Corus Entertainment Inc.

Annual Information Form

Fiscal Year Ended August 31, 2019

November 22, 2019

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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; 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, 2019 (the "2019 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 35 specialty television networks, 15 conventional television stations, 39 radio stations and a global content business, digital assets, book publishing, animation software, a social digital agency, a social creator network, and media and technology services.

The Company was originally incorporated under the *Canada Business Corporations Act* ("CBCA") 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 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.

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, 2019, their jurisdiction of incorporation or organization, and the combined percentage of voting securities owned by Corus directly or indirectly.

		Voting interest	
Name	**Jurisdiction**	**2019**	**2018**
Corus Limited Television Partnership	Canada	**100.0%**	**100.0%**
Corus Media Holdings Inc.	Alberta	**100.0%**	**100.0%**
Corus Radio Inc.	Canada	**100.0%**	**100.0%**
Corus Radio Sales Inc.	Canada	**100.0%**	**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 focuses 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 selectively 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 relationships, and through ongoing improvements in operating efficiency. 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 2019

Corus continued to focus on its key strategic objectives to engage our audiences, own and control more content, and expand into new and adjacent markets. In fiscal 2019, the Company made steady progress on its internal growth objectives, with a number of innovative initiatives announced during the year. Corus also continued optimizing its operating model, with the view of maximizing cash flow and reducing its financial leverage.

Engage Our Audiences

Corus entered into a number of new arrangements with international content providers to expand its offering for Canadian audiences.

On November 1, 2018, Corus launched The Hallmark Channel on W Network in association with Crown Media Family Networks, which introduced a weekend Hallmark-branded movie block featuring Hallmark original movies on W Network. The multi-year, multi-platform deal grants W Network exclusive Canadian licensing rights to all movies and scripted series produced by Crown Media for its Hallmark and Hallmark Movies & Mysteries channels in the U.S.

On April 1, 2019, Corus launched the world's first ever 24-hour Adult Swim channel in Canada, building on an exclusive, multi-platform deal with WarnerMedia. Corus' former Action channel was rebranded Adult Swim, with all Adult Swim programming previously airing on Corus' Cartoon Network and Teletoon at Nite shifting to the new Adult Swim channel.

Corus also announced new relationships with three digital-first companies: Complex Networks; Twitter Canada and KIN Community Canada.

On June 3, 2019, Corus entered into an agreement with Complex Networks to license its youth focused content for distribution across multiple platforms in Canada, including linear, digital and on demand. Corus has been appointed Complex Network's exclusive advertising sales agent for Canada, and will work with Complex to produce original localized content and expand its U.S. live event business to Canada, centered on its ComplexCon franchise.

Corus' social media agency so.da extended its relationship with Twitter Canada on May 30, 2019 by launching *Twitter Originals, fueled with so.da.* so.da will develop data-driven, custom content exclusively for distribution across the Twitter platform, expanding its May 2018 relationship with Twitter.

On April 1, 2019, Corus acquired KIN Community Canada, the Canadian operation of KIN Community. KIN Community Canada develops, creates and distributes lifestyle entertainment across multiple digital platforms. The KIN Community Canada acquisition expands Corus' digital content offerings to advertisers and audiences.

Own and Control More Content

Corus furthered its owned content strategy in fiscal 2019 with a new leadership structure announcement on February 21, 2019. The Corus original content teams, including Nelvana, Corus Studios, Kids Can Press and Toon Boom were aligned under the leadership of the Executive Vice President, Content and Corporate Strategy to maximize strategic growth opportunities for Corus content, both domestically and internationally.

Corus Studios and Nelvana both increased their production slates in fiscal 2019. Corus Studios greenlit 19 new series for delivery in fiscal 2020 compared to 11 series delivered in fiscal 2019, and Nelvana Studios delivered 206 half-hour equivalent episodes in fiscal 2019, up from 122 in fiscal 2018. Among the highlights in fiscal 2019, Nelvana greenlit another season of *Hotel Transylvania: The Series* with Sony Pictures Animation, along with a second season of its Emmy nominated property *Esme & Roy* with Sesame Workshop. Corus Studios secured its first global distribution deal with Netflix for its property *Rust Valley Restorers*.

Expand into New and Adjacent Markets

Corus partnered with Amazon Prime Video Channels to launch STACKTV in Canada on June 4, 2019, the first package of Corus channels available to viewers through a Virtual Muti-channel Video Programming Distributor (vMVPD). Featuring 12 of Corus' most popular channels, delivered live and on demand, STACKTV enables Corus to offer its services in new ways to attract consumers who do not have a subscription with Corus' existing distribution partners.

On May 14, 2019, Corus expanded its Global TV streaming app to Roku devices in the Canadian market. The Global TV app was also extended to Android devices on August 13, 2019. These platforms enable Corus to extend its reach into the advertising supported video-on-demand (VOD) market, an adjacent revenue marketplace to Corus' existing linear television advertising business.

Corus continues to make investments in data analytics and advanced advertising technology to improve its position in the marketplace. The Company's automated audience-based buying platform Cynch was further refined as advertising agency partners are trained, new features are added and further beta testing is completed. The platform streamlines the advertising buying process, improves reporting timelines and enables integration of other data sources to inform and improve advertising campaigns.

Financing Activity

Further to the announcement of the Company's revised Capital Allocation Policy in fiscal 2018, 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 commencing in December 2018. Concurrent with this change, the Company began purchasing 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 no discount for shares delivered under the DRIP. The dividend remains subject to approval by the Board of Directors each quarter.

The Company's stated long-term objective is financial leverage (net debt to segment profit) below 3.0 times. As at August 31, 2019, the Company's financial leverage was 2.82 times net debt to segment profit as compared to 3.28 times at August 31, 2018, reflecting significant progress on Corus' efforts to pay down debt.

On May 31, 2019, the Company completed an agreement to amend and extend the terms of its existing Credit Facility with its bank group. The principal amendment effected was the extension of the maturity for the Term Facility and the Revolving Facility. Further details can be found in 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 May 31, 2019, Corus announced the closing of a secondary offering of 80,630,383 Class B non-voting participating shares of Corus by Shaw Communications Inc. ("Shaw") for total gross proceeds of $548,286,604. Corus did not receive any of the proceeds from the offering. As a result of this transaction, Shaw does not own, control, or direct any Class A or B shares of Corus and the Governance and Investor Rights Agreement with Shaw was terminated in accordance with its terms. A copy of the final prospectus for the secondary offering was filed on SEDAR at www.sedar.com.

Other

On March 22, 2019, Corus sold its 50.5% interest in TLN Media Group Inc. to the minority shareholders of TLN Media Group Inc. Proceeds from the transaction were used to reduce Corus' outstanding bank debt.

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. On May 31, 2019, the existing credit facility was further amended and extended as described in this section of the Annual Information Form under Fiscal 2019 - Financing Activity. 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 to be effective September 1, 2018 as described in this section of the Annual Information Form under Fiscal 2019 - Financing Activity.

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. As at August 31, 2018, the Company's financial leverage was 3.28 times net debt to segment profit as compared to 3.46 times as 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 Toon Boom 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 Canada, Food Network Canada 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.

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.

DESCRIPTION OF THE BUSINESS

Corus' principal business activities are operated through two reporting segments: Television and Radio. The Television segment is comprised of 35 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 and Toon Boom. The Company also owns social digital agency so.da, lifestyle entertainment company Kin Community Canada 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:

(000's) $CDN

Year ended August 31	2019	2018
Television	1,544,892	1,499,322
Radio	142,590	148,025
Total revenues	**1,687,482**	**1,647,347**

In fiscal 2019, the Company's Television segment accounted for 92% of revenues, while its Radio segment accounted for the remaining 8%. In fiscal 2018, the Company's Television segment accounted for 91% of revenues, while its Radio segment accounted for the remaining 9%.

Revenue in fiscal 2019 was derived primarily from three areas: advertising, subscriber fees and merchandising, distribution and other, which represented 65%, 30% and 5%, respectively, of total revenues (2018 - 63%, 31% 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 35 specialty channels, 15 local televisions stations, 39 radio stations, digital assets, Nelvana and Corus Studios. These strategies and Corus' competitive strengths are set out in greater detail below.

Deep Relationships With International Media Companies

Corus has relationships with some of the most influential media companies in the world, including The Walt Disney Company; Viacom Inc.; A+E Networks; Crown Media Family Networks; CBS TV; Discovery, Inc.; Harpo Productions, Inc.; NBCUniversal Media, LLC.; SONY Pictures Entertainment, and leading United States and international channel partners, including Discovery, Inc.; the BBC; WarnerMedia, LLC.; 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 companies 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 almost 22 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 *Survivor* 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.

Internal research reveals that the Corus Kids' portfolio of television services reached approximately 91% of Canadian kids ages 2-11 and approximately nine out of 10 moms with kids under 12 in the past year.[2] 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 both adults aged 25 – 54 and women aged 25-54, and seven of the top 10 specialty television channels for kids aged 2-11.[3]

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.

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[1] Numeris PPM Data, Total Canada, Broadcast Year 18-19 (Aug 27/2018 – Aug 25/2019), Global Total, Average of Monthly CumRch (000), Ind.2+

[2] Numeris PPM Data, English Canada, Broadcast Year 18-19 (Aug 27/2018 - Aug 25/2019), Corus English Kids stns, Cum Rch %, K2-11, W25-54 w/ kids <12

[3] Numeris PPM Data, Total Canada, Broadcast Year 18-19 (Aug 27/2018 – Aug 25/2019). Adult Swim (Apr 1 - Aug 25/2019) Mo-Su 2a-2a, CDN Eng Com Spec+Dig stns excluding sports stns / Kids ranker based on CDN Eng Kids stns only

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 operates its own social media agency, so.da, and a social media creator network KIN Community Canada, which provide 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 VOD 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 VOD 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.[1] Corus also believes it is well positioned for the potential arrival of new foreign and domestic digital distributors to Canada with powerful brands such as HGTV Canada, Food Network Canada, National Geographic Canada and HISTORY. The U.S. versions of these brands are typically included in many skinny bundles offered by these players in the U.S. market. Corus' STACKTV offering on Amazon Prime Video Channels in Canada, featuring 12 of Corus' most popular channels live and on demand, is an example of a Corus bundle of channels that is distributed on a new digital distribution platform. Corus' portfolio of specialty television channels, combined with Global, positions the Company to benefit from the launch of these services in Canada.

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.

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[1] Ratio of % of total audience viewing delivered by Corus specialty channels divided by % total wholesale subscriber revenue captured by Corus Specialty channels is 1.7x versus 0.4x for specialty Sports channels. Source: CRTC individual discretionary and on-demand services statistical and financial summaries 2014-2018, Numeris PPM Data, total Canada Mo-Su 2a-2a, (8/29/2017 to 8/26/2018)

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, lifestyle and factual 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. Corus has organized all of its content related businesses under the leadership of the Executive Vice President Content and Corporate Strategy to maximize strategic growth opportunities for Corus content, both domestically and internationally.

Corus has also struck production partnerships with key leading international content companies such as Viacom, Discovery Kids Latin America and Sumitomo. These partnerships help Corus co-finance new shows, secure placement for new shows in key international markets and expand the range of original, globally sourced intellectual property that Corus can access.

Optimized Operating Model

Corus' broadcast networks benefit from a highly centralized operating model, with key functions such as marketing, programming, scheduling, channel origination and master control, advertising and affiliate sales operating across multiple brands and channels. Corus Radio and Local Television also share functions such as advertising sales, facilities and marketing in those markets where Corus has both radio and television assets. This operating model enables Corus to drive efficiencies by optimizing the amount of resources required to operate these assets.

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 audiences beyond television and radio platforms.

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 provides a deep selection of its hit shows via the Global TV App and Globaltv.com, while the Global News platform Globalnews.ca remains one of Canada's most popular news websites. Global TV enables viewers to watch live TV, full episodes, clips and video exclusives on demand on iOS, Android and Roku mobile and streaming devices. Global TV reaches over 800 thousand unique visitors each month (+6% year-over-year)[1] and delivers over 4 million video views each month (+19% year-over-year)[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.

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 12.2 million unique visitors each month (+13% year-over-year)[3], 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.

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[1] comScore Media Metrix, Multi-Platform data, 12-month average ended July 2019, Base: Total Canada, All locations, 2+ digital audience

[2] Adobe Analytics, 12-month average ended August 2019

[3] *comScore Media Metrix, Multi-Platform data, monthly average based on May 2019 to July 2019, Base: Total Canada, All Locations, 2+ digital audience*

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. The combination of Corus' strength in kids specialty television channels in the Canadian marketplace and Nelvana's merchandising capabilities has enabled it to secure agreements to represent many of the world's leading children's licensing programs including *Thomas the Tank Engine, Peppa Pig, PJ Masks* and others.

TELEVISION

The Company's Television segment is comprised of 35 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, a social digital agency, a social creator network 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 10.8 million subscribers to television programming services in 2018.[1] There were approximately 8.9 million cable and Internet protocol television ("IPTV") subscribers and 1.9 million direct-to-home ("DTH") satellite and multipoint distribution systems ("MDS") subscribers in 2018.[2]

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 2018 were approximately $2.9 billion in Canada. Privately-owned OTA television services received a 49% share or approximately $1.4 billion of total television advertising revenues in 2018, compared to approximately $1.5 billion or a 50% share of total television advertising revenues in 2017.[3]

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.

[1] CRTC – Broadcasting Distribution Cable, Internet Protocol Television and Direct-to-Home Statistical and Financial summaries 2014-2018

[2] *ibid*

[3] CRTC Broadcasting Financial Summaries Highlights, 2018

Discretionary Services: Specialty Television

Specialty television services, along with pay television services ("Pay TV"), pay-per-view ("PPV") and video-on-demand ("VOD"), generated $4.2 billion of combined advertising and subscriber revenues in 2018, 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 2018 were approximately $2.9 billion in Canada. Specialty and pay television networks, along with PPV and VOD, received a 43% share of total television advertising revenues, or approximately $1.3 billion in 2018, compared to approximately $1.3 billion or a 44% share of total television advertising revenues in 2017.[1]

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 stagnated. According to the CRTC, in 2018 subscriber revenues of $2.89 billion for discretionary television services, including specialty television, were down 1.9% from $2.94 billion in 2017.[2]

Globally, new television distribution platforms are emerging, such as vMVPDs, smart TV platforms, and Android-based device platforms that offer consumers new ways to subscribe to content. The Company has partnered with Amazon Prime Video Channels, the first foreign vMVPD to enter the Canadian market, and launched the Corus STACKTV bundle of channels. Smart TV penetration rates in Canada have grown to approximately 49% of households in 2018[3], and Android-based devices are widely available in Canada through retailers such as Walmart, Best Buy 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* Video*, Disney+, Vudu, HBO Max* 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 5.7%.[4] Total Canadian production revenue was $8.9 billion in 2018, with children's animation accounting for $298 million of that figure.[5] The expansion of OTT platforms and the related growth in viewing is increasing demand from distributors that focus on children's content. As such, these platforms represent an important category of buyers for children's content. North American OTT revenue in Canada and the United States is expected to grow by 10.7% (CAGR) and 10.3% CAGR, respectively, and by 2023, OTT revenue in Canada and the United States is expected to be US$2.7 billion and US$23.7 billion, respectively.[6] 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, 2018

[2] *ibid*

[3] MTM Anglophone Adoption Report, Spring 2018

[4] CMPA Profile 2018

[5] *ibid*

[6] PWC Global Entertainment & Media Outlook 2019-2023

Merchandising

The sale of licensed entertainment merchandise is a multi-billion dollar industry. According to industry market data, in 2018, retail sales of licensed entertainment/character merchandise in Canada and the United States was US$13.0 billion, down 1.3% over 2017 figures, however, the Canadian market grew 4.7% in 2018.[1] The global revenue of entertainment/ character merchandise in 2018 was US$122.7 billion, a 1% increase from 2017.[2]

Publishing

According to industry market data, print is expected to continue to be the primary form of book consumption for the period 2019 to 2023. In 2018, global total book publishing revenue was US$122 billion and is expected to reach US$129 billion in 2023, reflecting CAGR of 1.2%.[3]

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 VOD 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 2018, 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 $1.4 billion of advertising revenues.[4] Total TV advertising revenues in Canada were $3.0 billion in 2018.[5] 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 2018, Canadian discretionary television services, including specialty television networks, collectively generated $2.9 billion of subscriber revenues.[6]

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.

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.

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[1] The Licensing Letter, August 5, 2019

[2] Licensing International Annual Global Licensing Industry Survey 2019 Report

[3] PWC Global Entertainment and Media Outlook 2019-2023

[4] CRTC Financial Summaries for Broadcasting Sector, 2018

[5] ibid

[6] 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 owns and 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 14.4 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.

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[1] Source: Numeris PPM Data, Total Canada, Broadcast Year (Aug 27/2018 – Aug 25/2019), AvMRch (000), Ind.2+

[2] Source: Numeris PPM Data, Broadcast Year (Aug 27/2018 – Aug 25/2019), 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 and operates a total of 35 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, 2019, 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.
Adult Swim	100%	From original animated comedies to live action programming, Adult Swim Content is an unexpected blend of authenticity, originality, and cleverness. Engaging audiences through a bold and irreverant voice, Adult Swim offers an immersive experience that places fans at the center, bringing together comedy, gaming, music and live events.
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 content and brings a unique and diverse slate of entertainment experiences to kids and families
Cooking Channel Canada	71%(2)	Cooking Channel Canada is dedicated to the passionate food lover. It's the answer to a growing hunger for more content devoted to food and cooking in every dimension; from global cuisines to international travel, to history and hidden gems
Cosmopolitan Television (discontinued September 2019)	n/a	Discontinued service
CMT Canada	80%	CMT offers a funny, light-hearted programming mix of hit comedies, reality series, and movies
Crime + Investigation	100%	Crime + Investigation is dedicated to investigating the truth, and confronting life's mysteries through true crime stories and dramatic series. C+I takes viewers on a journey into the world of criminal investigation - because truth is worth pursuing.
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.

Specialty Channel	% Economic Interest	Summary Description
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)	DIY Network Canada is the go-to destination for rip-up, knock-out home improvement television from small-scale fix-it jobs to major home renovations
DTOUR	100%	DTOUR takes viewers on a journey exploring the world and all that it has to offer, with unique points of view and eye-opening experiences. From bizarre foods to paranormal mysteries, it's always an adventure on DTOUR.
Food Network Canada	71%(2)	From inspiring food stories to high-stakes culinary competitions, Food Network Canada is the experiential and social epicenter of food entertainment, featuring iconic characters and industry heavy-hitters
FYI (3)	100%	A contemporary lifestyle network that covers a range of experiences reflecting how people live today through diverse lifestyle content
HGTV Canada	67%(2)	HGTV Canada is your true partner for home. We celebrate the spirit of home through inspiring design, renovation and real estate shows. It is the network where the experts are guides and friends, helping viewers realize what's possible
Historia	100%	A French-language network specializing in programming that brings historical stories from Canada and around the world to life
HISTORY	100%	HISTORY explores stories of human endeavour, achievement and progress through award-winning series and specials that are fascinating, inspiring and relevant to today
H2	100%	Offers a broader view of history across science, technology and popular culture from around the globe
IFC Canada (discontinued September 2019)	n/a	Discontinued service
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%	With exclusive movies, award-winning dramas and exciting reality series, Lifetime empowers women to find their strength through the transformative power and attraction of entertainment
OWN: Oprah Winfrey Network Canada	100%	Oprah Winfrey Network gives viewers access to a stellar lineup of original series and specials that focus on 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)	National Geographic believes in the power of science, exploration and storytelling. Its award-winning series tell stories of humankind from an up-close perspective.
Nat Geo Wild	50%(1)	Nat Geo Wild excites people's passion for wild animals and wild places by taking viewers on the amazing explorations and adventures that surround us
Nickelodeon Canada	100%	Kids can watch their favourite Nick shows, all day, every day. Nickelodeon 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%	Showcase is a leading premium drama network with unpredictable stories and unforgettable characters, and serves as the destination for award-winning series and hit blockbuster movies
Slice	100%	Slice is the destination for unscripted television showcasing big, buzz-worthy personalities and a glimpse into the lifestyles and relationships of the rich and outrageous

Specialty Channel	% Economic Interest	Summary Description
TELETOON/ TÉLÉTOON	100%	TELETOON delivers hilarious comedy, unexpected surprises and action through animated series and movies for kids and families. 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.
W Network	100%	Celebrates relationships and life's special moments. Through dramatic series, exclusive Hallmark Channel seasonal stunts and movies, W embraces unique, exceptional and meaningful connections that make for great storytelling for women.
YTV	100%	As Canada's first dedicated network for Kids, YTV is a destination for premium animated and live action TV series and blockbuster movies.

(1) Voting interest is 80%

(2) Voting interest is 80.2%

(3) To be discontinued effective December 31, 2019

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 and factual 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 *Esme and Roy*. 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.

Nelvana's program library, which includes proprietary owned content as well as acquired rights, totals over 4,300 half-hour equivalent episodes, comprising 96 animated television series, 22 specials, 9 animated feature length films and 13 live action series.

The Canadian television market accounts for approximately 46% of Nelvana's production and distribution revenues in fiscal 2019, compared to approximately 30% from the U.S. market and approximately 24% 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 130 episodes of new content into its catalogue in fiscal 2019. Titles included renewals of *Worst to First*, *Masters of Flip*, *Backyard Builds* and *$ave my Reno* as well as seven new titles including *Stitched*, *Island of Bryan*, *Big Rig Warriors*, *Rust Valley Restorers*, *Big Food Bucket List*, *Fire Masters* and *History Erased*. Corus Studios tripled its production volume from fiscal 2018 to fiscal 2019. 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, 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 2018, there were 721 commercial private radio stations in Canada, of which 83% were FM stations and 17% were AM stations.[1]

The commercial radio industry is dependent upon advertising revenues for economic performance and growth. According to the CRTC, the industry generated $1.5 billion in revenues in 2018, which was down 0.5% 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). 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.

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[1] CRTC Radio Statistical Summaries 2014 - 2018

[2] *ibid*

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.

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.

Podcasting has emerged as a popular method for listeners to listen to radio content in an on-demand, mobile manner. Many domestic and international podcasts from public and privately owned radio operators are available for download in the Canadian marketplace. These podcasts compete with traditional radio operators' share of both audience and advertiser revenues.

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 2018 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, mobile apps and podcasts via its CuriousCast Network initiative. 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 apps.

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 2019 and fiscal 2018 were $130.0 million and $138.1 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.

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[1] CRTC Communications Monitoring Report 2018

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.

Podcasting and Streaming

Live audio streaming and Audio on demand/Podcasting affords the broadcaster and the advertiser a more personal connection with the listener, which is not available through traditional radio. More than 9.8 million connections per month are made to Corus Radio station streams with approximately 8.3 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 relationship with Apple Canada. As a partner in Radioplayer Canada, all 39 radio stations are available on the Radioplayer Canada platform and app, which has now surpassed 999,000 downloads and streams more than 2.7 million weekly sessions.[2] In summer 2018, Corus launched the podcast network, CuriousCast: Podcasts for Curious Minds, which now averages over 3.7 million downloads per month (more than triple its size in 2018)[3] and hosts more than 45 shows, including top podcasts *The Ongoing History of New Music, Global News Wait There's More*, *History of the 90's*, *Nothing Much Happens*, and top true crime podcasts *Crime Beat*, *Dark Poutine*, *Nighttime*. Through dynamic ad insertion and branded content available in all of its podcasts, Curiouscast offers advertisers a brand new and powerful way for advertisers to reach millennial audiences.

ADDITIONAL INFORMATION CONCERNING CORUS' BUSINESSES

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] Radio Streaming Data: Learnstream Analytics (October 1/2019 - October 31/2019)

[2] Radioplayer Canada Analytics: (Downloads March 2017 - present, weekly sessions November 9/2019 - November 15/2019)

[3] Omny Studio Analytics: (October 1/2019 - October 31/2109)

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.

Economic Dependence

Corus' operating result for the Company's broadcasting business 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.

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.

Employees

As at August 31, 2019, Corus had approximately 3,330 full-time and part-time employees, of which unionized employees represent 28%. The Company is a 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 across traditional and emerging platforms in the domestic and international media and content industry, including television, radio, digital and social production; financing, advanced advertising technology, sales and marketing; programming content creation, distribution and licensing; newsgathering and reporting; book publishing, animation software production and media technology services.

Foreign Operations

Approximately 4% of Corus' consolidated revenues for the year ended August 31, 2019 were derived from foreign operations. These consist primarily of revenues from the Company's international content distribution business and merchandising.

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.

Bankruptcy

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

Reorganizations

In fiscal 2019 and Fiscal 2018, the Company incurred $26.3 million and $17.1 million, respectively 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.

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.

Environmental, Social and Governance

Policies

Corus has implemented a range of policies and commitments 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 Inclusion
- Employment Equity
- Accessibility Policy
- Social Media Policy
- Workplace Health and Safety Committee Accountability Procedures

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.

Corus' commitment to Diversity and Inclusion goes far beyond policy. It is a way of working, internally with our people, with the content we deliver, and in how we support our industry more broadly. Corus has defined a Diversity and Inclusion mission and vision, which is supported by a wide variety of programs, processes and initiatives.

Corus is committed to the health and safety of all people, including while working in our communities and with the general public. Corus' commitment to safety includes new training related to in-field reporting and social media.

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.

Since the Company's launch in 1999, Corus has been and continues to be committed to high standards of corporate social responsibility ("CSR"). Under the Corus Cares banner, Corus anchors its key CSR areas of focus in the following areas: People, Community, Industry and Environment.

People

Corus believes a strong corporate culture drives its success by supporting the well-being of its people in a values-based culture where employees have the opportunity to show their value and develop their potential.

Corus offers a wide range of learning and development opportunities to equip its people with professional development skills, provide competitive compensation and invest in health and wellness initiatives.

The Company acknowledges outstanding employee performance with employee recognition programs and company awards. Learning and development sessions and group mentorship programs are provided to educate and inspire Corus' people.

Through well-being initiatives, employee engagement opportunities, volunteerism, strong leadership and a high-performance workplace, the Company continues to foster an award-winning corporate culture.

In 2019, Corus was recognized as one of Canada's Best Diversity Employers, Canada's Top Employers for Young People and Greater Toronto's Top Employers.

Community

Corus' commitment to strengthening the communities in which it lives and operates is anchored in supporting the health and well-being of families and children. In the Company's 20 year history, local, provincial and national charitable organizations have seen the megaphone of Corus' radio and television assets bring much-needed awareness to causes and organizations through donated airtime and services, local fundraising and cash support. Through its philanthropic efforts, Corus has contributed over $327 million in donated airtime, in-kind support and fundraising since its inception.

In 2018 alone, Corus assisted in raising $33 million for more than 250 charitable organizations across Canada under the Corus Cares banner.

In addition, to demonstrate support for initiatives and programs that are making a difference in local communities, the Company established a quarterly donation opportunity for its offices across Canada. Each quarter, one partner charity receives a corporate donation that helps amplify a fundraising initiative that is already established and supported by a Corus office. Corus is committed to driving positive social outcomes to build stronger communities.

Industry

The Company continues to foster a strong and sustainable media industry that is both domestically successful and globally competitive through the acquisition, development, production and broadcast of content and the investment of millions of dollars into original Canadian productions.

Corus' unique position as an integrated broadcaster, producer and distributor of original content gives the Company a distinct advantage to work with strong homegrown Canadian talent and showcase premium original content to global audiences.

The Company is also committed to telling the stories of under-represented groups through its original programming, focused heavily on women and diverse individuals in front of, and behind the camera. These include:

- A significant number of its scripted drama programming is proudly showrun and produced by female-owned companies
- A firm commitment to ensure the Company's factual programming portrays a diverse view of the world both in story, and in its documentary series
- High-quality storytelling in its lifestyle programming, and ensuring casting reflects the diverse nature of the Company's audiences
- Positive representation and stories of visible minorities in the Company's kids programming

Corus also continues to partner with organizations that support and celebrate the Canadian screen-based media industry through diversity programs and focused mentorship opportunities. This is done through focused mentorship and professional development opportunities with organizations that include the Banff World Media Festival, Women in Film & Television (Toronto chapter) and Women in Communications & Technology.

Environment

Corus is committed to environmental initiatives to ensure a sustainable environment for its people, workplaces and communities through the implementation of green practices at all of its locations. Corus Quay, the Company's head office, is an example of its commitment to green initiatives with reduced 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 Quay has been recognized with a LEED® Gold Certification.

Corus' environmental commitment is focused on Recycle, Repurpose and Impact which includes:

- Recycling programs, lighting retrofits and encouraging its smaller market offices to purchase sustainable materials
- Implementing environmentally responsible recycling programs to manage electronic waste
- 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
- Donating lightly-used furniture to wholesale retailers and charities
- Providing bike storage facilities at Corus Quay to encourage Corus employees to use non-carbon forms of transportation
- Recycling all metal products (from steel studs to workstation frames)

Diversity and Inclusion

Corus' Diversity and Inclusion approach is built on a mission to value and actively involve the full range of what makes people unique, in order to create a strong and innovative company where people thrive.

More specifically, the Company strives to become:

- A group of people that is as diverse as the communities in which we operate, and the audiences we serve
- A place where people have full opportunity to show their value and develop their potential
- A culture where we stand up for each other and actively work to challenge our biases and assumptions

A Diversity and Inclusion Council – made up of Corus employees from across the business and country, in news and sales, legal and production, technology and operations, with a spectrum of gender identities, sexual identities, and from a wide variety of cultures and backgrounds – is responsible for identifying gaps and needs of the Company. They also lead the building of a roadmap to increase awareness and develop people and systems; make recommendations to senior leadership; and share their insights and findings with the entire company.

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 coaching, internal communications, annual employee recognition and other such programs. Corus' values are also reinforced through clearly defined Leadership Expectations.

Risk Factors

A discussion of risks affecting the Company and its business is set forth under the heading "Risks and Uncertainties" in the 2019 MD&A, as contained in the Company's 2019 Annual Report, which discussion is incorporated by reference herein. In addition, the Company is subject to risks and uncertainties as set forth in the Canadian Communications Industry - Regulatory Environment section of this Annual Information Form.

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.

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, 2019, SFLT and its subsidiaries hold 2,885,530 Class A Voting Shares, representing approximately 85% 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, 2019, 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 heard the case in December 2018. That case will resolve legal questions about the scope of the CRTC's authority. Meanwhile, as of this writing the USMCA has not yet been ratified by the United States Congress.

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 "Panel"). 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 Panel was January 11, 2019 and the Panel is expected to release its final report in January 2020. It will ultimately fall to the newly elected federal government to determine whether to implement any of the Panel's recommendations to amend the *Broadcasting Act*. A new federal cabinet was sworn in on November 20, 2019.

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. Of Corus' 92 over-the-air television ("OTA") transmitters, 44 are identified in the government's channel re-allotment plan, but only 19 of these will ultimately be impacted. Corus is currently decommissioning 44 broadcasting transmitters, which will include a number of transmitters that would otherwise be forced to transition out of the 600 MHz band. Accommodating these changes will require Corus to install new equipment or reconfigure existing equipment at affected sites and may have an impact on signal quality and coverage. Corus has collaborated with other OTA broadcasters to appeal to the Government for reimbursement for its transition costs, including a formal pre-budget submission in 2018. Thus far, no reimbursement funds have been offered. The first four impacted Corus transmitters - located in Windsor/Stevenson, Sarnia, Oshawa and Prescott, Ontario - were required to come offline by June 21, 2019. The were all successfully migrated on schedule.

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, NL; 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. It is expected that the review will commence in 2020. Among other issues, the common ownership policy may be on the table in 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.

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% to 40% 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, United Kingdom, 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 issued under the *Copyright Act* (Canada) (the "*Copyright Act*") 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 collective 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*.

Two parliamentary committees (the "Committees") conducted parallel studies of the *Copyright Act* in 2018 - 2019 in which they heard from a number of witnesses representing industry, academia and consumers. Corus supported the advocacy of the broadcasting industry and submitted briefs to the Committees. In June 2019, the Committees delivered reports with recommendations. The newly elected federal government will be responsible for making amendments to the *Copyright Act*, if any. The timing of those amendments, if any, 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 proposed to limit unhealthy food and beverage advertising directed at children), was tabled for first reading in Parliament. At the same time as Parliament was considering the Bill, Health Canada conducted a public consultation on a proposed approach to regulating food and beverage advertising that would fall under the new legislation. That proposed regulatory approach would have impacted Corus' television advertising revenues. Corus participated in both the legislative and regulatory public consultations in collaboration with its broadcast partners. The Bill made it to the final stage of the legislative process, but before it could receive Royal Assent and pass into law the parliamentary session concluded. Under the rules of parliamentary procedure, when Parliament was formally dissolved in September 2019, the Bill died on the order paper. Should the newly elected government choose to proceed with similar legislation, it would have to re-introduce a new bill and begin at the first stage of the legislative process. In the meantime, in the absence of enabling legislation, Health Canada's regulatory development efforts appear to have stalled. The decision about whether to proceed with new policies in this space will fall to the newly elected federal government.

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, 2019, there were 3,413,192 Class A Voting Shares, 208,583,866 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

Class A Preferred Shares may be issued as total or partial consideration for the purchase by the Corporation of any assets or the conversion for exchange of any shares. No additional Class A Preferred Shares may be issued by the Corporation at any particular time if, at that time, there are Class A Preferred Shares outstanding. The Class A Preferred Shares may 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 2019 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, 2019. All price and volume information is from independent third-party sources.

TSX - CJR.B

Month	High ($)	Low ($)	Close ($)	Average Daily Volume
September 2018	4.39	3.62	4.19	1,416,307
October 2018	5.31	4.12	4.96	1,169,155
November 2018	5.61	4.56	4.95	497,155
December 2018	5.30	4.23	4.76	508,906
January 2019	5.98	4.69	5.57	593,370
February 2019	6.14	5.53	6.03	425,285
March 2019	6.14	5.61	5.92	636,855
April 2019	7.82	5.86	7.62	693,716
May 2019	8.11	6.13	6.45	1,137,758
June 2019	6.82	5.81	6.14	837,850
July 2019	6.36	5.03	5.07	587,120
August 2019	5.23	4.73	5.10	513,190

Normal Course Issuer Bid

On November 8, 2019, the TSX accepted the filing by Corus of a notice of intention to make a normal course issuer bid, which commenced on November 12, 2019 and will expire on November 11, 2020 (the "2020 NCIB"). Pursuant to the 2020 NCIB, Corus has the ability to repurchase for cancellation up to a maximum of 9,913,940 Class B Non- Voting Share (out of 208,584,666 Class B Non-Voting Shares outstanding as at November 1, 2019), representing approximately 5% of the public float as at November 1, 2019. Purchases under the 2020 NCIB will be made by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems. The average daily trading volume for the six months ended October 31, 2019 was 771,000 Class B Non-Voting Shares, meaning that Corus may purchase up to 192,750 Class B Non-Voting Shares per day (being 25% of the average daily trading volume for such six month period), other than purchases made in accordance with the "block purchase exception" of the TSX rules. Corus entered into an automatic repurchase plan with its designated broker to allow for purchases of its Class B Non-Voting Shares during certain pre-determined black-out periods, subject to certain parameters as to price and number of shares.

DIVIDEND POLICY

a) *Dividend Policy*

The Company's dividend policy is reviewed on a quarterly basis by the Board of Directors. Effective September 1, 2018, the Company transitioned to a quarterly payment schedule, with the first quarterly dividend commencing in December 2018, as further described below. 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 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 commenced 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. Effective September 1, 2018, Corus determined that shares issuable under the DRIP would be satisfied through open-market purchases and that no 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, 2019:

	Annual dividend payments per share		
	Fiscal 2019	Fiscal 2018	Fiscal 2017
Class A Voting Shares	$0.1763	$1.1350	$1.1350
Class B Non-Voting Shares	$0.1800	$1.1400	$1.1400

	Fiscal 2019 dividends paid per share	
Date paid	*Class A Voting Shares*	*Class B Non-Voting Shares*
December 28, 2018	$0.058750	$0.060000
March 29, 2019	$0.058750	$0.060000
June 28, 2019	$0.058750	$0.060000

DIRECTORS

The following table sets forth information regarding the directors of the Company as of August 31, 2019.

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
Michael Boychuk Baie d'Ufré, Quebec, CA	January 2019	Corporate director
Michael D'Avella Calgary, Alberta, CA	April 2016	Corporate director
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

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. Boychuk was previously President of Bimcor Inc., the pension fund investment manager for the BCE Inc./Bell Canada group of companies from July 2009 until his retirement in June 2015.

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. 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.

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 Board. Shaw reserved the right to nominate future Shaw nominees to the Board in accordance with the terms and conditions of the GIRA described under "Material Contracts – Termination of Governance and Investor Rights Agreement" of this Annual Information Form. With the termination of the GIRA on May 31, 2019, Shaw ceased to have the right to nominate individuals to be elected or appointed to the Board. Mr. D'Avella and Mr. Boychuk will continue to serve as directors on the Board until the Company's 2020 annual meeting of shareholders.

Each director named above was appointed a director at the Company's Annual and Special Meeting of Shareholders on January 16, 2019. 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 Barry James Mark Hollinger Catherine Roozen Douglas D. Murphy Michael D'Avella
Audit Committee	Barry James – Chair Michael Boychuk 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 Michael Boychuk Julie M. Shaw

In order to facilitate the review of certain proposed transactions, the Board struck a special committee of independent directors in fiscal 2018 to review and make recommendations with respect to any such transactions. The Special Committee consisted of Fernand Bélisle (Chair), Mark Hollinger and Catherine Roozen. In fiscal 2019, the Special Committee was subsequently dissolved, having met seven times.

OFFICERS

The following table sets forth information regarding the officers of the Company as of August 31, 2019:

Name and municipality of residence	Position held with Corus
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[(1)] 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

(1) On October 16, 2019, Mr. Maavara 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.

As of August 31, 2019, 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 6,196,458 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.
- Mr. Michael Boychuk was a director of Yellow Media Inc. when the corporation announced a recapitalization on July 23, 2012. The recapitalization was implemented and became effective on December 20, 2012 and was implemented in accordance with a court-approved plan of arrangement under the *Canada Business Corporations Act* (the "**CBCA**").

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, Mark Hollinger and Michael Boychuk, 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 and the Audit Committee Chair of ATB Financial and AutoCanada Inc., and Chair of the Provincial Audit Committee of the Government of Alberta. Mr. James is a graduate of the University of Alberta School of Business.

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 boards of Impacte(ed) International and Discovery Education. Mr. Hollinger is a graduate of Colgate University and obtained his law degree from the Yale Law School.

Michael Boychuk, FCPA, FCA

Mr. Boychuk is a Corporate Director. From July 2009 until his retirement in June 2015, he was President of Bimcor Inc., the pension fund investment manager for the Bell Canada group of companies. From 1999 to 2009, Mr. Boychuk was Senior Vice-President and Treasurer of BCE Inc./ Bell Canada, responsible for all treasury, corporate security, environment and sustainability activities and of the BCE Group of companies pension plans. Mr. Boychuk is a chartered professional accountant since 1979 and became a Fellow of the Ordre des comptables professionnels agréés du Québec in 2012. He is a member of the Board of Governors of McGill University and has served on its Audit Committee since 2006. He also serves on the International Advisory Committee of McGill University's Faculty of Management. Mr. Boychuk is a member of the Board of Directors, the Audit Committee and the Risk Management Committee of Laurentian Bank of Canada since August 2013 and Chair of the Audit Committee since June 2016, a member of the Board of Directors and Chair of the Audit Committee of GDI Integrated Facility Services Inc. since May 2015, a member of the Board of Directors and Audit Committee of Cadillac Fairview Corporation since January 2017, and member of the Board of Directors and Audit Committee of Telesat Canada since July 2015. He also acted as member of the Board of Directors and Chair of the Audit Committee of Yellow Media Inc. from 2004 to 2009 and from January to December 2012.

Principal Accounting Fees and Services – Independent Auditors

Fees payable to Corus' independent auditor, Ernst & Young LLP, for the years ended August 31, 2019 and 2018 totaled $2,214,066 and $2,270,000, respectively, as detailed in the following table. All funds are in Canadian dollars:

	Fiscal year ended August 31,	
	2019	2018
Audit fees	2,016,000	2,124,000
Audit-related fees	108,000	98,000
Tax fees	90,066	48,000
All other fees	—	—
Total	2,214,066	2,270,000

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, 2019 or during the current fiscal year that has materially affected or is reasonably expected to materially affect Corus.

On May 31, 2019, Corus announced the closing of the secondary offering (the "**Offering**") of 80,630,383 Corus Class B Non-Voting Shares by Shaw for total gross proceeds to Shaw of $548,286,604. Corus did not receive any of the proceeds from the Offering. As a result of the Offering, Shaw, a related party of Corus by virtue of common control by SFLT, ceased to own, control or direct any Shares. Several Corus directors held shares in Shaw, directly or indirectly, at the time of the offering.

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 and May 31, 2019.

The Term Facility consists of three tranches, with the first tranche being in the initial amount of $647.1 million and maturing on May 31, 2024, the second tranche being in the initial amount of $879.7 million and maturing on May 31, 2031, and the third tranche being in the initial amount of $300.0 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, 2019, $1,766 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 May 31, 2023. 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, 2019, 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.

Termination of Governance and Investor Rights Agreement

Concurrent with the closing of the Shaw Media Acquisition of Shaw Media and following the issuance of 71,364,853 Class B Non-Voting 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 GIRA provided that it would terminate upon Shaw beneficially owning less than 5% of the outstanding Shares. As a result of the Offering described in the Interests of Management and Others in the Material Transactions section of this Annual Information Form, Shaw ceased to own, control or direct any Shares. The GIRA accordingly terminated on May 31, 2019.

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, 2019, 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 16, 2019. 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 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 15, 2020. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended August 31, 2019 and in the 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 within the Corporate Governance page of the Investor Relations section.

Schedule A

AUDIT COMMITTEE CHARTER

1. **Mandate**

1.1 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 auditing, accounting and financial reporting process, including the audit process and the Company’s internal control over financial reporting, disclosure controls and procedures and compliance with other legal and regulatory requirements; (iii) the external auditor’s qualifications, independence and appointment; and, (iv) the performance of the Company’s internal audit function and external auditors.

1.2 It is not the duty or responsibility of the Committee or its members: (i) to plan or conduct audits; (ii) to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its Chair and its members with accounting or finance expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities

1.3 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. Notwithstanding the foregoing, any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office.

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 No Committee member may serve on the audit committee of more than two other public companies, unless the Board determined that this simultaneous service would not impair the ability of the member to serve effectively on the Committee.

2.4 The Committee shall meet at least quarterly and as often as it deems necessary to perform the duties and discharge its responsibilities as described herein in a timely manner. Special meetings shall be authorized at the request of any member of the Committee or at the request of the external auditor, internal auditor or members of senior management. For the purposes of this Charter, senior management shall have the same meaning as “executive officer” (as such term is defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*). The external and internal auditors have the right to attend all meetings of the Committee and the Committee has the authority to communicate with such auditors directly..

2.5 The Committee has access to the Company’s senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.

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

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

2.8 The secretary to the Committee shall be either the Corporate Secretary or a person, who need not be a director, designated by the Chair.

2.9 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.

2.10 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. The Committee shall also meet at each meeting of the Committee without management or non-independent directors present, unless otherwise determined by the Chair. The Committee may act by means of a written resolution signed by all members entitled to vote on the matter.

2.11 If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Chair. If the Chair faces a potential or actual conflict of interest, the Chair shall advise the Executive Chair. If the Chair, or the Executive Chair, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not be present for or participate in any discussion or other consideration of the matter and shall not vote on the matter.

2.12 The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

2.13 Both the Executive Chair and the Chief Executive Officer of the Company may attend meetings of the Committee in a non-official and non-voting capacity with the consent of 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 a self-assessment of its performance at least annually to determine whether it is functioning effectively in furtherance of its mandate. The form of such self-assessment is at the Committee's discretion..

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

3.4 The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

3.5 The Committee may adopt policies and procedures for carrying out its responsibilities.

Financial Statements and other Reports

3.6 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") 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 and periodically assess procedures for the review of disclosure of financial information extracted or derived from the financial statements, other than the disclosure referred to above.

3.7 Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and any earnings guidance provided to analysts, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance.

3.8 The Committee's review of the annual audited financial statements shall include but are not limited to the following: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (ii) major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies; (iii) 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; (iv) the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented; (v) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (vi) consideration of the judgment of both management and the external auditors about the quality and disclosure, not just the acceptability, of accounting principles; (vii) the clarity of the disclosures in the financial statements; and (viii) 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).

3.9 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 3.8.

3.10 The Committee shall review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

3.11 The Committee shall review on a quarterly basis, reports of employee complaints relating to accounting, internal controls or ethical issues.

Risk Management, Internal Controls and Information Systems

3.12 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, as well as any remediation plans relating thereto.

3.13 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.

3.14 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.

3.15 The Committee shall review with management, the use of any "non-GAAP", "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.

3.16 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.

3.17 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 seek to 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.

3.18 If and when proposed by the Chief Executive Officer, review and approve the termination of the Chief Financial Officer.

3.19 The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud and cybersecurity risk. The Committee also shall review, on a quarterly basis, management's risk assessment of key enterprise risks and the steps management has taken to mitigate risk exposures. The Committee shall also oversee the disclosure of the Company's risk assessment and risk management practices through a review of the Company's annual information form, management's discussion and analyses, and the Company's other continuous disclosure documents.

External Audit Services

3.20 The external auditors will report directly to the Committee.

3.21 The Committee will (1) annually assess the external auditors as part of its reappointment recommendation, focusing on (a) independence, objectivity and professional skepticism; (b) quality of the engagement team; and (c) quality of communication and interaction with the external auditors, and (2) perform a multi-year comprehensive review of the performance of the external auditors every five years.

3.22 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.

3.23 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) meeting with the external auditors on a quarterly basis to seek to ensure that appropriate audit quality and timeliness of reporting is maintained on a consistent basis; and
   i. discussing with the external auditors their audit plan for the year and reviewing and addressing 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.

3.24 The Committee will pre-approve all audit and non-audit services provided to the Company or its subsidiaries by the external auditors, will review and approve disclosures with respect to permissible non-audit services and shall not engage the external auditors to perform non-audit services proscribed by law or regulation.

3.25 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 3.24.

3.26 The pre-approval of audit and non-audit services pursuant to subsection 3.24 must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.27 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.

3.28 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).

3.29 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

3.30 The internal auditors will report directly to the Committee.

3.31 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 and addressing 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.