ending September 2018

Global News continues to pursue a strategy that reflects how viewers consume news content. Globalnews.ca enables Canadians to access Global News coverage where and when they want, through the web, mobile devices, e-mail alerts, RSS feeds and social media. On average, Globalnews.ca reaches over 12.4 million unique visitors each month (+11% year-over-year)[1], and the site incorporates native content advertising opportunities for advertisers, giving them new ways to engage with the Global News audience.

In fiscal 2018, Corus Radio launched a new podcast network, CuriousCast, to respond to a growing interest from listeners for new on-demand offerings. CuriousCast's podcast line-up includes music, sports and news features, and provides a new source of revenue to Corus via its strategic sales partnership with The Podcast Exchange.

Merchandising Capabilities

Nelvana's merchandising business has achieved recognition and popularity worldwide with its portfolio of brands including *Beyblade*, *Bakugan, Franklin* and *Babar* and emerging properties such as *Esme and Roy*. Nelvana's merchandising efforts focus on building successful brand extensions and consumer products programs domestically and internationally, covering major product categories such as toys, apparel, book publishing and interactive products.

TELEVISION

The Company's Television segment is comprised of 44 specialty television networks, 15 conventional television stations and a global content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, and media and technology services.

On April 1, 2016, the Company's television business grew significantly due to the Shaw Media Acquisition, which provided the Company enhanced competitive scale and brands.

Description of the Industry

BDUs reported collectively to the CRTC that there were approximately 10.7 million subscribers to television programming services in 2017.[2] There were approximately 8.7 million cable and Internet protocol television ("IPTV") subscribers and 2.0 million direct-to-home ("DTH") satellite and multipoint distribution systems ("MDS") subscribers in 2017.[3]

A series of policy statements and substantive decisions from the CRTC, under the overall mantle known as "Let's Talk TV", have introduced several changes to the regulatory framework governing BDUs and Broadcasting Undertakings. For further details, please refer to the *Canadian Communications Industry – Regulatory Environment* section of this Annual Information Form.

Conventional Television

Conventional basic carriage television stations are licensed by the CRTC and provide over-the-air ("OTA") broadcast television signals to viewers within a local geographical market or on a networked basis. In addition to receiving conventional television signals off-air, the majority of Canadian viewers have access, either directly or through a BDU, to the television signals of U.S. border stations, which are generally affiliated with one of the four U.S. commercial networks (*ABC, NBC, CBS* and *Fox*) as well as a Public Broadcasting Service ("PBS") station. The CRTC mandates that Canadian BDUs must distribute the signal of a local or regional conventional station in place of the signal of a foreign television station when the two stations are broadcasting identical programming simultaneously and a request is made for this substitution. This is referred to as simultaneous substitution. Canadian conventional television stations generate revenue from advertising and receive no subscription revenues. There is no limit to commercial messages that a conventional television station may broadcast. The success of conventional television is dependent on the quality and popularity of programming that result in audience ratings which, in turn, attract advertisers to a station or network. According to the CRTC, total television advertising revenues in 2017 were approximately $3.0 billion in Canada. Privately-owned OTA television services received a 50% share or approximately $1.5 billion of total television advertising revenues in 2017, compared to approximately $1.6 billion or a 49% share of total television advertising revenues in 2016.[4]

Since August 31, 2011, OTA television stations in certain areas stopped broadcasting analog signals and started broadcasting digital signals. On March 1, 2016, certain of the CRTC's revised carriage rules for BDUs came into effect, creating an obligation for BDUs to offer their subscribers an entry level basic service of local conventional broadcast stations and certain mandatory distribution of specialty discretionary services (known as "skinny basic") at a maximum price of C$25 retail a month. For further details, please refer to the *Canadian Communications Industry – Regulatory Environment* section of this Annual Information Form.

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[1] comScore Media Metrix, Multi-Platform data, 3-month average ending August 2018, Base: Total Canada, All locations, 2+ digital audience

[2] CRTC – Broadcasting Distribution Cable, Internet Protocol Television and Direct-to-Home Statistical and Financial summaries 2013-2017

[3] *ibid*

[4] CRTC Broadcasting Financial Summaries Highlights, 2017

Discretionary Services: Specialty Television

Specialty television services, along with pay television services ("Pay TV"), pay-per-view ("PPV") and video-on-demand ("VOD"), generated $4.3 billion of combined advertising and subscriber revenues in 2017, according to the CRTC.[1]

Canadians who subscribe to the service package of a particular BDU (i.e. cable television, IPTV, DTH satellite or MDS) have specialty television networks made available to them on a discretionary basis, which provide special interest, news, sports, arts and entertainment programming.

Specialty television networks obtain revenues by charging a monthly subscriber fee to BDUs and can also generate advertising revenues unless prohibited under their CRTC conditions of license.

The amount of the subscriber fee is specified in the network's agreement with the BDU and the number of subscribers for a specialty network depends primarily upon pricing, packaging of services and subscriber preference. A specialty television network's subscriber penetration will also benefit from the extent to which it is packaged or tiered with other popular specialty television networks.

Specialty television networks appeal to advertisers seeking highly targeted demographics. Access to new advertising technology is enabling networks to more precisely target audiences on these networks and the television industry is actively developing these types of offerings for advertisers. The CRTC limits national advertising to 12 minutes or less an hour for specialty television services but does not regulate advertising rates. According to the CRTC, total television advertising revenues in 2017 were approximately $3.0 billion in Canada. Specialty and pay television networks, along with PPV and VOD, received a 44% share of total television advertising revenues, or approximately $1.3 billion in 2017, compared to approximately $1.3 billion or a 43% share of total television advertising revenues in 2016.[2]

Previously, Canadian specialty networks experienced subscriber growth due to advances in cable-based delivery systems and the growth of DTH satellite services and IPTV providers. This trend from traditional BDUs has recently stagnated. According to the CRTC, in 2017 subscriber revenues of $2.94 billion for discretionary television services, including specialty television, were down 1.2% from $2.97 billion in 2016.[3]

Globally, new television distribution platforms are emerging, such as virtual multichannel video programming distributors ("vMVPDs"), smart TV platforms, and Android-based device platforms that offer consumers new ways to subscribe to content. The Company is monitoring any potential launch of foreign vMVPDs into the Canadian market. Smart TV penetration rates in Canada have grown to approximately 45% of households in 2017[4], and Android-based devices are widely available in Canada through retailers such as Walmart and Amazon.ca. These platforms offer potential new subscriber revenue opportunities for Corus as they expand their presence in Canada.

Production and Distribution

While some children are now consuming content differently, demand for animated children's programming remains strong. There are numerous television networks around the world that broadcast dedicated children's programming blocks and other programming exclusively for children. Also, over-the-top ("OTT") platforms including content creators and aggregators such as *Netflix, Amazon Prime* and *Hulu*, standalone set-top boxes such as *Apple TV,* online video platforms such as *YouTube* and authenticated TV Everywhere platforms on mobile devices are becoming increasingly popular with children.

The Canadian production industry has enjoyed growth over the past decade, expanding at a compound annual growth rate ("CAGR") of 4.6%.[5] Total Canadian production revenue was $8.4 billion in 2017, with children's animation accounting for $266 million of that figure.[6] The expansion of OTT platforms and the related growth in viewing is increasing demand from distributors that focus on children's content. As such, the platforms represent an important category of buyers for children's content. North American OTT revenue is expected to grow by 8.6% (CAGR) producing revenue of US$32.1 billion in 2022.[7] The popularity of lifestyle content is also leading to increased demand from global distributors, both in terms of programming and licensing of formats.

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[1] CRTC Broadcasting Financial Summaries Highlights, 2017

[2] *ibid*

[3] *ibid*

[4] Media Technology Adoption, Analysis of the English-Language Market Spring 2017

[5] CMPA Profile 2017

[6] *ibid*

[7] PWC Global Entertainment & Media Outlook 2018-2022

Merchandising

The sale of licensed entertainment merchandise is a multi-billion dollar industry. According to industry market data, in 2017, retail sales of licensed entertainment/character merchandise in Canada and the United States was US$13.2 billion, up 3.4% over 2016 figures. Outside the US and Canada, the figure was US$17.9 billion, up 3.1% over 2016.[1]

Publishing

According to industry market data, global professional, consumer and educational book publishing sales are expected to remain relatively flat, growing by 1.5% CAGR between 2017 and 2022.[2] In the U.S. market, book revenue is expected to increase by 1.8% CAGR from $36.8 billion in 2018 to $40.2 billion USD in 2022.[3] Canada's publishing industry is growing at more than twice the speed of the US's, having reported total revenue of US$1.8 billion in 2017, and annual revenue is expect to build at 2.5% CAGR to reach more than US$2.0 billion by 2022.[4]

Animation Software

Concurrent with advancements in technology, animation software is now broadly available in the market for home users and creative professionals. Demand for animated content and therefore, animation software, has increased with growth in the number of television networks and OTT platforms dedicated to animated content.

Digital Technology

Technology is driving more consumer change today than ever before by allowing consumers to access content anywhere, anytime. Mobile platforms, from smartphones to tablets, are growing quickly. The applications market offers new business models for new media and social networks, and has become a driving force in marketing, community and communications.

A trend in the television sector is the introduction of innovative products and services tailored to the digital environment. TV broadcasters and BDUs have introduced mobile platforms, commonly referred to as "TV Everywhere" platforms. As well, they are enhancing their video-on-demand offerings to increase the value proposition of traditional television and reduce the amount of "cord cutting", which is when customers drop their television subscription in favour of accessing content through OTT, over-the-air or other on-demand services. TV Everywhere platforms allow television customers to access content through internet-based services such as apps. Robust next generation cable boxes are also designed to enhance the subscriber experience. These platforms feature voice activated search and seamless navigation across cable, OTT, and other content subscription products.

Competitive Conditions

Advertising Revenues

According to the CRTC, in 2017, Canadian discretionary television services, including specialty television networks, collectively generated $1.3 billion of advertising revenues and Canadian privately-owned conventional television stations collectively generated $1.5 billion of advertising revenues.[5] Total TV advertising revenues in Canada were $3.0 billion in 2017.[6] Corus competes for advertising revenues not only with other conventional stations and specialty networks but also with other forms of media including digital, print, radio and outdoor. Digital advertising has grown significantly and now accounts for the largest share of advertising spending in Canada.

Subscriber Revenues

The CRTC reported that in 2017, Canadian discretionary television services, including specialty television networks, collectively generated $2.9 billion of subscriber revenues.[7]

Competition among specialty television networks in Canada is highly dependent upon the offering of discounted or new customer prices; marketing and advertising support; and other incentives to BDUs for carriage. These offers and incentives are designed to favourably position and package the services to subscribers so as to ultimately achieve higher distribution levels. Corus competes against other conventional stations and specialty networks to attract subscribers.

[1] Licensing Letter, August 2018, Vol XLII, No. 8

[2] PWC Global Entertainment and Media Outlook 2018-2022

[3] ibid

[4] *ibid*

[5] CRTC Financial Summaries for Broadcasting Sector, 2017

[6] *ibid*

[7] *ibid*

Increasingly, the Corus television networks are also competing with OTT players that are not regulated by the CRTC. OTT platforms have gained traction in Canada and are impacting specialty television networks by increasing competition for programming and subscribers. Corus' television services also compete with a number of foreign programming networks that have been authorized for distribution in Canada by the CRTC such as *TLC, A&E* and *AMC*.

Programming Expenditures

Programming costs are the largest expense for Corus' television business. The Company strategically manages its spending to maximize the return on investment for its programming investments. A number of long-term agreements are in place with Corus' media and channel partners to secure programming for its television services. In addition, the Company produces owned content for use on its television networks and for sale in the international marketplace.

Content Production and Distribution

The market for the production and distribution of television, books and other media content is competitive. There are numerous domestic and international suppliers of media content, including vertically integrated major motion picture studios, television networks, independent television production companies, toy companies and children's book publishers. Many of these competitors are significantly larger than Corus and have substantially greater resources, including easier access to capital. Corus competes with other television and motion picture production companies for ideas and storylines created by third parties, as well as for actors, directors and other personnel required for productions.

Further, vertical integration of the television broadcast industry worldwide, and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available timeslots for programs produced by third-party production companies.

On the other hand, many new digital competitors have entered the market, creating growth in demand from OTT platforms and creating new revenue streams for content creators globally. As an integrated media and content company, Corus produces high-quality content which is distributed on its own portfolio of brands as well as sold to international buyers. This is enabled by Corus' extensive relationships with both the production community and global distributors of content.

Publishing

Canadian book publishers face competitive market conditions. Evolving consumer media habits and an increase in entertainment options is resulting in greater competition for share of leisure time, and for consumers' discretionary spending dollars. Additionally, ongoing consolidation of the industry tends to favour large multinational corporations that realize significant economies of scale. While there has been some growth in the number of independent bookstores opening in North America, a small number of distributors account for the majority of sales and their focus is on best sellers. As well, the consolidation of retail outlets in Canada has meant less shelf space for Canadian books.

Business Overview

Conventional Television Stations

Corus operates the Global Television network of 15 conventional stations located in Vancouver, Kelowna, Edmonton, Calgary, Lethbridge, Saskatoon, Regina, Winnipeg, Toronto, Peterborough, Durham, Kingston, Montreal, Saint John and Halifax.

Global Television 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 and is included in the new basic television packages offered by the BDUs as part of the policy/regulatory changes implemented by the CRTC in 2016.

Global News is both a stand-alone news brand and an integral part of the overall Global Television brand. On average, Global News reaches approximately 14.3 million viewers per month nationally[1], and is the top morning, noon, national, and late night news program for adults aged 25 – 54 in Western Canada.[2]

With news bureaus and correspondents in every major Canadian city, Washington, D.C. and London, England, Global National provides Canadians with in-depth analysis and perspective on important national and international events.

[1] Source: Numeris PPM Data, Total Canada, Broadcast Year (Aug 28/2017 – Aug 26/2018), AvMRch (000), Ind.2+

[2] Source: Numeris PPM Data, Broadcast Year (Aug 28/2017 – Aug 26/2018), Mo-Su 2a-2a, Cdn Conv Eng stations - Calgary, Edmonton, Vancouver News pgm rankers based on 3+ airings, A25-54

Specialty Television

Corus' specialty television networks operate in the "Discretionary Services" segment as defined by the CRTC regulations, which include services providing programming such as news, arts, children's, drama, lifestyle and entertainment programming. Corus owns a total of 44 specialty television networks. While the portfolio is highly complementary, each brand has a distinct programming focus within the children's, lifestyle, documentary/factual, drama or news genres, or a mix of these.

As at August 31, 2018, Corus operated the following specialty television networks:

Specialty Channel	% Economic Interest	Summary Description
ABC Spark	100%	ABC Spark connects to young adult audiences with bold, original programming and immersive social engagement. Fresh, modern and fun, ABC Spark offers a mix of hit original series, fan-favourite movies and popular holiday stunt events. ABC Spark is built on the foundation of the highly successful U.S. brand Freeform, part of the Disney/ABC Television Group.
Action	100%	With a thrilling combination of high-energy hit movies and hilarious, laugh-out-loud series, Action provides non-stop access to explosive programming
BBC Canada	50%[(1)]	Operates in partnership with BBC Worldwide, delivering the best of British television with exclusive access to a broad range of British programming including cheeky comedies, critically acclaimed dramas and entertaining lifestyle series
BC 1	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
Cartoon Network Canada	100%	Cartoon Network (Canada) offers award-winning animated global entertainment for kids and families across multiple platforms
Cooking Channel Canada	71%[(2)]	Cooking Channel Canada is a 24-hour network that caters to avid food lovers. It's the answer to a growing appetite for more content devoted to food and cooking in every dimension; from global cuisines to international travel, to food history and unconventional how-tos.
Cosmopolitan Television	54%[(3)]	CosmoTV delivers on fun, flirty and irreverent entertainment for millennial women, offering a line-up of guilty pleasure programs including perrennial fan favourites
CMT Canada	80%	CMT offers a funny, light hearted programming mix of hit comedies, reality series, movies and late night talk shows
Crime + Investigation	100%	Is dedicated to investigating the truth, and confronting life's mysteries through true crime stories and dramatic series
DejaView	100%	DejaView is the channel devoted to TV's ultimate classics with some of the most enduring classic sitcoms of all time, plus a trove of familiar favourites and acclaimed hits from the past 50 years of TV
Disney Channel Canada	100%	Disney Channel is a 24-hour kid-driven, family-inclusive television network that taps into the world of kids and families through imagination, laughter and optimism with popular TV shows and larger than life original movies
Disney Junior Canada	100%	Disney Junior offers engaging programming for younger children with magical, musical and heartfelt stories. This is a 24-hour a day network with development-based programming, dedicated to little ones.
Disney XD Canada	100%	Disney XD offers a compelling mix of live-action and animated kids programming, transporting viewers into worlds full of humour, unexpected fun and inspiring action-filled adventures
DIY Network Canada	67%[(2)]	Serves as one of Canada's go-to destinations for home improvement television, featuring programs and experts intended to assist viewers on everything 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)]	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

Specialty Channel	% Economic Interest	Summary Description
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 connection people have with their homes by offering programs featuring home renovations, entertainment and advice
Historia	100%	A French-language network specializing in programming that brings historical stories from Canada and around the world to life
HISTORY	100%	Specializes in original and acquired programming that brings 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%	Is a premiere destination for independent films, plus bonus movie features and exclusive series about the world of moviemaking
La chaîne Disney	100%	A kid-driven, family-inclusive French-language network that taps into the world of kids and families through original series and movies
Lifetime	100%	Offers a mix of scripted and unscripted series and movies featuring Hollywood stars and real-life personalities that provide audiences with opportunities to escape, indulge, laugh and be moved
OWN: Oprah Winfrey Network Canada	100%	Offers a lineup of original series and specials that focus on educating, entertaining, informing and inspiring viewers to live their best lives
MovieTime	100%	Offers movie lovers access to an extensive collection of favourite hits
National Geographic	50%[1]	Features scientific exploration and adventure programming from around the globe that showcases adventurers, explorers and scientists
Nat Geo Wild	50%[1]	A sister network to National Geographic that focuses on wildlife and natural history programming, bringing viewers up close to animals in remote environments and closer to home
Nickelodeon Canada	100%	Nickelodeon features all-time favourite Nick shows plus never-seen-before shows and live special events. Nick is a destination for side-splitting, kid-friendly fun.
Séries+	100%	A French-language channel that offers a wide range of popular Canadian and American programs, original series, as well as exclusive foreign programming
Showcase	100%	Canada's leading premium drama network serves as the destination for award-winning series and hit blockbuster movies
Slice	100%	Powered by exclusive Bravo series and buzzworthy personalities, Slice offers the perfect escape for women
Telelatino (including: TLN, EuroWorld Sport, Mediaset Italia, TGCOM 24, TeleNiños, Univision Canada, Telebimbi)	50.5%	A group of ethnic specialty television networks that offer general interest domestic and international programming in Italian, Spanish and English languages
TELETOON/ TÉLÉTOON	100%	TELETOON is a cartoon-crammed network that delivers comedy, unexpected surprises and action through animated series and hit blockbuster movies. TÉLÉTOON is a French-language channel extension of the English-language channel TELETOON, featuring a wide range of animation programming in all forms for kids and young adults
Treehouse	100%	Treehouse represents quality television that is 100% devoted to pre-school children from breakfast to bedtime. Delivering a balance of educational, imaginative and entertaining programs, Treehouse provides high-quality children's series from Canada and around the world.

Specialty Channel	% Economic Interest	Summary Description
W Network	100%	Celebrates TV's most entertaining relationships through dramatic series, exclusive movies and box-office favourites. W embraces unique, exceptional and entertaining relationships that make for great dramatic storytelling for women.
YTV	100%	As Canada's first dedicated network for Kids, YTV embraces its role in all things funny for families. YTV's comedy lineup is supported by a brand voice that has a mandate to surprise and delight.

(1) Voting interest is 80%

(2) Voting interest is 80.2%

(3) Voting interest is 67%

Content Business

Corus creates premium content that is sold in more than 160 countries around the world. Nelvana, the cornerstone of the Company's kids content business, is globally recognized as a leading creator, producer and distributor of children's animated content and consumer products. With the launch of Corus Studios in fiscal 2016, the Company has expanded into a new area of content creation, developing a growing slate of original unscripted lifestyle content targeted to women and families.

Nelvana's award-winning animation studio has developed and produced a roster of world-class properties that include *Babar, Franklin, Max & Ruby, Hotel Transylvania: The Series* and *Mysticons*. The programming is sold to many of the world's leading media companies and digital service providers, as well as being deployed across the Company's own media platforms. The content is distributed through three sales and distribution offices located in Toronto, Canada; Limerick, Ireland and Paris, France.

At August 31, 2018, Nelvana's program library, which includes proprietary owned content as well as acquired rights, totaled over 4,300 half-hour equivalent episodes, comprising 98 animated television series, 25 specials, 9 animated feature length films and 15 live action series. The Canadian television market accounts for approximately 50% of Nelvana's production and distribution revenues in fiscal 2018, compared to approximately 27% from the U.S. market and approximately 23% from the international market.

Corus Studios is focused on growing its library of owned and/or distributed unscripted lifestyle programming, which is deployed across the Company's media platforms in Canada and sold to many of the world's leading media companies and networks for distribution on their international platforms. Corus Studios introduced 41 episodes of series such as *Masters of Flip*, *Worst to First* and *The Baker Sisters* into the international marketplace in fiscal 2018. The Corus Studios content slate totaled 186 episodes at the end of fiscal 2018. The content is distributed through two sales and distribution offices located in Toronto, Canada and Limerick, Ireland.

Toon Boom is a leader in digital content and animation creation software solutions with a worldwide sales, distribution and support network, selling its products in more than 100 countries. The Company uses this software as part of its content creation process and Toon Boom's other major media clients include The Walt Disney Company, Cartoon Network, Fox, Dreamworks and Ubisoft. Toon Boom carries user-friendly applications catering to studios, creative professionals, home users as well as students, educators and schools.

Kids Can Press is the largest Canadian-owned children's book publisher. Its catalog includes many award-winning titles in its list of over 700 picture books, non-fiction and fiction titles for young readers. For over 45 years, Kids Can Press has distinguished itself as a publisher of high-quality children's books and continues this tradition with its digital publications, custom publishing partnerships and brand marketing initiatives.

Quay Media Services is a provider of technology service offerings for the television broadcast and production sector. Launched in 2015, this business leverages the advanced technological capabilities of Corus' largest media and broadcast facility, Corus Quay. Quay Media Services offers a robust suite of services that includes master control playout and signal origination; content delivery, studio and post-production facilities, media asset management and encoding/transcoding; and closed captioning, described video and subtitling for both domestic and international customers.

RADIO

Description of the Industry

In any market where there are at least eight commercial radio stations in English or French, the CRTC allows a single owner to own as many as two AM and two FM stations in that language. CRTC data states that in 2017, there were 712 private commercial radio stations in Canada, of which 83% were FM stations and 17% were AM stations.[1]

The commercial radio industry is dependent upon airtime advertising revenues for economic performance and growth. According to the CRTC, the industry generated $1.5 billion in revenues in 2017, which was down 2% from the previous year.[2] Radio stations compete for advertising dollars with all forms of media including television, print, outdoor and digital.

Radio is an efficient, cost-effective medium for advertisers to reach specific demographic groups on a local, regional, and national basis. Stations are typically classified by their on-air format, such as news/talk, classic hits, rock, country, and hot adult contemporary ("Hot AC")/classic hit radio ("CHR"). A station's format and style of presentation enables it to target certain demographics in a market. By capturing a specific share of the radio listening audience, with particular concentration in a targeted demographic, a station is able to market its audience to advertisers. Advertisers and stations utilize data published by audience measuring services, such as Numeris, to estimate how many people within particular geographic and demographic markets listen to specific stations. The number of advertisements that can be broadcast without jeopardizing listening levels, and the resulting ratings, is determined primarily by the format of a particular station and the local competitive environment. The number of advertisements that can be broadcast is not regulated.

Numerous global advertising effectiveness studies have identified radio as delivering significant return on investment across all media. This is relevant for local advertisers in particular, as it is an agile medium that enables advertisers to adjust their message quickly and react to the competition. In the car, radio provides significant reach to an engaged audience, even in relation to new technologies.

Numeris has deployed the portable people meter ("PPM") measurement system in major radio markets across Canada including Toronto, Montreal, Vancouver, Calgary and Edmonton. It is a passive electronic device that measures actual listening. The PPM device registers all radio station exposures over a period of time, in any environment and provides more accurate and granular audience tracking data than the paper-based recall diary method.

Radio broadcasters continue to see the importance of new media platforms that work in tandem with traditional radio stations. Listeners want convenience and accessibility (i.e. content whenever and wherever they want it on multiple platforms). Strong local websites exist for each station to offer advertisers an opportunity to complement on-air campaigns with an interactive element. A successful combination of on-air, online and on-site initiatives contribute to increased brand awareness for the radio broadcaster and the advertiser, translating into a rise in ratings and advertising revenues.

Subscription or satellite radio competes for listeners in the market, providing a number of channels of programming for a monthly fee.

Music streaming apps offer listeners ubiquitous access on smartphones, tablets and car audio systems. Furthermore, listeners have the ability to personalize their music content based on their musical preferences. All Corus Radio stations are streamed online in various forms, many of which contribute to the measurable PPM ratings data for each station.

Competitive Conditions

The financial success of each of Corus' radio stations is dependent principally on its share of the overall advertising revenues within its geographic market, its promotional and other expenses incurred to obtain these revenues, and the economic strength of its geographic market. Radio advertising revenues are highly dependent upon audience share of the sought after demographic groups. Audience share is derived from listener interest in on-air talent, music formats and other intangible factors. Other stations may change programming formats to compete directly with Corus' stations for listeners and advertisers, or launch aggressive promotional campaigns in support of already existing competitive formats. If a competitor, particularly one with substantial financial resources, were to attempt to compete in either of these fashions, ratings at Corus' affected stations could be negatively impacted, resulting in lower net revenues.

Radio broadcasting is also subject to competition from other media. Potential advertisers can substitute advertising through the broadcast television system (which can offer concurrent exposure on a number of networks to enlarge the potential audience); print, outdoor and digital. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars from radio to these competing media and vice versa. In markets near the U.S. border, such as Kingston, Corus also competes with U.S. radio stations.

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[1] CRTC Financial Summaries for Broadcasting Sector, 2017

[2] *ibid*

Traditional and satellite radio face increased competition from music streaming apps, such as Spotify, Apple Music and Google Play Music, which compete for listening time with radio and are increasingly present in the car, where a large portion of traditional and satellite radio consumption occurs.

Business Overview

The Company's Radio division is comprised of 39 radio stations (29 FM and 10 AM stations) situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario.

According to 2017 CRTC data, Corus Radio is the third largest radio operator in Canada in terms of audience tuning.[1] Corus Radio is well positioned in the major English-language private commercial PPM markets of Toronto, Vancouver, Calgary and Edmonton, and is also one of the largest news-talk operators in Canada.

Corus Radio's primary method of distribution is over-the-air, analog radio transmission, with additional delivery platforms including HD Radio, websites and mobile apps. Each radio station's content is available to audiences through traditional analog radio receivers at the particular station's licensed frequency on the AM or FM band. Corus Radio also delivers its content online and on mobile platforms through each station's app.

Corus owns a 50% stake in Canadian Broadcast Sales ("CBS") in partnership with Rogers Media. CBS is the largest national radio sales organization in Canada and their collective market presence reaches 80% of Canada's total population. CBS represents 41 broadcasters and more than 400 radio stations (including repeaters) in 222 Canadian markets.

Corus Radio derives the majority of its revenues from advertising sales. Revenues for fiscal 2018 and 2017 were $148.0 million and $149.2 million, respectively.

Revenues from Corus Radio are derived mainly from two types of advertising:

a) local advertisers that are generally local merchants operating in the trading area encompassed by the station's signal; and
b) national businesses such as automotive manufacturers, breweries, banks, retailers, fast food chains, and similar operations which develop national advertising campaigns.

The extent to which Corus' advertising revenues are from local or national advertising depends on each given market.

Corus Radio targets a number of demographic groups. The group that garners the most advertiser dollars is Adults 25-54. Corus Radio stations are competitive in the top four most sought after demographically targeted groups: Adults 25-54, Adults 18-49, Adults 35-54 and Females 25-54.

Radio is not capital intensive and has a proven business model that creates substantial free cash flow. Additionally, Radio has a higher proportion of fixed costs than variable costs, which results in higher operating leverage.

In addition to advertising revenues, Corus Radio derives a smaller portion of its revenues through non-airtime sources. Websites and social platforms are an essential component of Corus Radio's brand awareness strategy, with loyal listeners that continue to be connected to the station for the music, on-air hosts, events and information-entertainment that is featured on these platforms.

Corus Radio has a clustering strategy, pairing AM and FM radio stations to the limits allowed by the CRTC, based on the size of the market. Clustering improves operating performance by expanding demographic coverage of the market, thereby providing local and national advertisers with an attractive and efficient medium with which to allocate their advertising dollars. Clustering also provides opportunities to share costs among stations in the cluster, which improves operating margins.

Corus Radio strives to lead in the market with its target demographic groups and is competitively positioned in local markets in terms of formats, ratings and demographic appeal. Its growth strategy is based on reaching large, local audiences in two major segments: news and information, and music programming targeted to audience segments that have significant spending power. Corus Radio's stations attract audiences that are significant in both the female and male demographics.

[1] CRTC Financial Summaries for Broadcasting Sector, 2017

Podcasting and Streaming

Audio streaming through websites and podcasts affords the broadcaster and the advertiser a more personal connection with the listener, which is not available through traditional radio. Corus Radio's applications, designed for smartphones, have proven to be very attractive to listeners. More than 8.0 million connections per month are made to Corus Radio stations with approximately 6.9 million hours streamed per month.[1] Corus Radio also streams all seven of its news talk stations and its top six music stations through Apple Music via a partnership with Apple Canada. As a partner in Radioplayer Canada, all 39 radio stations are available on the Radioplayer Canada platform, which has now surpassed 750,000 downloads and streams more than 2.7 million weekly sessions.[2] In summer 2018, Corus launched the new podcast network, CuriousCast, which averages over 1 million downloads per month[3] and hosts more than 35 shows, including Apple Podcast's #1 music podcast, *The Ongoing History of New Music* and top true crime podcast, *Nighttime*.

ADDITIONAL INFORMATION CONCERNING CORUS' BUSINESSES

a) **Intangible Properties**

Corus uses a number of trade marks, service marks and official marks for its products and services. Many of these brands and marks are owned and registered by Corus, and those trade marks that are not registered are protected by common law. Corus also licenses certain marks from third parties. Corus has taken affirmative legal steps to protect its owned and licensed trade marks, and Corus believes its trade mark position is adequately protected. The exclusive rights to trade marks depend upon the Company's efforts to use and protect these and Corus does so vigorously.

Distribution rights to television programming and motion pictures as well as ancillary rights are granted legal protection under the copyright laws and other laws of Canada, the United States and most foreign countries. These laws impose civil and criminal sanctions for the unauthorized duplication and exhibition of television programming. Corus believes that it takes, and plans to continue taking, all appropriate and reasonable measures to secure, protect and maintain or obtain agreements from licensees to secure, protect and maintain copyright and other legal protections for all of the television programming produced and distributed by Corus under the laws of all applicable jurisdictions.

Corus can give no assurance that its actions to establish and protect Corus' trade marks and other proprietary rights will be adequate to prevent imitation or copying of its filmed and animated entertainment by others or to prevent third parties from seeking to block sales of its filmed and animated entertainment as a violation of their trade marks and proprietary rights.

Moreover, Corus can give no assurance that others will not assert rights in, or ownership of, its trade marks and other proprietary rights, or that Corus will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States and Canada.

Corus also licenses copyright materials by way of direct contracting or through blanket licensing regimes. The tariffs for blanket licenses are established by the Copyright Board in Canada. Although the amount of a blanket license is set by this third party regulator, the system provides certainty as to cost and also a modicum of immunity from claims for innocent infringements due to the presumptions of right to use works that flow with the imposition of these tariffs.

The Company operates a comprehensive clearance and rights management system to both protect its rights and to ensure that works that Corus uses have the requisite clearances or licenses from the owners. A key element of contracts for copyright works is the term or time period of the license granted, which in the broadcasting sector can vary, but usually is for a time period such as one to three years. In some circumstances, the time period is combined with a right to only a certain number of "plays" or broadcasts. Rights management in a digital business environment is becoming increasingly complex due to challenges with definitions, semantics and taxonomic issues related to contractual rights.

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[1] Average connections and hours streamed over September 2018 and October 2018

[2] Radioplayer Canada System Overview Report, (September 28, 2018 - October 5, 2018)

[3] Omny Studio Report, (June 2018 - August 2018)

b) **Seasonality and Cycles**

Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company's advertising revenues are dependent on general advertising revenues and retail cycles associated with consumer spending activity. Based on historical results of the Company, the first and third quarter results tend to be the strongest and the second and fourth quarter results tend to be the weakest in a fiscal year. The Company's merchandising and distribution revenues are dependent on the number and timing of film and television programs delivered as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

c) **Economic Dependence**

Corus' operating results for the Company's broadcasting businesses are not dependent upon any single customer or upon a few customers with respect to advertising and subscription revenues from advertisers and BDUs, respectively.

The Company's regulated properties operate in a competitive environment with both regulated and unregulated competitors. New competition always poses a risk to the Company's revenue streams. The regulatory environment is more fully explained below.

d) **Environmental Protection**

Corus' operations are not subject to any environmental protection requirements that would materially impact the capital expenditures, profit or loss and competitive position of the Company. However, broadcasting tower sites are subject to strict standards which the Company adheres to.

e) **Employees**

As at August 31, 2018, Corus had approximately 3,200 full-time and part-time employees, of which unionized employees represent 28%. The Company is party to six collective agreements with two unions: Unifor, and the Canadian Union of Public Employees.

The Company's employees have a deep and broad range of specialized skills, expertise and experience in the media and content industry, including television and radio production; financing, sales and marketing; programming content creation, distribution and licensing; newsgathering and reporting; book publishing and media technology services.

f) **Foreign Operations**

Approximately 4% of Corus' consolidated revenues for the year ended August 31, 2018 were derived from foreign operations. These consist primarily of revenues from the Company's international content distribution business and merchandising.

g) **Lending**

Corus does not have any lending operations as a distinct or significant business. Corus may make loan investments in companies involved in the media sector of up to $15 million with the approval of the Company's chief executive officer ("CEO") or chief financial officer ("CFO") and more than $15 million with the approval of the Board of Directors.

h) **Bankruptcy**

There have been no bankruptcies, receiverships or similar proceedings against Corus or any of its subsidiaries within the past three years.

i) **Reorganizations**

In fiscal 2016, the Company incurred $57.2 million in business acquisition, integration and restructuring costs, the majority of which are attributable to the acquisition of Shaw Media Inc. on April 1, 2016.

In fiscal 2017, the Company incurred $32.0 million in business acquisition, integration and restructuring costs, the majority of which are attributable to the integration of the Shaw Media Acquisition.

In fiscal 2018, the Company incurred $17.1 million in business acquisition, integration and restructuring costs, the majority of which are attributable to on-going automation of processes by implementing technology and reducing employee complement.

j) **Social or Environmental Factors**

Corus has implemented a range of policies that address issues of importance to its stakeholders and are supported by various programs and initiatives. These policies and guidelines include, among others:

- Code of Business Conduct
- Privacy Policy

- Respect in the Workplace
- Diversity and Inclusiveness
- Accessibility Policy
- Social Media Policy
- Workplace Health and Safety Committee Rules of Procedure

Corus is committed to fair dealing, honesty and integrity in all aspects of its business conduct. The Company takes this responsibility to its employees, shareholders and other stakeholders seriously. The Code of Business Conduct ("the Code") is instrumental to Corus in the workplace and aims to demonstrate to its stakeholders and the public the Company's commitment to conduct itself ethically.

The Code applies to all employees, officers, independent contractors, members of the board of directors of Corus and its subsidiary companies.

In 2018, Corus was recognized by MediaCorp Canada and The Globe and Mail as one of Canada's Top 100 Employers. This designation recognizes employers with exceptional human resources programs and forward-thinking workplace policies. As well, on November 22, 2018, Corus was named by Waterstone as one of Canada's Most Admired Corporate Cultures. This recognition is awarded to organizations with cultures that help them enhance performance and sustain a competitive advantage.

Community

Since the Company's launch in 1999, Corus has been and continues to be committed to the highest standards of corporate social responsibility.

Under the Corus Cares umbrella, the Company's chosen approach to philanthropy is to strengthen the communities where it operates by supporting the health and well-being of families and children across Canada. Corus uses its megaphone to assist organizations and charities through donated air time and services, local fundraising and cash support.

To demonstrate support for initiatives and programs that are making a difference in local communities, Corus established a quarterly donation opportunity for locations across Canada. Four times a year, four partner charities receive a corporate donation to supplement a fundraising initiative that is already established and supported by a Corus office.

Industry

Corus plays a significant role in contributing to a vibrant Canadian media and entertainment industry through the acquisition, development, production and broadcast of content and the investment of millions of dollars into original Canadian productions. The Company's position as an integrated broadcaster, producer and distributor of Kids and Lifestyle content gives it the opportunity to work with strong, homegrown Canadian talent and showcase premium original content to global audiences.

Corus also partners with leading organizations that support the Canadian screen-based media industry through training and education of youth and industry professionals, whether through diversity programs or developing female leaders, showrunners and executives. This is done through focused mentorship and professional development opportunities with organizations, including the Banff World Media Festival, Women in Communications and Technology (WCT) and Women in Film and Television (WIFT).

Environment

Corus is committed to building a green, sustainable environment for its people, workplaces and communities.

The Company's head office, with a LEED® Gold Certification, is focused on reducing power and water consumption, energy efficient lighting, a five-storey bio-wall for air filtration, as well as use of local and recycled materials.

Corus promotes environmental practices at all of its locations:

- Recycling programs, lighting retrofits and encouraging smaller markets to purchase sustainable materials
- Creating 'green stores' where employees can find recycled office supplies
- Reusing glass, flooring, fixtures and furniture from surrendered sites; that in turn minimizes impacts on landfill
- Decommissioning and donating unwanted furniture to wholesalers and charities
- Recycling all metal products (from steel studs to workstation frames)

Diversity and Inclusion

Corus is committed to promoting an equitable work environment based on the merit principle – to respect and nurture a diverse and accessible work environment across the organization as well as provide a diverse and accessible on-air presence.

The Company's Diversity and Inclusion Vision is to:

- Be a place where people have full opportunity to show their value and develop their potential
- Have a culture that removes barriers of invalid assumptions or harmful behaviours
- Be a group of people that is as diverse as the communities in which it operates, and the audiences it serves

The Diversity and Inclusion Council, made up of representatives from across the company, meet regularly to advance the Company's Diversity and Inclusion Vision.

Corus culture

Corus' corporate values — Win Together. Think Beyond. Make It Happen. Learn Every Day. Show We Care — define the Company's culture. Reflecting both the company it is today and what it aspires to become, Corus' values live in hiring processes, training and development, performance reviews, internal communications, annual employee recognition and more. Corus' values are also reinforced through clearly defined Leadership Expectations.

k) **Risk Factors**

A discussion of risks affecting the Company and its business is set forth under the heading "Risks and Uncertainties" in the 2018 MD&A, as contained in the Company's 2018 Annual Report, which discussion is incorporated by reference herein. In addition, the Company is subject to the risks and uncertainties set forth below in the discussion of the Canadian communications industry's regulatory environment.

These descriptions of risks do not include all possible risks, and there may be other risks of which the Company is currently not aware that may arise and have a material adverse effect on the Company's business, operations, results of operations and financial position.

l) **Control of Corus by the Shaw Family**

A majority of the outstanding Class A Voting Shares of the Company are held by Shaw Family Living Trust ("SFLT") and its subsidiaries. As at August 31, 2018, SFLT and its subsidiaries hold 2,885,530 Class A Voting Shares, representing approximately 84% of the outstanding Class A Voting Shares, for the benefit of descendants of JR and Carol Shaw. The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including as at August 31, 2018, JR Shaw as Chair, Heather Shaw, Julie Shaw, three other members of JR Shaw's family and one independent director. JR Shaw controls the Class A Voting Shares held by SFLT and its subsidiaries and controls 4,500 additional Class A Voting Shares.

The Class A participating shares are the only shares entitled to vote in all circumstances other than those listed under Capital Structure, Class A Voting Shares and Class B Non-Voting Shares; and (ii) Voting Rights of this Annual Information Form. Accordingly, SFLT and its subsidiaries are able to elect a majority of the Board of Directors of Corus and to control the vote on matters submitted to a vote of Corus' Class A participating shareholders.

CANADIAN COMMUNICATIONS INDUSTRY - REGULATORY ENVIRONMENT

Canadian Radio-television and Telecommunications Commission ("CRTC")

Under the *Broadcasting Act* (Canada) (the "*Broadcasting Act*"), the CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing broadcasting policy objectives set forth in the *Broadcasting Act*. The regulations, policies and decisions of the CRTC can be found at www.crtc.gc.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

Changes in the regulation of Corus' business activities, including decisions by regulators affecting the Company's operations (such as the granting or renewal of licenses; decisions as to the rights to programming licenses to competitors in the Company's markets) or changes in interpretations of existing regulations by courts or regulators, could adversely affect the Company's results of operations. The Company's CRTC licenses must be renewed from time to time and cannot be transferred without regulatory approval.

As the introduction of digital technology is changing the technical infrastructure of entertainment and information consumption, the CRTC has adopted a new framework for the regulation of television.

The CRTC has also introduced policies related to vertically integrated companies that are BDUs which speak to matters such as undue preference and other carriage issues.

In 2010, the CRTC also adopted a "group based licensing" approach for the renewal of the television licenses of larger groups such as Corus. This established a framework of policy and regulation that is applied on a group basis rather than on an individual licensee.

A series of policy statements in 2015 and 2016 and substantive decisions from the CRTC, under the overall mantle known as "Let's Talk TV", have introduced several changes to the regulatory framework governing BDUs and Broadcasting Undertakings.

Corus recommends that readers review the CRTC source documents at www.CRTC.gc.ca for a complete understanding of the changes. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

The CRTC grouped all services into three license categories: basic; discretionary; and on-demand services.

Effective March 1, 2016, BDUs were required to offer an entry level basic service of local broadcast stations and certain mandatory distribution specialty services at a maximum price of C$25 retail a month, and to offer all discretionary services on an à la carte basis, or "build your own package" or in theme pack packages of 10 services. On December 1, 2016, BDUs were required to fully implement à la carte for discretionary services.

The CRTC standardized and reduced for the next license term Canadian content exhibition requirements for both basic television and discretionary services.

Although the CRTC maintained simultaneous substitution rights for basic television in the Let's Talk TV decisions, it decided to prohibit simultaneous substitution ("simsub") during the Super Bowl. In August 2016, the CRTC formalized its policy and issued a broadcasting order that prohibits simultaneous substitution for the Super Bowl. In the months since, the Canadian program rights-holder, Bell Canada, and the National Football League challenged the CRTC's policy change in Court. They were denied initial appeals by the Federal Court of Canada, which held that the appeals were premature. In a turn of events, on September 30, 2018, as part of the new United States-Mexico-Canada Agreement (USMCA), Canada agreed to overrule the 2016 CRTC decision eliminating simultaneous substitution privileges for the Super Bowl broadcast, and those rights will be restored beginning in 2020. Notwithstanding the Government's decision, the Supreme Court of Canada granted leave to appeal the Federal Court decision and will hear the case in December 2018. That case will resolve legal questions about the scope of the CRTC's authority.

During the weeks of November 22, 2016 through December 2, 2016, the CRTC held public hearings concerning the renewal of the Group Based television licenses held by the large English- and French-language ownership groups including Corus. On May 15, 2017, the CRTC issued its license renewal decisions. All Corus English-language and French-language television services were given new five-year license terms, which began on September 1, 2017 and will end on August 31, 2022. The key issues arising from these decisions include the Canadian Programming Expenditure ("CPE") requirements and expenditure towards programming of public national interest ("PNI") which for the first time have been standardized across all of the large English market media groups. CPE requirements were set at 30% and PNI requirements were set at 5%. The CRTC also removed the vestiges of legacy conditions of license in accordance with the CRTC's Let's Talk TV policy.

Following the Group Based License ("GBL") renewal decisions in May 2017, a number of parties in the creative community, including the CMPA, ACTRA, the Writers Guild and the Directors Guild, AQPM, the Québec Minister of Culture and Communications, and others appealed the decisions to Cabinet. In particular, these groups focused on the level of PNI expenditure obligations and contributions to original French-language programming.

On August 14, 2017, the Privy Council Office issued an Order In Council ("OIC") requiring the CRTC to reconsider the GBL decisions for the television services of large English- and French-language private ownership groups. The issues to be reconsidered included PNI expenditure toward PNI, music programming, short films and short-form documentaries, and ensuring significant expenditures toward original French-language programming and music programming.

On August 30, 2017, the CRTC requested that the large media groups file information and/or amend their original applications in light of the OIC. The Commission decided to forego an oral hearing and make a decision based on the written record. The CRTC clarified that for the 2017-2018 broadcast year, the May 2017 GBL decisions would apply without modification.

On August 30, 2018, the CRTC released its decisions for the reconsideration of the May 2017 GBL decisions for the television services of large English- and French-language private ownership groups, including Corus. Revised and additional conditions came into effect on September 1, 2018 and will apply until August 31, 2022, the end of the current licence term. For the English-language groups, the CRTC established new PNI expenditures based on historical expenditures for each group and stated that in their view, these levels "strike an appropriate balance between the importance of the Canadian production sector and the essential role it continues to play for the Canadian economy, and Groups' respective abilities to invest in the creation of this programming". Corus' English-language group of services will be subject to an 8.5% PNI expenditure requirement of the previous year's gross revenue and will be required to direct 0.17% of its previous year's gross revenues to FACTOR, a temporary requirement which will be in effect for the current licence term. The CRTC determined that specific funding for short-form films and documentary content is not necessary. French-language groups will be required to devote at least 75% of their CPE to original French-language programs effective September 1, 2019, and at least 50% of their CPE for the 2018-2019 broadcast year. French-language groups will be required, as a temporary measure, to direct 0.17% of their previous year's gross revenues to MUSICATION for the remainder of the current licence term.

On October 1, 2018, the Federal Court of Appeal sided with Bell Canada in a long-running dispute over the Wholesale Code - a controversial part of the CRTC's Let's Talk TV policy framework, which imposed new rules on the commercial relationships of broadcasters and distributors. In a split decision, the majority of the court held that the CRTC overstepped its jurisdiction by choosing to enact the Code through a mandatory distribution ("9(1)(h)") order. As a result, the Court invalidated the Code. Notably, the Court did not raise concerns regarding the substance of the Code itself and left open the possibility that the Code could have been enacted by other means. Parties across the industry, including the CRTC, are studying the impact of the court's decision.

More information can be found at www.crtc.gc.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

In September of 2017, the Minister of Canadian Heritage directed the CRTC to prepare a report on the future of programming and distribution models. The CRTC henceforth launched a two-phase consultation to gather input from the public. Phase I was completed in December 2017 and phase II in February 2018. Following this consultation, the CRTC released its report titled, "Harnessing Change" on May 31, 2018. On June 5, 2018, the Government of Canada launched a review of the *Broadcasting Act,* the *Telecommunications Act* and the *Radiocommunication Act.* The review will be conducted by a panel of seven independent experts. The findings of the CRTC's "Harnessing Change" report are expected to inform the government's review of the *Broadcasting Act*. The deadline for submissions to the review panel is January 11, 2019 and the panel is expected to release its final report in January 2020.

The potential outcome of this process is difficult to predict and as such, Corus is unable to quantify the potential impacts at the present time.

More information can be found at www.canada.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

Innovation, Science and Economic Development Canada (formerly Industry Canada)
The technical aspects of the operation of radio and television stations in Canada are also subject to the licensing requirements and oversight of Innovation, Science and Economic Development Canada ("ISED"), a Ministry of the Government of Canada. More information can be found at www.ic.gc.ca/eic/site/icgc.nsf/eng/home. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

On August 14, 2015, the Government of Canada confirmed its intent to proceed with repurposing some of the 600 MHz spectrum band and to jointly establish a new allotment plan in collaboration with the United States. ISED has aligned with the US Federal Communications Commission to participate in a spectrum redistribution plan that will require broadcasters to vacate spectrum in TV channels 37-51 (608-692 MHz), as that will be consumed by mobile use. Accommodating this change will require Corus to install new equipment or reconfigure existing equipment at affected sites and may have an impact on signal quality and coverage. ISED has not yet committed to reimbursing broadcasters for the costs of facilitating this transition. Corus is working with the Canadian Association of Broadcasters on getting funding from the proceeds of the spectrum auction to pay for costs related to the repurpose of the 600MHZ spectrum. Corus' first round of impacted transmitters, located in Ontario, are expected to transition out of the 600 MHz frequency by June 2019.

Restrictions on Non-Canadian Ownership
The legal requirements relating to Canadian ownership and control of broadcasting undertakings are embodied in a statutory order (the "Order") from the Governor in Council (i.e. Cabinet of the Canadian federal government) to the CRTC. The Order is issued pursuant to authority contained in the *Broadcasting Act*. Under the Order, non-Canadians are permitted to own and control, directly or indirectly, up to 33 1/3% of the voting shares and 33 1/3% of the votes of a holding company which has a subsidiary operating company licensed under the *Broadcasting Act*. In addition, up to 20% of the voting shares and 20% of the votes of the operating licensee company may be owned and controlled, directly or indirectly, by non-Canadians. The Order also provides that the chief executive officer and 80% of the members of the board of directors of an operating company must be resident Canadians. In addition, where the holding company

is less than 80% Canadian-owned, the holding company and its directors are prohibited from exercising any control or influence over the programming decisions of a subsidiary operating company. There are no restrictions on the number of non-voting shares that may be held by non-Canadians at either the holding company or licensee operating company level. The CRTC, however, retains the discretion under the Order to determine as a question of fact whether a given licensee is controlled by non-Canadians.

The Company's articles currently give its Board of Directors the authority to restrict the issue, transfer and voting of its Class A participating shares and the transfer of its Class B non-voting participating shares for the purpose of ensuring that Corus remains qualified to hold or obtain licenses to carry on any broadcasting or programming business.

Broadcasting Services

Corus' radio stations and basic (previously known as "conventional") television undertakings, and discretionary (previously known as "specialty" and "pay") television services are subject to licensing and regulation by the CRTC. The *Broadcasting Act* gives the CRTC the power to issue and renew broadcasting licenses for a maximum term of seven years. Historically, all licenses issued by the CRTC have been consistently renewed except where there have been serious breaches of license conditions or regulations, in which case the licenses have been renewed for less than seven years, or, in a very limited number of instances, not at all. In order to conduct its business, Corus maintains its licenses in good standing. The CRTC has never declined to renew a license held by any broadcasting undertaking in which Corus holds an ownership interest. In light of the increasingly fast pace of change within the broadcasting system, the CRTC recently renewed the large English- and French-Language broadcasting groups, including Corus, for a five year term, expiring in 2022.

Licenses issued by the CRTC generally set out the terms and conditions of the broadcaster's program offering, including Canadian content expenditures and signal delivery terms for Corus' basic and discretionary networks. All new discretionary services must now launch with an exempt status and apply for a license upon reaching certain subscriber thresholds. The CRTC also imposes restrictions on the transfer of ownership and effective control of all licensed broadcasting undertakings. Transferees of ownership or control of a licensed undertaking must demonstrate to the CRTC that the transfer is in the public interest, and the purchaser is required, in some instances, to provide a specific package of tangible benefits designed to benefit the Canadian broadcasting system. For transfer of ownership applications involving profitable radio stations, tangible benefits are required to represent a financial contribution equal to 6% of the purchase price and for acquisitions of basic television, or discretionary television services, a financial contribution of 10% of the value of the transaction is expected. In recent decisions, the CRTC has taken a broad definition of what the "purchase price" is. A purchaser is also required to demonstrate how the purchase is considered to be in the public interest.

The CRTC's regulations that apply to radio, basic and discretionary television services require these broadcasting undertakings to obtain the prior approval of the CRTC in respect of any act, agreement or transaction that, directly or indirectly, would result in (i) a change in the effective control of a broadcasting undertaking; or (ii) 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 (iii) of a person that has, directly or indirectly, effective control of that broadcasting undertaking. The Commission has augmented these tests through its "Diversity of Voices" policy, which allows it to examine a transaction if certain market share thresholds are met. (Please refer to Broadcasting Public Notice CRTC 2008-4 January 15, 2008.)

Radio Undertakings

The CRTC no longer regulates the formats of commercial FM radio stations except in the case of "specialty" radio licenses which, by definition, require that (i) the language of broadcast is neither French nor English; (ii) more than 50% of the programming is spoken word; or (iii) less than 70% of the musical selections broadcast are not pop, rock, dance, country or country-orientated selections. For non-specialty format English-language FM stations located in Montréal and Ottawa Gatineau, the CRTC continues to require that less than 50% of the musical selections broadcast each week be "hits" which are defined as "any musical selection that, at any time, has reached one of the Top 40 positions in any of the charts recognized by the CRTC".

On April 30, 1998, the CRTC announced certain changes to its commercial radio policy. By regulation, the CRTC increased Canadian popular music content levels broadcast to 35%. For French-language radio stations, at least 65% of popular, vocal music selections must be in the French language. The CRTC also changed ownership restrictions on the number of stations that could be owned within a particular market. The ownership changes allow a single owner to operate up to three stations provided only two are in the same band, in a given language in smaller markets and, in markets with eight or more commercial stations in a given language, one owner may hold up to two AM stations and two FM stations. In assessing transactions involving a change in control or ownership, the CRTC has stated it will examine the impact on diversity of news voices, the level of competition and, if the applicant has equity holdings in other local radio stations or media, cross-media ownership levels in a given market. Radio broadcasters derive substantially all of their revenues from advertising revenues. There is no regulatory limit on the number of commercials that can be broadcast. In markets with more than one commercial FM station, FM licensees are required to broadcast at least 42 hours per week of local programming in order to access local advertising.

Since October 2014 (Broadcasting Regulatory Policy CRTC 2014-554), the CRTC has issued public consultations when receiving applications to operate new radio licenses in a specific market unless the market falls under one of the five exceptions. All of these exemptions relate to very small markets or applications for a first service. The public consultations seek comments on market capacity from an economic perspective and whether the introduction of a new radio service will financially impact existing radio services. Once the CRTC determines that a market has the capacity to support a new radio station it then proceeds to issue a call for applications. Since initiating this new process, the CRTC has elected not to issue calls for applications in the majority of cases on the grounds of market incapacity, including in the markets of: Ottawa, ON/Gatineau, QC; Brampton, ON; Aurora, ON; St. John's, Nfld; Sudbury, ON; Kentville, NS; and Hamilton/Burlington, ON.

In 2014, the CRTC conducted a targeted review of the 2006 commercial radio policy. The targeted policy review introduced new financial penalties for radio stations that are repeatedly found in breach of regulations and/or conditions. In its "Harnessing Change" report released in May, 2018, the CRTC indicated that it would like to proceed with another review of the radio policy framework in the months to come. The CAB has encouraged the CRTC to undertake that review.

Basic and Discretionary Television Networks Undertakings

Discretionary television services have Canadian programming expenditure ("CPE") requirements set by a condition of license. These obligations, which previously varied by service dependent on a number of legacy factors, became standardized in new May 2017 licenses. The new CPE was set at 30% for all English-language groups. For the French market, individual group CPE requirements were established by conditions of license that came into effect on September 1, 2017.

Discretionary services derive substantially all of their revenues from subscription and advertising revenues. The maximum wholesale subscriber fee that can be charged to subscribers for the carriage of the service is regulated if it is carried as part of the basic service, but is not regulated if it is carried on a discretionary basis. Subscriber fees payable to discretionary licensees are also governed by the CRTC's Wholesale Code.

Basic television services now have conditions of license related to minimum hours for locally reflective news content and locally reflective news expenditure requirements that came into effect on September 1, 2017. The Canadian content levels are standardized through regulation.

For further information, please consult the CRTC web site at www.crtc.gc.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Information Form.

Canadian Content Requirement for Broadcasters

As mentioned previously, Canadian basic television services, and discretionary television services are required through regulations to devote a certain amount of their programming schedules to Canadian content productions. These requirements provide support for Canadian programs (such as the ones produced through Nelvana) as long as they qualify as Canadian content programs, for purposes of the Canadian Audio Visual Certification Office ("CAVCO"), or are certified as a Canadian content program by the CRTC.

CAVCO and the CRTC determine the criteria for qualification of a program as "Canadian". Generally, a program will qualify if it is produced by an individual Canadian producer with the involvement of individual Canadians in principal functions, and where a substantial portion of the budget is spent on Canadian elements. In addition, the Canadian producer must have full creative and financial control of the project.

Canadian content requirements were standardized in new regulations that came into effect on September 1, 2017.

Film, Television, and Interactive Digital Media Tax Credits and Grants

Various federal and provincial tax credits are available for qualifying productions of television series and feature films and typically provide on average, benefits of 30% of the Canadian production budget. These tax credits are calculated on the basis of each individual production. Additional funding for its productions of television series, feature films and interactive digital products are also available from various Canadian industry funding sources, including the Canadian Media Fund and Telefilm Canada.

International Treaty Co-Productions

Canada is a party to co-production treaties with many countries throughout the world, excluding the United States. These international co-production treaties allow for the reduction of the risks of production by permitting the pooling of creative, technical and financial resources of Canadian producers with non-Canadian producers under prescribed conditions. Canadian co-production treaty partners include France, Great Britain, Germany, New Zealand and Australia. A production that qualifies as a co-production for treaty purposes is considered to be a domestic product in each of the participating countries and, as such, is entitled to many aspects of national treatment in each country. More specifically, the co-production usually qualifies for domestic treatment under applicable broadcasting legislation and certain government incentives. The co-producers jointly hold the copyright in the production. Sharing of foreign revenues is based on the respective contribution of each co-producer, subject to negotiation between the co-producers and approval by the appropriate government authorities. Many of Nelvana's productions are produced through international treaty co-productions.

Copyright Act Requirements

Corus' radio, conventional television and specialty television undertakings rely upon licenses under the *Copyright Act* (Canada) (the "*Copyright Act*") in order to make use of the music component of the programming and other uses of works used or distributed by these undertakings. Under these licenses, Corus is required to pay a range of tariff royalties established by the Copyright Board pursuant to the requirements of the *Copyright Act* to collectives (which represent the copyright owners) and individual copyright owners. These royalties are paid by these undertakings in the normal course of their business.

The levels of the tariff royalties payable by Corus 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 purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licenses.

The Government of Canada has been conducting two separate but related reviews of the Copyright Board of Canada and the *Copyright Act*. The first, launched by ISED and the Department of Canadian Heritage in August 2017, is focused on options to improve the efficiency of the Copyright Board. The results of that study were revealed on October 29, 2018 when the federal government tabled changes to the *Copyright Act* relating to the Board as part of omnibus budget implementation legislation. Among other things, these changes are intended to speed up the Board's decision-making processes, reduce the extent to which copyright royalties are applied retroactively and harmonize the various collective management regimes in the *Copyright Act*.

The mandatory five-year review of the *Copyright Act* commenced in Spring 2018 and is being led by two separate Parliamentary committees. The committees have heard from a number of witnesses representing industry, academia and consumers, and Corus has supported the advocacy of the broadcasting industry. Committee reports are expected to be completed and released in mid-2019, prior to the October 2019 federal election. The timing of amendments to the *Copyright Act* is uncertain.

Proposed Prohibitions On Food Advertising To Children

On September 27, 2016, Bill S-228 (the "Bill"), an Act to amend the *Food and Drugs Act* (proposed federal legislation that limits unhealthy food and beverage advertising directed at children), was tabled for first reading in Parliament and has since moved forward. In September 2018, the Bill passed third reading in the House of Commons, and now awaits Royal Assent. Upon receipt of Royal Assent, the Bill will become law, but will not come into force until two years after the Bill receives Royal Assent, which means that new restrictions will not come into force until October 2020, at the earliest. As Parliament has been considering the Bill, Health Canada has been conducting the process of drafting the regulations that will accompany the law. During the summer of 2018, Health Canada conducted a public consultation on its proposed regulatory approach. Corus participated in providing an industry response from the Canadian Association of Broadcasters ("CAB") on July 17, 2018 and CAB participated in an industry stakeholder session facilitated by Health Canada on November 5, 2018 in Ottawa. During this session, Health Canada revealed that it would propose to restrict ads for "unhealthy foods" during any program for which children under 13 comprise at least 15% of the viewing audience and it would require annual reporting from broadcasters for compliance purposes. The law is slated to be reviewed five years after passage. Draft regulations are expected to be tabled in Spring of 2019 and the public will have 60 days to comment on that document. Health Canada expects to publish final regulations by Spring of 2020.

CAPITAL STRUCTURE

Description of Capital Structure

(a) General

The authorized share capital of Corus consists of an unlimited number of Class A Voting Shares; an unlimited number of Class B Non-Voting Shares (together with the Class A Voting Shares, the "Corus Shares"); an unlimited number of Class 1 preferred shares (the "Class 1 Preferred Shares"), issuable in series; an unlimited number of Class 2 preferred shares (the "Class 2 Preferred Shares"), issuable in series; and an unlimited number of Class A preferred shares (the "Class A

Preferred Shares"). As at August 31, 2018, there were 3,419,392 Class A Voting Shares, 208,577,666 Class B Non-Voting Shares and no preferred shares outstanding.

(b) Class A Voting Shares and Class B Non-Voting Shares

i. *Authorized Number of Shares*

The authorized number of Class A Voting Shares and Class B Non-Voting Shares is unlimited. No Class A Voting Shares, however, may be issued unless the prior written consent of holders of no fewer than two-thirds of the then outstanding Class A Voting Shares is obtained.

ii. *Voting Rights*

The holders of Class A Voting Shares are entitled to one vote per share at all meetings of shareholders. The holders of Class B Non-Voting Shares are entitled to receive notice of, to attend, and to speak at all meetings of shareholders but are not entitled to vote thereat 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 Non-Voting Shares will be entitled to one vote per share.

iii. *Dividends*

In general, subject to the rights of any preferred shares outstanding from time to time, holders of Class A Voting Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors of Corus determines to declare on a share-for-share basis, as and when any such dividends are declared or paid, except that, during each Dividend Period (as defined below), the dividends (other than stock dividends) declared and paid on the Class A Voting Shares will always be $0.005 per share per annum less than the dividends declared and paid in such Dividend Period to holders of the Class B Non-Voting Shares, subject to proportionate adjustment in the event of any future consolidations or subdivisions of Corus Shares and in the event of any issue of Corus Shares by way of stock dividends. A "Dividend Period" is defined as the fiscal year of Corus or such other period not exceeding one year in respect of which the directors of Corus have an announced current policy to declare and pay or set aside for payment of regular dividends.

iv. *Rights on Liquidation*

In the event of the liquidation, dissolution or winding up of Corus or other distribution of assets of Corus for the purpose of winding up its affairs, all property and assets of Corus available for distribution to the holders of Corus Shares will be paid or distributed equally, share for share, between the holders of Corus Shares without preference or distinction.

v. *Conversion Privilege*

Any holder of Class A Voting Shares may, at any time or from time to time, convert any or all Class A Voting Shares held by such holder into Class B Non-Voting Shares on the basis of one Class B Non-Voting Share for each Class A Voting Share so converted.

Subject to certain exceptions described below, if an "Exclusionary Offer" is made, any holder of Class B Non-Voting Shares may, at any time or from time to time during a Conversion Period, convert any or all of the Class B Non-Voting Shares held by such holder into Class A Voting Shares on the basis of one Class A Voting Share for each Class B Non-Voting Share so converted. For the purpose of this paragraph, the following terms have the following meanings:

"Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;

"Exclusionary Offer" means an offer to purchase Class A Voting Shares that:

1. must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Voting Shares are listed, be made to all or substantially all holders of Class A Voting Shares who are residents of a province of Canada to which the requirement applies; and
2. is not made concurrently with an offer to purchase Class B Non-Voting Shares that is identical to the offer to purchase Class A Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Voting Shares),

and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Voting Shares, and for the purposes of this definition, if an offer to purchase Class A Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;

"Expiry Date" means the last date upon which holders of Class A Voting Shares may accept an Exclusionary Offer;

"Offer Date" means the date on which an Exclusionary Offer is made;

"Transfer Agent" means the transfer agent for the time being of the Class A Voting Shares; and

"Offeror" means a person or company that makes an offer to purchase Class A Voting Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document to be acting jointly or in concert with the bidder.

Subject to certain exceptions, the foregoing conversion right shall not come into effect if:

1. prior to the time at which the offer is made there is delivered to the Transfer Agent and to the Secretary of Corus a certificate or certificates signed by or on behalf of one or more shareholders of Corus owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class A Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:
    a) tender any shares in acceptance of any Exclusionary Offer without giving the Transfer Agent and the Secretary of Corus written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;
    b) make any Exclusionary Offer;
    c) act jointly or in concert with any person or company that makes any Exclusionary Offer; or
    d) transfer any Class A Voting Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the Transfer Agent and the Secretary of Corus written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Voting Shares transferred or to be transferred to each transferee; or
2. as of the end of the seventh day after the Offer Date there has been delivered to the Transfer Agent and to the Secretary of Corus a certificate or certificates signed by or on behalf of one or more shareholders of Corus owning in the aggregate more than 50% of the then outstanding Class A Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
    a) the number of Class A Voting Shares owned by the shareholder;
    b) that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;
    c) that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the Transfer Agent and the Secretary of Corus written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and
    d) that such shareholder shall not transfer any Class A Voting Shares, directly or indirectly, prior to the Expiry Date without giving the Transfer Agent and the Secretary of Corus written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Voting Shares transferred or to be transferred to each transferee; or
3. as of the end of the seventh day after the Offer Date, a combination of certificates that comply with either clause (A) or (B) from shareholders of Corus owning in the aggregate more than 50% of the then outstanding Class A Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the Transfer Agent and to the Secretary of Corus.

vi. *Modification*

Neither class of Corus Shares may be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of Corus Shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

vii. *Offer to Purchase*

Corus may not make an offer to purchase any outstanding Class A Voting Shares unless at the same time it makes an offer to purchase at the same price and on the same terms as to payment an equivalent proportion of the outstanding Class B Non-Voting Shares.

viii. *Redemption*

The Corus Shares are not redeemable at the option of either Corus or the holder of any such Corus Shares.

(c) Class 1 Preferred Shares

The Class 1 Preferred Shares are issuable in one or more series. The Board of Directors may fix from time to time before such issue the number of shares which is to comprise each series then to be issued and the designation, rights, conditions, restrictions and limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends and whether or not such dividends shall be cumulative, the dates of payment thereof, the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of Class 1 Preferred Shares of such series to require the redemption thereof, conversion rights, if any, and any redemption fund, purchase fund or other provisions to be attached to the Class 1 Preferred Shares of such series.

The holders of Class 1 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, other than a meeting of holders of Class 1 Preferred Shares, as provided by applicable law.

The shares of each successive series of Class 1 Preferred Shares shall have preference over the Class A Voting Shares and Class B Non-Voting Shares as to dividends of not less than 1/100th of a cent per share, and shall not confer upon the shares of one series a priority over the shares of any other series of the Class 1 Preferred Shares in respect of voting, dividends or return of capital. If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 1 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of Class 1 Preferred Shares in respect of accumulated dividends and return of capital. The Class 1 Preferred Shares and each series thereof shall rank junior to and be subject to in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares.

(d) Class 2 Preferred Shares

The Class 2 Preferred Shares are issuable in one or more series. From time to time before any such issue, the directors may fix the number of shares which is to comprise each series then to be issued and the designation, rights, conditions, restrictions or limitations attaching thereto, including, without limiting the generality of the foregoing, the rate of preferential dividends and whether or not such dividends shall be cumulative, the dates of payment thereof, the redemption price and terms and conditions of redemption, including the rights, if any, of the holders of Class 2 Preferred Shares of such series to require the redemption thereof, conversion rights, if any, and any redemption fund, purchase fund or other provisions to be attached to the Class 2 Preferred Shares of such series.

The holders of Class 2 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, other than a meeting of holders of Class 2 Preferred Shares, as provided by applicable law.

The shares of each successive series of Class 2 Preferred Shares shall have preference over the Class A Voting Shares and Class B Non-Voting Shares as to dividends in right of payment and shall not confer upon the shares of one series a priority over the shares of any other series of Class 2 Preferred Shares in respect of voting, dividends or return of capital. If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital. The Class 2 Preferred Shares and each series thereof shall rank junior to and be subject to in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares and the Class 1 Preferred Shares.

(e) Class A Preferred Shares

In accordance with the provisions of subsection 26(3) of the *Canada Business Corporations Act* (the "CBCA"), the directors of Corus may add to the stated capital account maintained for Class A Preferred Shares the whole or any part of the amount of consideration received by Corus in an exchange for property, or shares of another class, or pursuant to an amalgamation referred to in section 182 of the CBCA or an arrangement referred to in subsection 192(1)(b) or (c) of the CBCA. The Class A Preferred Shares shall be redeemed (the "Class A Redemption Amount") at the amount of consideration received therefore as determined by the directors of Corus at the time of issuance. No Class A Preferred Shares shall be issued by Corus at any particular time if, at that time, there are Class A Preferred Shares issued and outstanding

The holders of the Class A Preferred Shares shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, subject to the CBCA.

When and if declared by the directors of Corus, the holders of Class A Preferred Shares shall be entitled to receive out of the net profits or surplus of Corus properly applicable to the payment of dividends, a non-cumulative dividend at such rate as the directors may from time to time determine. Upon the liquidation, dissolution or winding up of Corus, or other distribution of the assets of Corus or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of Class A Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class A Voting Shares and Class B Non-Voting Shares, the Class A Redemption Amount per share together with all declared but unpaid dividends thereon (the "Class A Redemption Price"). After such payment the holders of the Class A Preferred Shares shall have no right or claim to any of the remaining assets of Corus. Class 1 Preferred Shares, Class 2 Preferred Shares, Class A Voting Shares and Class B Non-Voting Shares shall rank junior to and shall be subject in all respect to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares. The Class A Preferred Shares are redeemable at the demand of Corus and are retractable at the demand of a holder of Class

A Preferred Shares at the Class A Redemption Price.

Share Constraints

The statutes which govern the provision of broadcasting services by Corus and its regulated subsidiaries impose restrictions on the ownership of shares of Corus and its regulated subsidiaries by persons that are not Canadian. (See information under the heading "Canadian Communications Industry Regulatory Environment – Restrictions on Non-Canadian Ownership"). In order to ensure that Corus and its regulated subsidiaries remain eligible or qualified to provide broadcasting services in Canada, the Articles of Incorporation of Corus require the directors of Corus to refuse to issue or register the transfer of any "Voting Shares" (defined as the Class A Voting Shares and any other shares of Corus carrying voting rights under all circumstances or by reason of an event that has occurred and is continuing, and includes a security that is convertible into such a share and a currently exercisable option or right to acquire such a share or such a convertible security) to a person that is not a Canadian if such issue or transfer would result in the total number of such shares held by non-Canadians exceeding the maximum number permitted by applicable law. In addition, the directors of Corus are required to refuse to issue or register the transfer of any Voting Shares to a person in circumstances where such issue or transfer would affect the ability of Corus and its regulated subsidiaries to obtain, maintain, amend or renew a license to carry on any business. The Articles of Incorporation of Corus further provide that if, for whatever reason, the number of Voting Shares held by non-Canadians or other such persons exceeds the maximum number permitted by applicable law or would affect the ability to carry on any licensed business, Corus may, to the extent permitted by corporate or communications statutes, sell the Voting Shares held by such non-Canadians or other persons as if it were the owner of such shares. The Articles of Incorporation of Corus also give the directors of Corus the right to refuse to issue or register the transfer of shares of any class in the capital of Corus if (i) the issue or the transfer requires the prior approval of a regulatory authority unless and until such approval has been obtained; or (ii) the person to whom the shares are to be issued or transferred has not provided Corus with such information as the directors may request for the purposes of administering these share constraints.

For further details about Corus' capital structure, please refer to the 2018 MD&A which is incorporated by reference herein.

MARKET FOR SECURITIES

Marketplace

Corus' Class B Non-Voting Shares (CJR.B) are listed and posted for trading on the Toronto Stock Exchange ("TSX").

Trading Price and Volume

The following table sets forth the monthly price range and volume traded for the Company's publicly traded securities on the TSX for the fiscal year ended August 31, 2018. All price and volume information is from independent third-party sources.

TSX - CJR.B

Month	High ($)	Low ($)	Close ($)	Average Daily Volume
September 2017	13.90	12.75	12.98	309,243
October 2017	13.13	11.55	11.97	609,457
November 2017	12.04	11.30	11.75	333,840
December 2017	11.77	11.30	11.70	346,438
January 2018	11.85	7.96	8.44	1,285,178
February 2018	8.59	8.00	8.04	570,170
March 2018	8.04	5.93	6.05	862,556
April 2018	7.48	5.56	6.40	794,996
May 2018	6.69	5.93	6.23	611,703
June 2018	6.84	4.48	4.96	1,150,194
July 2018	5.10	3.91	4.06	973,560
August 2018	4.49	3.62	3.70	679,513

DIVIDEND POLICY

a) *Dividend Policy*

The Company's dividend policy is reviewed on a quarterly basis by the Board of Directors. Dividends were paid monthly during the three years ended August 31, 2018. Effective September 1, 2018, the Company transitioned to a quarterly payment schedule, commencing with the dividend expected to be paid in December 2018. Shareholders are entitled to receive dividends only when any such dividends are declared by the Company's Board of Directors, and there is no entitlement to any dividend prior thereto.

As described previously, the dividends (other than stock dividends) declared and paid on the Class A Voting Shares shall be $0.005 per share per annum less than the dividends declared and paid to holders of the Class B Non-Voting Shares. See the information provided under the heading "Capital Structure - Description of Capital Structure – Class A Voting Shares and Class B Non-Voting Shares – Dividends" for further details.

On January 13, 2015, the Company announced that its Board of Directors had approved a $0.05 increase in its annual dividend, effective February 1, 2015. At the new rate, the dividend on an annual basis for the Company's Class A Voting Shares and Class B Non-Voting Shares was $1.135 and $1.14, respectively, up from the previous rate of $1.085 and $1.09, respectively. The dividend was paid on a monthly basis until August 31, 2018.

On June 27, 2018, the Company announced that its Board of Directors had approved an adjusted annual dividend rate and payment schedule effective September 1, 2018. At the new rate, the dividend on an annual basis for the Company's Class A Voting Shares and Class B Non-Voting Shares was $0.235 and $0.24, respectively, down from the prior rate of $1.135 and $1.14, respectively. Concurrently, the dividend payment schedule was changed to quarterly instead of monthly. The new quarterly payment schedule will commence in December 2018 (in respect of fiscal Q1 2019), with any future payments being subject to approval by the Company's Board of Directors.

The Company has established the DRIP, through which eligible holders of Class A Voting Shares and Class B Non-Voting Shares who are residents of Canada may reinvest cash dividends paid on their respective shareholdings into additional Class B Non-Voting Shares. Under the terms of the DRIP, the shares may be issued from treasury or purchased on the open market. The price at which Class B Non-Voting Shares may be issued under the DRIP is determined by the Company in accordance with the DRIP, issued at a 0% to 5% discount from the average market price per Class B Non-Voting Share. From November 1, 2009 to August 31, 2018, a 2% discount from the average market price was applied to the Class B Non-Voting Shares issued under the DRIP. Effective September 1, 2018, Corus determined that shares issuable under the DRIP would be satisfied through open-market purchases and that a 0% discount from the average market price would be applied to Class B Non-Voting Shares under the DRIP.

b) *Restrictions on Payment of Dividends*

Certain covenants under Corus' credit agreement with a syndicate of lenders, as amended, may restrict Corus' ability to pay dividends at certain financial ratios and/or financial performance or if an event of default has occurred and is continuing or would result from the payment of the dividend. Declaration and payment of dividends are subject to compliance with applicable corporate laws.

c) *Dividend Rates and Payment Dates*

The tables below set out the aggregate annual cash dividends declared per Class A Voting Share and Class B Non-Voting Share for each of the past three fiscal years and the dividend amounts and payment dates for the Class A Voting Shares and Class B Non-Voting Shares for the fiscal year ended August 31, 2018:

Annual dividend payments per share			
	Fiscal 2018	Fiscal 2017	Fiscal 2016
Class A Voting Shares	$1.1350	$1.1350	$1.1350
Class B Non-Voting Shares	$1.1400	$1.1400	$1.1400

Fiscal 2018 dividends paid per share		
Date paid	*Class A Voting Shares*	*Class B Non-Voting Shares*
September 29, 2017	$0.094583	$0.095000
October 31, 2017	$0.094583	$0.095000
November 30, 2017	$0.094583	$0.095000
December 28, 2017	$0.094583	$0.095000
January 31, 2018	$0.094583	$0.095000
February 28, 2018	$0.094583	$0.095000
March 29, 2018	$0.094583	$0.095000
April 30, 2018	$0.094583	$0.095000
May 31, 2018	$0.094583	$0.095000
June 29, 2018	$0.094583	$0.095000
July 31, 2018	$0.094583	$0.095000
August 31, 2018	$0.094583	$0.095000

DIRECTORS

The following table sets forth information regarding the directors of the Company as of August 31, 2018.

Name and municipality of residence	Director since:	Principal occupation
Fernand Bélisle Breckenridge, Quebec, CA	January 2009 (and previously December 2003 – February 2005)	Independent consultant and corporate director
Peter Bissonnette Calgary, Alberta, CA	April 2016	Corporate director
Jean-Paul Colaco San Francisco, California, USA	January 2018	President, Revenue and Media, Fresno Unlimited Inc.
Michael D'Avella Calgary, Alberta, CA	April 2016	Corporate director
Trevor English Calgary, Alberta, CA	April 2016	Executive Vice President, Chief Financial and Corporate Development Officer, Shaw Communications Inc.
John Frascotti Needham, MA, USA	January 2016	President, Hasbro, Inc.
Mark Hollinger Washington, DC, USA	July 2014	Corporate director
Barry James Edmonton, Alberta, CA	January 2014	Independent consultant and corporate director
Douglas D. Murphy Toronto, Ontario, CA	March 2015	President and Chief Executive Officer, Corus Entertainment Inc.
Catherine Roozen Edmonton, Alberta, CA	June 2011 (and previously July 2001 – January 2010)	Corporate director
Heather A. Shaw Calgary, Alberta, CA	September 1999	Executive Chair, Corus Entertainment Inc.
Julie M. Shaw Calgary, Alberta, CA	September 1999	Corporate director

On October 4, 2018, Shaw Communications Inc. ("Shaw") informed the board of directors of the Company that following the completion of their current term, Mr. Trevor English and Mr. Peter Bissonnette will not be standing for re-election to the Corus board of directors at the Company's 2019 annual meeting of shareholders. On November 21, 2018, Shaw confirmed the nomination of Mr. Michael D'Avella as a Shaw Nominee and nominated Mr. Michael Boychuk as a second Shaw Nominee to the Corus board of directors. Shaw reserved the right to nominate future Shaw nominees to the board of directors of Corus in accordance with the terms and conditions of the GIRA described under "Material Contracts - Governance and Investor Rights Agreement" of this Annual Information Form.

The Board has not adopted formal term limits for Board members.

Each director of Corus has been engaged for more than five years in his or her principal occupation, except as follows:

Mr. Bissonnette was previously President of Shaw Communications Inc. from 2001 until his retirement in August 2015.

Mr. Colaco was previously Chief Revenue Officer, Jaunt LLC from 2017 - 2018, Senior Vice President, Advertising, Content and Business Development at Vessel LLC from 2013 - 2016, and Senior Vice President, Advertising for Hulu LLC from 2007 - 2013.

Mr. D'Avella was previously Senior Vice President of Planning for Shaw Communications Inc. from 1995 until his retirement in September 2013.

Mr. English has held progressively senior positions with Shaw Communications Inc. from 2009 to 2018, including Executive Vice President, Chief Financial and Corporate Development Officer, Executive Vice President, Chief Strategy and Business Development Officer, Senior Vice President, Corporate Development and Business Planning, Senior Vice President, Corporate Development and Capital Markets, Group Vice President, Corporate Development and Capital Markets and Vice President Capital Markets.

Mr. Frascotti was previously President, Hasbro Brands from 2014 to 2017 and Executive Vice President and Chief Marketing Officer of Hasbro Inc. from 2008 to 2014.

Mr. Hollinger was previously President and CEO of Discovery Networks International from December 2009 to March 2014.

Mr. James has been an Independent Consultant and Corporate Director since 2014. Previously, Mr. James was Partner, PricewaterhouseCoopers from 1989 to 2013.

Mr. Murphy was appointed CEO on March 30, 2015. Prior to his current role, from September 2013 to March 2015, he served as Executive Vice President and Chief Operating Officer with responsibility for the Corus Television and Radio divisions.

Ms. Julie Shaw was previously Vice President, Facilities, Design and Management of Shaw Communications Inc. from 1986 to June, 2016.

Each director named above was appointed a director at the Company's Annual Meeting of Shareholders on January 10, 2018. Each director will hold office until the next scheduled annual meeting of shareholders. Thereafter, directors will be elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed.

The Board of Directors has four standing committees made up of the following members:

Committee	Members
Executive Committee	Heather A. Shaw – Chair Peter Bissonnette Douglas D. Murphy Mark Hollinger Barry James Catherine Roozen Fernand Bélisle – Independent Lead Director
Audit Committee	Barry James – Chair Michael D'Avella Mark Hollinger
Human Resources and Compensation Committee	Catherine Roozen - Chair Fernand Bélisle John Frascotti

Committee	Members
Corporate Governance Committee	Mark Hollinger - Chair Jean-Paul Colaco Julie M. Shaw

During fiscal 2018, in order to facilitate the review of certain proposed transactions, the Board struck a special committee of independent directors to review and make recommendations with respect to any such transactions. The Special Committee consisted of Fernand Bélisle (Chair), Mark Hollinger and Catherine Roozen. The Special Committee was subsequently dissolved in October 2018, having met seven times.

OFFICERS

The following table sets forth information regarding the officers of the Company as of August 31, 2018:

Name and municipality of residence	Position held with Corus
Judy Adam, CPA, CA Oakville, Ontario, Canada	Senior Vice President, Finance
John R. Gossling, FCPA, FCA Toronto, Ontario, Canada	Executive Vice President and Chief Financial Officer
Dale Hancocks Mississauga, Ontario, Canada	Executive Vice President and General Counsel
Gary Maavara Toronto, Ontario, Canada	Corporate Secretary
Greg McLelland Oakville, Ontario, Canada	Executive Vice President and Chief Revenue Officer
Douglas D. Murphy Toronto, Ontario, Canada	President and Chief Executive Officer
Heather A. Shaw Calgary, Alberta, Canada	Executive Chair
Barbara Williams [1] Toronto, Ontario, Canada	Executive Vice President and Chief Operating Officer

[1] On October 31, 2018, Ms. Williams retired from Corus

All of the officers of Corus have held their present positions or other executive positions with the Company during the past 5 years or more, except as follows:

Mr. McLelland was previously Senior Vice President Sales, Shaw Media Inc. from December 2015 to April 2016 and Vice President Sales, Shaw Media Inc. from 2008 to November 2015.

Mr. Gossling was previously Executive Vice President, Chief Financial Officer, Telus Corporation from January 2013 to May 2016.

Ms. Williams was previously Executive Vice President and President, Shaw Media Inc. from September 2014 to March 2016 and Senior Vice President, Content, Shaw Media Inc. from November 2010 to September 2014.

As of August 31, 2018, the directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over 354,532 Class A Voting Shares and 6,200,745 Class B Non-Voting Shares, representing 10.4% and 3.0% of the issued and outstanding Class A Voting Shares and Class B Non-Voting Shares, respectively.

To the knowledge of the Company, no director or executive officer of the Company, is or has been, within 10 years before the date of this Annual Information Form, a director, a chief executive officer or a chief financial officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under Canadian securities legislation that was in effect for a period of more than 30 consecutive days, or (b) was subject to an order that was issued after the director or executive officer ceased to be acting in such capacity and which resulted from an event which occurred while the director or executive officer was acting in such capacity.

To the knowledge of the Company, no director or executive officer of the Company, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, (a) is or has been, within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, with the following exceptions:

- Mr. Douglas Murphy, until November 9, 2015, was a director of Danier Leather Inc., which on February 4, 2016 commenced insolvency proceedings under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and on March 21, 2016, made an assignment in bankruptcy pursuant to the provisions of the BIA.

- Ms. Barbara Williams, until October 26, 2010, was an executive officer of CanWest Global Communications Corp. ("**CanWest**"), which voluntarily entered into the *Companies' Creditors Arrangement Act* ("**CCAA**") and obtained an order from the Ontario Superior Court of Justice (Commercial Division) to start proceedings on October 6, 2009. Although no cease trade orders were issued, CanWest shares were de-listed by the TSX after the filing and started trading on the TSX Venture Exchange. CanWest emerged from CCAA protection and Postmedia Network acquired its newspaper business on July 13, 2010, while Shaw acquired its broadcast media business on October 27, 2010.

To the knowledge of the Company, no director or executive officer of the Company, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

AUDIT COMMITTEE

Charter

The text of the Audit Committee's Charter is attached as Schedule A.

Composition of the Audit Committee

The Company's Audit Committee is composed of Barry James, Michael D'Avella and Mark Hollinger, each of whom is a financially literate, independent director of the Company as per the requirements of National Instrument 52-110 – *Audit Committees*. The relevant education and experience of each Audit Committee member is outlined below:

Barry L. James (Chair), 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 Board member of ATB Financial and AutoCanada Inc., a Trustee of the University Hospital Foundation and Chair of the Provincial Audit Committee of the Government of Alberta.

Michael D'Avella, BA

Mr. D'Avella served most recently as Senior Vice President of Planning for Shaw Communications, Inc. ("Shaw") 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.).

Mark Hollinger, J.D.

Mr. Hollinger served most recently as President and CEO of Discovery Networks International ("Discovery") until his retirement in March, 2014. During his 24 years at Discovery, Mr. Hollinger served in multiple roles, which included having full profit and loss (P&L) responsibility for the US $2.4 billion international business and serving as the Chief Operating Officer and the General Counsel of Discovery Communications. Mr. Hollinger currently serves on the board of the Discovery Learning Alliance and is the Chairman of Sugar Films. Mr. Hollinger is a graduate of Colgate University and obtained his law degree from the Yale Law School.

Principal Accounting Fees and Services – Independent Auditors

Fees payable to Corus' independent auditor, Ernst & Young LLP, for the years ended August 31, 2018 and 2017 totaled $2,270,000 and $2,315,200, respectively, as detailed in the following table. All funds are in Canadian dollars:

	Fiscal year ended August 31,	
	2018	2017
Audit fees	2,124,000	2,114,000
Audit-related fees	98,000	98,000
Tax fees	48,000	103,200
All other fees	—	—
Total	2,270,000	2,315,200

The nature of the services provided by Ernst and Young LLP under each of the categories indicated in the table is described below:

Audit Fees

Audit fees were for professional services rendered by Ernst and Young LLP for the audit of the Company's annual consolidated financial statements and services provided in connection with regulatory filings or engagements.

Audit-Related Fees

Audit-related fees were for assurance and related services reasonably related to the performance of the audit of the statutory financial statements for certain of the Company's subsidiaries and are not reported under "Audit Fees" above.

Tax Fees

Tax fees were for tax compliance, tax advice and tax-planning professional services. These services consisted of tax planning and advisory services relating to common forms of domestic and international taxation as well as assistance with various tax audit matters.

All Other Fees

Fees disclosed in the table above under the item "all other fees" represent products and services other than the audit fees, audit-related fees and tax fees described above, including transaction-related services.

The Company's Audit Committee has implemented a policy restricting the services that may be provided by the auditors and the fees paid to the auditors. Prior to the engagement of the auditors, the Audit Committee pre-approves the provision of the service. In making their determination regarding non-audit services, the Audit Committee considers the compliance with the policy and the provision of non-audit services in the context of avoiding impact on auditor independence. Each quarter, the Audit Committee reviews the non-audit services performed by the auditors on a year-to-date basis, and any proposed assignments for pre-approval, if appropriate.

LEGAL AND REGULATORY

Corus is involved, from time to time, in various claims and lawsuits incidental to the ordinary course of business, including intellectual property actions and acts for defamation. None of these matters is material to the Company. Adverse determinations in litigation could result in the loss of proprietary rights, subject the Company to significant liabilities, or require Corus to seek licenses from third parties, any one of which could have an adverse effect on the business and results of operations. Actions which are incidental to the business are typically covered by insurance and management has estimated the potential liability and provided for the amount in its financial statements. Corus does not anticipate that the damages which may be awarded in any material action of which the Company is currently aware will exceed its insurance coverage in a material way. While no assurance can be given that these proceedings will be favourably resolved, Corus does not believe that the outcome of these legal proceedings will have a material adverse impact on its financial position or results of operations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, other than as set out below, there are no material interests, direct or indirect, of: (i) any director or executive officer of the Company; (ii) any person or company that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of Corus' outstanding voting securities; or (iii) any associate or affiliate of any of the foregoing persons, in any transaction within the last three financial years ended August 31, 2018 or during the current fiscal year that has materially affected or is reasonably expected to materially affect Corus. The material interests are as follows:

- The Shaw Media Acquisition, a related-party transaction as described in the General Development of the Business section of this Annual Information Form, was completed on April 1, 2016. As a result of the Shaw Media Acquisition, Shaw, a related party of Corus by virtue of common control by SFLT, received 71,364,853 Class B Non-Voting Shares as consideration. To the knowledge of Corus, as of the date of this Annual Information Form, Shaw continues to hold all of the Corus Shares issued to it.
- SFLT, being the controlling shareholder of the Company, is also the controlling shareholder of Shaw, and together with certain affiliates held 17,562,400 Class A Voting Shares of Shaw at the time of completion of the Shaw Media Acquisition. The sole trustee of SFLT is a private company owned by JR Shaw. It has a board comprised of seven directors, including JR Shaw as chair, Heather Shaw, the Executive Chair of the Company, Julie Shaw, the Vice-Chair of the Company, and three other members of Mr. Shaw's family.
- Heather Shaw, together with certain family member associates and entities over which she and they exercise direction and control and/or held a beneficial interest, held 32,400 Class A Voting Shares and 8,182,100 Class B Non-Voting Shares of Shaw at the time of completion of the Shaw Media Acquisition.
- Julie Shaw, together with certain family member associates and entities over which she and they exercise direction and control and/or held a beneficial interest, held 32,400 Class A Voting Shares and 8,292,383 Class B Non-Voting Shares of Shaw at the time of completion of the Shaw Media Acquisition.
- Cathton Investments Ltd., a corporation controlled by Cathy Roozen, a director of the Company, held approximately 2,060,000 Class A Voting Shares and 2,447,142 Class B Non-Voting Shares of Shaw at the time of completion of the Shaw Media Acquisition, and a family member associate of hers held an additional 10,000 Class A Voting Shares of Shaw as of that time.
- Following completion of the Shaw Media Acquisition, on April 13, 2016, Trevor English, Peter Bissonnette and Michael D'Avella were appointed to Corus' Board by its Board of Directors as nominees of Shaw pursuant to the terms of the Governance and Investor Rights Agreement as summarized in the Material Contracts section of this Annual Information Form.
- On October 4, 2018, Shaw informed the board of directors of the Company that following completion of their current term, Mr. Trevor English and Mr. Peter Bissonnette will not be standing for re-election to the Corus board of directors at the Company's 2019 annual meeting of shareholders. On November 21, 2018, Shaw confirmed the nomination of Mr. Michael D'Avella as a Shaw Nominee and nominated Mr. Michael Boychuk as a second Shaw Nominee to the Corus board of directors. Shaw reserved the right to nominate future Shaw nominees to the board of directors of Corus in accordance with the terms and conditions of the GIRA.

TRANSFER AGENTS

AST Trust Company (Canada), P.O. Box 700, Station B, Montreal, Quebec H3B 3K3, acts as Corus' transfer agent and can be reached by telephone at 1.800.387.0825 or via their website www.astfinancial.com/ca-en/.

MATERIAL CONTRACTS

Senior Secured Credit Facility

A syndicate of lenders has provided Corus with a senior secured term credit facility (the "Term Facility") and a senior secured revolving credit facility (the "Revolving Facility") under the Amended and Restated Credit Agreement dated April 1, 2016 (the "Credit Agreement") as amended at November 30, 2017.

The Term Facility consists of two tranches, with the first tranche being in the initial amount of $700.3 million and maturing on November 30, 2022, and the second tranche being in the initial amount of $1,400.6 million and maturing on November 30, 2021. Each tranche of the Term Facility is subject to mandatory repayment equal to 1.25% per quarter at the end of each fiscal quarter of Corus. As a term facility, the amounts borrowed may be repaid but once repaid are no longer available to re-borrow. As at August 31, 2018, $2,021.1 million of the Term Facility was utilized.

Advances under the Term Facility may be outstanding in the form of either prime rate loans or bankers' acceptances and 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.

The Revolving Facility consists of a committed credit of $300 million that matures November 30, 2021. As a revolving facility, amounts borrowed may be repaid and re-borrowed 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. As at August 31, 2018, the Revolving Facility was undrawn.

Advances under the Revolving Facility are available in either Canadian or U.S. dollars at the option of Corus. Interest rates applicable to Canadian dollar advances, at Corus' option, are equal to (i) the Canadian prime rate, or (ii) Bankers Acceptance rates for terms up to six months, plus, in each case, an applicable margin. Interest rates applicable to U.S. dollar advances, at Corus' option, are equal to (i) the U.S. base rate, or (ii) the U.S. London inter-bank offered rate ("LIBOR") for terms up to six months, plus, in each case, an applicable margin. Margins will vary based on the type of advance and debt to cash flow ratios achieved.

The Credit Agreement requires that Corus comply, on a quarterly basis, with certain financial covenants including maximum debt to cash flow ratio tests and a minimum interest coverage ratio test. The Credit Agreement also includes negative covenants that, subject to certain exceptions, may restrict or limit the ability of Corus (and its significant operating subsidiaries) to, among other things, incur, assume or permit to exist additional indebtedness or encumbrances, engage in mergers, consolidations, amalgamations or other reorganizations, sell or otherwise dispose of significant assets, make investments, declare dividends or repurchase equity securities, and engage in activities that adversely affect the ranking or validity of the lenders' security.

The Credit Agreement contains certain customary representations and warranties, positive covenants and events of default, including payment defaults, covenant defaults, cross-defaults to other material indebtedness or other material agreements, insolvency or bankruptcy defaults, material judgments, material breach of representations and warranties and failure to maintain security. If an event of default occurs and continues, the lenders are entitled to take all actions permitted to a secured creditor including the acceleration of amounts due.

The lenders under the Credit Agreement have a first ranking charge on the present and future property of Corus, including the present and future property of its significant operating subsidiaries. Those subsidiaries have provided guarantees to the lenders and securities pledge agreements have been entered into relative to the ownership interest in most of the significant operating subsidiaries.

Governance and Investor Rights Agreement

Concurrent with the closing of the Shaw Media Acquisition and following the issuance of 71,364,853 Class B Non-Voting Shares (the "Consideration Shares") to Shaw, Corus and Shaw entered into the Governance and Investor Rights Agreement ("GIRA"), pursuant to which Corus granted certain rights to Shaw.

The following is a summary of the principal terms of the GIRA. This summary does not purport to be complete and is qualified in its entirety by reference to the GIRA which has been filed by Corus on SEDAR at www.sedar.com.

Corus Board Composition and Shaw Nominees

Pursuant to the GIRA, Shaw has the right to nominate individuals to be elected or appointed to the Board (each, a "Shaw Nominee"). Corus and Shaw agreed that the Board would immediately appoint three Shaw Nominees to serve on the Board until the next annual general meeting of Corus shareholders following closing of the Acquisition. Shaw's nominees consisted of Michael D'Avella, Trevor English and Peter Bissonnette. At the most recent meeting of Corus shareholders on January 10, 2018, these Shaw nominees were again elected to the Board by the Class A participating shareholders. On October 4, 2018, Shaw informed the board of directors of the Company that following completion of their current term, Mr. Trevor English and Mr. Peter Bissonnette will not be standing for re-election to the Corus board of directors at the Company's 2019 annual meeting of shareholders. On November 21, 2018, Shaw confirmed the nomination of Mr. Michael D'Avella as a Shaw Nominee and nominated Mr. Michael Boychuk as a second Shaw Nominee to the Corus board of directors. Shaw reserved the right to nominate future Shaw nominees to the board of directors of Corus in accordance with the terms and conditions of the GIRA.

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 on an annual basis 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 Committees*, 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 Committees* to sit on the Corus audit committee. Shaw has nominated Mr. D'Avella who satisfies the independence criterion of applicable securities law and the requirements of National Instrument 52-110 *Audit Committees*.

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 Voting Shares and any Class A Voting Shares in respect of which management has been granted a discretionary proxy in favour of the election of such Shaw Nominees.

Committee Appointments

Pursuant to the GIRA, 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 Non-Voting Shares representing at least 15% of the outstanding Shares.

For so long as Shaw beneficially owns Class B Non-Voting 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 Multilateral Instrument 61-101) in respect of the applicable issue or transaction.

Restrictions on Transfer of the Consideration Shares

As of August 31, 2018, Shaw held approximately 38% (August 31, 2017 - 40%) of the aggregate outstanding Class B Non-Voting Shares as a result of Consideration Shares issued pursuant to the Shaw Media Acquisition and Shaw's past participation in the DRIP. Certain transfer restrictions imposed on the Consideration Shares under the GIRA expired on April 1, 2018 and, as a result, there are no longer any contractual restrictions on Shaw's ability to sell the Consideration Shares.

Registration Rights

The GIRA 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 of all or any whole number of Class B Non-Voting 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 Non-Voting 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 Non-Voting 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 Non-Voting Shares representing at least 5% of the outstanding Shares.

Pre-Emptive Rights

Subject to certain exceptions, provided that Shaw beneficially owns Class B Non-Voting 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 Voting Shares, then Shaw will be entitled to acquire the number of Class B Non-Voting Shares that allows 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 GIRA will terminate upon Shaw beneficially owning less than 5% of the outstanding Shares.

INTERESTS OF EXPERTS

The audited consolidated financial statements and notes of the Company and its subsidiaries and joint ventures for the year ended August 31, 2018, incorporated by reference in this Annual Information Form, have been audited by Ernst & Young LLP ("EY"), Chartered Professional Accountants. EY was appointed as the Company's independent auditors by the shareholders of the Company upon the recommendation of the Board of Directors at its Annual General Meeting held on January 10, 2018. To the knowledge of the Board of Directors, EY is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants Ontario. A copy of the audited consolidated annual financial statements and notes of the Company, including the auditors' report thereon, is available at SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Corus may be found on SEDAR at sedar.com. Additional information regarding directors' and officers' remuneration, and securities authorized for issuance under equity compensation plans, will be contained in Corus' Management Information Circular for the annual meeting to be held on January 16, 2019. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended August 31, 2018 and in the 2018 MD&A. Financial information and additional information relating to Corus may be found at corusent.com.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company endorses the principles that sound corporate governance practices ("Corporate Governance Practices") are important to the proper functioning of the Company and the enhancement of the interests of the shareholders.

The Company's Statement of Corporate Governance Practices as they compare to the CSA Guidelines on Corporate Governance under National Instrument 58-101 *Disclosure of Corporate Governance Practices* is posted on the Company's website within the annual Management Information Circular, and the charters of the Board of Directors and Human Resources and Compensation Committee may be found on the Company's website at www.corusent.com in the Investor Relations section.

Schedule A

AUDIT COMMITTEE CHARTER

1. **Mandate**

The mandate of the Audit Committee (the "Committee") shall be to provide assistance to the Board of Directors (the "Board") of Corus Entertainment Inc. ("Corus" or the "Company") in fulfilling their oversight responsibilities relating to: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the external auditor's qualifications and independence; and, (iv) the performance of the Company's internal audit function and external auditors.

In fulfilling its mandate, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors, the internal auditors, and management of the Company, and to determine that all parties are aware of their responsibilities.

2. **Composition and Operations**

2.1 The Committee shall be composed of three or more directors, as determined and appointed by the Board on an annual basis. Every Committee member must be independent as defined by National Instrument 52-110 *Audit Committees*. In this regard, to maintain their independence, members of the Committee may not accept any consulting, advisory or other compensatory fee (other than regular Board and Committee fees) from the Company or any of its affiliates. Members also may not receive any indirect payments from the Company or any of its affiliates, including payments (whether or not material) made to spouses or family members, or payments for services to law firms, accounting firms, consulting firms and investment banks for which the Committee member serves as a partner, member, managing director or executive. The members of the Committee and the Chair will be appointed annually by the Board and each member shall serve until the next Annual General Meeting of the shareholders of the Company or until his or her earlier resignation or removal by the Board.

2.2 Every Committee member must be financially literate as defined by National Instrument 52-110 *Audit Committees*. The determination of whether any given member of the Committee meets such definition, will be made by the Board, in consultation with the Corporate Governance Committee, in accordance with applicable laws, policies and guidelines of securities regulatory authorities.

2.3 The Committee should meet at least quarterly. Special meetings should be authorized at the request of any member of the Committee or at the request of the external auditor, internal auditor or senior members of management. The external and internal auditors should have the right to attend all meetings of the Committee.

2.4 The Committee has access to Corus senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.

2.5 The Board should be kept informed of the Committee's activities by a report following each Committee meeting. The person designated to act as secretary should prepare minutes of all meetings, to be filed in the corporate records.

2.6 The Committee has the authority to engage the services of independent outside advisors or counsel in consultation with the Executive Chair and to set and pay the compensation for these advisors.

2.7 The secretary to the Committee shall be either the Corporate Secretary or a person delegated by the Chair and that person will be responsible to keep minutes of all meetings.

2.8 Notice of each meeting of the Committee shall be given to each member of the Committee as far in advance of the time for the meeting as possible, but in any event, not later than 24 hours preceding the time stipulated for the meeting (unless otherwise waived by all members of the Committee). Each notice of meeting shall state the nature of the business to be transacted at the meeting in reasonable detail and to the extent practicable, be accompanied by copies of documentation to be considered at the meeting.

2.9 A quorum for the transaction of business at a meeting shall consist of not less than a majority of the members of the Committee. Members of the Committee may participate in any meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating by any such means shall be deemed to be present at that meeting. Senior management of the Company and other parties may attend meetings of the Committee, as may be deemed appropriate by the Committee.

3. **Duties and Responsibilities**

The Committee has the responsibilities and powers set forth in this Charter:

General

3.1 The Committee shall review and reassess the charter at least annually and obtain the approval of the Board.

3.2 The Committee shall perform an evaluation of its performance at least biennially to determine whether it is functioning effectively.

3.3 The Committee shall meet separately, periodically, as it deems appropriate, with management, with internal auditors and with external auditors.

Financial Statements and other Reports

3.4 The Committee has the authority to communicate directly with the internal and external auditors and shall review the Company's quarterly and annual financial statements, Management's Discussion and Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC") and annual and interim earnings press releases prior to their release and make recommendations to the Board for their approval. In addition, the Committee will review any report of management that accompanies published financial statements.

3.5 The Committee's review of the annual audited financial statements shall include but are not limited to the following:

a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;

b) major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies;

c) discussions with management and the external auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments;

d) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements;

e) consideration of the judgment of both management and the external auditors about the quality and disclosure, not just the acceptability, of accounting principles;

f) the clarity of the disclosures in the financial statements; and

g) discussions with management and the external auditors regarding accounting adjustments that were noted or proposed by the external auditors but were "passed" (as immaterial or otherwise).

3.6 The Committee shall, on an annual basis, review and assess the adequacy of the Company's procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the information referred to in subsection 3.5.

Risk Management, Internal Controls and Information Systems

3.7 The Committee shall discuss with management, the internal auditors and the external auditors the adequacy and effectiveness of disclosure controls and procedures and internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in connection with its required quarterly certifications with securities regulatory authorities.

3.8 The Committee shall review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year.

3.9 The Committee shall review with management, the external auditor and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements.

3.10 The Committee shall monitor compliance with statutory laws and regulations and obtain regular updates from management and the Company's legal counsel regarding compliance matters.

3.11 The Committee is responsible for establishing appropriate processes and procedures for the receipt, retention, and treatment of accounting, internal controls or auditing matter complaints received by the company. In addition the Committee shall ensure that the company has a mechanism to allow employees to communicate concerns regarding questionable accounting or auditing matters on a confidential, anonymous basis without fear of reprisal.

3.12 The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall review, on a quarterly basis, management's risk assessment of key enterprise risks and the steps management has taken to monitor and control such exposures.

External Audit Services

3.13 The external auditors will report directly to the Committee.

3.14 The Committee will recommend to the Board of Directors:

a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services of the Company; and

b) the compensation of the external auditor.

3.15 The Committee will oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including but not limited to the following:

a) reviewing objectives and scope of audit, review or attest services;

b) reviewing the results of the external audit and any changes in accounting practices or policies and the financial statement impact thereof;

c) reviewing any accruals, provisions or estimates that have a significant effect upon the financial statements; and

d) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditors' activities or access to requested information, and management's response.

3.16 The Committee will pre-approve all audit and non-audit services provided to the Company or its subsidiaries by the external auditors and shall not engage the external auditors to perform non-audit services proscribed by law or regulation.

3.17 The Committee may delegate to one or more members of the Committee the authority to pre-approve any audit and non-audit services up to a pre-determined cap in satisfaction of the requirement under subsection 3.17.

3.18 The pre-approval of audit and non-audit services pursuant to subsection 3.17 must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.19 The Committee shall determine that the external audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account in accordance with applicable laws, policies and guidelines of securities regulatory authorities.

3.20 At least annually, the Committee shall obtain and review a report by the external auditors describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (iii) all relationships between the external auditors and the Company (to assess the auditor' independence).

3.21 The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

Internal Audit

3.22 The internal auditors will report directly to the Committee.

3.23 The Committee will oversee the work of the internal auditor including but not limited to the following:

a) reviewing the objectives and scope of internal audit plans;
b) reviewing the quarterly reports summarizing audit activities for the quarter;
c) reviewing the audit findings of internal audits;
d) reviewing the findings from any special investigations as needed; and
e) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the internal auditors' activities or access to requested information, and management's response.

4. **Committee Timetable**

The Committee shall fulfill its oversight responsibilities primarily by carrying out the activities set forth in a detailed quarterly schedule, as well as all such other actions which may be incidental thereto or which may be necessary for the Committee to comply with the spirit and intent of this Charter. The items enumerated in the schedule are not intended to be exhaustive of the duties of the Committee. The schedule is reviewed annually by the Board and may be supplemented and revised from time to time as may be appropriate.

5. **Committee Chair – Job Description**

At the time of the annual appointment of the members of the Audit Committee, the Board of Directors shall appoint a Chair of the Audit Committee. In the absence of the appointed Chair of the Committee from any meeting, the members shall elect a Chair from those in attendance to act as Chair of the meeting. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this charter, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.