2013 Annual Report

Shaw)

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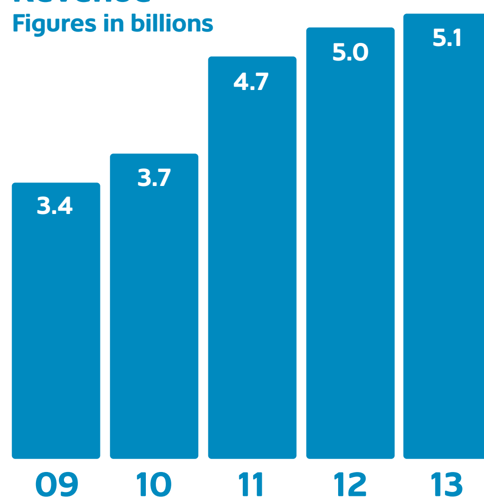
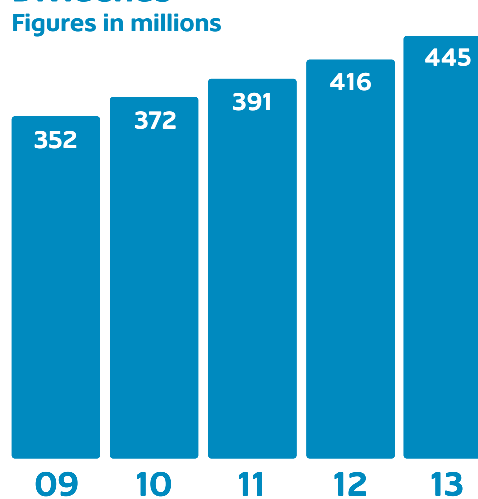
The Annual General Meeting of Shareholders will be held on January 14, 2014 at 11:00 am (Mountain Time) at the Shaw Barlow Trail Building, 2400 – 32 Avenue NE, Calgary Alberta.

Shaw is committed to providing customers with a communications ecosystem characterized by leading technology, networks, content, products and services. As customers demand connectivity and content, Shaw will deliver to them at home, and on the go, with best-in-class wired and WiFi networks.

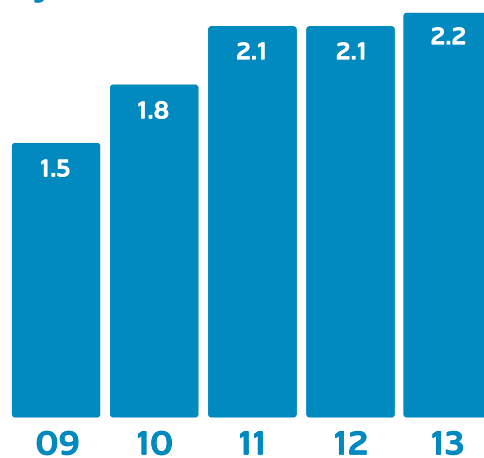
Revenue*
Figures in billions



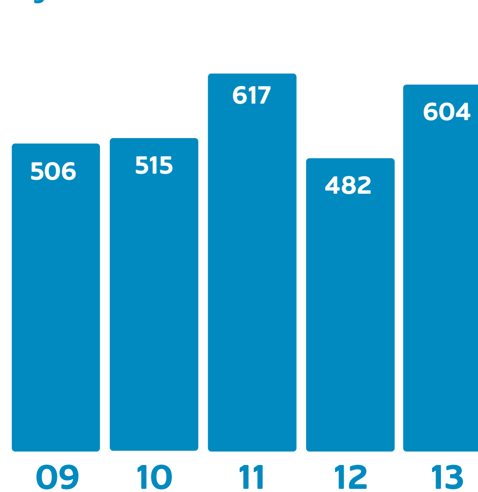
Dividends
Figures in millions



Operating income before amortization*
Figures in billions



Free cash flow*
Figures in millions



*Financial information for fiscal 2009 and 2010 is prepared in accordance with previous Canadian generally accepted accounting principles.

Shaw Communications Inc.
REPORT TO SHAREHOLDERS
August 31, 2013

Dear Fellow Shareholders:

We are pleased to report on our fiscal 2013 operational and financial performance. Our results reflect the continuation of our strategic and operational focus on profitable and sustainable initiatives. The year was also highlighted with a number of strategic transactions focused on optimizing our portfolio of assets and creating value and sustainable long-term growth for our shareholders.

Our continued success is rooted in the execution of our strategy: delivering exceptional customer and viewer experiences; leading technology and leveraging it as a competitive advantage across all our businesses; and sound financial and capital management.

DELIVERING EXCEPTIONAL EXPERIENCES FOR CUSTOMERS AND VIEWERS

Shaw serves 3.3 million Canadian households across the country with Video, Internet, and telephony services and we reach virtually all Canadians through Global Television and the 19 specialty networks that make up Shaw Media.

At Shaw, everything begins with our customer. Their needs and expectations guide our actions and we continually look for ways to improve and refine our approach to customer service. During the year we continued to invest in our leading network infrastructure and the delivery of next generation services, adding value for our customers with the launch of additional Shaw GO apps and the expansion of Shaw GO WiFi.

With Shaw GO, we have laid the foundation for a successful TV Everywhere offering. We launched Shaw GO Movie Central over a year ago, and since then have added a number of compelling content offerings to the portfolio, including our recently launched Global Go app. In addition to live streaming, Global Go offers viewers full seasons of popular programming, making Shaw Media the first conventional broadcaster in Canada to offer in-season stacking.

Broadband is an important service to our customers and our Shaw GO WiFi network, now with over 30,000 access points in western Canada, strongly differentiates our Internet product. To date over 350,000 of our customers and 700,000 devices have authenticated and are using our managed carrier-grade WiFi network. The Shaw GO WiFi offering also compliments our TV Everywhere initiative as customers expect fast and reliable broadband connections outside of the home as they keep up with breaking news and their favorite shows.

The Anik G1 satellite successfully launched in the latter half of the year and Shaw Direct added over 140 channels to its offerings, primarily all in HD. The investment in Anik G1 brings our customers enhanced choice in programming, including more local Canadian channels.

Shaw Media's leading specialty portfolio continues to delight customers. Throughout the year Global delivered solid programming, with a number of shows in the top ten, and Global News maintained the number one position in the Vancouver, Calgary and Edmonton markets. Further, during the year Global News was honored as the 2013 winner of the prestigious Edward R. Murrow Award for overall news excellence in network television, the first Canadian network to earn that recognition in the award's 42 year history.

Our investments in high quality content and technology to enhance and expand our innovative offerings are creating value for our customers and our shareholders.

Shaw Communications Inc.
REPORT TO SHAREHOLDERS
August 31, 2013

STRATEGIC TRANSACTIONS

During the year we entered into a number of strategic transactions focused on optimizing our portfolio of assets.

In January we announced a series of agreements with Rogers Communications Inc. ("Rogers") resulting in the sale of Mountain Cable, the granting of an option to Rogers to acquire our wireless spectrum licenses, and the acquisition of Rogers interest in TVtropolis. The Mountain Cable and TVtropolis transactions closed in the year and the potential option exercise for the sale of the wireless spectrum licenses remains subject to regulatory approvals and is expected to close in fiscal 2015.

In March we announced a series of transactions with Corus Entertainment Inc. ("Corus") resulting in the sale of our 49% interest in ABC Spark and 50% interest in two French language networks, Historia and Series+, and the acquisition of Corus's interest in Food Network Canada. The ABC Spark and Food Network Canada transactions closed in the year, while Historia and Series+ are expected to close in fiscal 2014.

The majority of the expected net proceeds from these transactions, approximately $800 million once all are closed, is planned for reinvestment back into the core business accelerating various strategic capital investments.

Finally, in April we closed the acquisition of ENMAX Envision Inc. ("Envision"), a company providing leading telecommunication services to Calgary business customers. Shaw Business is emerging as a strong competitor in providing enterprise-wide solutions for companies of all sizes in Canada and we are focused on driving continued growth in this division.

These strategic transactions create value and long-term growth for our shareholders.

FINANCIAL PERFORMANCE

Our disciplined financial strategy enabled us to balance subscriber growth and profitability in a highly competitive market. We continue to focus on sustainable pricing strategies, customer retention, and long term growth.

In fiscal 2013, we delivered 3% revenue growth and operating income before amortization increased more than 4%. Free cash flow in fiscal 2013 was $604 million, a 25% increase over the previous year. During the year we also increased the dividend by 5%, returning a total of $445 million to shareholders.

Over the past five years our dividend has increased over 40%. Our Board of Directors indicated earlier this year that they plan to target dividend increases of 5% to 10% over each of the next two years, assuming continued favorable market conditions.

We have a solid balance sheet and healthy financial position providing the flexibility to invest in our business and take advantage of strategic opportunities while supporting the return of capital to shareholders.

OUR COMMUNITIES

We believe being successful on the business front goes hand-in-hand with acting responsibly, taking action to reduce our environmental impact, and giving back to the communities where we live and work. We support a wide variety of initiatives including those directed towards the well-being of children and families, the environment, education, and the arts. During fiscal 2013 we contributed almost $50 million through cash and in kind contributions supporting an array of organizations and initiatives.

Shaw Communications Inc.
REPORT TO SHAREHOLDERS
August 31, 2013

The devastating southern Alberta floods in late June impacted a number of Shaw service areas. Immediate action was taken to repair services for impacted customers and Shaw undertook a number of philanthropic efforts to assist in the clean up including a $1 million donation to the Red Cross. Global News excelled in its extended special coverage of the floods, establishing itself as the authority of information for the community during the crisis.

During the year Shaw had a significant sponsorship presence at two major international professional golf events in Canada, including the Shaw Charity Classic held in Calgary. These provided Shaw with national visibility and branding opportunities while supporting a number of children's charities.

MOVING FORWARD

As we enter fiscal 2014 the operating environment remains competitive and the future regulatory environment is uncertain. We embrace the opportunity to work with the regulators, policy makers and all stakeholders to ensure our industry has the flexibility to compete and make the continuous investments required to deliver exceptional customer experiences today and well into the future.

We applaud our over 14,000 employees who work to provide our customers with a communications ecosystem characterized by leading technology, content, products and services. We are also proud to note that this past year Shaw Communications Inc. was named as one of Canada's Top 100 employers, and one of the Financial Post's Top 10 Best Companies to Work For.

We look forward to the challenges and rewards ahead and we thank all of our fellow shareholders of Shaw Communications Inc. for your support and confidence.

[Signed]

JR Shaw
Executive Chair

[Signed]

Bradley S. Shaw
Chief Executive Officer

Shaw Communications Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2013

November 29, 2013

FORWARD

Tabular dollars are in millions of Canadian dollars, except per share amounts or unless otherwise indicated. Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements.

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CAUTION CONCERNING FORWARD LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis that are not historic constitute "forward-looking statements" within the meaning of applicable securities laws. Such statements include, but are not limited to, statements about future capital expenditures, asset dispositions, financial guidance for future performance, business strategies and measures to implement strategies, competitive strengths, expansion and growth of Shaw's business and operations and other goals and plans. They can generally be identified by words such as "anticipate", "believe", "expect", "plan", "intend", "target", "goal" and similar expressions (although not all forward-looking statements contain such words). All of the forward-looking statements made in this report are qualified by these cautionary statements.

Forward-looking statements are based on assumptions and analyses made by Shaw in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances as of the current date. These assumptions include, but are not limited to, general economic conditions, interest and exchange rates, technology deployment, content and equipment costs, industry structure, conditions and stability, government regulation and the integration of recent acquisitions. Many of these assumptions are confidential.

You should not place undue reliance on any forward-looking statements. Many factors, including those not within Shaw's control, may cause Shaw's actual results to be materially different from the views expressed or implied by such forward-looking statements, including, but not limited to, general economic, market and business conditions; changes in the competitive environment in the markets in which Shaw operates and from the development of new markets for emerging technologies; industry trends and other changing conditions in the entertainment, information and communications industries; Shaw's ability to execute its strategic plans; opportunities that may be presented to and pursued by Shaw; changes in laws, regulations and decisions by regulators that affect Shaw or the markets in which it operates; Shaw's status as a holding company with separate operating subsidiaries; and other factors described in this report under the heading "Known events, trends, risks and uncertainties". The foregoing is not an exhaustive list of all possible factors. Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein.

The Corporation provides certain financial guidance for future performance as the Corporation believes that certain investors, analysts and others utilize this and other forward-looking information in order to assess the Company's expected operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. The Company's financial guidance may not be appropriate for this or other purposes.

Any forward-looking statement speaks only as of the date on which it was originally made and, except as required by law, Shaw expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect any change in related assumptions, events, conditions or circumstances.

I. INTRODUCTION TO THE BUSINESS

A. Company overview – core business and strategies

Shaw Communications Inc. ("Shaw" or the "Company" or "Corporation") is a diversified Canadian communications and media company, providing consumers with broadband cable television, High-Speed Internet, Home Phone, telecommunications services (through Shaw Business), satellite direct-to-home services (through Shaw Direct) and engaging programming content (through Shaw Media). Shaw serves 3.3 million customers, through a reliable and extensive fibre network. Shaw Media operates one of the largest conventional television networks in Canada, Global Television, and numerous specialty networks. It provides customers with high-quality entertainment, information and communications services, utilizing a variety of distribution technologies.

Shaw's business is encapsulated within its vision statement: "We, the leading entertainment and communications company, deliver exceptional customer experience through outstanding people sharing Shaw values."

Shaw's strategy is to maximize shareholder value through the generation of free cash flow.[1] The key elements of this strategy include: leveraging its network infrastructure and programming assets to offer customers a wider variety of products and services; enhancing existing products to provide greater value to customers; providing exceptional customer service; bundling product offerings to provide value to both Shaw and the customer; and focusing on sound capital management and operational efficiencies to maintain a competitive edge.

The strategy also includes promoting brand awareness, strengthening the Shaw name from coast to coast. The Shaw brand is synonymous with diverse product offerings and high-quality customer service.

During 2013 the Company operated three principal business segments: (1) Cable – comprised of cable television, Internet, Digital Phone and Shaw Business operations; (2) Satellite – comprised of direct-to-home ("DTH") and Satellite Services; and (3) Media – comprised of television broadcasting. As a percentage of Shaw's consolidated revenues for the year ended August 31, 2013, the Cable, Satellite and Media divisions represented approximately 63%, 16% and 21% of Shaw's business, respectively. During 2013 Shaw's businesses generated consolidated revenues of $5.1 billion.

A fourth business segment, Wireless, was in the development/construction stage during 2010 and 2011. During 2008 the Company participated in the Canadian Advanced Wireless Spectrum ("AWS") auction and was successful in acquiring 20 megahertz of spectrum across most of its cable footprint. In March 2010 the Company commenced activities on a traditional wireless infrastructure build and late in 2011, after completing a strategic review of this initiative, concluded that the economics as a new entrant would be extremely challenging, even with the Company's established base and considerable strengths and assets. Shaw decided to not pursue a traditional wireless business and instead is focusing on initiatives that align with leveraging its Media and programming assets, and strengthening its leadership position in broadband and video. During 2013 the Company entered into an agreement with Rogers Communications Inc. ("Rogers") to grant Rogers an option to acquire its wireless spectrum licenses. The potential option exercise for the sale of the wireless spectrum licenses is subject to various regulatory approvals and is expected to occur in fiscal 2015.

[1] See definitions under key performance drivers on page 20.

The description of these operating business segments, including more specific details for the last two fiscal years follows.

B. Description of the business

(i) Cable

Shaw's Cable operations provide Cable television, Internet, and Digital Phone services to residential and business customers. These services are delivered through an extensive fibre optic and co-axial cable distribution network.

Shaw's strategy is to leverage its network by providing additional services beyond traditional cable television. In past years, it enhanced the quality, depth and capacity of its plant and network infrastructure through significant capital investments, and the plant and network is essentially fully digital and two-way capable. These investments enabled Shaw to expand its service offerings to include digital programming, On Demand programming, High Definition ("HD") television including three dimensional ("3D") HD, Internet, and Digital Phone. During 2013 Shaw continued a major upgrade of its network to convert television analog tiers to digital (the Digital Network Upgrade or "DNU"). This upgrade, which is now substantially complete, significantly increases the capacity of the Shaw network and allows the Company to expand its Internet, HD and On Demand offerings. Shaw's investments in plant infrastructure will accommodate further growth opportunities. Shaw continues to invest in technology initiatives to recapture bandwidth and optimize its network, including increasing the number of nodes on the network and using advanced encoding and digital compression technologies such as MPEG-4.

To take advantage of potential administrative, operating and marketing synergies that arise from larger, focused operations, Shaw has consolidated its position as the dominant provider of cable services in Western Canada. Approximately 70% of the Company's cable television subscribers are clustered in and around five major urban markets in Western Canada: Vancouver and Victoria, British Columbia; Calgary and Edmonton, Alberta; and Winnipeg, Manitoba. The balance of Shaw's subscribers are mainly in smaller regional clusters, linked via fibre either to each other or to larger markets. These markets include the Okanagan region, British Columbia (Kamloops, Kelowna, Penticton, Vernon); Saskatoon/Prince Albert/Moose Jaw/Swift Current, Saskatchewan; and Thunder Bay/Sault Ste. Marie, Ontario.

During 2013, Shaw completed the disposition of Mountain Cablevision Limited ("Mountain Cable"), a cable system located in Hamilton, Ontario.

Shaw has a customer-centric strategy designed to deliver high-quality customer service, simplicity and value to its customers through various bundled service offerings for its Cable television, Internet and Digital Phone services. The benefits of bundling to customers include the convenience of "one-stop shopping" and value pricing. The benefits to Shaw include retention of existing customers (churn reduction); attraction of new customers; incremental penetration as customers upgrade to additional services offered in a bundle; and operational efficiencies through centralized billing and customer care.

A more detailed description of each of the principal operations comprising the Company's Cable segment is set forth below.

Cable Television

The Company's initial core business was cable television services, which today provides the customer base and physical infrastructure for much of the Company's distribution service

businesses. The Company is one of the largest cable television providers in Canada. As at August 31, 2013, Shaw served approximately 2.0 million cable television customers in five provinces (British Columbia, Alberta, Saskatchewan, Manitoba and certain portions of Ontario), representing approximately 29% of the Canadian cable television market.

The Company's cable television business is operated through its extensive fibre optic and co-axial cable distribution network. Shaw's fibre backbone and interconnect network link its cable systems and subscribers together. Shaw receives originating television signals at its head-end sites and re-transmits these signals via its network to customers' homes in its cable serving areas. Digital cable customers receive additional services via digital cable terminals ("DCTs") which translate encrypted signals delivered to customers' homes over Shaw's network. With the initial completion of DNU, only the legacy basic cable service is delivered via analog signals. Currently, over 92% of Shaw's cable customers are Digital cable customers.

Digital cable significantly expands the range of services that may be offered to a subscriber and extends programming capacity. Digital cable also enhances picture and sound quality and provides the platform from which Shaw has launched, and expects to continue to be able to launch, new revenue-generating video and interactive services. Shaw offers customers a variety of DCTs for purchase or rent.

To its Digital subscribers, Shaw offers On Demand viewing options, including Pay-Per-View ("PPV"), Video-on-Demand ("VOD"), and Subscription VOD ("SVOD") services. The PPV service allows customers to select and pay for specific programs which are available on various channels with different start times. The VOD and SVOD services enable customers to select programming from a library of titles through an on-line ordering system or directly through the set-top interactive program guide, and to view the programming on their television at a time of their choosing, with pause, skip backward and skip forward functionality. On Demand programming includes movies, sports, concerts and other special events, with prices dependent on the nature of the programming. Shaw also offers a wide variety of free On Demand programming including hit TV series, movies, events, music videos and more.

Of the Company's cable television customers, over 1.2 million have HD capabilities. Shaw continues to launch HD channels which offer superior picture detail and sound quality in a format that fully utilizes the capabilities of wide screen, HD ready televisions. In support of HD, Shaw offers for purchase or rent DCTs which support the decoding and processing of HD content, as well as DCTs which incorporate HD and Personal Video Recorder ("PVR") features including the Gateway whole home HDPVR solution that connects to up to six TVs in a home.

In 2012, Shaw launched the first phase of its TV Everywhere service, Shaw Go, which allows customers streaming access to TV shows, sporting events and movies on popular mobile devices. The Company continues to expand its selection of services available through Shaw Go and currently offers Global Go, Movie Central, NFL Sunday Ticket, and NBA League Pass apps.

Internet

Leveraging its cable television infrastructure, Shaw provides high-speed Internet access services to residential and business subscribers in almost all of its operating areas. The Company currently offers a wide variety of residential Internet service levels to match the speed, usage and budget requirements of its subscribers. Similar to its residential Internet service, Shaw also offers a variety of Internet services for small and medium business customers. As at August 31, 2013, there were approximately 1.9 million subscribers to Shaw's Internet access services.

In providing its Internet access services, Shaw leverages DOCSIS 3.0 technology which has enabled the Company to increase the capabilities and reliability of its network by increasing the capacity and throughput of both the upstream and downstream portions of Shaw's cable infrastructure. Upgrades and enhancements of its capital infrastructure are ongoing, strengthening the Company's Internet backbone and decreasing the average node size.

During 2013, Shaw continued the build out of its managed carrier-grade WiFi network, Shaw Go WiFi, which extends a customer's broadband experience beyond their home. The service was launched in 2012 on a trial basis in select cities, and is now available in most areas served by Shaw. In addition, Shaw reached agreements with a number of cities to expand Shaw Go WiFi service to public areas within those cities. WiFi is in virtually all portable consumer devices and customers are actively seeking WiFi hotspots to reduce data costs and improve their wireless broadband experience.

Shaw operates two Internet data centres in Calgary, Alberta and several smaller regional centres. The data centres allow the Company to manage its Internet services exclusively, providing e-mail service directly to its customers using "@shaw.ca" e-mail addresses, provisioning web space, and managing backbone connectivity and peering arrangements. The centres also host Shaw customers' most popular web content locally.

During 2013 the Company continued construction of a new data centre in Calgary that will allow it to stay ahead of the technology curve being able to handle new innovations as they are adopted, such as the WiFi network initiative. The data centre will incorporate energy efficient cooling systems allowing Shaw to reduce the environmental impact. The centre is planned to be complete in fiscal 2015.

Digital Phone

In 2005 Shaw entered the "triple play" market of voice, video and data services with the launch of Shaw Digital Phone, a reliable, fully featured and affordable residential telephone service. Since then, the Company expanded its Digital Phone footprint and currently offers the service to 95% of homes passed. As at August 31, 2013, Shaw had over 1.3 million Digital Phone lines (primary and secondary lines on billing).

Shaw Digital Phone offers packages tailored to meet the needs of residential subscribers with varying levels of included long distance and calling features. Similar to the residential packages, Shaw offers a variety of Shaw Business products for home based or smaller businesses including managed and hosted private branch exchanges ("PBX") and a primary rate interface ("PRI") service for medium and larger businesses.

Shaw Digital Phone utilizes PacketCable technology and DOCSIS specifications. Customers' existing phone lines are connected into modems usually installed at the location of the central wiring in the customers' premises. The modem converts the voice conversation (sounds waves) into digital IP packets that are carried to an IP-based telephone switch ("softswitch"). At this point, the packets are transformed again into traditional telephone signals for connection to the public switched telephone network or may be routed through the IP network to the called party.

Unlike internet phone providers who use the internet to route calls, Shaw's Digital Phone service uses Shaw's own private managed broadband network and the public switched telephone network to route calls, allowing the Company to ensure a consistent level of quality and reliability to its phone customers.

Shaw Business

Shaw Business is responsible for the development and management of the national fibre network that is the primary Internet backbone for Shaw's broadband Internet customers. This backbone network is also used to carry Shaw Digital Phone capacity and video signals. In addition, Shaw Business provides services to small and medium size business, Internet Service Providers ("ISPs"), cable companies, broadcasters, governments and other organizations that require end-to-end Internet, data and voice connectivity. Shaw Business is also a major account and wholesale provider offering third parties advanced high speed data connectivity and Internet services in Canada and the United States. Its offerings currently include data, voice and video transport and Internet connectivity services. It also continues to establish public and private peering arrangements with high speed connections to major North American, European and Asian network access points and other tier-one backbone carriers.

During 2013, Shaw completed the acquisition of ENMAX Envision Inc. ("Envision"), a company providing leading telecommunication services to Calgary business customers, for approximately $225 million, excluding working capital adjustments. The transaction expands Shaw's Business initiatives in Calgary and significantly enhances the profile of Shaw Business in the competitive Calgary marketplace.

The Shaw Business network includes multiple fibre capacity on two diverse cross-North America routes. The Company's southern route principally consists of approximately 6,400 route kilometres (4,000 miles) of fibre located on routes between Vancouver (via Calgary, Winnipeg, Chicago, Toronto and Buffalo) and New York City and between Vancouver and Sacramento. The northern route consists of approximately 4,000 route kilometres (2,500 miles) of fibre between Edmonton (via Saskatoon, Winnipeg and Thunder Bay) and Toronto. This route provides redundancy for the existing southern route. Shaw Business also maintains a marine route consisting of approximately 330 route kilometres (200 miles) located on two fibres from Seattle to Vancouver Mainland (via Victoria). In addition, Shaw Business has secured additional capacity to connect the cities of Toronto to New York City, Seattle to Vancouver and Edmonton to Toronto.

(ii) Satellite

Shaw's Satellite operations own and lease, directly and indirectly, satellite transponders that receive and amplify digital signals and transmit them to receiving dishes located within the footprint covered by the satellite. Shaw Direct and Satellite Services businesses share the satellite infrastructure distributing digital video and audio signals to different markets (residential and business), thereby allowing the Company to derive distinct revenue streams from different customers using a common platform.

Satellite's interest in these transponders is set forth in the table below.

Satellite	Transponders	Nature of Satellite Interest
Anik G1	16 Ku-band	Leased
Anik F2	16 Ku-band	Owned
	6 Ku-band	Leased
	2 Ku-band (partial)	Leased
Anik F1R	28 Ku-band	Leased
	1 C-band	Leased
Intelsat Galaxy 16	1 Ku-band (partial)	Leased

A more detailed description of each of the principal operations comprising the Company's Satellite segment is set forth below.

Shaw Direct

Shaw Direct is one of three DTH satellite operators licensed by the Canadian Radio-television Telecommunications Commission (the "CRTC" or "Commission") to deliver digital subscription video and audio programming services from satellites directly to subscribers' homes and businesses. Shaw Direct began its national roll-out of digital DTH services in 1997 and as at August 31, 2013 had approximately 904,000 subscribers.

The market for Shaw Direct's digital DTH services can be divided into three principal categories: households not served by cable and typically having access to a limited number of broadcast services; households underserved by cable (i.e. served by cable systems that offer fewer than 80 channels); and households that receive full service cable (80 or more channels), primarily in urban areas. Other potential customers include commercial, institutional and recreational facilities interested in video and audio programming. Shaw Direct's subscribers have the option of choosing from a menu of programming packages designed to target and accommodate subscriber interests, primary language, income level and type of household. Such packages are marketed through Shaw Direct and a nation-wide distribution network of third party retail locations.

With the launch of Anik G1 in the latter half of 2013, Shaw Direct's satellite television services capacity expanded by approximately 30 percent through the long term lease of 16 national transponders. The new transponders provide bandwidth for expanded subscriber choice, including new HD channels and other advanced services. The additional transponders also provide enhanced service quality, acting as important in-orbit back-up capacity. During 2013 Shaw Direct continued to install compatible outdoor equipment so that many customers were able to immediately access the new capacity once it became available.

With three satellites (Anik F2, Anik F1R and Anik G1) whose signals are received by subscribers through an elliptical dish, Shaw Direct offers over 650 digital video and audio channels, including over 210 HD channels. Shaw Direct's programming line-up offers the majority of television services that are available in Canada, including local over-the-air broadcasters, national networks, specialty channels, U.S. and foreign channels, adult programming and ethnic services. In addition, during 2012 Shaw Direct began to offer a streaming VOD service through the satellite receiver. Shaw Direct's VOD service currently provides customers with

access to over 10,000 movie and TV titles and series. Shaw Direct continues to transition to advanced modulation and encoding technology, including MPEG-4, for its programming allowing it to increase its channel capacity.

Satellite Services

Satellite Services operations include two primary businesses, Shaw Broadcast Services and Shaw Tracking.

Shaw Broadcast Services redistributes television and radio signals via satellite to cable operators and other multi-channel system operators in Canada and the U.S., referred to as a satellite relay distribution undertaking ("SRDU"), and provides uplink and network management services for conventional and specialty broadcasters on a contract basis.

Shaw Broadcast Services currently provides SRDU and signal transport services to approximately 350 distribution undertakings, primarily cable operators, and redistributes approximately 450 television signals and over 100 audio signals in both English and French to multi-channel system operators. Shaw Broadcast Services also offers HITS/QT and QT Plus (Headend In the Sky/Quick Take), which allow small and medium size cable companies to offer digital signals to subscribers with a substantially reduced capital outlay. HITS/QT and QT Plus facilitate increased availability and penetration of digital services in Canada and add incremental revenues to Shaw Broadcast Services from the additional services provided to smaller cable companies.

Shaw Broadcast Services' uplink and network management services include backhaul (transport of signals to the uplink site), uplink (delivery of signal to the satellite so that it can be distributed to cable operators and other distributors), bandwidth, authorization and signal monitoring. Shaw Broadcast Services currently provides such services to over 130 specialty and pay broadcasters across Canada, as well as to Canadian pay audio providers.

Shaw Tracking provides asset tracking and communication services to approximately 700 companies in the transportation industry in Canada, with over 50,000 vehicles using its services. Shaw Tracking's services capture all related information pertaining to an asset (i.e. location, performance and productivity measures) and effectively integrate into a carrier's fleet management system. Via satellite, cellular and Bluetooth networks, Shaw Tracking provides immediate real time visibility to a company's fleet and freight. Shaw's services and solutions target a wide variety of segments of transportation across Canada.

(iii) Media

Through a series of transactions in 2010 and 2011, Shaw acquired 100% of the broadcasting business of Canwest Global Communications Corp. ("Canwest") including CW Investments Co. ("CW Media"), the company that owned the specialty channels acquired from Alliance Atlantis Communications Inc. in 2007. The acquisition of Shaw's Media business included the Global Television Network ("Global") and a leading portfolio of Specialty services. Technology is driving change in the Canadian Broadcasting system, transforming content distribution and viewership. This strategic acquisition allows Shaw to unite broadcasting services and content with its advanced distribution platforms to offer customers strong choices in this rapidly evolving landscape.

The Canadian television broadcasting market is comprised of a number of English, French, and third language stations and services that operate in different segments of the market. The "Conventional" broadcast sector includes government owned public networks, such as the

Canadian Broadcasting Corporation ("CBC"), as well as privately owned station groups and networks, such as Global and the CTV Television Network ("CTV" owned by BCE Inc.). The "Specialty and Pay" sector includes Specialty television services, such as Showcase, History, HGTV Canada, TSN (owned by BCE Inc.), and Sportsnet (owned by Rogers), which provide special interest programming including news, sports, arts, lifestyle and entertainment programming.

Global reaches approximately 95% of Canada's population through 12 over-the-air ("OTA") conventional television stations. Global offers a programming mix of entertainment programs and news that includes hit programs such as *Bones, Glee, NCIS:LA, Hawaii Five-O, Rookie Blue, Elementary* and the reality series *Survivor, Big Brother* and *Big Brother Canada.* Global offers news through its early-evening network newscast Global National and delivers local news programs to a number of markets. Global expanded its news line-up in 2012 with the launch of morning news programming in Toronto, Regina, Saskatoon and Winnipeg, and in 2013 with the launch of morning news programming in Montreal and Halifax.

The Specialty television services owned and operated by the Media division comprise 19 channels, including History, Food Network Canada, Showcase, HGTV Canada, Slice and National Geographic Canada. The Company also has an interest in several non-operated channels including two French language specialty television services. In 2012 Media launched National Geographic Wild, a channel dedicated to wildlife programming, rebranded two existing channels as Lifetime and H2, and acquired the remaining equity interest in Mystery. In 2013 Media launched Global News: BC1, a dedicated 24 hour all news Specialty channel in the province of British Columbia and acquired the remaining equity interest in TVtropolis (subsequently rebranded DTOUR). During 2013 Media also entered into a number of transactions with Corus Entertainment Inc. ("Corus") to optimize its portfolio of specialty channels, agreeing to sell its interest in ABC Spark, Historia and Series+ and to acquire an additional 20% interest in Food Network Canada. The ABC Spark and Food Network Canada transactions were completed during the year, with the remaining transactions expected to close in 2014.

The following table sets forth all of the Specialty services in which the Company holds an interest:

Specialty Services Operated	% Equity Interest
Showcase	100%
Slice	100%
History	100%
H2	100%
HGTV Canada	67%
Food Network Canada	71%
Action	100%
Lifetime	100%
National Geographic Canada	50%
National Geographic Canada Wild	50%
BBC Canada	50%
Twist TV	100%
IFC Canada	100%
DIY	67%
DTOUR	100%
MovieTime	100%
DejaView	100%
Mystery	100%
Global News: BC1	100%
Specialty Services Not Operated	**% Equity Interest**
Historia	50%
Series+	50%

C. Seasonality and other additional information concerning the business

(a) Seasonality and customer dependency

Although financial results of the Cable and Satellite business segments are generally not subject to significant seasonal fluctuations, subscriber activity may fluctuate from one quarter to another. Subscriber activity may also be affected by competition and varying levels of promotional activity undertaken by the Company. Shaw's Cable and Satellite businesses generally are not dependent upon any single customer or upon a few customers.

The Media business segment financial results are subject to fluctuations throughout the year due to, among other things, seasonal advertising and viewing patterns. In general, advertising revenues are higher during the fall, the first quarter, and lower during the summer months, the fourth quarter. Expenses are incurred more evenly throughout the year. The Specialty services are dependent on a small number of broadcast distribution undertakings ("BDUs") for distribution of the services.

(b) Environmental matters

Shaw's operations are subject to environmental regulations, including those related to electronic waste. A number of provinces have enacted regulations providing for the diversion of certain types of electronic waste through product stewardship programs ("PSP"). Under a PSP, companies who sell designated products in or into a province are required to participate in or develop an approved program for the collection and recycling of designated electronic materials and, in some cases, pay a per-item fee. Such regulations have not had, and are not expected to have, a material effect on the Company's earnings or competitive position.

(c) Foreign operations

Shaw does not have material foreign assets or operations.

Shaw Business U.S. Inc., a wholly-owned subsidiary of the Company, has entered into an indefeasible right of use ("IRU") with respect to a portion of a United States fibre network and owns certain other fibre and facilities in the United States. Shaw Business U.S. Inc. commenced revenue-generating operations in the United States in 2002. Its revenues for the year ended August 31, 2013 were not material.

(d) Employees

As at August 31, 2013, the Company employed approximately 14,500 people.

D. Government regulations and regulatory developments

Substantially all of the Corporation's business activities are subject to regulations and policies established under various Acts (*Broadcasting Act (Canada)* ("Broadcasting Act"), *Telecommunications Act (Canada)* ("Telecommunications Act"), *Radiocommunication Act (Canada)* ("Radiocommunication Act") and *Copyright Act (Canada)* ("Copyright Act")). Broadcasting and telecommunications are generally administered by the CRTC under the supervision of the Department of Canadian Heritage ("Canadian Heritage") and Department of Industry ("Industry Canada"), respectively.

Pursuant to the Broadcasting Act, the CRTC is mandated to supervise and regulate all aspects of the broadcasting system in a flexible manner. The Broadcasting Act requires BDUs to give priority to the carriage of Canadian services and to provide efficient delivery of programming services. The Broadcasting Act also sets out requirements for television broadcasters with respect to Canadian content. Shaw's businesses are dependent upon licenses (or operate pursuant to an exemption order) granted and issued by the CRTC and Industry Canada.

Under the Telecommunications Act, the CRTC is responsible for ensuring that Canadians in all regions of Canada have access to reliable and affordable telecommunication services of high-quality. The CRTC has the authority to forbear from regulating certain services or classes of services provided by a carrier if the CRTC finds that there is sufficient competition for that service to protect the interests of users. All of Shaw's telecommunication retail services have been forborne from regulation and are not subject to price regulation. However, regulations do impact certain terms and conditions under which these services are provided.

The technical operating aspects of the Corporation's businesses are also regulated by technical requirements and performance standards established by Industry Canada, primarily under the Telecommunications Act and the Radiocommunication Act.

Pursuant to the Copyright Act, the Copyright Board of Canada oversees the collective administration of copyright royalties in Canada, including the review and approval of copyright tariff royalties payable to copyright collectives by BDUs and television broadcasters.

The sections below include a more detailed discussion of various regulatory matters and recent developments specific to Shaw's businesses.

Licensing and ownership

For each of its cable, DTH and SRDU undertakings, the Corporation holds a separate broadcasting license or is exempt from licensing. In November 2010, the majority of cable undertakings owned and operated by the Corporation were renewed by the CRTC for a five-year period ending August 31, 2015. Two cable licenses are scheduled for renewal in 2014. The licenses of the Corporation's DTH and SRDU undertakings were recently renewed by the CRTC for a seven year period ending August 31, 2019. Shaw has never failed to obtain a license renewal for its cable, DTH or SRDU undertakings.

The Company also holds a separate license for each of its conventional OTA television stations and each Specialty service. These CRTC broadcasting licenses must be renewed from time to time and cannot be transferred without regulatory approval. The majority of the Corporation's licenses for its OTA television stations and specialty services were renewed for a five-year term ending August 31, 2016. The renewal decision implemented an expenditure-based regulatory regime, whereby the Corporation must expend a certain percentage of its prior-year revenues from its conventional OTA and specialty services on Canadian content, and also on specific categories of Canadian programs defined as "programs of national interest". These obligations are imposed on an individual license basis. With certain restrictions, the Corporation may share these regulatory obligations between and among its various conventional OTA and specialty licenses.

The potential for new or increased fees through regulation

Effective September 1, 2009, each licensed BDU was required to contribute 1.5% of its gross revenues derived from broadcasting to the Local Programming Improvement Fund ("LPIF") to support local television stations operating in non-metropolitan markets. Exempt systems were not required to contribute to the LPIF. In July 2012, the Commission determined that it was inappropriate to maintain the LPIF in the long term and that it would phase out the LPIF over the two subsequent broadcast years. Accordingly, for the 2012-2013 broadcast year, the LPIF contribution rate was reduced from 1.5% to 1.0%. For the 2013-2014 broadcast year, the LPIF contribution rate is further reduced to 0.5%. As of September 2014, the LPIF will be discontinued.

In October 2008 the CRTC announced a change in its policy regarding the delivery of distant signals by licensed BDUs. Under the new policy, licensed cable BDUs must obtain the consent of an OTA broadcaster to deliver its signal in a distant market. DTH distribution undertakings can distribute a local over-the-air television signal without consent within the province of origin, but must obtain permission to deliver the over-the-air television signal beyond the province of origin unless the DTH distribution undertaking is required to carry the signal on its basic service.

In May 2011 the CRTC released its new DTH satellite distribution policy, pursuant to which it requires Shaw Direct to distribute, in standard definition, all conventional OTA stations that conform to LPIF eligibility requirements. The CRTC did not introduce any specific rules with respect to the permitted scope of distribution of local stations or any new rights of remuneration. Shaw Direct met these requirements during 2013.

In March 2010 the CRTC introduced a new value for signal ("VFS") regime to allow privately-owned local television stations to negotiate a value for the distribution of their programming

with cable and satellite companies. On December 19, 2012 the Supreme Court of Canada concluded that the CRTC lacks authority under the Broadcasting Act to implement a VFS regime. Accordingly, there remains no requirement for cable and satellite undertakings to negotiate consent for the distribution of local television stations.

Consultation on Television

On October 24, 2013, the Commission initiated a "conversation with Canadians", which will lead to a major review, over the course of calendar 2014, of the regulatory and policy framework for television. While the outcomes of the hearing are uncertain, this review could lead to changes in the regulatory requirements applicable to television programming and broadcasting distribution undertakings, in particular those pertaining to the manner in which packaging and standalone programming service options are offered to customers.

Throne Speech and Government Direction

The Speech from the Throne, delivered on October 16, 2013 included a statement indicating that the Government believes Canadians should have more ability to choose unbundled television channels, while protecting Canadian jobs. On November 14, the Minister of Canadian Heritage released an Order-in-Council ("OIC") requiring the CRTC to report to the Government by April 30, 2014 on how the ability of Canadian consumers to subscribe to pay and specialty television services on a service-by-service basis can be maximized, having regard to the broadcasting and regulatory objectives of the Broadcasting Act as well as specific issues including the effect of any proposed measures on: consumers with respect to affordability, distributors, pay and specialty services, costs of rights acquisitions, distribution undertakings, and independent producers. In addition, the OIC makes it clear that any proposed measures to maximize consumers' ability to subscribe service-by-service ensure that a consumer receives a predominance of Canadian services and that Canadian programming services continue to be given priority. These developments could ultimately lead to changes in the regulatory requirements applicable to television programming and broadcasting distribution undertakings and, in particular, those pertaining to the manner in which packaging and standalone programming service options are offered to customers.

Genre exclusivity

The CRTC has indicated its intention to review the Genre Protection Policy in 2014. This policy applies specifically to Category A specialty services, which are licensed on a one-per-genre basis and enjoy broad protection from direct competition within their respective programming genres. As a result of this proceeding, or pursuant to Commission-proposed measures in response to the OIC or following the Commission's consultation on television, the policy could be removed entirely or for specific programming genres.

Access rights

Shaw's cable systems require access to support structures, such as poles, strand and conduits of telecommunication carriers and electric utilities, in order to deploy cable facilities. Under the Telecommunications Act the CRTC has jurisdiction over support structures of telecommunication carriers, including rates for third party use. The CRTC's jurisdiction does not extend to electrical utility support structures, which are regulated by provincial utility authorities. Following a 2010 decision by the CRTC to significantly increase certain support structure rental rates, the CRTC approved in July 2011 a new charge for the Corporation's attachments to the service poles of telecommunications carriers equal to the normal pole charge. Charges for service poles are retroactive to the July 2011 CRTC decision.

Under the Telecommunications Act, the Corporation may construct facilities in roadways and other public places with the consent of the municipality. In 2011, the CRTC initiated a process whereby a working group of industry and municipal representatives developed a non-binding model municipal access agreement. In November 2013, the CRTC approved the consensus recommendations of the working group for the model agreement and determined that certain non-consensus items, including indemnification, fees, and relocation costs, are to be negotiated between a carrier and a municipality.

New media and Internet

In June 2009 the CRTC issued its decision on "new media" by extending its exemption of the provision of digital media broadcasting undertakings for another five years. It also decided against imposing any regulatory measures, including financial contribution requirements on ISPs, to support Canadian new media content.

Shaw is mandated by the CRTC to provide Third Party Internet Access ("TPIA") service, which enables independent ISPs to provide Internet services at premises served by Shaw's network. In 2011, the CRTC reviewed the billing model for TPIA services, TPIA rates and whether usage based billing may be applied to TPIA services. In the decision that followed its review (the "Wholesale Internet Access Decision"), the CRTC approved two billing models, a flat-rate model in which the TPIA rate includes access and usage and a capacity-based model in which access and capacity usage are billed separately. Shaw is currently approved to provide TPIA service under the flat-rate model although Shaw may elect to move to a capacity-based model in the future. The CRTC is currently reviewing the regulatory regime for several wholesale competitor services, including TPIA, through a public consultation that launched in October 2013.

In September 2013, a consortium of independent ISPs filed an application with the CRTC requesting changes to the TPIA service. If the CRTC mandates the changes to TPIA as requested in the application, this would require Shaw to dedicate additional resources to address specific service order processing, IT system and billing system changes.

In late 2010 Parliament passed anti-spam legislation, which has not yet come into force. Canada's anti-spam legislation ("CASL") sets out a comprehensive regulatory regime regarding on-line commerce, including requirements to obtain consent prior to sending commercial electronic messages and installing computer programs. Compliance with CASL will require Shaw to review and update its current practices with respect to marketing and other communications with customers.

Shaw and other telecommunications providers had expected that they would need to review and potentially upgrade their interception and other systems to comply with anticipated lawful access requirements. In February 2013, the Government announced that it would not be proceeding with its planned lawful access legislation, Bill C-30, *An Act to enact the Investigating and Preventing Criminal Electronic Communications Act* (the "Bill") and related plan to amend the *Criminal Code* and other Acts. The Government indicated that its decision not to proceed was in response to the expressed concerns of Canadians regarding the Bill. The legislation would have required telecommunications service providers to provide subscriber information without a warrant and for ISPs to establish and maintain capabilities to facilitate the lawful interception of information transmitted by telecommunications and to provide information about subscribers to law enforcement agencies.

In November 2013 the Government introduced Bill C-13, *An Act to amend the Criminal Code, the Canada Evidence Act, the Competition Act and the Mutual Legal Assistance in Criminal Matters Act* (the "Bill C-13") which would, if passed, expand the lawful access powers of the Government and introduce new requirements for telecommunications providers to preserve and produce subscriber information. Consistent with the Government's decision not to proceed with Bill C-30, almost all of the newly proposed measures under Bill C-13 are subject to judicial oversight and do not require the provision of information without a warrant or discharge of a burden of proof. However, should the requirements of Bill C-13 become law, Shaw and other telecommunications providers will need to review and potentially upgrade their interception and other systems to comply with new lawful access requirements.

In early 2013 the CRTC initiated a proceeding to consider introducing mandated Video Relay Services ("VRS") in Canada. VRS allows deaf, hard-of-hearing and speech impaired persons to use third party sign-language interpreter services to make and receive telephone calls. The service has been available in the United States for over a decade. The CRTC is also considering if the service would be funded through a levy on telecommunications revenues of telecommunication carriers, including Shaw.

Digital transition

In July 2009 the CRTC identified the major markets where it expected conventional television broadcasters to convert their full-power OTA analog transmitters to digital transmitters by August 31, 2011. The conversion from analog to digital has freed up spectrum for government auction.

The Corporation completed the digital transition in all mandatory markets as of August 31, 2011. In 2012 and 2013 the Corporation commenced converting transmitters in non-mandatory markets and expects to be complete in 2016.

Vertical integration

The Commission recognizes that vertical integration can be beneficial and that it also has potential to enable preferential treatment. In view of increasing industry consolidation and vertical integration, the CRTC issued a vertical integration policy in September 2011. The policy introduced new safeguards in addition to various regulatory mechanisms that already exist, including a prohibition on the distribution of television programs on an exclusive basis on new media and a reverse onus of proof in cases where undue preference is alleged in connection with the terms of distribution of any programming service. New measures also include a code of conduct governing commercial relations and interactions between and among broadcast distributors, programmers and new media undertakings, and a standstill requirement prohibiting a distribution undertaking from changing the terms of distribution or carriage pending the resolution of a dispute.

The CRTC imposed certain parts of the code as conditions of license upon BCE in its recent acquisition of Astral Media Inc. Uncertainty remains as to the extent to which the CRTC will seek to impose such conditions of licence and the ultimate impact of the CRTC decision introducing the new safeguards and to formalize code of conduct requirements as conditions of license. The code of conduct is applied on a case-by-case basis when disputes arise. The new safeguards could have an impact on the Corporation.

Limits on non-Canadian ownership and control for broadcasting undertakings

Non-Canadians are permitted to own and control, directly or indirectly, up to 33.3% of the voting shares and 33.3% of the votes of a holding company that 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 licensee may be owned and controlled, directly or indirectly, by non-Canadians. As well, the chief executive officer (CEO) and not less than 80% of the board of directors of the licensee must be resident Canadians. 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 level. Neither the holding company nor the licensee may be controlled in fact by non-Canadians, the determination of which is a question of fact within the jurisdiction of the CRTC.

The same restrictions apply to certain Canadian carriers pursuant to the Telecommunications Act and associated regulations and the Radiocommunication Act and associated regulations, except that there is no requirement that the CEO be a resident Canadian. In March 2012, the government announced its intention to amend the Telecommunications Act to remove Canadian ownership requirements for wire-line and wireless telecommunications carriers with annual revenues from the provision of telecommunications services in Canada that represent less than 10% of the total annual revenues, as determined by the CRTC. These amendments were passed as part of the federal budget bill in June 2012 and may lead to greater levels of competition in the Canadian telecommunications market.

The Corporation's Articles contain measures to ensure the Corporation is able to remain compliant with applicable Canadian ownership requirements and its ability to obtain, amend or renew a license to carry on any business. Shaw must file a compliance report annually with the CRTC confirming that it is eligible to operate in Canada as a telecommunications common carrier.

AWS spectrum transfers

On June 28, 2013 the Minister of Industry announced a new framework for the review of spectrum license transfers, including prospective transfers that could arise from options and other agreements. A licensee is required to seek a review within 15 days of entering into any agreement that could lead to a prospective transfer. The 15 day timing provision within the framework does not apply to prior agreements. The spectrum option agreement with Rogers will not be subject to an immediate review, as it was entered into prior to the release of the new framework, but will be subject to review prior to any spectrum license transfer. Under the new framework, all spectrum transfer reviews will include consideration of a number of factors, including the overall distribution of license holdings in the licensed spectrum band and other commercial mobile spectrum bands in the licensed area, the relative utility and substitutability of the licensed spectrum and the change in spectrum concentration levels that would result from the transfer.

E. Key performance drivers

Shaw measures the success of its strategies using a number of key performance drivers which are outlined below, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

FINANCIAL MEASURES:

i) Revenue

Revenue is a measurement determined in accordance with International Financial Reporting Standards ("IFRS"). It represents the inflow of cash, receivables or other consideration arising from the sale of products and services. Revenue is net of items such as trade or volume discounts, agency commissions and certain excise and sales taxes. It is the base on which free cash flow, a key performance driver, is determined; therefore, it measures the potential to deliver free cash flow as well as indicating growth in a competitive market place.

The Company's continuous disclosure documents may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company's continuous disclosure requirements may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings and sub-totals included in financial statements. The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others utilize these measures in assessing the Company's operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. These non-IFRS measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance or liquidity prescribed by IFRS. The following contains a description of the Company's use of non-IFRS financial measures and additional GAAP measures and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

ii) Operating income before amortization and operating margin

Operating income before amortization is calculated as revenue less operating, general and administrative expenses. It is intended to indicate the Company's ability to service and/or incur debt, and therefore it is calculated before amortization (a non-cash expense) and interest. Operating income before amortization is also one of the measures used by the investing community to value the business. Operating margin is calculated by dividing operating income before amortization by revenue.

Relative increases period-over-period in operating income before amortization and in operating margin are indicative of the Company's success in delivering valued products and services, and engaging programming content to its customers in a cost-effective manner.

	Year ended August 31,	
($ millions Cdn)	**2013**	**2012**
Operating income	**1,366**	1,319
Add back (deduct) amortization:		
Deferred equipment revenue	**(121)**	(115)
Deferred equipment costs	**257**	231
Property, plant and equipment, intangibles and other	**718**	692
Operating income before amortization	**2,220**	2,127

iii) Free cash flow

The Company uses free cash flow as a measure of the Company's ability to repay debt and return cash to shareholders. Consolidated free cash flow is calculated as follows:

	Year ended August 31,		
($millions Cdn)	2013	2012	Change %
Revenue			
Cable	**3,266**	3,193	2.3
Satellite	**860**	844	1.9
Media	**1,106**	1,053	5.0
	5,232	5,090	2.8
Intersegment eliminations	**(90)**	(92)	(2.2)
	5,142	4,998	2.9
Operating income before amortization[1]			
Cable	**1,582**	1,502	5.3
Satellite	**285**	293	(2.7)
Media	**353**	332	6.3
	2,220	2,127	4.4
Capital expenditures and equipment costs (net):			
Cable	**867**	810	7.0
Accelerated capital fund investment[1]	**(110)**	–	>100.0
Adjusted Cable	**757**	810	(6.5)
Satellite	**123**	94	30.9
Media	**31**	31	–
Total	**911**	935	(2.6)
Free cash flow before the following	**1,309**	1,192	9.8
Less:			
Interest	**(308)**	(329)	(6.4)
Cash taxes	**(300)**	(282)	6.4
Other adjustments:			
Non-cash share-based compensation	**5**	6	(16.7)
CRTC benefit obligation funding	**(52)**	(48)	8.3
Non-controlling interests	**(39)**	(34)	14.7
Pension adjustment	**12**	12	–
Customer equipment financing	**(10)**	(20)	(50.0)
Preferred share dividends	**(13)**	(15)	(13.3)
Free cash flow	**604**	482	25.3
Operating margin[1]			
Cable	**48.4%**	47.0%	1.4
Satellite	**33.1%**	34.7%	(1.6)
Media	**31.9%**	31.5%	0.4

(1) See key performance drivers on page 20.

Free cash flow is calculated as operating income before amortization, less interest, cash taxes paid or payable, capital expenditures (on an accrual basis and net of proceeds on capital dispositions and adjusted to exclude amounts funded through the accelerated capital fund) and equipment costs (net), adjusted to exclude share-based compensation expense, less cash amounts associated with funding the new and assumed CRTC benefit obligations related to the acquisition of Shaw Media as well as excluding non-controlling interest amounts that are consolidated in the operating income before amortization, capital expenditure and cash tax amounts. Free cash flow also includes changes in receivable related balances with respect to customer equipment financing transactions as a cash item, and is adjusted for recurring cash funding of pension amounts net of pension expense. Dividends paid on the Company's Cumulative Redeemable Rate Reset Preferred Shares are also deducted.

Free cash flow has not been reported on a segmented basis. Certain components of free cash flow including operating income before amortization, capital expenditures (on an accrual basis net of proceeds on capital dispositions) and equipment costs (net), CRTC benefit obligation funding, and non-controlling interest amounts continue to be reported on a segmented basis. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

For free cash flow purposes the Company considers the initial $300 million supplemental executive retirement plan funding to be a financing transaction and has not included the amount funded or the related cash tax recovery in the free cash flow calculation.

iv) Accelerated capital fund

The Company established a notional fund, the accelerated capital fund, of up to $500 million with proceeds received, and to be received, from several strategic transactions with each of Rogers and Corus. The accelerated capital initiatives will be funded through this fund and not cash generated from operations. Key investments include the completion of the Calgary data centre, further digitization of the network and additional bandwidth upgrades, development of IP delivery of video, expansion of the WiFi network, and additional innovative product offerings related to Shaw Go and other applications to provide an enhanced customer experience. It is expected up to a total of $500 million will be invested in fiscal 2013, 2014 and 2015, spending approximately $110 million, $250 million and $140 million in each of the respective years.

Details on the accelerated capital fund and investment during 2013 are as follows:

Estimated year of spend	2013	2014	2015	Total
($millions Cdn)				
Fund Opening Balance	**110**	**250**	**140**	**500**
Accelerated capital investment	**110**	–	–	**110**
Fund Closing Balance, August 31, 2013	–	**250**	**140**	**390**

STATISTICAL MEASURES:

Subscriber counts (or revenue generating units), including penetration and bundled customers

The Company measures the count of its customers in Cable and DTH (Shaw Direct). Video cable subscribers include residential customers, multiple dwelling units ("MDUs") and commercial customers. A residential subscriber who receives at a minimum, basic cable service, is counted as one subscriber. In the case of MDUs, such as apartment buildings, each tenant with a minimum of basic cable service is counted as one subscriber, regardless of whether invoiced individually or having services included in his or her rent. Each building site of a commercial

customer (e.g., hospitals, hotels or retail franchises) that is receiving at a minimum, basic cable service, is counted as one subscriber. Internet customers include all modems on billing and Digital Phone lines includes all phone lines on billing. All subscriber counts exclude complimentary accounts but include promotional accounts.

Shaw Direct measures its count of subscribers in the same manner as Cable counts its Video customers, except that it also includes seasonal customers who have indicated their intention to reconnect within 180 days of disconnection.

Revenue generating units ("RGUs") represent the number of products sold to customers and includes Video (Cable and DTH subscribers), Internet customers, and Digital Phone lines. As at August 31, 2013 the Company had approximately 6.2 million RGUs.

Subscriber, or RGU, counts and penetration statistics measure market share and also indicate the success of bundling and pricing strategies.

Commencing in 2013 the Company no longer includes pending installations in the subscriber counts for Internet and Digital Phone. Comparative balances and subscriber growth have been restated. Also, given the growth in and penetration of Digital customers, the Company has now combined the reporting of Basic cable and Digital as a Video subscriber.

F. Critical accounting policies and estimates

The Company prepared its Consolidated Financial Statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). An understanding of the Company's accounting policies is necessary for a complete analysis of results, financial position, liquidity and trends. Refer to Note 2 to the Consolidated Financial Statements for additional information on accounting policies. The following section discusses key estimates and assumptions that management has made under IFRS and how they affect the amounts reported in the Consolidated Financial Statements and notes. Following is a discussion of the Company's critical accounting policies:

i) Revenue and expense recognition

Revenue is considered earned as services are performed, provided that at the time of performance, ultimate collection is reasonably assured. Such performance is regarded as having been achieved when reasonable assurance exists regarding the measurement of the consideration that will be derived from rendering the service. Revenue from cable, Internet, Digital Phone and DTH customers includes subscriber service revenue when earned. The revenue is considered earned as the period of service relating to the customer billing elapses.

The Company has multiple deliverable arrangements comprised of upfront fees (subscriber connection fee revenue and/or customer premise equipment revenue) and related subscription revenue. The Company determined that the upfront fees charged to customers do not constitute separate units of accounting; therefore, these revenue streams are assessed as an integrated package.

With Shaw Media, subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are aired or displayed on the Companys' digital properties and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Subscriber connection fee revenue
Connection fees have no stand alone value to the customer separate and independent of the Company providing additional subscription services, therefore the connection fee revenue must be deferred and recognized systematically over the periods that the subscription services are earned. There is no specified term for which the customer will receive the related subscription service, therefore the Company has considered its customer churn rate and other factors, such as competition from new entrants, to determine the deferral period of two years.

Subscriber connection and installation costs
The costs of physically connecting a new home are capitalized as part of the Company's distribution system as the service potential of the distribution system is enhanced by the ability to generate future subscriber revenue. Costs of disconnections are expensed as incurred as the activity does not generate future revenue.

Customer premise equipment revenue and costs
Customer premise equipment available for sale, which generally includes DCT and DTH equipment, has no stand alone value to the customer separate and independent of the Company providing additional subscription services. Therefore the equipment revenue must be deferred and recognized systematically over the periods that the subscription services are earned. As the equipment sales and the related subscription revenue are considered one transaction, recognition of the equipment revenue commences once the subscriber service is activated. There is no specified term for which the customer will receive the related subscription service, therefore the Company has considered various factors including customer churn, competition from new entrants, and technology changes to determine the deferral period of two years.

In conjunction with equipment revenue, the Company also incurs incremental direct costs which include equipment and related installation costs. These direct costs cannot be separated from the undelivered subscription service included in the multiple deliverable arrangement. Under IAS 2 "Inventories", these costs represent inventoriable costs and are deferred and amortized over the period of two years, consistent with the recognition of the related equipment revenue. The equipment and installation costs generally exceed the amounts received from customers on the sale of equipment (the equipment is sold to the customer at a subsidized price). The Company defers the entire cost of the equipment, including the subsidy portion, as it has determined that this excess cost will be recovered from future subscription revenues and that the investment by the customer in the equipment creates value through increased retention.

Shaw Tracking equipment revenue and costs
Shaw Tracking equipment revenue is recognized over the period of the related service contract for airtime, which is generally five years.

In conjunction with Shaw Tracking equipment revenue, the Company incurs incremental direct costs including equipment costs. These direct costs cannot be separated from the undelivered tracking service included in the multiple deliverable arrangement. Under IAS 2 "Inventories", these costs represent inventoriable costs and are deferred and amortized over the period of five years, consistent with the recognition of the related tracking equipment revenue.

Shaw Business installation revenue and expenses
The Company also receives installation revenues in its Shaw Business operation on contracts with commercial customers which are deferred and recognized as revenue on a straight-line basis over the related service contract, generally spanning two to ten years. Direct and incremental costs associated with the service contract, in an amount not exceeding the upfront installation revenue, are deferred and recognized as an operating expense on a straight-line basis over the same period.

Income statement classification
The Company distinguishes amortization of deferred equipment revenue and deferred equipment costs from the revenue and expenses recognized from ongoing service activities on its income statement. Equipment revenue and costs are deferred and recognized over the anticipated term of the related future revenue (i.e., the monthly service revenue) with the period of recognition spanning two to five years. As a result, the amortization of deferred equipment revenue and deferred equipment costs are non-cash items on the income statement, similar to the Company's amortization of deferred IRU revenue, which the Company also segregates from ongoing revenue. Further, within the lifecycle of a customer relationship, the customer generally purchases customer premise equipment at the commencement of the customer relationship, whereas the subscription revenue represents a continuous revenue stream throughout that customer relationship. Therefore, the segregated presentation provides a clearer distinction within the income statement between cash and non-cash activities and between up-front and continuous revenue streams, which assists financial statement readers to predict future cash flows from operations.

ii) Allowance for doubtful accounts

The majority of the Company's revenues are earned from selling on credit to individual subscribers. Because there are some customers who do not pay their debts, selling on credit necessarily involves credit losses. The Company is required to make an estimate of an appropriate allowance for doubtful accounts on its receivables. In determining its estimate, the Company considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances. The estimated allowance required is a matter of judgement and the actual loss eventually sustained may be more or less than the estimate, depending on events which have yet to occur and which cannot be foretold, such as future business, personal and economic conditions. Conditions causing deterioration or improvement in the aging of accounts receivable and collections will increase or decrease bad debt expense.

iii) Property, plant and equipment and other intangibles – capitalization of direct labour and overhead

The cost of property, plant and equipment and other intangibles includes direct construction or development costs (such as materials and labour) and overhead costs directly attributable to the construction or development activity. The Company capitalizes direct labour and direct overhead incurred to construct new assets, upgrade existing assets and connect new subscribers. These costs are capitalized as they are directly attributable to the acquisition, construction, development or betterment of the networks or other intangibles. Repairs and maintenance expenditures are charged to operating expenses as incurred.

Direct labour and overhead costs are capitalized in three principal areas:

1. Corporate departments such as engineering and information technology ("IT"): Engineering is primarily involved in overall planning and development of the cable/Internet/Digital Phone infrastructure. Labour and overhead costs directly related to these activities are capitalized as the activities directly relate to the planning and design of the construction of the distribution system. The IT department devotes considerable efforts towards the development of systems to support Digital Phone, WiFi, and projects related to new customer management, billing and operating support systems. Labour costs directly related to these and other projects are capitalized.
2. Cable regional construction departments, which are principally involved in constructing, rebuilding and upgrading the cable/Internet/Digital Phone infrastructure: Labour and overhead costs directly related to the construction activity are capitalized as the activities directly relate to the construction or upgrade of the distribution system. Capital projects include, but are not limited to, projects such as the new subdivision builds, increasing network capacity for Internet, Digital Phone and VOD by reducing the number of homes fed from each node, and upgrades of plant capacity, including the DNU project, and the WiFi build.
3. Subscriber-related activities such as installation of new drops and Internet and Digital Phone services: The labour and overhead directly related to the installation of new services are capitalized as the activity involves the installation of capital assets (i.e., wiring, software, etc.) which enhance the service potential of the distribution system through the ability to earn future revenues. Costs associated with service calls, collections, disconnects and reconnects that do not involve the installation of a capital asset are expensed.

Amounts of direct labour and direct overhead capitalized fluctuate from year to year depending on the level of customer growth and plant upgrades for new services. In addition, the level of capitalization fluctuates depending on the proportion of internal labour versus external contractors used in construction projects.

The percentage of direct labour capitalized in many cases is determined by the nature of employment in a specific department. For example, a significant portion of labour and direct overhead of the cable regional construction departments is capitalized as a result of the nature of the activity performed by those departments. Capitalization is also based on piece rate work performed by unit-based employees which is tracked directly. In some cases, the amount of capitalization depends on the level of maintenance versus capital activity that a department performs. In these cases, an analysis of work activity is applied to determine this percentage split.

iv) Amortization policies and useful lives

The Company amortizes the cost of property, plant and equipment and other intangibles over the estimated useful service lives of the items. These estimates of useful lives involve considerable judgment. In determining these estimates, the Company takes into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. On an annual basis, the Company reassesses its existing estimates of useful lives to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly or in a different way than the Company has anticipated, the Company may have to shorten the

estimated life of certain property, plant and equipment or other intangibles which could result in higher amortization expense in future periods or an impairment charge to write down the value of property, plant and equipment or other intangibles.

v) Intangibles

The excess of the cost of acquiring cable and satellite and media businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist primarily of amounts allocated to broadcast rights and licenses which represent identifiable assets with indefinite useful lives.

Broadcast rights and licenses in the cable and satellite businesses are comprised of broadcast authorities including licenses and exemptions from licensing that allow access to homes and subscribers in a specific area that are identified on a business combination with respect to the acquisition of shares or assets of a BDU.

Broadcast licenses in the media business are licenses to operate conventional and specialty services that are identified on a business combination with respect to the acquisition of shares or assets of a broadcasting undertaking.

The Company has concluded that the broadcast rights and licenses have indefinite useful lives since there are no legal, regulatory, contractual, economic or other factors that would prevent the Company's license renewals or limit the period over which these assets will contribute to the Company's cash flows. Goodwill and broadcast rights and licenses are not amortized but assessed for impairment on an annual basis in accordance with IAS 36 "Impairment".

The Company also owns AWS licenses that are required to operate a wireless system in Canada. The AWS licenses have indefinite lives and are subject to an annual review for impairment by comparing the estimated fair value to the carrying amount. In late 2011 Shaw decided not to pursue a conventional wireless build. During 2013 the Company entered into an agreement with Rogers granting Rogers an option to acquire its wireless spectrum licenses. The potential option exercise for the sale of the wireless spectrum licenses is subject to various regulatory approvals and is expected to occur in fiscal 2015.

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses.

Other intangibles include software that is not an integral part of the related hardware, customer relationships as well as a trademark and brands. Software is amortized on a straight-line basis over their estimated useful lives ranging from four to ten years. Customer relationships represent the value of customer contracts and relationships acquired in a business combination and are amortized on a straight-line basis over the estimated useful life of 15 years.

vi) Asset impairment

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at March 1) and when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of each cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell and its value in use. A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company's cash generating units are consistent with its reporting segments, Cable, Satellite and Media. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The results of the impairment tests are provided in Note 10 to the Consolidated Financial Statements.

vii) Employee benefit plans

As at August 31, 2013, Shaw had non-registered defined benefit pension plans for key senior executives and designated executives and various registered defined benefit plans for certain unionized and non-unionized employees. The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The differences between actual and assumed results are immediately recognized in other comprehensive income/loss. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations and is also used to calculate the interest income on plan assets. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes required. The following table illustrates the increase on the accrued benefit obligation and pension expense of a 1% decrease in the discount rate:

	Accrued Benefit Obligation at End of Fiscal 2013	Pension Expense Fiscal 2013
Weighted Average Discount Rate – Non-registered Plans	4.75%	4.49%
Weighted Average Discount Rate – Registered Plans	4.84%	4.67%
Impact of: 1% decrease *($millions)* – Non-registered Plans	$ 68	$ 6
Impact of: 1% decrease *($millions)* – Registered Plans	$ 25	$ 3

viii) Deferred income taxes

The Company has recognized deferred income tax assets and liabilities for the future income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are also recognized in respect of the Company's losses and losses of certain of its subsidiaries. The deferred income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse or the tax losses are expected to be utilized. Realization of deferred income tax assets is dependent upon generating sufficient taxable income during the period in which the temporary differences are deductible. The Company has evaluated the likelihood of realization of deferred

income tax assets based on forecasts of taxable income of future years, existing tax laws and tax planning strategies. Significant changes in assumptions with respect to internal forecasts or the inability to implement tax planning strategies could result in future impairment of these assets.

ix) Commitments and contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Contractual and other commercial obligations primarily relate to network fees, program rights and operating lease agreements for use of transmission facilities, including maintenance of satellite transponders and lease of premises in the normal course of business. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

G. Related party transactions

Related party transactions are reviewed by Shaw's Corporate Governance and Nominating Committee, comprised of independent directors. The following sets forth certain transactions in which the Company is involved.

Corus

The Company and Corus are subject to common voting control. During the year, network, advertising and programming fees were paid to various Corus subsidiaries. The Company provided uplink of television signals, programming content, Internet services and lease of circuits to various Corus subsidiaries. In addition, the Company provided Corus with television advertising spots in return for radio and television advertising.

The Company also entered into a number of transactions with Corus to optimize its portfolio of specialty channels. Shaw agreed to sell to Corus its 49% interest in ABC Spark and 50% interest in its two French-language channels, Historia and Series+. In addition, Corus agreed to sell to Shaw its 20% interest in Food Network Canada. The ABC Spark and Food Network Canada transactions closed during the year while Historia and Series+ are expected to close in fiscal 2014.

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in the Partnership. During the current year, the Company paid the Partnership for lease of office space in Shaw Tower. Shaw Tower, located in Vancouver, BC, is the Company's headquarters for its lower mainland operations.

Specialty channels

The Company either currently holds or previously held interests in a number of specialty television channels which are either subject to joint control or significant influence, including Historia and Series+. During the current year the Company paid network fees and provided uplink of television signals to these channels.

Key management personnel and Board of Directors

Key management personnel consist of the most senior executive team and along with the Board of Directors have the authority and responsibility for directing and controlling the activities of

the Company. In addition to compensation provided to key management personnel and the Board of Directors for services rendered, the Company transacts with companies related to certain Board members primarily for the purchase of remote control units and agency services for direct sales and related installation of equipment.

H. New accounting standards

Shaw has adopted or will adopt a number of new accounting policies as a result of recent changes in IFRS as issued by the IASB. The ensuing discussion provides additional information as to the date that Shaw is or was required to adopt the new standards, the methods of adoption permitted by the standards, the method chosen by Shaw, and the effect on the financial statements as a result of adopting the new policy. The adoption or future adoption of these accounting policies has not and is not expected to result in changes to the Company's current business practices.

Adoption of recent accounting pronouncements

The Company adopted the following standards and amendments effective September 1, 2012:

(i) Employee Benefits

IAS 19, *Employee Benefits* (amended 2011), eliminates the existing option to defer actuarial gains and losses and requires changes from the remeasurement of defined benefit plan assets and liabilities to be presented in the statement of other comprehensive income. The significant amendments to IAS 19 which impact the Company are as follows:

- Expected return on plan assets is replaced with interest income and calculated based on the discount rate used to measure the pension obligation; the difference between interest income and actual return on plan assets is recognized in other comprehensive income
- Immediate recognition of past service costs when plan amendments occur regardless of whether or not they are vested
- Plan administration costs, other than costs associated with managing plan assets, are required to be expensed
- Expanded disclosures including plan characteristics and risks arising from defined benefit plans

The Company early adopted the amended standard with retrospective restatement effective September 1, 2012 and the impact of adoption is outlined in Note 2 of the consolidated financial statements.

(ii) Presentation of Financial Statements

IAS 1, *Presentation of Financial Statements*, was amended to require presentation of items of other comprehensive income based on whether they may be reclassified to the statement of income and has been applied retrospectively.

(iii) Income Taxes

IAS 12, *Income Taxes* (amended 2011), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The amendment had no impact on the Company's consolidated financial statements.

Standards, interpretations and amendments to standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations and amendments that have been issued but are not yet effective. The following pronouncements are being assessed to determine their impact on the Company's results and financial position.

- IFRS 9, *Financial Instruments: Classification and Measurement*, is the first part of the replacement of IAS 39 *Financial Instruments* and applies to the classification and measurement of financial assets and financial liabilities as defined by IAS 39. It is required to be applied retrospectively for the annual period commencing September 1, 2015.
- The following standards and amended standards are required to be applied retrospectively for the annual period commencing September 1, 2013 and other than the disclosure requirements therein, they must be initially applied concurrently:
  - IFRS 10, *Consolidated Financial Statements*, replaces previous consolidation guidance and outlines a single consolidation model that identifies control as the basis for consolidation of all types of entities.
  - IFRS 11, *Joint Arrangements,* replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard classifies joint arrangements as either joint operations or joint ventures.
  - IFRS 12, *Disclosure of Interests in Other Entities,* sets out required disclosures on application of IFRS 10, IFRS 11, and IAS 28 (amended 2011).
  - IAS 27, *Separate Financial Statements* was amended in 2011 for the issuance of IFRS 10 and retains the current guidance for separate financial statements.
  - IAS 28, *Investments in Associates* was amended in 2011 for changes based on issuance of IFRS 10 and IFRS 11 and provides guidance on accounting for joint ventures, as defined by IFRS 11, using the equity method.
- IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure of fair value measurements and is required to be applied prospectively for the annual period commencing September 1, 2013.

I. Known events, trends, risks and uncertainties

The Company is subject to a number of risks and uncertainties which could have a material adverse effect on its future profitability. Included herein is a "Caution Concerning Forward-Looking Statements" section which should be read in conjunction with this report.

The risks and uncertainties discussed below highlight the more important and relevant factors that could significantly affect the Company's operations. They do not represent an exhaustive list of all potential issues that could affect the financial results of the Company. The principal risks relate to:

- Competition, technological change and regulatory regime
- Economic conditions
- Interest rates, foreign exchange rates, and capital markets
- Litigation
- Uninsured risks of loss
- Reliance on suppliers
- Programming expenses
- Unionized labour
- Holding company structure

- Control of the Company by the Shaw family
- Information systems and internal business processes
- Dividend payments
- Acquisitions and other strategic transactions

i) Competition, technological change and regulatory regime

Cable and satellite providers and television broadcasters operate in an open and competitive marketplace. Shaw's businesses face competition from regulated and unregulated entities utilizing existing or new communications technologies and from illegal services. In addition, the rapid deployment of new technologies, services and products has reduced the traditional lines between telecommunications, Internet and broadcasting services and expands further the competitive landscape. Shaw may face competition in the future from other technologies being developed or yet to be developed. While Shaw continually seeks to strengthen its competitive position through investments in infrastructure, technology, programming and customer service, there can be no assurance that these investments will be sufficient to maintain Shaw's market share or performance in the future.

CABLE TELEVISION AND DTH

Shaw's cable television and DTH systems currently compete or may in the future compete with other distributors of video and audio signals, including other DTH satellite services, satellite master antenna systems, multipoint distribution systems ("MDS"), other competitive cable television undertakings and telephone companies offering video service. As noted above, Shaw also competes with unregulated internet services, illegal satellite services including grey and black market offerings, and unregulated video services and offerings available over high-speed internet connections. Continued improvements in the quality of streaming video over the internet and the availability of television shows and movies online increases competition to Shaw's cable television and DTH businesses.

The Company expects that competition will continue to increase and there can be no assurance that such increased competition will not have a material adverse effect on Shaw's results of operations. The Company also expects increased IPTV competition across Canada with respect to its DTH Satellite services.

INTERNET

There are a number of different types of ISPs offering residential and business Internet services that compete or may compete in the future with Shaw's Internet services. These include independent service providers, ILECs, wireless providers, and electricity transmission and distribution companies.

High-speed Internet access services are principally provided through cable modem and digital subscriber line ("DSL") technology. Internet services through cable modem technology are primarily provided by cable companies, although the CRTC has also authorized third-party ISPs to access cable companies' facilities, such as Shaw's, to deliver high-speed Internet services.

Although operating in a competitive environment, Shaw expects that consumer demand for Internet access services and for bandwidth-intensive applications on the Internet (including streaming video, digital downloading and interactive gaming) will lead to continued demand for high-speed Internet services. Shaw continues to expand the capacity of its network to handle the anticipated increases in demand, however there can be no assurance that network capacity will continue to meet the increasing demand of its customers.

DIGITAL PHONE

The competitors of Shaw Digital Phone include ILECs, Competitive Local Exchange Carriers ("CLECs"), non-facilities-based Voice over Internet Protocol ("VoIP") providers and wireless providers. Several of such competitors have larger operational and financial resources than the Corporation and are well established with residential customers in their respective markets. In addition, there is an emerging trend toward households opting to rely on wireless voice services in place of landline services such as Digital Phone. These developments may negatively affect the business and prospects of Shaw's Digital Phone.

INTERNET INFRASTRUCTURE

Through Shaw Business, Shaw competes with other telecommunications carriers in providing high-speed broadband communications services (data and video transport and Internet connectivity services) to businesses, ISPs and other telecommunications providers. The telecommunications services industry in Canada is highly competitive, rapidly evolving and subject to constant change. Competitors of Shaw Business include ILECs, competitive access providers, CLECs, ISPs, private networks built by large end users and other telecommunications companies. In addition, the development and implementation of new technologies by others could give rise to significant competition.

SATELLITE SERVICES

In its Canadian SRDU business, Satellite Services faces competition principally from one other operating SRDU operator in Canada. In February 2010, another company was licensed by the CRTC to provide both DTH and SRDU services in Canada, but has not yet commenced service. Satellite Services also faces competition from the expansion of fibre distribution systems delivering distant US and Canadian conventional television signals into territories previously served only by SRDU operators.

MEDIA

The OTA and Specialty television business and the advertising markets in which they operate are highly competitive. Numerous broadcast and specialty television networks compete for advertising revenues. The Company's ability to compete successfully depends on a number of factors, including its ability to secure popular television programming and achieve high distribution levels. The Company expects that competition will continue to increase and there can be no assurance that increased competition will not have a material adverse effect on Shaw's results of operations.

IMPACT OF REGULATION

As more fully discussed under Government regulations and regulatory developments, substantially all of the Corporation's business activities are subject to regulations and policies administered by Industry Canada and/or the CRTC. The Corporation's operations and results are affected by changes in regulations, policies and decisions, including changes in interpretation of existing regulations by courts, the government or the regulators, in particular the CRTC, Industry Canada, the Competition Bureau and the Copyright Board. This regulation relates to, and may have an impact on, among other things, licensing, competition, programming carriage and terms of carriage, strategic transactions and the potential for new or increased fees. Changes in the regulatory regime may adversely affect the operations and performance of the Company.

ii) Economic conditions

Canada's economy is affected by uncertainty in global financial and equity markets and slowdowns in global economic growth. Advertising revenues are affected by prevailing economic conditions. Changes in economic conditions may affect discretionary consumer spending, resulting in increased or decreased demand for Shaw's product offerings as well as advertising airtime and rates. There can be no assurance that current or future events caused by volatility in domestic or international economic conditions or a decline in economic growth will not have an adverse effect on the Company's business and operating results.

iii) Interest rates, foreign exchange rates and capital markets

As at August 31, 2013 Shaw has the following financial exposures at risk in its day-to-day operations:

(a) Interest rates: Due to the capital-intensive nature of Shaw's operations, the Company utilizes long-term financing extensively in its capital structure. The primary components of this structure are:

1. Banking facilities as more fully described in Note 13 to the Consolidated Financial Statements.
2. Various Canadian denominated senior notes and debentures with varying maturities issued in the public markets as more fully described in Note 13 to the Consolidated Financial Statements.

Interest on bank indebtedness is based on floating rates while the senior notes are fixed-rate obligations. If required, Shaw utilizes its credit facility to finance day-to-day operations and, depending on market conditions, periodically converts the bank loans to fixed-rate instruments through public market debt issues. Increases in interest rates could have a material adverse effect on the Company's cash flows.

As at August 31, 2013, 100% of Shaw's consolidated long-term debt was fixed with respect to interest rates.

(b) Foreign exchange: Some of the Company's capital expenditures are incurred in US dollars. Decreases in the value of the Canadian dollar relative to the US dollar could have a material adverse effect on the Company's cash flows.

(c) Capital markets: The Company requires ongoing access to capital markets to support its operations. Changes in capital market conditions, including significant changes in market interest rates or lending practices, or changes in Shaw's credit ratings, may have a material adverse effect on the Company's ability to raise or refinance short-term or long-term debt, and thus on its financial position and ability to operate.

Shaw manages its exposure to floating interest rates through maintaining a balance of fixed and floating rate debt. To mitigate some of the foreign exchange uncertainty with respect to capital expenditures, the Company regularly enters into forward contracts in respect of US dollar commitments. In order to minimize the risk of counterparty default under its swap agreements, Shaw assesses the creditworthiness of its swap counterparties. Further information concerning the policy and use of derivative financial instruments is contained in Notes 2 and 28 to the Consolidated Financial Statements.

iv) Litigation

The Company and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although management does not expect that the outcome of these matters will have a material adverse effect on the Corporation, there can be no assurance that these matters, or other matters that arise in the future, will not have an adverse effect on the Corporation's business and operating results.

v) Uninsured risks of loss

The Company relies on three satellites (Anik F2, Anik F1R and Anik G1) owned by Telesat Canada ("Telesat") to conduct its Satellite business. The Company owns certain transponders on Anik F2 and has long-term capacity service agreements in place in respect of transponders on Anik F1R, Anik F2 and Anik G1. The Company's interests in these transponders are only insurable indirectly through the satellite owner. In the case of transponders on Anik F1R and Anik F2, the Company does not maintain any indirect insurance coverage as it believes the costs are uneconomic relative to the benefit which could otherwise be derived through an arrangement with Telesat. In the case of Anik G1, Telesat is committed to maintaining insurance on the satellite for the launch and first five years of in orbit operation. As collateral for the transponder capacity pre-payments that were made by the Company to facilitate the construction of the satellite, the Company maintains a security interest in the transponder capacity and any related insurance proceeds that Telesat recovers in connection with an insured loss event.

The Company does not maintain business interruption insurance covering damage or loss to one or more of the satellites as it believes the premium costs are uneconomic relative to the risk of satellite failure. Transponder capacity is available to the Company on an unprotected, non-preemptible basis, in both the case of the Anik F2 transponders that are owned by Shaw and the Anik F1R, Anik F2 and Anik G1 transponders that are secured through capacity service agreements. The Company has priority access to spare transponders on Anik F1R, Anik F2 and Anik G1 in the case of interruption, subject to availability. In the event of satellite failure, service will only be restored as capacity becomes available. Restoration of satellite service on another satellite may require repositioning or re-pointing of customers' receiving dishes or an upgrade of their set-top box. As a result, the customers' level of service may be diminished or customers may require a larger dish. The Anik G1 satellite has a switch feature that allows whole channel services (transponders and available spares) to be switched from extended Ku-band to Ku-band, which provides the Company with limited back-up to restore failed whole channel services on Anik F1R. Satellite failure could negatively affect customer relationships and may result in a material adverse effect on business and results of operations.

The Company's business may be interrupted by network failures, including those caused by fire damage, natural disaster, power loss, hacking, computer viruses, disabling devices, acts of war or terrorism and other events. This could negatively affect customer relationships and may result in a material adverse effect on the Company's business and operating results. The Company protects its network through a number of measures including physical security, ongoing maintenance and placement of insurance on its network equipment and data centers. The Company self-insures the plant in the cable distribution system as the cost of insurance is generally prohibitive. The risk of loss is mitigated as most of the cable plant is located underground. In addition, it is likely that network damage caused by any one incident would be limited by geographic area and therefore resulting business interruption and financial damages would be limited. Further, the Company has back-up disaster recovery plans in the event of

network failure and redundant capacity with respect to certain portions of the system. In the past, the Company has successfully recovered from network damage caused by natural disasters without significant cost or disruption of service. Although the Company has taken steps to reduce this risk, there can be no assurance that major network disruptions will not occur.

vi) Reliance on suppliers

Shaw's distribution and call center network is connected to or relies on other telecommunication carriers and certain other utilities. Any of the events described in the preceding paragraph, as well as labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting the business operations of these carriers or utilities may have an adverse effect on the Company's business and operating results.

The Company sources its customer premise and capital equipment and capital builds from certain key suppliers. While the Company has alternate sources for most of its purchases, the loss of a key supplier could adversely affect the Company in the short term.

vii) Programming expenses

Shaw's programming expenses for cable and DTH continue to be one of the most significant single expense items. Costs continue to increase, particularly for sports programming. In addition, as the Company adds programming or distributes existing programming to more of the subscriber base, programming expenses increase. Although the Company has been successful at reducing the impact of these increases through sale of additional services or increasing subscriber rates, there can be no assurance that the Company will continue to be able to do so and operating results may be impacted.

In Media one of the most significant expenses is also programming costs. Increased competition in the television broadcasting industry, developments affecting producers and distributors of programming content, changes in viewer preferences and other developments could impact both the availability and cost of programming content. Although the Corporation has processes to effectively manage these costs, programming content may be purchased for broadcasting one to two years in advance, making it more difficult to predict how such content will perform.

viii) Unionized labour

Approximately 50% of the Media division employees are employed under one of five collective agreements represented by three bargaining units. If labour disruptions occur, it is possible large numbers of employees may be involved and that the Media business may be disrupted. Shaw is currently negotiating one collective agreement and the remaining four agreements have been renewed and are in effect for the next one to two years.

ix) Holding company structure

Substantially all of Shaw's business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

x) Control of the Company by the Shaw family

As at October 31, 2013, JR Shaw and members of his family and the corporations owned and/or controlled by JR Shaw and members of his family (the "Shaw Family Group") own approximately 79% of the outstanding Class A Shares of the Company. The Class A Shares are the only shares entitled to vote in all shareholder matters. All of the Class A Shares held by the Shaw Family Group are subject to a voting trust agreement entered into by such persons. The voting rights with respect to such Class A Shares are exercised by the representative of a committee of five trustees. Accordingly, the Shaw Family Group is, and as long as it owns a majority of the Class A Shares will continue to be, able to elect a majority of the Board of Directors of the Company and to control the vote on matters submitted to a vote of the Company's Class A shareholders.

xi) Information systems and internal business processes

Many aspects of the Company's business depend to a large extent on various IT systems and software and internal business processes. Shaw also undertakes ongoing initiatives to update and improve these systems and processes. Although the Company has taken steps to reduce these risks, there can be no assurance that potential failures of, or deficiencies in, these systems, processes or change initiatives will not have an adverse effect on the Corporation's business and operating results.

xii) Dividend payments

The Company currently pays monthly common share dividends in amounts approved on a quarterly basis by the Board of Directors. At the current approved dividend amount, the Company would pay approximately $460 million in common share dividends during 2014 (before taking into account the Company's dividend reinvestment plan ("DRIP"), see further details on page 53). While the Company expects to generate sufficient free cash flow in 2014 to fund these dividend payments, if actual results are different from expectations there can be no assurance that the Company will continue common share dividend payments at the current level.

xiii) Acquisitions and other strategic transactions

The Company may from time to time make acquisitions and enter into other strategic transactions. In connection with these acquisitions and strategic transactions, Shaw may fail to realize the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a material adverse effect on the Company.

II. SUMMARY OF QUARTERLY RESULTS

Quarter	Revenue	Operating income before amortization[(1)]	Net income attributable to equity shareholders	Net income[(2)]	Basic earnings per share	Diluted earnings per share
($millions Cdn except per share amounts)						
2013						
Fourth	1,246	496	111	117	0.24	0.24
Third	1,326	585	239	250	0.52	0.52
Second	1,251	538	172	182	0.38	0.38
First	1,319	601	224	235	0.50	0.49
Total	5,142	2,220	746	784	1.64	1.63
2012						
Fourth	1,210	501	129	133	0.28	0.28
Third	1,278	567	238	248	0.53	0.53
Second	1,231	493	169	178	0.38	0.38
First	1,279	566	192	202	0.43	0.43
Total	4,998	2,127	728	761	1.62	1.61

(1) See key performance drivers on page 20.
(2) Net income attributable to both equity shareholders and non-controlling interests.

Quarterly revenue and operating income before amortization are primarily impacted by the seasonality of the Media division and fluctuate throughout the year due to a number of factors including seasonal advertising and viewing patterns. Typically, the Media business has higher revenue in the first quarter driven by the fall launch of season premieres and high demand and the third quarter which is impacted by season finales and mid season launches. Advertising revenue typically declines in the summer months of the fourth quarter when viewership is generally lower. Operating income before amortization in fiscal 2012 was also impacted by higher operating costs in the Cable division in the first and second quarters which included higher employee related costs, mainly related to bringing the new customer service centres on line, as well as higher marketing, sales and programming costs. The third and fourth quarters of 2012 benefited from improved operating income before amortization in the Cable business.

Net income has fluctuated quarter-over-quarter primarily as a result of the changes in operating income before amortization described above and the impact of the net change in non-operating items. In the fourth quarter of 2013, net income decreased $133 million due to lower operating income before amortization of $89 million and reduction in net other revenue items of $67 million partially offset by lower income taxes of $34 million. The reduction in net other revenue items was mainly due to the gain on sale of Mountain Cable of $50 million recorded in the third quarter and write-down of a real estate property of $14 million in the fourth quarter. In the third quarter of 2013, net income increased by $68 million due to increased operating income before amortization of $47 million, the aforementioned gain on sale of Mountain Cable and the gain on sale of the specialty channel ABC Spark partially offset by higher income taxes of $30 million and acquisition and divestment costs in respect of the transactions with Rogers and the acquisition of Envision. In the second quarter of 2013, net income decreased $53 million primarily due to lower operating income before amortization of $63 million partially offset by lower income taxes of $5 million. In the first quarter of 2013, net income increased

$102 million primarily due to higher operating income before amortization of $100 million. In the fourth quarter of 2012, net income decreased $115 million, primarily due to lower operating income before amortization of $66 million and increased income tax expense of $31 million. The fourth quarter also included a loss of $26 million in respect of the electrical fire at the Company's head office offset by a pension recovery of $25 million related to past service adjustments. In the third quarter of 2012, net income increased $70 million mainly due to higher operating income before amortization of $74 million partially offset by increased income tax expense of $17 million. In the second quarter of 2012, net income decreased $24 million due to a decline in operating income before amortization of $73 million partially offset by lower income tax expense of $53 million. As a result of the aforementioned changes in net income, basic and diluted earnings per share have trended accordingly.

The following further assists in explaining the trend of quarterly revenue and operating income before amortization:

Growth in subscriber statistics[(1)(2)] as follows:

	2013				2012			
Subscriber Statistics	**First**	**Second**	**Third**	**Fourth**	**First**	**Second**	**Third**	**Fourth**
Video customers	**(23,877)**	**(29,525)**	**(26,578)**	**(29,522)**	(22,886)	(9,656)	(21,277)	(16,119)
Internet customers	**5,637**	**7,675**	**4,157**	**10,564**	8,748	20,812	2,230	6,458
Digital Phone lines	**16,750**	**13,225**	**17,719**	**4,722**	16,489	51,125	38,597	28,570
DTH customers	**(4,021)**	**1,328**	**(2,930)**	**(835)**	531	1,274	(1,820)	1,155

(1) Subscriber numbers for the comparative period have been restated to remove pending installs and have also been adjusted to reflect the results of a pre-migration subscriber audit recently undertaken prior to the planned migration of customers to Shaw's new billing system. The audit adjustments relate primarily to periods prior to 2009 and reflect a reduction of approximately 28,600 and 1,800 Video and Internet customers, respectively and an increase of 900 Digital phone lines. Also, given the growth in Digital cable penetration, the Company now combined the reporting of Basic cable and Digital cable as a Video customer.

(2) Subscriber numbers have been restated for comparative purposes to remove approximately 41,000 Video customers, 34,000 Internet customers and 38,000 Digital phone lines as a result of the sale of Mountain Cable.

III. RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2013 CONSOLIDATED RESULTS

(In $millions Cdn except per share amounts)	2013	2012	2011	Change 2013 %	Change 2012 %
Operations:					
Revenue	**5,142**	4,998	4,741	**2.9**	5.4
Operating income before amortization[1]	**2,220**	2,127	2,051	**4.4**	3.7
Operating margin[1]	**43.2%**	42.6%	43.3%	**0.6**	(0.7)
Funds flow from operations[2]	**1,380**	1,299	1,433	**6.2**	(9.4)
Net income	**784**	761	559	**3.0**	36.1
Free cash flow[1]	**604**	482	617	**25.3**	(21.9)
Balance sheet:					
Total assets	**12,732**	12,722	12,588		
Long-term financial liabilities (including current portion)					
Long-term debt	**4,818**	5,263	5,257		
Derivative instruments	**–**	1	8		
Other financial liabilities	**53**	4	168		
Per share data:					
Earnings per share					
Basic	**1.64**	1.62	1.23		
Diluted	**1.63**	1.61	1.23		
Weighted average number of participating shares outstanding during period (millions)	**448**	441	435		
Cash dividends declared per share					
Class A	**1.0050**	0.9550	0.9075		
Class B	**1.0075**	0.9575	0.9100		

(1) See key performance drivers on page 20.
(2) Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.

Highlights

- Net income was $784 million for the year compared to $761 million in 2012.
- Earnings per share were $1.64 compared to $1.62 in 2012.
- Revenue for the year improved 2.9% to $5.14 billion from $5.00 billion last year.
- Operating income before amortization of $2.22 billion was up 4.4% over last year's amount of $2.13 billion.
- Consolidated free cash flow was $604 million compared to $482 million in 2012.
- During 2013 the Company increased the dividend rate on Shaw's Class A Participating Shares and Class B Non-Voting Participating Shares to an equivalent dividend rate of $1.0175 and $1.02 respectively. Dividends paid in 2013 were $445 million.

- During the current year, the Company entered into a number of transactions as follows:
  - The Company entered into agreements with Rogers to sell to Rogers its shares in Mountain Cable; and grant to Rogers an option to acquire its wireless spectrum licenses; and, to purchase from Rogers its 33.3% interest in TVtropolis General Partnership ("TVtropolis"). The sale of Mountain Cable and the purchase of TVtropolis closed during the year, after the respective regulatory approvals were received. The potential option exercise for the sale of the wireless spectrum licenses, subject to Industry Canada approval, is expected to occur in fiscal 2015. Overall, Shaw expects to receive net proceeds of approximately $700 million from these transactions.
  - The Company entered into a number of transactions with Corus, a related party subject to common voting control. In a series of agreements to optimize its portfolio of specialty channels, Shaw agreed to sell to Corus its 49% interest in ABC Spark and 50% interest in its two French-language channels, Historia and Series+. In addition, Corus agreed to sell to Shaw its 20% interest in Food Network Canada. Shaw expects to receive net proceeds of approximately $95 million from these transactions. The ABC Spark and Food Network Canada transactions closed during the year while Historia and Series+ are expected to close in 2014.
  - The Company acquired Envision, a company providing leading telecommunication services to Calgary business customers, for approximately $225 million.
- The Company established a notional fund, the accelerated capital fund, of up to $500 million with proceeds received, and to be received, from the aformentioned strategic transactions with each of Rogers and Corus. Accelerated capital initiatives will be funded through this fund and not cash generated from operations. Key investments include the completion of the Calgary data centre, further digitization of the network and additional bandwidth upgrades, development of IP delivery of video, expansion of the WiFi network, and additional innovative product offerings related to Shaw Go and other applications to provide an enhanced customer experience. It is expected up to a total of $500 million will be invested in fiscal 2013, 2014 and 2015 spending approximately $110 million, $250 million and $140 million in each of the respective years.
- Shaw continues to make a positive contribution in the communities it operates. In fiscal 2013 the Company responded to the southern Alberta floods with a $1 million donation to the Red Cross and also supported a number of children's charities as title sponsor of the Shaw Charity Classic held in Calgary in August.
- During 2013 the Company opened new retail stores as part of its continued investment in defining the customer experience. The new stores showcase all of Shaw's products and services through a unique technology experience of interactive displays along with hands on training and technical support.

Revenue and operating expenses

Consolidated revenue of $5.14 billion for 2013 improved 2.9% over the prior year while consolidated operating income before amortization of $2.22 billion increased 4.4% over 2012. Revenue growth in the Cable division, primarily driven by rate increases, was partially reduced by various expense increases including employee related amounts and higher programming.

Media was up due to improved advertising and subscriber revenues partially reduced by increased employee related amounts and higher programming costs. Revenue growth in the satellite division, primarily due to rate increases, was reduced by higher expenses including employee related, programming, operating costs related to the new Anik G1 satellite, and sales and marketing. Within all segments, the current annual period benefited from a one-time adjustment to align certain broadcast license fees with the CRTC billing period totaling approximately $14 million.

Amortization

(In $millions Cdn)	2013	2012	Change %
Amortization revenue (expense) –			
Deferred equipment revenue	**121**	115	5.2
Deferred equipment costs	**(257)**	(231)	11.3
Property, plant and equipment, intangibles and other	**(718)**	(692)	3.8

Amortization of deferred equipment revenue and deferred equipment costs increased in 2013 due to the sales mix of equipment, the timing and volume of sales and changes in customer pricing on certain equipment.

Amortization of property, plant and equipment, intangibles and other increased over the comparable period as the amortization of new expenditures exceeded the impact of assets that became fully depreciated.

Amortization of financing costs and Interest expense

(In $millions Cdn)	2013	2012	Change %
Amortization of financing costs – long-term debt	**4**	5	(20.0)
Interest expense	**309**	330	(6.4)

Interest expense decreased over the comparative year due to lower average debt levels.

Other income and expenses

(In $millions Cdn)	2013	2012	Increase (decrease) in income
Gain on sale of cablesystem	**50**	–	50
Acquisition and divestment costs	**(8)**	–	(8)
Gain on sale of associate	**7**	–	7
CRTC benefit obligations	**–**	(2)	2
Gain on remeasurement of interests in equity investments	**–**	6	(6)
Gain on derivative instruments	**–**	1	(1)
Accretion of long-term liabilities and provisions	**(9)**	(14)	5
Other losses	**(26)**	–	(26)

During the current year, the Company closed the sale of Mountain Cable in Hamilton, Ontario to Rogers. The Company received proceeds, after working capital adjustments, of $398 million and recorded a gain of $50 million.

The Company incurred $8 million of costs in respect of the acquisition of Envision and the transactions with Rogers related to the sale of Mountain Cable, grant of an option to acquire the wireless spectrum licenses and purchase from Rogers of its interest in TVtropolis.

During the current year, the Company recorded a gain of $7 million on the sale of its interest in ABC Spark to Corus.

As part of the CRTC decisions approving the acquisition of Mystery and The Cave during 2012, the Company is required to contribute approximately $2 million in new benefits to the Canadian broadcasting system over seven years. Most of this contribution will be used to create new programming on Shaw Media services. The fair value of the obligation of $2 million was determined by discounting future net cash flows using appropriate discount rates and has been recorded in the income statement.

The Company recorded a $6 million gain in respect of a remeasurement to fair value of the Company's 50% interest in Mystery and 49% interest in The Cave which were held prior to the acquisition on May 31, 2012. The fair value of the Company's equity interest in these specialty channels held prior to the acquisition was $19 million compared to a carrying value of $13 million.

For derivative instruments where hedge accounting is not permissible or derivatives are not designated in a hedging relationship, the Company records changes in the fair value of derivative instruments in the income statement.

The Company records accretion expense in respect of the discounting of certain long-term liabilities and provisions which are accreted to their estimated value over their respective terms. The expense is primarily in respect of CRTC benefit obligations.

Other losses generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company's share of the operations of Burrard Landing Lot 2 Holdings Partnership. During the prior year, the category also included a pension recovery of $25 million which arose due to a plan amendment to freeze base salary levels, and a loss of $26 million related to an electrical fire and resulting water damage to Shaw Court. The loss of $26 million included $6 million of costs in respect of restoration and recovery activities, including amounts incurred in the relocation of employees, and an asset write-down of $20 million related to the damages sustained to the building and its contents. During the current year, the Company received insurance advances of $5 million related to its claim for costs that were incurred in 2012 and incurred additional costs of $13 million in respect of ongoing recovery activities. In addition, during the current year the Company decided to discontinue further construction on a real estate project which resulted in a write-down of $14 million.

Income tax expense

The income tax expense was calculated using current statutory income tax rates of 25.9% for 2013 and 26.3% for 2012 and was adjusted for the reconciling items identified in Note 23 to the Consolidated Financial Statements.

Earnings per share

(In $millions Cdn except per share amounts)	2013	2012	Change %
Net income	**784**	761	3.0
Weighted average number of participating shares outstanding during period (millions)	**448**	441	1.6
Earnings per share			
Basic	**1.64**	1.62	1.2
Diluted	**1.63**	1.61	1.2

Net income from continuing operations

Net income was $784 million in 2013 compared to $761 million in 2012. The year-over-year changes are summarized in the table below.

Net income increased $23 million over the prior year. The current year benefited from higher operating income before amortization of $93 million, improved net other costs and revenue of $23 million, and lower interest expense of $21 million, the total of which was partially reduced by increased amortization of $45 million and higher income taxes of $69 million. The improved net other costs and revenue included the gain on the sale of Mountain Cable. The higher income taxes resulted as the comparable period benefited from a tax recovery related to the resolution of certain tax matters.

(In $millions Cdn)	
Increased operating income before amortization	**93**
Increased amortization	**(45)**
Decreased interest expense	**21**
Change in other net costs and revenue[1]	**23**
Decreased income taxes	**(69)**
	23

(1) Net other costs and revenue includes gain on sale of cablesystem, acquisition and divestment costs, gain on sale of associate, gain on remeasurement on interests in equity investments, CRTC benefit obligations, gain on derivative instruments, accretion of long-term liabilities and provisions and other losses as detailed in the Consolidated Statements of Income.

SEGMENTED OPERATIONS REVIEW

CABLE

FINANCIAL HIGHLIGHTS

($millions Cdn)	2013	2012	Change %
Revenue	**3,266**	3,193	2.3
Operating income before amortization[1]	**1,582**	1,502	5.3
Capital expenditures and equipment costs (net):[6]			
New housing development[2]	**94**	100	(6.0)
Success-based[3]	**203**	250	(18.8)
Upgrades and enhancement[4]	**380**	322	18.0
Replacement[5]	**46**	41	12.2
Buildings and other	**144**	97	48.5
	867	810	7.0
Operating margin[1]	**48.4%**	47.0%	1.4

(1) See key performance drivers on page 20.
(2) Build out of mainline cable and the addition of drops in new subdivisions.
(3) Capital and equipment costs (net) related to the acquisition of new customers, including installation of internet and digital phone modems, DCTs and commercial drops for Shaw Business customers.
(4) Upgrades to the plant and build out of the fibre backbone.
(5) Normal replacement of aged assets such as drops, vehicles and other equipment.
(6) Amounts in 2013 include $110 million related to certain capital investments that are being funded from the accelerated capital fund

OPERATING HIGHLIGHTS

- Cable revenue of $3.27 billion improved 2.3% over last year while operating income before amortization of $1.58 billion improved 5.3% over 2012.
- Digital Phone lines increased 52,416 to 1,359,960 lines and Internet was up 28,033 to total 1,890,506 as at August 31, 2013. During the year Video subscribers decreased 109,502.
- The Company closed the acquisition of Envision and the disposition of Mountain Cable.

Cable revenue for 2013 of $3.27 billion improved 2.3% over the prior year. Rate increases, lower promotional activity and customer growth in Internet and Digital Phone, were partially offset by lower Video subscribers, On Demand revenues and the divestiture of Mountain Cable. Also contributing to the improvement was growth in Business, including the impact of Envision. On Demand revenue was lower in the current year primarily due to the shortened NHL hockey schedule.

Operating income before amortization improved 5.3% over the prior year to $1.58 billion. Revenue related growth, lower LPIF costs, the broadcast license fee adjustment of $7 million

and lower various other expenses, were partially offset by higher employee related amounts due to employee growth and annual merit increases, and higher programming costs due to new services and rate increases.

During the year Shaw's content offerings for its Shaw Go – TV Everywhere applications increased with the launch of the following apps: NFL Sunday Ticket and NBA League Pass and most recently, Global Go. Shaw customers have the added benefit of being able to access content on Shaw's WiFi network, now with over 30,000 locations.

The Company's focus on building out its business products continued during the year and Shaw received Metro Ethernet Forum (MEF) Carrier Ethernet 1.0 Certification for its fibre-based business ethernet services. MEF certification is the global standard for carrier ethernet services, designed to accelerate the deployment of carrier ethernet services worldwide. The certification provides customers assurance that Shaw's fibre-based ethernet services meet or exceed standards and align to their networking needs.

Total capital investment of $867 million increased $57 million over last year. Capital investment included $110 million funded through the accelerated capital fund established with net proceeds from the strategic transactions with each of Rogers and Corus. The accelerated capital fund initiatives included next generation video delivery systems, expediting WiFi infrastructure build, continued investment in the new data centre, and increasing network capacity.

Success-based capital was $47 million lower than the prior year due to decreased Internet and Phone modem purchases and lower installation activity as well as a decline in subsidies from increased pricing for video equipment sales, partially offset by higher HD and HDPVR video equipment rentals.

Investment in Upgrades and enhancement and Replacement categories combined increased $63 million compared to 2012. The higher investment included fibre build, network and customer electronics in support of business growth, hub site and network electronics upgrades to improve internet capacity; and investment in the WiFi network and next generation video delivery systems, partially offset by prior year investment in the digital network upgrade project and residential and business telecom enhancements.

Investment in Buildings and other was up $47 million over last year. The increase was primarily due to spending on Shaw Court, the new data centre, back office infrastructure replacement projects and other corporate assets.

Spending in New housing development was comparable to the prior year.

Late in the year the Company introduced video packages that include a complimentary HD box and launched service contracts that include an HDPVR or, for an additional fee, the equipment can be upgraded to a Gateway whole-home HDPVR solution. The contracts are for a 24 month term and provide for a bundled service of Video and Internet.

SUBSCRIBER STATISTICS

	2013	2012[1][2]	Growth	Change %
VIDEO:				
Connected	**2,040,247**	2,149,749	(109,502)	(5.1)
Penetration as a % of homes passed	**50.9%**	55.0%		
INTERNET:				
Connected	**1,890,506**	1,862,473	28,033	1.5
Penetration as % of video	**92.7%**	86.6%		
Stand-alone Internet not included in video	**320,724**	252,437	68,287	27.1
DIGITAL PHONE:				
Number of lines[3]	**1,359,960**	1,307,544	52,416	4.0

(1) Internet and Digital Phone subscriber statistics have been restated to exclude scheduled and pending installations at August 31, 2012 and all categories have been adjusted to reflect the results of a pre-migration subscriber audit undertaken prior to the migration of customers to Shaw's new billing system.
(2) Subscriber numbers have been restated for comparative purposes to remove approximately 41,000 Video customers, 34,000 Internet customers and 38,000 Digital phone lines as a result of the sale of Mountain Cable.
(3) Represents primary and secondary lines on billing.

SATELLITE

FINANCIAL HIGHLIGHTS[1]

($millions Cdn)	2013	2012	Change %
Revenue	**860**	844	1.9
Operating income before amortization[2]	**285**	293	(2.7)
Capital expenditures and equipment costs (net):			
Success-based[3]	**88**	81	8.6
Transponders	**23**	2	>100.0
Buildings and other	**12**	11	9.1
	123	94	30.9
Operating margin[2]	**33.1%**	34.7%	(1.6)

(1) The Satellite segment was previously reported as DTH and Satellite Services. These segments have been combined into a single operating segment.
(2) See key performance drivers on page 20.
(3) Net of the profit on the sale of satellite equipment as it is viewed as a recovery of expenditures on customer premise equipment.

SUBSCRIBER STATISTICS

	2013	2012	Growth
Shaw Direct customers[1]	**903,565**	910,023	(6,458)

(1) Including seasonal customers who temporarily suspend their service.

OPERATING HIGHLIGHTS

- With the successful launch of Anik G1, Shaw Direct added over 140 channels to its offerings primarily in HD.
- Shaw Direct subscribers decreased by 6,458 to 903,565.

Revenue of $860 million for 2013 was up 1.9% over last year primarily due to rate increases partially offset by increased promotional activity and lower subscribers.

Operating income before amortization of $285 million decreased 2.7% compared to 2012. The revenue related growth and broadcast license fee adjustment of $4 million were more than offset by higher employee related amounts, operating costs related to the new Anik G1 transponders, as well as increased programming fees and marketing expenses.

Total capital investment of $123 million for the current year compared to $94 million in the prior year. The higher spend in 2013 was mainly due to the final payment related to the Anik G1 transponders.

The Anik G1 satellite successfully launched in April, and in May Shaw Direct took control of 16 transponders. Shaw Direct now offers over 650 channels of which more than 200 are HD.

Currently over 70% of customers have equipment capable of accessing HD programming. Shaw Direct also offers streaming VOD to the satellite receiver with almost 10,000 available titles.

MEDIA

FINANCIAL HIGHLIGHTS

($millions Cdn)	2013	2012	Change %
Revenue	**1,106**	1,053	5.0
Operating income before amortization[1]	**353**	332	6.3
Capital expenditures:			
Broadcast and transmission	**13**	12	8.3
Buildings/other	**18**	19	(5.3)
	31	31	—
Other adjustments:			
CRTC benefit obligation funding	**(52)**	(48)	8.3
Non-controlling interests	**(39)**	(34)	14.7
Operating margin[1]	**31.9%**	31.5%	0.4

(1) See key performance drivers on page 20.

OPERATING HIGHLIGHTS

Current year revenue of $1.11 billion and operating income before amortization of $353 million compared to $1.05 billion and $332 million, respectively, for the prior year. Improved advertising and subscriber revenues were partially reduced by higher programming costs, and increased expenses including employee related amounts due to growth and merit increases, and various other. The current year also benefited from an expense adjustment of $3 million to align certain broadcast license fees with the CRTC billing period.

Global delivered solid programming results throughout the year with key shows such as Survivor, NCIS, Bones and Hawaii 5-0. The conventional fall programming premiered through the month of September and into early October, with a solid returning line-up combined with new drama programming that includes The Blacklist, Sleepy Hollow and Dracula. Shaw Media also added several new comedies to the fall schedule including The Millers, Sean Saves the World, and The Michael J Fox Show.

In early September Global Go launched providing 24/7 streaming of Global content plus full in-season stacking for key properties, making Shaw Media the first conventional broadcaster in Canada to offer in-season stacking.

Throughout the year, Media's specialty portfolio consistently lead in the channel rankings in the Adult 25-54 category and closed out the year with 4 of the Top 10 analog channels, and 6 of the Top 10 digital channels. National Geographic Canada, Action, Lifetime and MovieTime held the top 4 digital positions. DTOUR, a new lifestyle channel, launched in late August adding to Shaw Media's portfolio of specialty channels.

Global News continues to maintain the number one position in the Vancouver, Calgary and Edmonton markets and was the go to source for coverage of the Southern Alberta floods that occurred in late June. In addition, Global launched a BC All News Channel, Global News: BC1, as well as Morning News programs in Halifax and Montreal and a national half hour morning show in the current year. During 2013, Global News was the winner of the prestigious Edward R. Murrow Award for overall News excellence in network television, the first Canadian network to earn that recognition in the awards 42 year history.

The Media business was recognized during 2013 by the Canadian Cable Systems Alliance as Broadcast Supplier of the Year for its ongoing partnership and support of the independent systems in Canada.

Capital investment continued on various projects in the current year and included upgrading production equipment, infrastructure and facility investments.

IV. FINANCIAL POSITION

Total assets were $12.7 billion at August 31, 2013 and August 31, 2012. Following is a discussion of significant changes in the consolidated statement of financial position since August 31, 2012.

Current assets increased $144 million primarily due to the reclassification of assets held for sale of $116 million and increase in accounts receivable of $53 million partially offset by a decrease in other current assets of $17 million. Assets held for sale include the assets of Historia and Series+ totaling $105 million, the majority of which is comprised of intangibles and $11 million in respect of a property which will be sold. Accounts receivable increased due to the combination of rate increases, timing of collection of trade receivables, higher advertising

revenue during the fourth quarter of the current year compared to the fourth quarter of the prior year and reclassification of advance bill payments to unearned revenue. Other current assets declined primarily due to a reduction in a tax indemnity upon resolution of the related income tax liabilities.

Property, plant and equipment increased $128 million primarily as a result of current year capital investment and the acquisition of Envision exceeding amortization and the impact of the sale of Mountain Cable.

Other long-term assets decreased $25 million primarily due to a decline in deferred equipment costs.

Intangibles decreased $202 million due to the sale of Mountain Cable of $245 million and reclassification of $92 million in respect of Historia and Series+ to assets held for sale partially offset by higher program rights and advances of $33 million, an increase in other intangibles of $19 million and the recognition of $87 million in customer relationships on the acquisition of Envision. Additional investment in software intangibles and acquired rights and advances exceeded the amortization for the current year.

Goodwill decreased $17 million primarily due to the sale of Mountain Cable of $81 million partially offset by $68 million on the acquisition of Envision.

Current liabilities increased $610 million due to increases in accounts payable and accruals of $48 million, current portion of long-term debt of $499 million, a promissory note of $48 million arising on the closing of the transactions with Corus, unearned revenue of $15 million and reclassification of $14 million in respect of liabilities associated with the Historia and Series+ assets held for sale, all of which were partially offset by a decrease in current income taxes payable of $20 million. Accounts payable and accruals increased due to higher trade and other payables primarily in respect of timing of capital expenditures and inventory. The current portion of long-term debt increased due to the reclassification of the 7.5% $350 million senior notes due in November 2013 and 6.5% $600 million senior notes due June 2014 partially offset by repayment of the 6.1% $450 million senior notes which were due in November 2012. Unearned revenue increased primarily due to reclassification of advance bill payments from accounts receivable. The liabilities associated with assets held for sale is primarily composed of deferred income taxes. Income taxes payable declined due to tax installment payments, the resolution of certain income tax liabilities and receipt of tax credits all of which were partially offset by the current period expense.

Long-term debt decreased $944 million due to the aforementioned reclassification of the 7.5% $350 million senior notes and 6.5% $600 million senior notes.

Other long-term liabilities decreased $330 million primarily due to the $300 million contribution to a retirement compensation arrangement trust ("the RCA") in order to partially fund a non-registered defined benefit pension plan and a decrease in CRTC benefit obligations partially offset by current year pension expense.

Deferred credits increased $237 million primarily due to the $250 million received from Rogers in respect of the option to acquire the wireless spectrum licenses.

Deferred income tax liabilities, net of deferred income tax assets, increased $71 million primarily due to current year expense partially offset by the sale of Mountain Cable and the aforementioned reclassification of amounts in respect of Historia and Series+.

Shareholders' equity increased $379 million primarily due to increases in share capital of $205 million and retained earnings of $223 million partially offset by a decrease in non-controlling interests of $50 million. Share capital increased due to the issuance of 9,117,845 Class B Non-Voting Shares under the Company's option plan and DRIP. As of November 15, 2013 share capital is as reported at August 31, 2013 with the exception of the issuance of a total of 1,475,118 Class B Non-Voting Shares under the DRIP and upon exercise of options under the Company's option plan. Retained earnings increased due to current year earnings of $746 million partially offset by dividends of $467 million and a charge of $56 million representing the difference between the consideration and the carrying value of the additional interests acquired in Food Network Canada and TVtropolis. Non-controlling interests decreased as their share of earnings was exceeded by the distributions declared during the period and the impact of the aforementioned changes in ownership of Food Network Canada and TVtropolis.

V. CONSOLIDATED CASH FLOW ANALYSIS

Operating activities

(In $millions Cdn)	2013	2012	Change %
Funds flow from operations	**1,380**	1,299	6.2
Net change in non-cash working capital balances	**(11)**	18	>100.0
	1,369	1,317	3.9

Funds flow from operations increased over the comparative year due to higher operating income before amortization adjusted for non-cash program rights expense, lower interest and current income tax expense and the settlement of the amended cross-currency interest agreements in the prior year, all of which were partially offset by the $300 million contribution to the RCA. The net change in non-cash working capital balances related to operations fluctuated over the comparative year due to the timing of payment of current income taxes payable and accounts payable and accrued liabilities as well as fluctuations in accounts receivable.

Investing activities

(In $millions Cdn)	2013	2012	Decrease
Cash flow used in investing activities	**(642)**	(983)	341

The cash used in investing activities decreased over the comparable year due to the net receipt of $589 million in respect of the transactions with Rogers partially offset by the acquisition of Envision.

Financing activities

The changes in financing activities during 2013 and 2012 were as follows:

(In $millions Cdn)	2013	2012
Bank credit facility arrangement costs	–	(4)
Repay 6.1% Senior unsecured notes	**(450)**	–
Dividends	**(332)**	(333)
Distributions paid to non-controlling interests	**(19)**	(26)
Contribution received from non-controlling interest	**1**	–
Issuance of Class B Non-Voting Shares	**69**	17
Repayment of Partnership debt	**(1)**	(1)
Cash flow used in financing activities	**(732)**	(347)

VI. LIQUIDITY AND CAPITAL RESOURCES

In the current year, the Company generated $604 million of free cash flow. Shaw used its free cash flow along with cash of $5 million, the net proceeds of $589 million from the transactions with Rogers, proceeds on issuance of Class B Non-Voting Shares of $69 million and other net items of $165 million (primarily in respect of a reduction in working capital including current taxes on non-operating items) to repay the 6.1% $450 million senior notes, fund $300 million in contributions to the RCA in respect of a non-registered defined benefit pension plan, pay common share dividends of $319 million, purchase Envision for $222 million, invest an additional net $31 million in program rights and fund $110 million of accelerated capital spend. Due to timing, the net proceeds from the Rogers transactions have been temporarily used in ongoing operations to the extent the cash was not required to fund accelerated capital investments.

To allow for timely access to capital markets, the Company filed a short form base shelf prospectus with securities regulators in Canada and the U.S. on May 13, 2013. The shelf prospectus allows for the issue up to an aggregate $4 billion of debt and equity securities over a 25 month period.

On November 20, 2013 the Company repaid the 7.5% $350 million senior unsecured notes.

The Company's DRIP allows holders of Class A Shares and Class B Non-Voting Shares who are residents of Canada to automatically reinvest monthly cash dividends to acquire additional Class B Non-Voting Shares. Class B Non-Voting Shares distributed under the Company's DRIP are new shares issued from treasury at a 2% discount from the 5 day weighted average market price immediately preceding the applicable dividend payment date. The DRIP has resulted in cash savings and incremental Class B Non-Voting Shares of $126 million in 2013.

On December 5, 2012 Shaw received the approval of the TSX to renew its normal course issuer bid to purchase its Class B Non-Voting Shares for a further one year period. The Company is authorized to acquire up to 20,000,000 Class B Non-Voting Shares during the period December 7, 2012 to December 6, 2013. No shares were repurchased by the Company.

At August 31, 2013, the Company held $422 million in cash and had access to $1 billion under its credit facility. Based on the available credit facility and forecasted free cash flow, the Company expects to have sufficient liquidity to fund operations and obligations during the

upcoming fiscal year. On a longer-term basis, Shaw expects to generate free cash flow and have borrowing capacity sufficient to finance foreseeable future business plans and refinance maturing debt.

Debt structure and financial policy

Shaw structures its borrowings generally on a stand-alone basis. The borrowings of Shaw are unsecured. While certain non-wholly owned subsidiaries are subject to contractual restrictions which may prevent the transfer of funds to Shaw, there are no similar restrictions with respect to wholly-owned subsidiaries of the Company.

Shaw's borrowings are subject to covenants which include maintaining minimum or maximum financial ratios. At August 31, 2013, Shaw is in compliance with these covenants and based on current business plans, the Company is not aware of any condition or event that would give rise to non-compliance with the covenants over the life of the borrowings. As at August 31, 2013, the ratio of debt to operating income before amortization for the Corporation is 2.3 times.

Having regard to prevailing competitive, operational and capital market conditions, the Board of Directors has determined that having this ratio in the range of 2.0 to 2.5 times would be optimal leverage for the Corporation in the current environment. Should the ratio fall below this the Board may choose to recapitalize back into this optimal range. The Board may also determine to increase the Corporation's debt above these levels to finance specific strategic opportunities such as a significant acquisition or repurchase of Class B Non-Voting Participating Shares in the event that pricing levels were to drop precipitously.

Off-balance sheet arrangement and guarantees

Guarantees

Generally it is not the Company's policy to issue guarantees to non-controlled affiliates or third parties; however, it has entered into certain agreements as more fully described in Note 25 to the Consolidated Financial Statements. As disclosed thereto, Shaw believes it is remote that these agreements would require any cash payment.

Contractual obligations

The amounts of estimated future payments under the Company's contractual obligations at August 31, 2013 are detailed in the following table.

CONTRACTUAL OBLIGATIONS

	Payments due by period				
(In $millions Cdn)	Total	Within 1 year	2 – 3 years	4 – 5 years	More than 5 years
Long-term debt[1]	8,328	1,241	793	815	5,479
Operating obligations[2]	2,296	745	583	323	645
Purchase obligations[3]	162	157	2	2	1
Other obligations[4]	53	48	5	–	–
	10,839	2,191	1,383	1,140	6,125

(1) Includes principal repayments and interest payments.

(2) Includes maintenance and lease of satellite transponders, program related agreements, lease of transmission facilities and premises and exclusive rights to use intellectual property in Canada.
(3) Includes capital expenditure and inventory purchase commitments.
(4) Includes other financial liabilities and are in respect of a promissory note and program rights.

VII. ADDITIONAL INFORMATION

Additional information relating to Shaw, including the Company's Annual Information Form dated November 29, 2013, can be found on SEDAR at www.sedar.com.

VIII. COMPLIANCE WITH NYSE CORPORATE GOVERNANCE LISTING STANDARDS

Disclosure of the Company's corporate governance practices which differ from the New York Stock Exchange ("NYSE") corporate governance listing standards are posted on Shaw's website, www.shaw.ca (under Investors/Corporate Governance/Compliance with NYSE Corporate Governance Listing Standards).

IX. CERTIFICATION

The Company's Chief Executive Officer and Chief Financial Officer have filed certifications regarding Shaw's disclosure controls and procedures and internal control over financial reporting.

As at August 31, 2013, the Company's management, together with its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of each of the Company's disclosure controls and procedures and internal control over financial reporting. Based on these evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures and the Company's internal control over financial reporting are effective.

There were no changes in the Company's internal controls over financial reporting during the fiscal year that have materially affected or are reasonably likely to materially affect Shaw's internal controls over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Shaw Communications Inc.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

November 29, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Shaw Communications Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements.

Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. The internal control system includes an internal audit function and an established business conduct policy that applies to all employees. Management believes that the systems provide reasonable assurance that transactions are properly authorized and recorded, financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and its directors are unrelated and independent. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and, to review the annual report, the financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any of the effectiveness of internal

control are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework. Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as at August 31, 2013.

[Signed]

Brad Shaw
Chief Executive Officer

[Signed]

Steve Wilson
Senior Vice President and
Chief Financial Officer

Shaw Communications Inc.
INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Shaw Communications Inc.

We have audited the accompanying consolidated financial statements of Shaw Communications Inc., which comprise the consolidated statements of financial position as at August 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

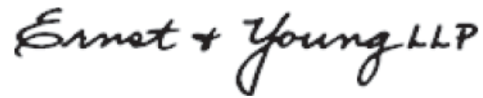
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Shaw Communications Inc. as at August 31, 2013 and 2012, and its financial performance and its cash flows for the years ended August 31, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Shaw Communication Inc.'s internal control over financial reporting as of August 31, 2013, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework and our report dated November 29, 2013 expressed an unqualified opinion on Shaw Communications Inc.'s internal control over financial reporting.

Calgary, Canada
November 29, 2013



Chartered Accountants

Shaw Communications Inc.
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS
UNDER STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (UNITED STATES)

To the Shareholders of
Shaw Communications Inc.

We have audited Shaw Communications Inc.'s internal control over financial reporting as at August 31, 2013, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework (the COSO criteria). Shaw Communications Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion.

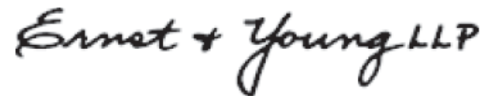
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Shaw Communications Inc. maintained, in all material respects, effective internal control over financial reporting as at August 31, 2013, based on the COSO criteria.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Accounting Oversight Board (United States), the consolidated statements of financial position of Shaw Communications Inc. as at August 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2013 and 2012, and our report dated November 29, 2013 expressed an unqualified opinion thereon.

Calgary, Canada
November 29, 2013



Chartered Accountants

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[millions of Canadian dollars]	August 31, 2013 $	August 31, 2012 $
ASSETS		
Current		
Cash	**422**	427
Accounts receivable *[note 4]*	**486**	433
Inventories *[note 5]*	**96**	102
Other current assets *[note 6]*	**72**	89
Derivative instruments *[note 28]*	**3**	–
Assets held for sale *[notes 3 and 22]*	**116**	–
	1,195	1,051
Investments and other assets *[note 7]*	**10**	13
Property, plant and equipment *[note 8]*	**3,370**	3,242
Assets held for sale	**–**	1
Other long-term assets *[note 9]*	**306**	331
Deferred income tax assets *[note 23]*	**–**	14
Intangibles *[note 10]*	**7,153**	7,355
Goodwill *[note 10]*	**698**	715
	12,732	12,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 11]*	**859**	811
Provisions *[note 12]*	**26**	19
Income taxes payable	**136**	156
Unearned revenue	**172**	157
Promissory note *[note 3]*	**48**	–
Current portion of long-term debt *[notes 13 and 28]*	**950**	451
Current portion of derivative instruments *[note 28]*	**–**	1
Liabilities associated with assets held for sale *[note 3]*	**14**	–
	2,205	1,595
Long-term debt *[notes 13 and 28]*	**3,868**	4,812
Other long-term liabilities *[notes 2, 14 and 26]*	**223**	553
Provisions *[note 12]*	**9**	8
Deferred credits *[note 15]*	**872**	635
Deferred income tax liabilities *[note 23]*	**1,142**	1,085
	8,319	8,688
Commitments and contingencies *[notes 13, 25 and 26]*		
Shareholders' equity *[note 2]*		
Common and preferred shareholders	**4,182**	3,753
Non-controlling interests in subsidiaries	**231**	281
	4,413	4,034
	12,732	12,722

See accompanying notes

On behalf of the Board:

[Signed]
JR Shaw
Director

[Signed]
Michael O'Brien
Director

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF INCOME

Years ended August 31 [millions of Canadian dollars except per share amounts]	2013 $	2012 $
Revenue *[note 24]*	**5,142**	4,998
Operating, general and administrative expenses *[note 21]*	**(2,922)**	(2,871)
Amortization –		
Deferred equipment revenue *[note 15]*	**121**	115
Deferred equipment costs *[note 9]*	**(257)**	(231)
Property, plant and equipment, intangibles and other *[notes 8, 9, 10 and 15]*	**(718)**	(692)
Operating income	**1,366**	1,319
Amortization of financing costs – long-term debt *[note 13]*	**(4)**	(5)
Interest expense *[notes 13 and 24]*	**(309)**	(330)
Gain on sale of cablesystem *[note 3]*	**50**	–
Acquisition and divestment costs *[note 3]*	**(8)**	–
Gain on sale of associate *[note 3]*	**7**	–
CRTC benefit obligations *[note 3]*	**–**	(2)
Gain on remeasurement of interests in equity investments *[note 3]*	**–**	6
Gain on derivative instruments	**–**	1
Accretion of long-term liabilities and provisions	**(9)**	(14)
Other losses *[note 22]*	**(26)**	–
Income before income taxes	**1,067**	975
Current income tax expense *[note 23]*	**162**	257
Deferred income tax expense (recovery)	**121**	(43)
Net income	**784**	761
Net income attributable to:		
Equity shareholders	**746**	728
Non-controlling interests in subsidiaries	**38**	33
	784	761
Earnings per share *[note 18]*		
Basic	**1.64**	1.62
Diluted	**1.63**	1.61

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended August 31 [millions of Canadian dollars]	2013 $	2012 $
Net income	**784**	761
Other comprehensive income (loss) *[note 20]*		
Items that may subsequently be reclassified to income:		
Change in unrealized fair value of derivatives designated as cash flow hedges	**4**	–
Adjustment for hedged items recognized in the period	**(1)**	(2)
	3	(2)
Items that will not be subsequently reclassified to income:		
Remeasurements on employee benefit plans	**3**	(62)
	6	(64)
Comprehensive income	**790**	697
Comprehensive income attributable to:		
Equity shareholders	**752**	664
Non-controlling interests in subsidiaries	**38**	33
	790	697

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended August 31, 2013

[millions of Canadian dollars]	Attributable to equity shareholders						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Equity attributable to non-controlling interests	Total equity
Balance as at September 1, 2012	**2,750**	**77**	**1,019**	**(93)**	**3,753**	**281**	**4,034**
Net income	–	–	**746**	–	**746**	**38**	**784**
Other comprehensive loss	–	–	–	**6**	**6**	–	**6**
Comprehensive income	–	–	**746**	**6**	**752**	**38**	**790**
Dividends	–	–	**(341)**	–	**(341)**	–	**(341)**
Dividend reinvestment plan	**126**	–	**(126)**	–	–	–	–
Shares issued under stock option plan	**79**	**(10)**	–	–	**69**	–	**69**
Share-based compensation	–	**5**	–	–	**5**	–	**5**
Distributions declared by subsidiaries to non-controlling interests	–	–	–	–	–	**(19)**	**(19)**
Contribution from non-controlling interest *[note 27]*	–	–	–	–	–	**1**	**1**
Acquisition of non-controlling interests *[note 3]*	–	–	**(56)**	–	**(56)**	**(70)**	**(126)**
Balance as at August 31, 2013	**2,955**	**72**	**1,242**	**(87)**	**4,182**	**231**	**4,413**

Year ended August 31, 2012

[millions of Canadian dollars]	Attributable to equity shareholders						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total	Equity attributable to non-controlling interests	Total equity
Balance as at September 1, 2011	2,633	73	728	(29)	3,405	272	3,677
Net income	–	–	728	–	728	33	761
Other comprehensive loss	–	–	–	(64)	(64)	–	(64)
Comprehensive income (loss)	–	–	728	(64)	664	33	697
Dividends	–	–	(339)	–	(339)	–	(339)
Dividend reinvestment plan	98	–	(98)	–	–	–	–
Shares issued under stock option plan	19	(2)	–	–	17	–	17
Share-based compensation	–	6	–	–	6	–	6
Distributions declared by subsidiaries to non-controlling interests	–	–	–	–	–	(24)	(24)
Balance as at August 31, 2012	2,750	77	1,019	(93)	3,753	281	4,034

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31 [millions of Canadian dollars]	2013 $	2012 $
OPERATING ACTIVITIES *[note 29]*		
Funds flow from operations	**1,380**	1,299
Net change in non-cash working capital balances related to operations	**(11)**	18
	1,369	1,317
INVESTING ACTIVITIES		
Additions to property, plant and equipment *[note 24]*	**(802)**	(730)
Additions to equipment costs (net) *[note 24]*	**(132)**	(178)
Additions to other intangibles *[note 24]*	**(69)**	(65)
Net decrease (increase) to inventories	**6**	(5)
Proceeds on sale of cablesystem *[note 3]*	**398**	–
Divestment costs *[note 3]*	**(5)**	–
Proceeds on wireless spectrum license option *[note 3]*	**50**	–
Refundable deposit on wireless spectrum license *[note 3]*	**200**	–
Business acquisitions, net of cash acquired *[note 3]*	**(222)**	(18)
Proceeds on disposal of property, plant and equipment *[note 24]*	**3**	9
Proceeds from (additions to) investments and other assets *[note 3]*	**(69)**	4
	(642)	(983)
FINANCING ACTIVITIES		
Increase in long-term debt	**590**	–
Debt repayments	**(1,041)**	(1)
Bank credit facility arrangement costs	**–**	(4)
Issue of Class B Non-Voting Shares, net of after-tax expenses	**69**	17
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(319)**	(318)
Dividends paid on Series A Preferred Shares	**(13)**	(15)
Distributions paid to non-controlling interests in subsidiaries	**(19)**	(26)
Contribution received from non-controlling interest *[note 27]*	**1**	–
	(732)	(347)
Decrease in cash before discontinued operations	**(5)**	(13)
Decrease in cash from discontinued operations *[note 3]*	**–**	(3)
Decrease in cash	**(5)**	(16)
Cash, beginning of year	**427**	443
Cash, end of year	**422**	427

See accompanying notes

Shaw Communications Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

1. CORPORATE INFORMATION

Shaw Communications Inc. (the "Company") is a diversified Canadian communications company whose core operating business is providing broadband cable television services, Internet, Digital Phone and telecommunications services ("Cable"); Direct-to-home (DTH) satellite services and satellite distribution services ("Satellite"); and programming content ("Media").

The Company was incorporated under the laws of the Province of Alberta on December 9, 1966 under the name Capital Cable Television Co. Ltd. and was subsequently continued under the Business Corporations Act (Alberta) on March 1, 1984 under the name Shaw Cablesystems Ltd. Its name was changed to Shaw Communications Inc. on May 12, 1993. The Company's shares are listed on the Toronto and New York Stock Exchanges. The registered office of the Company is located at Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the years ended August 31, 2013 and 2012, were approved by the Board of Directors and authorized for issue on November 29, 2013.

Basis of presentation

These consolidated financial statements have been prepared primarily under the historical cost convention and are expressed in millions of Canadian dollars unless otherwise indicated. Other measurement bases used are outlined below and in the applicable notes. The consolidated statements of income are presented using the nature classification for expenses.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries. Intercompany transactions and balances are eliminated on consolidation. The results of operations of subsidiaries acquired during the period are included from their respective dates of acquisition.

The accounts also include the Company's proportionate share of the assets, liabilities, revenues, and expenses of its interests in joint ventures which includes a 33.33% interest in the Burrard Landing Lot 2 Holdings Partnership and 50% interest in several specialty television channels.

The Company's interest in the assets, liabilities, results of operations and cash flows of these joint ventures are as follows:

	2013 $	2012 $
Current assets	**10**	8
Property, plant and equipment	**15**	16
	25	24
Current liabilities	**2**	1
Long-term debt	**19**	20
Proportionate share of net assets	**4**	3

	2013 $	2012 $
Revenue	**27**	31
Operating, general and administrative expenses	**(11)**	(14)
Amortization	**(1)**	(1)
Interest	**(1)**	(1)
Other gains	**1**	1
Proportionate share of income before income taxes	**15**	16
Cash flow provided by operating activities	**15**	14
Cash flow used in financing activities	**(1)**	(1)
Proportionate share of cash distributions	**14**	13

Non-controlling interests arise from business combinations in which the Company acquires less than 100% interest. At the time of acquisition, non-controlling interests are measured at either fair value or their proportionate share of the fair value of acquiree's identifiable assets. The Company determines the measurement basis on a transaction by transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is increased or decreased for their share of changes in equity.

Investments and other assets

Investments in associates are accounted for using the equity method based on the Company's ability to exercise significant influence over the operating and financial policies of the investee. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the associate's net income or losses after the date of investment, additional contributions made and dividends received.

Investments where the Company doesn't exercise significant influence are accounted for at fair value unless investments don't have quoted market prices in an active market and their fair value cannot be reliably measured. Investments are written down when there has been a significant or prolonged decline in fair value.

Revenue and expenses

The Company has multiple deliverable arrangements comprised of upfront fees (subscriber connection and installation fee revenue and/or customer premise equipment revenue) and related subscription revenue. Upfront fees charged to customers do not constitute separate units of accounting, therefore these revenue streams are assessed as an integrated package.

(i) Revenue

Revenue from cable, Internet, Digital Phone and DTH customers includes subscriber revenue earned as services are provided. Satellite distribution services and telecommunications service revenue is recognized in the period in which the services are rendered to customers. Affiliate subscriber revenue is recognized monthly based on subscriber levels. Advertising revenues are recognized in the period in which the advertisements are broadcast and recorded net of agency commissions as these amounts are paid directly to the agency or advertiser. When a sales arrangement includes multiple advertising spots, the proceeds are allocated to individual advertising spots under the arrangement based on relative fair values.

Subscriber connection fees received from customers are deferred and recognized as revenue on a straight-line basis over two years. Direct and incremental initial selling, administrative and connection costs related to subscriber acquisitions are recognized as an operating expense as incurred. The costs of physically connecting a new home are capitalized as part of the distribution system and costs of disconnections are expensed as incurred.

Installation revenue received on contracts with commercial business customers is deferred and recognized as revenue on a straight-line basis over the related service contract, which generally span two to ten years. Direct and incremental costs associated with the service contract, in an amount not exceeding the upfront installation revenue, are deferred and recognized as an operating expense on a straight-line basis over the same period.

(ii) Deferred equipment revenue and deferred equipment costs

Revenue from sales of DTH equipment and digital cable terminals ("DCTs") is deferred and recognized on a straight-line basis over two years commencing when subscriber service is activated. The total cost of the equipment, including installation, represents an inventoriable cost which is deferred and recognized on a straight-line basis over the same period. The DCT and DTH equipment is generally sold to customers at cost or a subsidized price in order to expand the Company's customer base.

Revenue from sales of satellite tracking hardware and costs of goods sold is deferred and recognized on a straight-line basis over the related service contract for monthly service charges for air time, which is generally five years. The amortization of the revenue and cost of sale of satellite service equipment commences when goods are shipped.

Recognition of deferred equipment revenue and deferred equipment costs is recorded as deferred equipment revenue amortization and deferred equipment costs amortization, respectively.

(iii) Deferred IRU revenue

Prepayments received under indefeasible right to use ("IRU") agreements are amortized on a straight-line basis into income over the term of the agreement and included in amortization of property, plant and equipment, intangibles and other in the consolidated statements of income.

Cash

Cash is presented net of outstanding cheques. When the amount of outstanding cheques and the amount drawn under the Company's revolving term facility are greater than the amount of cash, the net amount is presented as bank indebtedness.

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances.

Inventories

Inventories include subscriber equipment such as DCTs and DTH receivers, which are held pending rental or sale at cost or at a subsidized price. When subscriber equipment is sold, the equipment revenue and equipment costs are deferred and amortized over two years. When the subscriber equipment is rented, it is transferred to property, plant and equipment and amortized over its useful life. Inventories are determined on a first-in, first-out basis, and are stated at cost due to the eventual capital nature as either an addition to property, plant and equipment or deferred equipment costs.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost. Direct labour and other directly attributable costs incurred to construct new assets, upgrade existing assets and connect new subscribers are capitalized and borrowing costs on qualifying assets for which the commencement date is on or after September 1, 2010 are also capitalized. As well, any asset removal and site restoration costs in connection with the retirement of assets are capitalized. Repairs and maintenance expenditures are charged to operating expense as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Estimated useful life
Cable and telecommunications distribution system	5-15 years
Digital cable terminals and modems	2-7 years
Satellite audio, video and data network equipment and DTH receiving equipment	2-10 years
Transmitters, broadcasting and communication equipment	5-15 years
Buildings	15-40 years
Data processing	3-4 years
Other	3-20 years

The Company reviews the estimates of lives and useful lives on a regular basis.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale when specific criteria are met and are measured at the lower of carrying amount and estimated fair value less costs to sell. Assets held for sale are not amortized and are reported separately on the statement of financial position.

Other long-term assets

Other long-term assets primarily include (i) equipment costs, as described in the revenue and expenses accounting policy, deferred and amortized on a straight-line basis over two to five years; (ii) credit facility arrangement fees amortized on a straight-line basis over the term of the facility; (iii) long-term receivables; and (iv) the non-current portion of prepaid maintenance and support contracts.

Intangibles

The excess of the cost of acquiring cable, satellite and media businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist of amounts allocated to broadcast rights and licenses, trademarks, brands, program rights, customer relationships and software assets. Broadcast rights and licenses, trademarks and brands represent identifiable assets with indefinite useful lives. Spectrum licenses were acquired in Industry Canada's auction of licenses for advanced wireless services and have an indefinite life.

Program rights represent licensed rights acquired to broadcast television programs on the Company's conventional and specialty television channels and program advances are in respect of payments for programming prior to the window license start date. For licensed rights, the Company records a liability for program rights and corresponding asset when the license period has commenced and all of the following conditions have been met: (i) the cost of the program is known or reasonably determinable, (ii) the program material has been accepted by the Company in accordance with the license agreement and (iii) the material is available to the Company for telecast. Program rights are expensed on a systematic basis generally over the estimated exhibition period as the programs are aired and are included in operating, general and administrative expenses. Program rights are segregated on the statement of financial position between current and noncurrent based on expected life at time of acquisition.

Customer relationships represent the value of customer contracts and relationships acquired in a business combination and are amortized on a straight-line basis over the estimated useful life of 15 years.

Software that is not an integral part of the related hardware is classified as an intangible asset. Internally developed software assets are recorded at historical cost and include direct material and labour costs as well as borrowing costs on qualifying assets for which the commencement date is on or after September 1, 2010. Software assets are amortized on a straight-line basis over estimated useful lives ranging from four to ten years. The Company reviews the estimates of lives and useful lives on a regular basis.

Borrowing costs

The Company capitalizes borrowing costs on qualifying assets, for which the commencement date is on or after September 1, 2010, that take more than one year to construct or develop using the Company's weighted average cost of borrowing which approximates 6.5%.

Impairment

(i) Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at March 1) and when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of each cash-generating unit ("CGU") is determined based on the higher of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). A CGU is the smallest identifiable group of assets that generate cash flows that are independent of the cash inflows from other assets or groups of assets. The Company's cash generating units are consistent with its reporting segments, Cable, Satellite and Media. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(ii) Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount of the asset is determined based on the higher of FVLCS and VIU. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. Previously recognized impairment losses are reviewed for possible reversal at each reporting date and all or a portion of the impairment reversed if the asset's value has increased.

CRTC benefit obligations

The fair value of CRTC benefit obligations committed as part of business acquisitions are initially recorded, on a discounted basis, at the present value of amounts to be paid net of any expected incremental cash inflows. The obligation is subsequently adjusted for the incurrence of related expenditures, the passage of time and for revisions to the timing of the cash flows. Changes in the obligation due to the passage of time are recorded as accretion of long-term liabilities and provisions in the income statement.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or amount of the outflow may still be uncertain. Provisions are measured using the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties associated with the obligation. Provisions are discounted where the time value of money is considered material.

(i) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred, on a discounted basis, with a corresponding increase to the carrying amount of property and equipment, primarily in respect of transmitter sites. This cost is amortized on the same basis as the related asset. The liability is subsequently increased for the passage of time and the accretion is recorded in the income statement as accretion of long-term liabilities and provisions. The discount rates applied are subsequently adjusted to current rates as required at the end of reporting periods. Revisions due to the estimated timing of cash flows or the amount required to settle the obligation may result in an increase or decrease in the liability. Actual costs incurred upon settlement of the obligation are charged against the liability to the extent recorded.

(ii) Other provisions

Provisions for disputes, legal claims and contingencies are recognized when warranted. The Company establishes provisions after taking into consideration legal assessments (if applicable), expected availability of insurance or other recourse and other available information.

Deferred credits

Deferred credits primarily include: (i) prepayments received under IRU agreements amortized on a straight-line basis into income over the term of the agreement; (ii) equipment revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two years to five years; (iii) connection fee revenue and upfront installation revenue, as described in the revenue and expenses accounting policy, deferred and amortized over two to ten years; (iv) a deposit on a future fibre sale; and (v) amounts received in respect of granting an option to acquire its wireless spectrum licenses.

Income taxes

The Company accounts for income taxes using the liability method, whereby deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same authority in the same taxable entity. Income tax expense for the period is the tax payable for the period using tax rates substantively enacted at the reporting date, any adjustments to taxes payable in respect of previous years and any change during the period in deferred income tax assets and liabilities, except to the extent that they relate to a business combination or divestment, items recognized directly in equity or in other comprehensive income. The Company records interest and penalties related to income taxes in income tax expense.

Tax credits and government grants

The Company has access to a government program which supports local programming produced by conventional television stations. In addition, the Company receives tax credits primarily related to its research and development activities. Government financial assistance is

recognized when management has reasonable assurance that the conditions of the government programs are met and accounted for as a reduction of related costs, whether capitalized and amortized or expensed in the period the costs are incurred.

Foreign currency translation

Transactions originating in foreign currencies are translated into Canadian dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated at the period-end rate of exchange and non-monetary items are translated at historic exchange rates. The net foreign exchange loss recognized on the translation and settlement of current monetary assets and liabilities was $3 (2012 – $nil) and is included in other losses.

Financial instruments other than derivatives

Financial instruments have been classified as loans and receivables, assets available-for-sale, assets held-for-trading or financial liabilities. Cash has been classified as held-for-trading and is recorded at fair value with any change in fair value immediately recognized in income (loss). Other financial assets are classified as available-for-sale or as loans and receivables. Available-for-sale assets are carried at fair value with changes in fair value recorded in other comprehensive income (loss) until realized. Loans and receivables and financial liabilities are carried at amortized cost. None of the Company's financial assets are classified as held-to-maturity and none of its financial liabilities are classified as held-for-trading.

Finance costs and discounts associated with the issuance of debt securities are netted against the related debt instrument and amortized to income using the effective interest rate method. Accordingly, long-term debt accretes over time to the principal amount that will be owing at maturity.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign currency forward purchase contracts, to manage risks from fluctuations in foreign exchange rates. All derivative financial instruments are recorded at fair value in the statement of financial position. Where permissible, the Company accounts for these financial instruments as hedges which ensures that counterbalancing gains and losses are recognized in income in the same period. With hedge accounting, changes in the fair value of derivative financial instruments designated as cash flow hedges are recorded in other comprehensive income (loss) until the variability of cash flows relating to the hedged asset or liability is recognized in income (loss). When an anticipated transaction is subsequently recorded as a non-financial asset, the amounts recognized in other comprehensive income (loss) are reclassified to the initial carrying amount of the related asset. Where hedge accounting is not permissible or derivatives are not designated in a hedging relationship, they are classified as held-for-trading and the changes in fair value are immediately recognized in income (loss).

Instruments that have been entered into by the Company to hedge exposure to foreign currency risk are reviewed on a regular basis to ensure the hedges are still effective and that hedge accounting continues to be appropriate.

Fair value measurements

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1 Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs for the asset or liability are based on observable market data, either directly or indirectly, other than quoted prices.

Level 3 Inputs for the asset or liability are not based on observable market data.

Employee benefits

The Company accrues its obligations under its employee benefit plans, net of plan assets. The cost of pensions and other retirement benefits earned by certain employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Past service costs from plan initiation and amendments are recognized immediately in the income statement. Remeasurements include actuarial gains or losses and the return on plan assets (excluding interest income). Actuarial gains and losses occur because assumptions about benefit plans relate to a long time frame and differ from actual experiences. These assumptions are revised based on actual experience of the plans such as changes in discount rates, expected retirement ages and projected salary increases. Remeasurements are recognized in other comprehensive income (loss) on an annual basis, at a minimum, and on an interim basis when there are significant changes in assumptions.

August 31 is the measurement date for the Company's employee benefit plans. The last actuarial valuations for funding purposes for the various plans were performed effective December 31, 2012 and the next actuarial valuations for funding purposes are effective December 31, 2013.

Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants to the Company. The options to purchase shares must be issued at not less than the fair value at the date of grant. Any consideration paid on the exercise of stock options, together with any contributed surplus recorded at the date the options vested, is credited to share capital. The Company calculates the fair value of share-based compensation awarded to employees using the Black-Scholes option pricing model. The fair value of options are expensed and credited to contributed surplus over the vesting period of the options using the graded vesting method.

The Company has a restricted share unit ("RSU") plan for officers and employees of the Company. RSUs vest on the second anniversary of the grant date and compensation is recognized on a straight-line basis over the two year vesting period. RSUs will be settled in cash and the obligation for RSUs is measured at the end of each period at fair value using the Black-Scholes option pricing model and the number of outstanding RSUs.

The Company has a deferred share unit ("DSU") plan for its Board of Directors. Compensation cost is recognized immediately as DSUs vest when granted. DSUs will be settled in cash and the obligation is measured at the end of each period at fair value using the Black-Scholes option pricing model and the number of outstanding DSUs.

The Company has an employee share purchase plan (the "ESPP") under which eligible employees may contribute to a maximum of 5% of their monthly base compensation. The Company contributes an amount equal to 25% of the participant's contributions.

Earnings per share

Basic earnings per share is based on net income attributable to equity shareholders adjusted for dividends on preferred shares and is calculated using the weighted average number of Class A Shares and Class B Non-Voting Shares outstanding during the period. Diluted earnings per share is calculated by considering the effect of all potentially dilutive instruments. In calculating diluted earnings per share, any proceeds from the exercise of stock options and other dilutive instruments are assumed to be used to purchase Class B Non-Voting Shares at the average market price during the period.

Guarantees

The Company discloses information about certain types of guarantees that it has provided, including certain types of indemnities, without regard to whether it will have to make any payments under the guarantees.

Estimation uncertainty and critical judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and significant changes in assumptions could cause an impairment in assets. The following require the most difficult, complex or subjective judgements which result from the need to make estimates about the effects of matters that are inherently uncertain.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that could impact the carrying amount of assets and liabilities and results of operations in future periods:

(i) Allowance for doubtful accounts

The Company is required to make an estimate of an appropriate allowance for doubtful accounts on its receivables. The estimated allowance required is a matter of judgement and the

actual loss eventually sustained may be more or less than the estimate, depending on events which have yet to occur and which cannot be foretold, such as future business, personal and economic conditions.

(ii) Property, plant and equipment

The Company is required to estimate the expected useful lives of its property, plant and equipment. These estimates of useful lives involve significant judgement. In determining these estimates, the Company takes into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. Management's judgement is also required in determination of the amortization method, the residual value of assets and the capitalization of labour and overhead.

(iii) Business combinations – purchase price allocation

Purchase price allocations involve uncertainty because management is required to make assumptions and judgements to estimate the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Fair value estimates are based on quoted market prices and widely accepted valuation techniques, including discounted cash flow ("DCF") analysis. Such estimates include assumptions about inputs to the valuation techniques, industry economic factors and business strategies.

(iv) Impairment

The Company estimates the recoverable amount of its CGUs using a FVLCS calculation based on a DCF analysis. Significant judgements are inherent in this analysis including estimating the amount and timing of the cash flows attributable to the broadcast rights and licenses, the selection of an appropriate discount rate, and the identification of appropriate terminal growth rate assumptions. In this analysis the Company estimates the discrete future cash flows associated with the intangible asset for five years and determines a terminal value. The future cash flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using both a perpetuity growth assumption and a multiple of operating income before amortization. The discount rates used in the analysis are based on the Company's weighted average cost of capital and an assessment of the risk inherent in the projected cash flows. In analyzing the FVLCS determined by the DCF analysis the Company also considers a market approach determining a recoverable amount for each unit and total entity value determined using a market capitalization approach. Recent market transactions are taken into account, when available. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, are included in note 10.

(v) Employee benefit plans

The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The most significant assumption used to calculate the net employee benefit plan expense is the discount

rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes required.

(vi) Income taxes

The Company is required to estimate income taxes using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. In determining the measurement of tax uncertainties, the Company applies a probable weighted average methodology. Realization of deferred income tax assets is dependent on generating sufficient taxable income during the period in which the temporary differences are deductible. Although realization is not assured, management believes it is more likely than not that all recognized deferred income tax assets will be realized based on reversals of deferred income tax liabilities, projected operating results and tax planning strategies available to the Company and its subsidiaries.

(vii) Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

Critical judgements

The following are critical judgements apart from those involving estimation:

(i) Determination of a CGU

Management's judgement is required in determining the Company's cash generating units for the impairment assessment of its indefinite-life intangible assets. The CGUs have been determined considering operating activities and asset management and are consistent with the Company's reporting segments, Cable, Satellite and Media.

(ii) Broadcast rights and licenses and spectrum licenses – indefinite-life assessment

The Company's businesses are dependent upon broadcast licenses (or operate pursuant to an exemption order) granted and issued by the CRTC. In addition, the Company holds AWS licenses to operate a wireless system in Canada. While these licenses must be renewed from time to time, the Company has never failed to do so. In addition, there are currently no legal, regulatory or competitive factors that limit the useful lives of these assets.

Adoption of recent accounting pronouncements

The Company adopted the following standards and amendments effective September 1, 2012.

(i) Employee Benefits

IAS 19, *Employee Benefits* (amended 2011), eliminates the existing option to defer actuarial gains and losses and requires changes from the remeasurement of defined benefit plan assets

and liabilities to be presented in the statement of other comprehensive income. The significant amendments to IAS 19 which impact the Company are as follows:

- Expected return on plan assets is replaced with interest income and calculated based on the discount rate used to measure the pension obligation; the difference between interest income and actual return on plan assets is recognized in other comprehensive income
- Immediate recognition of past service costs when plan amendments occur regardless of whether or not they are vested
- Plan administration costs, other than costs associated with managing plan assets, are required to be expensed
- Expanded disclosures including plan characteristics and risks arising from defined benefit plans

The Company early adopted the amended standard with retrospective restatement which resulted in an increase in other long-term liabilities and decrease in retained earnings by $1 at August 31, 2012 and September 1, 2011. There was no impact on the Company's consolidated statements of income, comprehensive income or cash flows for 2012.

(ii) Presentation of Financial Statements

IAS 1, *Presentation of Financial Statements*, was amended to require presentation of items of other comprehensive income based on whether they may be reclassified to the statement of income and has been applied retrospectively.

(iii) Income Taxes

IAS 12, *Income Taxes* (amended 2011), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The amendment had no impact on the Company's consolidated financial statements.

Standards, interpretations and amendments to standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations and amendments that have been issued but are not yet effective. The following pronouncements are being assessed to determine their impact on the Company's results and financial position.

- IFRS 9, *Financial Instruments: Classification and Measurement*, is the first part of the replacement of IAS 39 *Financial Instruments* and applies to the classification and measurement of financial assets and financial liabilities as defined by IAS 39. It is required to be applied retrospectively for the annual period commencing September 1, 2015.
- The following standards and amended standards are required to be applied retrospectively for the annual period commencing September 1, 2013 and other than the disclosure requirements therein, they must be applied concurrently:
    - IFRS 10, *Consolidated Financial Statements*, replaces previous consolidation guidance and outlines a single consolidation model that identifies control as the basis for consolidation of all types of entities.

- IFRS 11, *Joint Arrangements,* replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard classifies joint arrangements as either joint operations or joint ventures.
- IFRS 12, *Disclosure of Interests in Other Entities,* sets out required disclosures on application of IFRS 10, IFRS 11, and IAS 28 (amended 2011).
- IAS 27, *Separate Financial Statements* was amended in 2011 for the issuance of IFRS 10 and retains the current guidance for separate financial statements.
- IAS 28, *Investments in Associates* was amended in 2011 for changes based on issuance of IFRS 10 and IFRS 11 and provides guidance on accounting for joint ventures, as defined by IFRS 11, using the equity method.

- IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure of fair value measurements and is required to be applied prospectively for the annual period commencing September 1, 2013.

3. BUSINESS ACQUISITIONS, PURCHASE AND SALE OF ASSETS AND DISCONTINUED OPERATIONS

Business acquisitions

2013

Telecommunications services business

On April 30, 2013, the Company acquired Enmax Envision Inc. ("Envision"), a wholly-owned subsidiary of ENMAX Corporation, for $222 in cash. Envision provides telecommunication services to business customers in Calgary. The purpose of the transaction is to expand on the Company's business initiatives and enhance the profile of its telecommunications services in the competitive Calgary business marketplace.

Envision has contributed approximately $12 of revenue and $1 of net income for the four month period. If the acquisition had occurred on September 1, 2012, revenue and net income would have been approximately $33 and $4, respectively. Acquisition related costs of $3 to effect the transaction have been incurred and are included in acquisition and divestment costs in the statement of income.

A summary of net assets and allocation of consideration is as follows:

	$
Accounts receivable	**3**
Other current assets	**1**
Property, plant and equipment	**73**
Intangibles[(1)]	**87**
Goodwill[(2)]	**68**
	232
Accounts payable and accrued liabilities	**1**
Unearned revenue	**2**
Deferred credits	**5**
Deferred income tax liability	**2**
	222

(1) Intangibles is comprised of customer relationships and are being amortized over 15 years.

(2) Goodwill represents the combined value of growth expectations, an assembled workforce and expected synergies and efficiencies from integrating the operations with the Company's existing business. Goodwill of $66 is deductible for income tax purposes.

2012

Television broadcasting businesses

	$
Cash	21
Consideration for the equity interests held prior to the acquisition	9
	30
Cumulative income from equity interests prior to acquisition	4
Gain on remeasurement of interests in equity investments	6
	40

On May 31, 2012, the Company closed the acquisition of the partnership units of Mystery Partnership ("Mystery") and Men TV General Partnership ("The Cave") not already owned by the Company, for total consideration of $21. Prior to the acquisition, the Company held a 50% interest in Mystery which was proportionately consolidated and a 49% interest in The Cave which was accounted for under the equity method. The fair value of the previous ownership interests in these specialty channels on the acquisition date was $19. The transaction is accounted for using the acquisition method and as a result of remeasuring these equity interests to fair value, the Company recorded a gain of $6 in the income statement. If the acquisition had occurred on September 1, 2011, revenue and net income for the year would have been approximately $12 and $2, respectively.

As part of the CRTC decisions approving the transaction, the Company is required to contribute $2 in new benefits to the Canadian broadcasting system over the next seven years. The

contribution will be used to create new programming. The obligation has been recorded in the income statement at fair value, being the discounted future cash flows using a 4% discount rate.

A summary of net assets acquired and allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash	6
Accounts receivable	4
Other current assets[(1)]	4
Intangibles[(2)] *[note 10]*	28
Goodwill, not deductible for tax[(3)] *[note 10]*	3
	45
Current liabilities	3
Deferred income taxes	2
	40

(1) Other current assets is comprised of program rights.

(2) Intangibles include broadcast licenses and program rights.

(3) Goodwill comprises the value of expected efficiencies and synergies from integrating the operations with the Company's other wholly-owned specialty channels.

Purchase and sale of assets

Transactions with Rogers Communications Inc. ("Rogers")

During the current year, the Company entered into agreements with Rogers to sell to Rogers its shares in Mountain Cablevision Limited ("Mountain Cable") and grant to Rogers an option to acquire its wireless spectrum licenses as well as to purchase from Rogers its 33.3% interest in TVtropolis General Partnership ("TVtropolis"). The sale of Mountain Cable closed on April 30, 2013 and the acquisition of the additional interest in TVtropolis closed on June 30, 2013. The exercise of the option and the sale of the wireless spectrum licenses is still subject to various regulatory approvals and is expected to occur in 2015. The transactions are strategic in nature allowing the Company to use a portion of the net proceeds to accelerate various capital investments to improve and strengthen its network advantage.

The Company incurred costs of $5 in respect of the transactions with Rogers. These costs have been expensed and are included in acquisition and divestment costs in the statement of income.

Mountain Cable

Mountain Cable has approximately 40,000 video customers in its operations based in Hamilton, Ontario. It represented a disposal group within the cable operating segment and accordingly, is not presented as discontinued operations in the statement of income.

The Company received proceeds of $398 in cash on the sale of the Mountain Cable and recorded a gain of $50. The assets and liabilities disposed of were as follows:

	$
Accounts receivable	**2**
Property, plant and equipment	**65**
Other long-term assets	**3**
Intangibles	**245**
Goodwill	**81**
	396
Accounts payable and accrued liabilities	**1**
Income tax payable	**1**
Unearned revenue	**2**
Deferred credits	**2**
Deferred income taxes	**42**
	48

Wireless spectrum licenses

The wireless spectrum licenses are not classified as assets held for sale due to regulatory restrictions preventing the exercise of the option and subsequent transfer of the licenses until after September 2014. The Company received $50 in respect of the purchase price of the option to acquire the wireless spectrum licenses. The amount is recorded in deferred credits and will be included as part of the proceeds received on exercise of the option and sale of the wireless spectrum licenses, or alternatively as a gain if the option is not exercised and expires. In addition, the Company received a $200 refundable deposit in respect of the option exercise price. The deposit has been recorded in deferred credits and will be included as part of the proceeds received on exercise of the option and sale of the wireless spectrum licenses or refunded to Rogers if the option is not exercised and expires.

TVtropolis

The acquisition of Rogers' 33.3% interest in TVtropolis increased the Company's ownership to 100%. The difference between the consideration of $59, which was initially paid as a deposit pending regulatory approval of the transaction, and the carrying value of the interest acquired of $23 has been charged to retained earnings.

Transactions with Corus Entertainment Inc. ("Corus")

During the current year, the Company entered into a series of agreements with Corus (see note 27) to optimize its portfolio of specialty channels. Effective April 30, 2013, the Company sold to Corus its 49% interest in ABC Spark and acquired from Corus its 20% interest in Food Network Canada. In addition, the Company has agreed to sell to Corus its 50% interest in its two French-language channels, Historia and Series+. The sale of Historia and Series+ is expected to occur in 2014.

Food Network Canada and ABC Spark

The acquisition of an additional 20% interest in Food Network Canada increased the Company's ownership to 71%. The difference between the consideration of $67 and carrying value of the interest acquired of $47 has been charged to retained earnings.

The Company recorded proceeds, including working capital adjustments, of $19 and gain on sale of associate of $7 on the disposition of its 49% interest in ABC Spark.

The Company issued a non-interest bearing promissory note of $48 to satisfy the net consideration in respect of these transactions. The settlement of the promissory note, which came due on September 30, 2013, has been extended to the closing date of the Company's sale of Historia and Series+ to Corus.

Historia and Series+

Historia and Series+ represent a disposal group within the media segment and accordingly, are not presented as discontinued operations in the statement of income. The assets and liabilities associated with Historia and Series+ and classified as held for sale in the statement of financial position at August 31, 2013 are as follows:

	$
Accounts receivable	**4**
Other current assets	**5**
Intangibles	**92**
Goodwill	**4**
	105
Accounts payable and accrued liabilities	**2**
Deferred income tax liability	**12**
	14

Discontinued operations

During late 2011, the Company discontinued its wireless operations. The decrease in cash from discontinued operations in 2012 of $3 was comprised of cash used in investing activities.

4. ACCOUNTS RECEIVABLE

	2013 $	2012 $
Subscriber and trade receivables	**496**	436
Due from related parties *[note 27]*	**1**	1
Miscellaneous receivables	**16**	24
	513	461
Less allowance for doubtful accounts	**(27)**	(28)
	486	433

Included in operating, general and administrative expenses is a provision for doubtful accounts of $26 (2012 – $30).

5. INVENTORIES

	2013 $	2012 $
Subscriber equipment	**93**	98
Other	**3**	4
	96	102

Subscriber equipment includes DTH equipment, DCTs and related customer premise equipment.

6. OTHER CURRENT ASSETS

	2013 $	2012 $
Program rights	**18**	21
Tax indemnity	**1**	17
Prepaid expenses and other	**53**	51
	72	89

7. INVESTMENTS AND OTHER ASSETS

	2013 $	2012 $
Investments, at equity:		
Specialty channel networks	**–**	10
Other assets:		
Loan to equity associate	**–**	2
Other	**10**	1
	10	13

Investments at equity

During 2013, the Company sold its 49% interest in ABC Spark and in 2012, acquired the remaining 51% interest in The Cave (see note 3).

The Company's interest in the assets, liabilities and results of operations of investments in associates which were accounted for using the equity method are summarized as follows:

	2013 $	2012 $
Current assets	–	2
Non-current assets	–	13
	–	15
Current liabilities	–	3
Non-current liabilities	–	2
Proportionate interest in net assets	–	10

	2013 $	2012 $
Revenue	**3**	5
Expenses	**(3)**	(5)
Proportionate share of net income	–	–

Other assets

The Company received repayment of the loan to ABC Spark as part of the sale transaction.

The Company has a portfolio of minor investments in several private entities.

8. PROPERTY, PLANT AND EQUIPMENT

	August 31, 2013			August 31, 2012		
	Cost $	Accumulated amortization $	Net book Value $	Cost $	Accumulated amortization $	Net book Value $
Cable and telecommunications distribution system	**4,576**	**2,321**	**2,255**	4,397	2,210	2,187
Digital cable terminals and modems	**734**	**393**	**341**	719	367	352
Satellite audio, video and data network and DTH Receiving equipment	**149**	**62**	**87**	85	61	24
Transmitters, broadcasting, communications and Production equipment	**100**	**39**	**61**	88	24	64
Land and buildings	**447**	**168**	**279**	448	146	302
Data processing and other	**372**	**173**	**199**	365	159	206
Assets under construction	**148**	**–**	**148**	107	–	107
	6,526	**3,156**	**3,370**	6,209	2,967	3,242

Changes in the net carrying amounts of property, plant and equipment for 2013 and 2012 are summarized as follows:

	August 31, 2012							August 31, 2013
	Net book value $	Business acquisition and divestment $	Additions $	Transfer $	Amortization $	Disposals $	Writedown and transfer to assets held for sale $	Net book Value $
Cable and telecommunications distribution system	2,187	17	453	–	(402)	–	–	2,255
Digital cable terminals and modems	352	(5)	160	–	(166)	–	–	341
Satellite audio, video and data network and DTH Receiving equipment	24	–	18	59	(13)	(1)	–	87
Transmitters, broadcasting, communications and Production equipment	64	–	13	–	(16)	–	–	61
Land and buildings	302	(3)	11	–	(24)	(6)	(1)	279
Data processing and other	206	(1)	49	5	(58)	(2)	–	199
Assets under construction	107	–	129	(64)	–	–	(24)	148
	3,242	8	833	–	(679)	(9)	(25)	3,370

	August 31, 2011						August 31, 2012
	Net book value $	Additions $	Transfer $	Amortization $	Disposals $	Writedown $	Net book Value $
Cable and telecommunications distribution system	2,105	441	21	(380)	–	–	2,187
Digital cable terminals and modems	350	167	–	(165)	–	–	352
Satellite audio, video and data network and DTH Receiving equipment	32	3	–	(11)	–	–	24
Transmitters, broadcasting, communications and Production equipment	65	13	–	(14)	–	–	64
Land and buildings	326	11	2	(21)	–	(16)	302
Data processing and other	211	38	19	(52)	(6)	(4)	206
Assets under construction	111	42	(42)	–	(4)	–	107
	3,200	715	–	(643)	(10)	(20)	3,242

In 2013, the Company recognized a loss of $6 (2012 – $1) on the disposal of property, plant and equipment.

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

9. OTHER LONG-TERM ASSETS

	2013 $	2012 $
Equipment costs subject to a deferred revenue arrangement	**255**	278
Customer equipment financing receivables	**23**	17
Credit facility arrangement fees	**2**	3
Other	**26**	33
	306	331

Amortization provided in the accounts for 2013 amounted to $258 (2012 – $232) and was recorded as amortization of deferred equipment costs and other amortization.

10. INTANGIBLES AND GOODWILL

	2013 $	2012 $
Broadcast rights and licenses		
Cable systems	**4,015**	4,260
DTH and satellite services	**1,013**	1,013
Television broadcasting	**1,313**	1,402
	6,341	6,675
Program rights and advances	**282**	253
Goodwill		
Non-regulated satellite services	**88**	88
Cable and telecommunications systems	**73**	86
Television broadcasting	**537**	541
	698	715
Wireless spectrum licenses	**191**	191
Other intangibles		
Software	**216**	195
Customer relationships	**85**	–
Trademark and brands	**38**	41
	339	236
Net book value	**7,851**	8,070

Broadcast rights and licenses, trademark, brands and wireless spectrum licenses have been assessed as having indefinite useful lives. While licenses must be renewed from time to time, the Company has never failed to do so. In addition, there are currently no legal, regulatory, competitive or other factors that limit the useful lives of these assets.

The changes in the carrying amount of intangibles with indefinite useful lives, and therefore not subject to amortization, are as follows:

	Broadcast rights and licenses $	Trademark and brands $	Goodwill $	Wireless spectrum licenses $
September 1, 2011	6,655	41	712	191
Business acquisition *[note 3]*	20	–	3	–
August 31, 2012	6,675	41	715	191
Business acquisition *[note 3]*	–	–	68	–
Business divestment *[note 3]*	(245)	–	(81)	–
Transfer to assets held for sale *[note 3]*	(89)	(3)	(4)	–
August 31, 2013	**6,341**	**38**	**698**	**191**

Intangibles subject to amortization are as follows:

	August 31, 2013			August 31, 2012		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Program rights and advances	**1,023**	**723**	**300**	805	531	274
Software	**252**	**144**	**108**	276	157	119
Software under construction	**108**	**–**	**108**	76	–	76
Customer relationships	**87**	**2**	**85**	–	–	–
	1,470	**869**	**601**	1,157	688	469
Less current portion of program rights			**18**			21
			583			448

The changes in the carrying amount of intangibles subject to amortization are as follows:

	Program rights and advances $	Software $	Software under construction $	Customer relationships $	Total $
September 1, 2011	231	109	79	–	419
Business acquisition *[note 3]*	1	–	–	–	1
Additions	427	52	16	–	495
Transfers	–	19	(19)	–	–
Amortization	(385)	(60)	–	–	(445)
Disposals	–	(1)	–	–	(1)
August 31, 2012	274	119	76	–	469
Business acquisition *[note 3]*	–	–	–	87	87
Additions	432	37	34	–	503
Transfers	–	2	(2)	–	–
Amortization	(401)	(49)	–	(2)	(452)
Disposals	–	(1)	–	–	(1)
Transfer to assets held for sale	(5)	–	–	–	(5)
August 31, 2013	**300**	**108**	**108**	**85**	**601**

Impairment testing of indefinite-life intangibles and goodwill

The Company conducted its annual impairment test on goodwill and indefinite-life intangibles as at March 1, 2013 and the recoverable amount of each of the cash generating units exceeded their carrying value by a significant amount.

In August 2011 the Company discontinued construction of a traditional wireless network and during the current year, granted an option to Rogers to acquire the AWS licenses for $350 (see note 3). As the price exceeds the carrying value of the AWS licenses and considering recent spectrum transactions in North America, the carrying value of the licenses continues to be appropriate.

A hypothetical decline of 10% and 20% in the recoverable amount of the broadcast rights and licenses for each cash generating unit as at March 1, 2013 would not result in any impairment loss. Further, any changes in economic conditions since the impairment testing conducted as at March 1, 2013 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2013.

Significant estimates inherent to this analysis include discount rates and the terminal value. At March 1, 2013, the estimates that have been utilized in the impairment tests reflect any changes in market conditions and are as follows:

		Terminal value	
	Post-tax discount rate	Terminal growth rate	Terminal operating income before amortization multiple
Cable	8.0%	1.00%	5.50x
Satellite	9.5%	1.00%	4.50x
Media	8.5%	n/a	6.50x

A sensitivity analysis of significant estimates is conducted as part of every impairment test. With respect to the impairment tests performed in the third quarter, the estimated decline in recoverable amount for the sensitivity of significant estimates is as follows:

	Estimated decline in recoverable amount		
		Terminal value	
	1% increase in discount rate	1% decrease in terminal growth rate	0.5 times decrease in terminal operating income before amortization multiple
Cable	9%	5%	3%
Satellite	8%	4%	3%
Media	8%	n/a	2%

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013 $	2012 $
Trade	**71**	50
Program rights	**70**	72
CRTC benefit obligations	**50**	43
Accrued liabilities	**324**	289
Accrued network fees	**102**	105
Interest and dividends	**219**	219
Related parties *[note 27]*	**23**	24
Current portion of unfunded pension plan liability *[note 26]*	**–**	9
	859	811

12. PROVISIONS

	Asset retirement obligations $	Other $	Total $
September 1, 2011	8	18	26
Additions	–	6	6
Reversal	–	(1)	(1)
Payments	–	(4)	(4)
August 31, 2012	8	19	27
Additions	1	9	10
Reversal	–	(1)	(1)
Payments	–	(1)	(1)
August 31, 2013	9	26	35
Current	–	19	19
Long-term	8	–	8
August 31, 2012	8	19	27
Current	–	26	26
Long-term	9	–	9
August 31, 2013	**9**	**26**	**35**

13. LONG-TERM DEBT

		2013			2012		
	Effective interest rates %	Long-term debt at amortized cost(1) $	Adjustment for finance costs(1) $	Long-term debt repayable at maturity $	Long-term debt at amortized cost(1) $	Adjustment for finance costs (1) $	Long-term debt repayable at maturity $
Corporate							
Cdn senior notes-							
6.10% due November 16, 2012	6.11	–	–	–	450	–	450
7.50% due November 20, 2013	7.50	**350**	–	**350**	349	1	350
6.50% due June 2, 2014	6.56	**599**	**1**	**600**	598	2	600
6.15% due May 9, 2016	6.34	**296**	**4**	**300**	295	5	300
5.70% due March 2, 2017	5.72	**398**	**2**	**400**	397	3	400
5.65% due October 1, 2019	5.69	**1,243**	**7**	**1,250**	1,242	8	1,250
5.50% due December 7, 2020	5.55	**496**	**4**	**500**	496	4	500
6.75% due November 9, 2039	6.89	**1,417**	**33**	**1,450**	1,416	34	1,450
		4,799	**51**	**4,850**	5,243	57	5,300
Other							
Burrard Landing Lot 2 Holdings Partnership	6.31	**19**	–	**19**	20	–	20
Total consolidated debt		**4,818**	**51**	**4,869**	5,263	57	5,320
Less current portion(2)		**950**	**1**	**951**	451	–	451
		3,868	**50**	**3,918**	4,812	57	4,869

(1) Long-term debt is presented net of unamortized discounts and finance costs of $51 (August 31, 2012 – $57).

(2) Current portion of long-term debt at August 31, 2013 includes the 7.50% senior notes which were repaid on November 20, 2013, the 6.50% senior notes due June 2, 2014 and the amount due within one year on the Partnership's mortgage bonds.

Corporate

Bank loans

During 2012, a syndicate of banks provided the Company with an unsecured $1 billion credit facility which includes a maximum revolving term or swingline facility of $50 and matures in January 2017. The credit facility has a feature whereby the Company may request an additional $500 of borrowing capacity so long as no event of default or pending event of default has occurred and is continuing or would occur as a result of the increased borrowings. No lender has any obligation to participate in the requested increase unless it agrees to do so at its sole discretion. This facility replaced the prior credit and operating loan facilities which were scheduled to mature in May 2012. Funds are available to the Company in both Canadian and US dollars. At August 31, 2013, $1 has been drawn as committed letters of credit against the revolving term facility. Interest rates fluctuate with Canadian prime and bankers' acceptance rates, US bank base rates and LIBOR rates. Excluding the revolving term facility, the effective interest rate on actual borrowings under the credit facility during 2013 was 3.49% (2012 – nil). The effective interest rate on the revolving term facility for 2013 was 3% (2012 – 3%).

Senior notes

The senior notes are unsecured obligations and rank equally and ratably with all existing and future senior indebtedness. The notes are redeemable at the Company's option at any time, in whole or in part, prior to maturity at 100% of the principal amount plus a make-whole premium.

Other

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in the Partnership which built the Shaw Tower project with office/retail space and living/working space in Vancouver, BC. In the fall of 2004, the commercial construction of the building was completed and at that time, the Partnership issued ten year secured mortgage bonds in respect of the commercial component of the Shaw Tower. The bonds bear interest at 6.31% compounded semi-annually and are collateralized by the property and the commercial rental income from the building with no recourse to the Company.

Debt covenants

The Company and its subsidiaries have undertaken to maintain certain covenants in respect of the credit agreements and trust indentures described above. The Company and its subsidiaries were in compliance with these covenants at August 31, 2013.

Long-term debt repayments

Mandatory principal repayments on all long-term debt in each of the next five years and thereafter are as follows:

	$
2014	951
2015	18
2016	300
2017	400
2018	–
Thereafter	3,200
	4,869

Interest expense

	2013 $	2012 $
Interest expense – long-term debt	**314**	334
Amortization of senior notes discounts	**2**	2
Interest income – short-term (net)	**(2)**	(3)
Capitalized interest	**(5)**	(3)
	309	330

14. OTHER LONG-TERM LIABILITIES

	2013 $	2012 $
Pension liabilities *[note 26]*	**123**	402
CRTC benefit obligations	**77**	125
Post retirement liabilities *[note 26]*	**15**	19
Program rights liabilities	**5**	4
Other	**3**	3
	223	553

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15. DEFERRED CREDITS

	2013 $	2012 $
IRU prepayments	**472**	485
Equipment revenue	**131**	137
Connection fee and installation revenue	**14**	10
Proceeds on wireless spectrum license option *[note 3]*	**50**	–
Refundable deposit on wireless spectrum license *[note 3]*	**200**	–
Deposit on future fibre sale	**2**	2
Other	**3**	1
	872	635

Amortization of deferred credits for 2013 amounted to $144 (2012 – $136) and was recorded in the accounts as described below.

IRU agreements are in place for periods ranging from 21 to 60 years and are being amortized to income over the agreement periods. Amortization in respect of the IRU agreements for 2013 amounted to $13 (2012 – $12) and was recorded as other amortization. Amortization of equipment revenue for 2013 amounted to $121 (2012 – $115). Amortization of connection fee and installation revenue for 2013 amounted to $11 (2012 – $9) and was recorded as revenue.

16. SHARE CAPITAL

Authorized

The Company is authorized to issue a limited number of Class A voting participating shares ("Class A Shares") of no par value, as described below, and an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares") of no par value, Class 1 preferred shares, Class 2 preferred shares, Class A preferred shares and Class B preferred shares.

The authorized number of Class A Shares is limited, subject to certain exceptions, to the lesser of that number of shares (i) currently issued and outstanding and (ii) that may be outstanding after any conversion of Class A Shares into Class B Non-Voting Shares.

2013	2012		2013	2012
Number of securities			$	$
22,520,064	22,520,064	Class A Shares	**2**	2
430,306,542	421,188,697	Class B Non-Voting Shares	**2,660**	2,455
12,000,000	12,000,000	Series A Preferred Shares	**293**	293
464,826,606	455,708,761		**2,955**	2,750

Class A Shares and Class B Non-Voting Shares

Class A Shares are convertible at any time into an equivalent number of Class B Non-Voting Shares. In the event that a take-over bid is made for Class A Shares, in certain circumstances, the Class B Non-Voting Shares are convertible into an equivalent number of Class A Shares.

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

Changes in Class A Share capital and Class B Non-Voting Share capital in 2013 and 2012 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	$	Number	$
September 1, 2011	22,520,064	2	415,216,348	2,338
Stock option exercises	–	–	969,803	19
Dividend reinvestment plan	–	–	5,002,546	98
August 31, 2012	22,520,064	2	421,188,697	2,455
Stock option exercises	–	–	3,564,856	79
Dividend reinvestment plan	–	–	5,552,989	126
August 31, 2013	22,520,064	2	430,306,542	2,660

Series A Preferred Shares

The Cumulative Redeemable Rate Reset Preferred Shares, Series A ("Series A Preferred Shares") represent a series of class 2 preferred shares and are classified as equity since redemption, at $25.00 per Series A Preferred Share, is at the Company's option and payment of dividends is at the Company's discretion.

Share transfer restriction

The Articles of the Company empower the directors to refuse to issue or transfer any share of the Company that would jeopardize or adversely affect the right of Shaw Communications Inc. or any subsidiary to obtain, maintain, amend or renew a license to operate a broadcasting undertaking pursuant to the Broadcasting Act (Canada).

17. SHARE-BASED COMPENSATION

Stock option plan

Under a stock option plan, directors, officers, employees and consultants of the Company are eligible to receive stock options to acquire Class B Non-Voting Shares with terms not to exceed ten years from the date of grant. Options granted up to August 31, 2013 vest evenly on the anniversary dates from the original grant date at either 25% per year over four years or 20% per year over five years. The options must be issued at not less than the fair market value of the Class B Non-Voting Shares at the date of grant. The maximum number of Class B Non-Voting Shares issuable under the plan may not exceed 52,000,000. As at August 31, 2013, 21,329,362 Class B Non-Voting Shares have been issued under the plan.

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

The changes in options are as follows:

	2013		2012	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, beginning of year	**21,162,672**	**21.09**	21,970,400	20.91
Granted	**2,777,000**	**23.07**	1,229,000	21.05
Forfeited	**(819,375)**	**21.06**	(1,066,925)	20.96
Exercised[1]	**(3,564,856)**	**19.24**	(969,803)	17.09
Outstanding, end of year	**19,555,441**	**21.71**	21,162,672	21.09

(1) The weighted average Class B Non-Voting Share price for the options exercised was $23.96.

The following table summarizes information about the options outstanding at August 31, 2013:

	Options outstanding			Options exerciseable	
Range of prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$16.30 – $22.27	10,736,278	5.98	19.57	6,976,778	19.20
$22.28 – $26.20	8,819,163	5.34	24.32	6,685,663	24.55

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2013 was $2.53 (2012 – $2.72) per option. The fair value of each option granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2013	2012
Dividend yield	**4.37%**	4.48%
Risk-free interest rate	**1.37%**	1.42%
Expected life of options	**5 years**	5 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	**21.7%**	24.7%

Expected volatility has been estimated based on the historical share price volatility of the Company's Class B Non-Voting Shares.

Restricted share unit plan

The Company has an RSU plan whereby RSUs are granted to eligible employees and officers of the Company. An RSU is a right that tracks the value of one Class B Non-Voting Share and permits the holder to receive a cash payment equal to the market value once RSUs are vested. Market value is determined by the average of the closing prices of the Class B Non-Voting Shares on the Toronto Stock Exchange for the five trading days preceding the applicable

payment date as determined by the Company. When cash dividends are paid on Class B Non-Voting Shares, holders are credited with RSUs equal to the dividend. RSUs do not have voting rights as there are no shares underlying the plan.

The RSUs granted during 2011 vested during 2013 and the Company paid $6 to settle the obligation. During 2013, $3 was recorded as compensation expense (2012 – $2) and at August 31, 2013, the carrying value of the liability was $nil (2012 – $3).

Deferred share unit plan

The Company has a DSU plan for its Board of Directors whereby directors can elect to receive their annual cash compensation, or a portion thereof, in DSUs. In addition, the Company may adjust and/or supplement directors' compensation with periodic grants of DSUs. A DSU is a right that tracks the value of one Class B Non-Voting Share. Holders will be entitled to a cash payout when they cease to be a director. The cash payout will be based on market value of a Class B Non-Voting Share at the time of payout. When cash dividends are paid on Class B Non-Voting Shares, holders are credited with DSUs equal to the dividend. DSUs do not have voting rights as there are no shares underlying the plan.

During 2013, $4 was recognized as compensation expense (2012 – $1). The carrying value and intrinsic value of DSUs at August 31, 2013 was $10 and $8, respectively (August 31, 2012 – $6 and $5, respectively).

Employee share purchase plan

The Company's ESPP provides employees with an incentive to increase the profitability of the Company and a means to participate in that increased profitability. Generally, all non-unionized full time or part time employees of the Company are eligible to enroll in the ESPP. Under the ESPP, eligible employees may contribute to a maximum of 5% of their monthly base compensation. The Company contributes an amount equal to 25% of the employee's contributions.

During 2013, $5 was recorded as compensation expense (2012 – $5).

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

18. EARNINGS PER SHARE

Earnings per share calculations are as follows:

	2013	2012
Numerator for basic and diluted earnings per share ($)		
Net income	**784**	761
Deduct: net income attributable to non-controlling interests in subsidiaries	**(38)**	(33)
Deduct: dividends on Series A Preferred Shares	**(13)**	(15)
Net income attributable to common shareholders	**733**	713
Denominator (millions of shares)		
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**448**	441
Effect of potentially dilutive securities[(1)]	**2**	1
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**450**	442
Earnings per share		
Basic	**1.64**	1.62
Diluted	**1.63**	1.61

(1) The earnings per share calculation does not take into consideration the potential dilutive effect of certain stock options since their impact is anti-dilutive. For the year ended August 31, 2013, 8,201,720 options were excluded from the diluted earnings per share calculation (2012 – 14,320,753).

19. DIVIDENDS

Common share dividends

The holders of Class A Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors determines to declare on a share-for-share basis, as and when any such dividends are declared or paid. The holders of Class B Non-Voting Shares are entitled to receive during each dividend period, in priority to the payment of dividends on the Class A Shares, an additional dividend at a rate of $0.0025 per share per annum. This additional dividend is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of the additional non-cumulative dividends on the Class B Non-Voting Shares, holders of Class A Shares and Class B Non-Voting Shares participate equally, share for share, as to all subsequent dividends declared.

Preferred share dividends

Holders of the Series A Preferred Shares are entitled to receive, as and when declared by the Company's Board of Directors, a cumulative quarterly fixed dividend yielding 4.50% annually for the initial period ending June 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the then current 5-year Government of Canada bond yield plus 2.00%. Holders of Series A Preferred Shares will have the right, at their option, to convert their shares

into Cumulative Redeemable Floating Rate Preferred Shares, Series B (the "Series B Preferred Shares"), subject to certain conditions, on June 30, 2016 and on June 30 every five years thereafter. The Series B Preferred Shares also represent a series of Class 2 preferred shares and holders will be entitled to receive cumulative quarterly dividends, as and when declared by the Company's Board of Directors, at a rate set quarterly equal to the then current three-month Government of Canada Treasury Bill yield plus 2.00%.

Dividend reinvestment plan

The Company has a Dividend Reinvestment Plan ("DRIP") that allows holders of Class A Shares and Class B Non-Voting Shares who are residents of Canada to automatically reinvest monthly cash dividends to acquire additional Class B Non-Voting Shares. Class B Non-Voting Shares distributed under the Company's DRIP are new shares issued from treasury at a 2% discount from the 5 day weighted average market price immediately preceding the applicable dividend payment date.

Dividends declared

The dividends per share recognized as distributions to common shareholders for dividends declared during the year ended August 31, 2013 and 2012 are as follows:

2013		2012	
Class A Voting Share	**Class B Non-Voting Share**	**Class A Voting Share**	**Class B Non-Voting Share**
$1.0050	$1.0075	$0.9550	$0.9575

The dividends per share recognized as distributions to holders of Series A Preferred Shares was $1.125 during each of the years ended August 31, 2013 and 2012.

On June 28, 2013, the Company declared dividends of $0.28125 per Series A Preferred Share which were paid on September 30, 2013. The total amount paid was $3 of which $1 was not recognized as at August 31, 2013.

On October 24, 2013, the Company declared dividends of $0.084792 per Class A Voting Share and $0.085 per Class B Non-Voting Share payable on each of December 30, 2013, January 30, 2014 and February 27, 2014 to shareholders of record at the close of business on December 13, 2013, January 15, 2014 and February 14, 2014, respectively.

On October 24, 2013, the Company declared dividends of $0.28125 per Series A Preferred Share payable on December 31, 2013 to holders of record at the close of business on December 13, 2013.

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

20. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Components of other comprehensive income and the related income tax effects for 2013 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	**5**	**(1)**	**4**
Adjustment for hedged items recognized in the period	**(1)**	**–**	**(1)**
	4	**(1)**	**3**
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans	**4**	**(1)**	**3**
	8	**(2)**	**6**

Components of other comprehensive loss and the related income tax effects for 2012 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Adjustment for hedged items recognized in the period	(3)	1	(2)
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans	(83)	21	(62)
	(86)	22	(64)

Accumulated other comprehensive loss is comprised of the following:

	2013 $	2012 $
Items that may subsequently be reclassified to income		
Fair value of derivatives	**2**	(1)
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans	**(89)**	(92)
	(87)	(93)

21. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

	2013 $	2012 $
Employee salaries and benefits	**900**	835
Purchases of goods and services	**2,022**	2,036
	2,922	2,871

22. OTHER LOSSES

Other losses generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company's share of the operations of Burrard Landing Lot 2 Holdings Partnership. During the prior year, the category also included a pension recovery of $25 which arose due to a plan amendment to freeze salary levels and a loss of $26 related to the electrical fire and resulting water damage at the Company's head office in Calgary, Alberta. The loss of $26 includes $6 of costs in respect of restoration and recovery activities, including amounts incurred in the relocation of employees, and a write-down of $20 related to the damages sustained to the building and its contents. Insurance recoveries are included in Other losses as claims are approved. During the current year, the Company received insurance advances of $5 related to its claim for costs that were incurred in 2012 and incurred additional costs of $13 in respect of ongoing recovery activities. In addition, during the current year, the Company decided to discontinue further construction on a real estate project which resulted in a write-down of $14 and classification of $11 as assets held for sale at August 31, 2013.

23. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's net deferred tax liability consists of the following:

	2013 $	2012 $
Deferred tax assets	–	14
Deferred tax liabilities	**(1,142)**	(1,085)
Net deferred tax liability	**(1,142)**	(1,071)

Significant changes recognized to deferred income tax assets (liabilities) are as follows:

	Property, plant and equipment and software assets $	Broadcast rights, licenses, trademark and brands $	Partnership income $	Non-capital loss carry-forwards $	Accrued charges $	Foreign exchange on long-term debt and fair value of derivative instruments $	Total $
Balance at September 1, 2011	(145)	(820)	(354)	50	132	3	(1,134)
Recognized in statement of income	12	(18)	83	(17)	(17)	–	43
Recognized in other comprehensive loss	–	–	–	–	22	–	22
Recognized on business acquisition	–	(2)	–	–	–	–	(2)
Balance at August 31, 2012	(133)	(840)	(271)	33	137	3	(1,071)
Recognized in statement of income	(18)	(14)	4	(27)	(63)	(3)	(121)
Recognized in other comprehensive income	–	–	–	–	(1)	(1)	(2)
Recognized on business disposition and other	11	41	–	–	–	–	52
Balance at August 31, 2013	**(140)**	**(813)**	**(267)**	**6**	**73**	**(1)**	**(1,142)**

The Company has capital loss carryforwards of approximately $61 for which no deferred income tax asset has been recognized in the accounts. These capital losses can be carried forward indefinitely.

The Company has taxable temporary differences associated with its investment in its subsidiaries. No deferred tax liabilities have been provided with respect to such temporary differences as the Company is able to control the timing of the reversal and such reversal is not probable in the foreseeable future.

The income tax expense differs from the amount computed by applying Canadian statutory rates to income before income taxes for the following reasons:

	2013 $	2012 $
Current statutory income tax rate	**25.9%**	26.3%
Income tax expense at current statutory rates	**276**	256
Net increase (decrease) in taxes resulting from:		
Effect of tax rate changes	**10**	11
Recognition of previously unrecognized deferred tax assets	**–**	(32)
Recognition of previously unrecognized tax losses	**(12)**	–
Originating temporary differences recorded at future tax rates expected to be in effect when realized	**–**	2
Other	**9**	(23)
Income tax expense	**283**	214

Due to Canadian federal and provincial enacted corporate income tax rate changes, the statutory income tax rate for the Company decreased from 26.3% in 2012 to 25.9% in 2013.

The components of income tax expense are as follows:

	2013 $	2012 $
Current income tax expense	**174**	257
Current income tax recovery from recognition of previously unrecognized tax losses	**(12)**	–
	162	257
Deferred tax expense (recovery) related to temporary differences	**111**	(22)
Deferred tax expense from tax rate changes	**10**	11
Deferred tax recovery from recognition of previously unrecognized deferred tax assets	**–**	(32)
Income tax expense	**283**	214

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

24. BUSINESS SEGMENT INFORMATION

The Company's operating segments are Cable, Media and Satellite, all of which are substantially located in Canada. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Management evaluates divisional performance based on revenue and operating income before charges such as amortization.

	2013				
	Cable $	Media $	Satellite[1] $	Intersegment eliminations $	Total $
Revenue	3,266	1,106	860	(90)	5,142
Operating income before amortization	1,582	353	285	–	2,220
Amortization[2]					(854)
Operating income					1,366
Operating income before amortization as % of revenue	48.4%	31.9%	33.1%	–	43.2%
Interest[2]					308
Burrard Landing Lot 2 Holdings Partnership					1
					309
Cash taxes[2]					300
Corporate/other					(138)
					162
Capital expenditures and equipment costs (net) by segment					
Capital expenditures	825	31	42	–	898
Equipment costs (net)	42	–	81	–	123
	867	31	123	–	1,021
Reconciliation to Consolidated Statements of Cash Flows					
Additions to property, plant and equipment					802
Additions to equipment costs (net)					132
Additions to other intangibles					69
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows					1,003
Increase in working capital related to capital expenditures					33
Increase in customer equipment financing receivables					(9)
Less: Proceeds on disposal of property, plant and equipment					(3)
Less: Satellite services equipment profit[3]					(3)
Total capital expenditures of equipment costs (net) reported by segments					1,021

See notes following 2012 business segment table.

August 31, 2013 and 2012
[all amounts in millions of Canadian dollars except share and per share amounts]

	2012				
	Cable $	Media $	Satellite[(1)] $	Intersegment eliminations $	Total $
Revenue	3,193	1,053	844	(92)	4,998
Operating income before amortization	1,502	332	293	–	2,127
Amortization[(2)]					(808)
Operating income					1,319
Operating income before amortization as % of revenue	47.0%	31.5%	34.7%	–	42.6%
Interest[(2)]					329
Burrard Landing Lot 2 Holdings Partnership					1
					330
Cash taxes[(2)]					282
Corporate/other					(25)
					257
Capital expenditures and equipment costs (net) by segment					
Capital expenditures	729	31	11	–	771
Equipment costs (net)	81	–	83	–	164
	810	31	94	–	935
Reconciliation to Consolidated Statements of Cash Flows					
Additions to property, plant and equipment					730
Additions to equipment costs (net)					178
Additions to other intangibles					65
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows					973
Decrease in working capital related to capital expenditures					(10)
Increase in customer equipment financing receivables					(16)
Less: Proceeds on disposal of property, plant and equipment					(9)
Less: Satellite services equipment profit[(3)]					(3)
Total capital expenditures of equipment costs (net) reported by segments					935

(1) The Satellite segment was previously reported as DTH and Satellite Services. These segments have been combined into a single operating segment for reporting purposes which is consistent with the operating segment reporting that is provided to the chief operating decision makers.

(2) The Company does not report amortization, interest or cash taxes on a segmented basis.

(3) The profit from the sale of satellite equipment is subtracted from the calculation of segmented capital expenditures and equipment costs (net) as the Company views the profit on sale as a recovery of expenditures on customer premise equipment.

25. COMMITMENTS AND CONTINGENCIES

Commitments

(i) The Company owns and leases Ku-band and C-band transponders on the Anik F1R, Anik F2 and Anik G1 satellites. As part of the Ku-band transponder agreements with Telesat Canada, the Company is committed to paying annual transponder maintenance and license fees for each transponder from the time the satellite becomes operational for a period of 15 years.

(ii) The Company has various long-term operating commitments as follows:

	$
2014	745
2015-2018	906
Thereafter	645
	2,296

Comprised of:	$
Program related agreements	862
Lease of transmission facilities, circuits and premises	671
Lease and maintenance of transponders	667
Exclusive rights to use intellectual property	64
Other (primarily maintenance and support contracts)	32
	2,296

Included in operating, general and administrative expenses are transponder maintenance expenses of $66 (2012 – $58) and rental expenses of $99 (2012 – $95).

(iii) As part of the CRTC decisions approving the acquisition of the broadcasting businesses in 2012 and 2011, the Company is required to contribute approximately $182 in new benefits to the Canadian broadcasting system over seven years. The obligations have been recorded in the income statement at fair value, being the sum of the discounted future net cash flows using appropriate discount rates. In addition, the Company assumed the CRTC benefit obligation from Canwest's acquisition of Specialty services in 2007. At August 31, 2013, the remaining expenditure commitments in respect of these obligations is $146 which will be funded over future years through fiscal 2019.

Contingencies

The Company and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business. Although resolution of such matters cannot be predicted with certainty, management does not consider the Company's exposure to litigation to be material to these consolidated financial statements.

Guarantees

In the normal course of business the Company enters into indemnification agreements and has issued irrevocable standby letters of credit and commercial surety bonds with and to third parties.

Indemnities

Many agreements related to acquisitions and dispositions of business assets include indemnification provisions where the Company may be required to make payment to a vendor or purchaser for breach of contractual terms of the agreement with respect to matters such as litigation, income taxes payable or refundable or other ongoing disputes. The indemnification period usually covers a period of two to four years. Also, in the normal course of business, the

Company has provided indemnifications in various commercial agreements, customary for the telecommunications industry, which may require payment by the Company for breach of contractual terms of the agreement. Counterparties to these agreements provide the Company with comparable indemnifications. The indemnification period generally covers, at maximum, the period of the applicable agreement plus the applicable limitations period under law.

The maximum potential amount of future payments that the Company would be required to make under these indemnification agreements is not reasonably quantifiable as certain indemnifications are not subject to limitation. However, the Company enters into indemnification agreements only when an assessment of the business circumstances would indicate that the risk of loss is remote. At August 31, 2013, management believes it is remote that the indemnification provisions would require any material cash payment.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

Irrevocable standby letters of credit and commercial surety bonds

The Company and certain of its subsidiaries have granted irrevocable standby letters of credit and commercial surety bonds, issued by high rated financial institutions, to third parties to indemnify them in the event the Company does not perform its contractual obligations. As of August 31, 2013, the guarantee instruments amounted to $4. The Company has not recorded any additional liability with respect to these guarantees, as the Company does not expect to make any payments in excess of what is recorded on the Company's consolidated financial statements. The guarantee instruments mature at various dates during fiscal 2014.

26. EMPLOYEE BENEFIT PLANS

Defined contribution pension plans

The Company has defined contribution pension plans for its non-union employees and, for the majority of these employees, contributes 5% of eligible earnings to the maximum amount deductible under the Income Tax Act. For union employees, the Company contributes amounts up to 9.8% of earnings to the individuals' registered retirement savings plans. Total pension costs in respect of these plans for the year were $35 (2012 – $32) of which $23 (2012 – $20) was expensed and the remainder capitalized.

Defined benefit pension plans

The Company has two non-registered retirement plans for designated executives and senior executives and several registered pension plans for certain employees in the media business. The following is a summary of the accrued benefit liabilities recognized in the statement of financial position.

	2013 $	2012 $
Unregistered plans		
Accrued benefit obligation	**406**	378
Fair value of plan assets	**302**	–
	104	378
Registered plans		
Accrued benefit obligation	**152**	149
Fair value of plan assets	**133**	116
	19	33
Accrued benefit liabilities and deficit	**123**	411

The plans expose the Company to a number of risks, of which the most significant are as follows:

(i) Volatility in market conditions: The accrued benefit obligations are calculated using discount rates with reference to bond yields closely matching the term of the estimated cash flows while many of the assets are invested in other types of assets. If plan assets underperform these yields, this will result in a deficit. Changing market conditions in conjunction with discount rate volatility will result in volatility of the accrued benefit liabilities. To minimize some of the investment risk, the Company has established long-term funding targets where the time horizon and risk tolerance are specified.

(ii) Selection of accounting assumptions: The calculation of the accrued benefit obligations involves projecting future cash flows of the plans over a long time frame. This means that assumptions used can have a material impact on the statements of financial position and comprehensive income because in practice, future experience of the plans may not be in line with the selected assumptions.

Non-registered pension plans

The Company provides a supplemental executive retirement plan ("SERP") for certain of its senior executives. Benefits under this plan are based on the employees' length of service and their highest three-year average rate of eligible pensionable earnings during their years of service. In 2012, the Company closed the plan to new participants and amended the plan to freeze base salary levels at August 31, 2012 for purposes of determining eligible pensionable earnings which resulted in a gain of $25 in respect of past service adjustments. The plan was also amended to provide funding of up to 90% of the accrued benefit obligation over a period of six years. Employees are not required to contribute to this plan. During 2013, the plan became partially funded as the Company made contributions of $300 to a Retirement Compensation Arrangement Trust ("RCA").

During the current year, the Company established an executive retirement plan ("ERP") for certain executives not covered by the SERP. Benefits under this plan are comprised of defined contribution and defined benefit components and are based on the employees' length of service as well as final average earnings during their years of service. Employees are not required to contribute to this plan. Annually the employer is to fund 90% of the accrued benefit obligation. Subsequent to year end, the Company made contributions of $2 to an RCA.

The table below shows the change in benefit obligation and funding status and the fair value of plan assets.

	SERP $	ERP $	2013 Total $	2012 SERP $
Accrued benefit obligation, beginning of year	**378**	**–**	**378**	334
Current service cost	**8**	**2**	**10**	7
Past service cost	**4**	**–**	**4**	–
Interest cost	**17**	**–**	**17**	19
Gain – past service adjustments	**–**	**–**	**–**	(25)
Payment of benefits to employees	**(9)**	**–**	**(9)**	(9)
Remeasurements:				
Effect of changes in demographic assumptions	**12**	**–**	**12**	–
Effect of changes in financial assumptions	**(15)**	**–**	**(15)**	56
Effect of experience adjustments	**9**	**–**	**9**	(4)
Accrued benefit obligation, end of year	**404**	**2**	**406**	378
Fair value of plan assets, beginning of year	**–**	**–**	**–**	–
Employer contributions	**300**	**–**	**300**	–
Interest income	**13**	**–**	**13**	–
Payment of benefits	**(9)**	**–**	**(9)**	–
Return on plan assets, excluding interest income	**(2)**	**–**	**(2)**	–
Fair value of plan assets, end of year	**302**	**–**	**302**	–
Accrued benefit liability and plan deficit, end of year	**102**	**2**	**104**	378

The weighted average duration of the defined benefit obligation of the SERP and ERP at August 31, 2013 is 15.5 years and 23.4 years, respectively.

The underlying plan assets of the SERP at August 31, 2013 are invested in the following:

	$
Cash and cash equivalents	**160**
Fixed income securities	**80**
Equity securities – Canadian	**21**
Equity securities – Foreign	**41**
	302

All fixed income and equity securities have a quoted price in active market.

The tables below show the significant weighted-average assumptions used to measure the pension obligation and cost for the plans.

Accrued benefit obligation	2013 SERP %	2013 ERP %	2012 SERP %
Discount rate	**4.75**	**4.75**	4.50
Rate of compensation increase	**5.00**[1]	**3.00**	5.00[1]

Benefit cost for the year	2013 SERP %	2013 ERP %	2012 SERP %
Discount rate	**4.50**	**4.20**	5.50
Rate of compensation increase	**5.00**[1]	**3.00**	5.00

(1) Applies only to incentive compensation component of eligible pensionable earnings.

The calculation of the accrued benefit obligation is sensitive to the assumptions above. A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2013 by $68. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by $13.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statement of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense is comprised of the following components:

	SERP $	ERP $	2013 Total $	2012 SERP $
Current service cost	**8**	**2**	**10**	7
Past service cost	**4**	**–**	**4**	–
Interest cost	**17**	**–**	**17**	19
Interest income	**(13)**	**–**	**(13)**	–
Gain – past service adjustments	**–**	**–**	**–**	(25)
Pension expense	**16**	**2**	**18**	1

The components of pension expense are included in employee salaries and benefits except for the gain in respect of past service adjustments which is included in other losses in the income statement.

Registered pension plans

The Company has a number of funded defined benefit pension plans which provide pension benefits to certain unionized and non-unionized employees in the media business. Benefits under these plans are based on the employees' length of service and final average salary. These plans are regulated by the Office of the Superintendent of Financial Institutions, Canada in

accordance with the provisions of the Pension Benefits Standards Act and Regulations. The regulations set out minimum standards for funding the plans.

The table below shows the change in the benefit obligations, change in fair value of plan assets and the funded status of these defined benefit plans.

	2013 $	2012 $
Accrued benefit obligation, beginning of year	**149**	119
Current service cost	**5**	4
Interest cost	**7**	7
Employee contributions	**1**	1
Payment of benefits to employees	**(7)**	(6)
Remeasurements:		
Effect of changes in demographic assumptions	**5**	–
Effect of changes in financial assumptions	**(4)**	22
Effect of experience adjustments	**(4)**	2
Accrued benefit obligation, end of year	**152**	149
Fair value of plan assets, beginning of year	**116**	109
Employer contributions	**13**	10
Employee contributions	**1**	1
Interest income	**6**	7
Payment of benefit	**(7)**	(6)
Administrative expenses paid from plan assets	**(1)**	(1)
Return on plan assets, excluding interest income	**5**	(4)
Fair value of plan assets, end of year	**133**	116
Accrued benefit liability and plan deficit, end of year	**19**	33

The weighted average duration of the defined benefit obligation at August 31, 2013 is 15.5 years.

The plan assets at August 31, 2013 are comprised of investments in pooled funds as follows:

	$
Equity – Canadian	**36**
Equity – Foreign	**20**
Fixed income – Canadian	**77**
	133

The underlying securities in the pooled funds have a quoted prices in an active market.

The tables below show the significant weighted-average assumptions used to measure the pension obligation and cost for these plans.

Accrued benefit obligation	2013 %	2012 %
Discount rate	**4.84**	4.67
Rate of compensation increase	**3.50**	3.50

Benefit cost for the year	2013 %	2012 %
Discount rate	**4.67**	5.75
Rate of compensation increase	**3.50**	4.00

The calculation of the accrued benefit obligation is sensitive to the assumptions above. A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2013 by $25. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by $5.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation has been calculated using the projected benefit method which is the same method that is applied in calculating the defined benefit liability recognized in the statement of financial position. The sensitivity analysis presented above may not be representative of the actual change in the accrued benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The net pension benefit plan expense, which is included in employee salaries and benefits expense, is comprised of the following components:

	2013 $	2012 $
Current service cost	**5**	4
Interest cost	**7**	7
Interest income	**(6)**	(7)
Administrative expenses	**1**	1
Pension expense	**7**	5

Other benefit plans

The Company has post employment benefits plans that provide post retirement health and life insurance coverage to certain retirees in the media business and are funded on a pay-as-you-go basis. The table below shows the change in the accrued post-retirement obligation which is recognized in the statement of financial position.

	2013 $	2012 $
Accrued benefit obligation, beginning of year	**19**	16
Current service cost	**–**	–
Interest cost	**1**	1
Payment of benefits to employees	**(1)**	(1)
Remeasurements:		
Effect of changes in demographic assumptions	**(4)**	–
Effect of changes in financial assumptions	**–**	3
Accrued benefit obligation and plan deficit, end of year	**15**	19

The weighted average duration of the benefit obligation at August 31, 2013 is 16.9 years.

The post-retirement benefit plan expense, which is included in employee salaries and benefits expense, is $1 (2012 – $1) and is comprised of interest cost.

The discount rates used to measure the post-retirement benefit cost for the year and the accrued benefit obligation as at August 31, 2013 were 4.50% and 4.75%, respectively (2012 – 5.50% and 4.50%, respectively). A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2013 by $3.

Employer contributions

The Company's estimated contributions to the defined benefit plans in fiscal 2014 are $28.

27. RELATED PARTY TRANSACTIONS

Controlling shareholder

The majority of the Class A Shares are held by JR Shaw, members of his family and the companies owned and/or controlled by them (the "Shaw Family Group"). All of the Class A Shares held by the Shaw Family Group are subject to a voting trust agreement entered into by such persons. The Shaw Family Group is represented as Directors, Senior Executive and Corporate Officers of the Company.

During the year, the Company and the Shaw Family Group formed a partnership to make equity investments in companies with new and emerging technologies that have the potential to provide future benefit to Shaw. The Shaw Family Group contributed $1 for its 20% interest in the partnership.

Significant investments in subsidiaries

The following are the significant subsidiaries of the Company, all of which are incorporated in Canada.

	Ownership Interest	
	August 31, 2013	**August 31, 2012**
Shaw Cablesystems Limited	**100%**	100%
Shaw Cablesystems G.P.	**100%**	100%
Shaw Envision Inc.	**100%**	–
Shaw Telecom Inc.	**100%**	100%
Shaw Telecom G.P.	**100%**	100%
Shaw Satellite Services Inc.	**100%**	100%
Star Choice Television Network Incorporated	**100%**	100%
Shaw Satellite G.P.	**100%**	100%
Shaw Media Inc.	**100%**	100%
Shaw Television Limited Partnership	**100%**	100%
Mountain Cablevision Limited	**–**	100%

Key management personnel and Board of Directors

Key management personnel consist of the most senior executive team and along with the Board of Directors, have the authority and responsibility for planning, directing and controlling the activities of the Company.

Compensation

The compensation expense of key management personnel and Board of Directors is as follows:

	2013 $	**2012 $**
Short-term employee benefits	**39**	32
Post-employment pension benefits	**17**	(23)
Share-based compensation	**6**	3
	62	12

Transactions

The Company paid $3 (2012 – $3) for direct sales agent, marketing, installation and maintenance services to a company controlled by a Director of the Company.

During the year, the Company paid $7 (2012 – $9) for remote control units to a supplier where Directors of the Company hold positions on the supplier's board of directors.

At August 31, 2013, the Company had $1 owing in respect of these transactions (2012 – $1).

Other related parties

The Company has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Corus

The Company and Corus are subject to common voting control. During the year, network fees of $125 (2012 – $132), advertising fees of $1 (2012 – $2) and programming fees of $1 (2012 – $1) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided administrative and other services for $nil (2012 – $1), uplink of television signals for $5 (2012 – $5), Internet services and lease of circuits for $1 (2012 – $1) and programming content of $1 (2012 – $nil). At August 31, 2013, the Company had a net of $21 owing in respect of these transactions (2012 – $22) and commitments in respect of network program agreements of $55 which are included in the amounts disclosed in note 25.

During the current year the Company sold to Corus its 49% interest in ABC Spark and acquired from Corus its 20% interest in Food Network Canada. The Company had a non-interest bearing promissory note of $48 owing to Corus at August 31, 2013 in respect of these transactions. In addition, the Company has agreed to sell to Corus its 50% interest in its two French-language channels, Historia and Series+. The sale of Historia and Series+ is expected to occur in 2014 (see note 3).

The Company provided Corus with television advertising spots in return for radio and television advertising. No monetary consideration was exchanged for these transactions and no amounts were recorded in the accounts.

Burrard Landing Lot 2 Holdings Partnership

During the year, the Company paid $10 (2012 – $10) to the Partnership for lease of office space in Shaw Tower. Shaw Tower, located in Vancouver, BC, is the Company's headquarters for its Lower Mainland operations. At August 31, 2013, the Company had a remaining commitment of $90 in respect of the office space lease which is included in the amounts disclosed in note 25.

Specialty Channels

The Company either currently holds or previously held interests in a number of specialty television channels which are subject to either joint control or significant influence. The Company paid network fees of $2 (2012 – $6) and provided uplink of television signals of $1 (2012 – $1) to these channels during the year.

28. FINANCIAL INSTRUMENTS

Fair values

The fair value of financial instruments has been determined as follows:

(i) Current assets and current liabilities

The fair value of financial instruments included in current assets and current liabilities approximates their carrying value due to their short-term nature.

(ii) Investments and other assets and Other long-term assets

Investments in private entities which do not have quoted market prices in an active market and whose fair value cannot be readily measured are carried at cost. The fair value of long-term receivables approximates their carrying value as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

(iii) Long-term debt

The carrying value of long-term debt is at amortized cost based on the initial fair value as determined at the time of issuance. The fair value of publicly traded notes is based upon current trading values. Other notes and debentures are valued based upon current trading values for similar instruments.

(iv) Other long-term liabilities

The fair value of program rights payable, estimated by discounting future cash flows, approximates their carrying value.

(v) Derivative financial instruments

The fair value of US currency forward purchase contracts is determined using an estimated credit-adjusted mark-to-market valuation.

The carrying values and estimated fair values of long-term debt and derivative financial instruments are as follows:

	August 31, 2013		August 31, 2012	
	Carrying value $	Estimated fair value $	Carrying value $	Estimated fair value $
Assets				
Derivative financial instruments(1)	**3**	**3**	–	–
Liabilities				
Long-term debt	**4,818**	**5,275**	5,263	5,753
Derivative financial instruments(1)	**–**	**–**	1	1
	4,818	**5,275**	5,264	5,754

(1) Level 2 fair value – determined by valuation techniques using inputs based on observable market data, either directly or indirectly, other than quoted prices.

Derivative financial instruments held at August 31, 2013 have maturity dates throughout fiscal 2014.

As at August 31, 2013 and 2012, US currency forward purchase contracts qualified as hedging instruments and were designated as cash flow hedges.

Risk management

The Company is exposed to various market risks including currency risk and interest rate risk, as well as credit risk and liquidity risk associated with financial assets and liabilities. The Company has designed and implemented various risk management strategies, discussed further below, to ensure the exposure to these risks is consistent with its risk tolerance and business objectives.

Currency risk

Certain of the Company's capital expenditures and equipment costs are incurred in US dollars, while its revenue is primarily denominated in Canadian dollars. Decreases in the value of the Canadian dollar relative to the US dollar could have an adverse effect on the Company's cash flows. To mitigate some of the uncertainty in respect to capital expenditures and equipment costs, the Company regularly enters into forward contracts in respect of US dollar commitments. With respect to 2013, the Company entered into forward contracts to purchase US $150 over a period of 12 months commencing in September 2012 at an average exchange rate of 1.0011 Cdn. At August 31, 2013 the Company had forward contracts to purchase US $85 over a period of 12 months commencing in September 2013 at an average exchange rate of 1.0212 Cdn in respect of capital expenditures and equipment costs.

Interest rate risk

Due to the capital-intensive nature of its operations, the Company utilizes long-term financing extensively in its capital structure. The primary components of this structure are a banking facility and various Canadian senior notes with varying maturities issued in the public markets as more fully described in note 13.

Interest on the Company's banking facility is based on floating rates, while the senior notes are fixed-rate obligations. The Company utilizes its credit facility to finance day-to-day operations and, depending on market conditions, periodically converts the bank loans to fixed-rate instruments through public market debt issues. As at August 31, 2013, 100% of the Company's consolidated long-term debt was fixed with respect to interest rates.

Market risk

Net income and other comprehensive income for 2013 could have varied if the Canadian dollar to US dollar foreign exchange rates or market interest rates varied by reasonably possible amounts.

The sensitivity to currency risk has been determined based on a hypothetical change in Canadian dollar to US dollar foreign exchange rates of 10%. Foreign exchange forward contracts would be impacted by this hypothetical change resulting in a change to other comprehensive income by $7 net of tax (2012 – $5). A portion of the Company's accounts receivables and accounts payable and accrued liabilities is denominated in US dollars; however, due to their short-term nature, there is no significant market risk arising from fluctuations in foreign exchange rates.

The sensitivity to interest rate risk has been determined based on a hypothetical change of one percentage or 100 basis points. Foreign exchange forward contracts would be impacted by this hypothetical change but would not have resulted in a change to other comprehensive income in 2013 or 2012. Interest on the Company's banking facility is based on floating rates and there is no significant market risk arising from fluctuations in interest rates.

Credit risk

Accounts receivable in respect of Cable and Satellite divisions are not subject to any significant concentrations of credit risk due to the Company's large and diverse customer base. For the Media division, a significant portion of sales are made to advertising agencies which results in some concentration of credit risk. At August 31, 2013, approximately 59% (2012 – 58%) of

the $196 (2012 – $182) of advertising receivables is due from the ten largest accounts. The largest amount due from an advertising agency is $19 (2012 – $20) which is approximately 10% (2012 – 11%) of advertising receivables. As at August 31, 2013, the Company had accounts receivable of $486 (August 31, 2012 – $433), net of the allowance for doubtful accounts of $27 (August 31, 2012 – $28). The Company maintains an allowance for doubtful accounts for the estimated losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the subscriber account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances. As at August 31, 2013, $135 (August 31, 2012 – $111) of accounts receivable is considered to be past due, defined as amounts outstanding past normal credit terms and conditions. Uncollectible accounts receivable are charged against the allowance account based on the age of the account and payment history. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The Company mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers. Credit is extended and credit limits are determined based on credit assessment criteria and credit quality. In addition, the Company mitigates credit risk of subscriber receivables through advance billing and procedures to downgrade or suspend services on accounts that have exceeded agreed credit terms.

Credit risks associated with US currency contracts arise from the inability of counterparties to meet the terms of the contracts. In the event of non-performance by the counterparties, the Company's accounting loss would be limited to the net amount that it would be entitled to receive under the contracts and agreements. In order to minimize the risk of counterparty default under its swap agreements, the Company assesses the creditworthiness of its swap counterparties. Currently 100% of the total swap portfolio is held by a financial institution with Standard & Poor's ratings ranging from A+ to A-1.

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by monitoring cash flow generated from operations, available borrowing capacity, and by managing the maturity profiles of its long-term debt.

The Company's undiscounted contractual maturities as at August 31, 2013 are as follows:

	Accounts payable and accrued liabilities[1] $	Promissory note $	Other long-term liabilities $	Long-term debt repayable at maturity $	Interest payments $
Within one year	859	48	–	951	290
1 to 3 years	–	–	5	318	475
3 to 5 years	–	–	–	400	415
Over 5 years	–	–	–	3,200	2,279
	859	48	5	4,869	3,459

(1) Includes accrued interest and dividends of $219.

29. CONSOLIDATED STATEMENTS OF CASH FLOWS

Additional disclosures with respect to the Consolidated Statements of Cash Flows are as follows:

(i) Funds flow from operations

	2013 $	2012 $
Net income	**784**	761
Adjustments to reconcile net income to funds flow from operations:		
Amortization	**858**	813
Program rights	**(31)**	(42)
Deferred income tax expense (recovery)	**121**	(43)
CRTC benefit obligations *[note 3]*	**–**	2
CRTC benefit obligation funding	**(52)**	(48)
Gain on sale of cablesystem *[note 3]*	**(50)**	–
Divestment costs *[note 3]*	**5**	–
Gain on sale of associate *[note 3]*	**(7)**	–
Gain on remeasurement of interests in equity investments *[note 3]*	**–**	(6)
Share-based compensation	**4**	5
Defined benefit pension plans	**(288)**	(13)
Gain on derivative instruments	**–**	(1)
Realized loss on settlement of derivative instruments	**–**	(7)
Accretion of long-term liabilities and provisions	**9**	14
Settlement of amended cross-currency interest rate agreements	**–**	(162)
Write-down of properties *[note 22]*	**14**	20
Other	**13**	6
Funds flow from operations	**1,380**	1,299

(ii) Interest and income taxes paid and interest and distributions received and classified as operating activities are as follows:

	2013 $	2012 $
Interest paid	**317**	331
Income taxes paid	**154**	218
Interest received	**2**	3
Distributions received	**2**	–

(iii) Non-cash transactions

The Consolidated Statements of Cash Flows exclude the following non-cash transactions:

	2013 $	2012 $
Issuance of Class B Non-Voting Shares:		
Dividend reinvestment plan *[note 19]*	**126**	98
Issuance of promissory note:		
Transactions with a related party *[notes 3 and 27]*	**48**	–

30. CAPITAL STRUCTURE MANAGEMENT

The Company's objectives when managing capital are:

(i) to maintain a capital structure which optimizes the cost of capital, provides flexibility and diversity of funding sources and timing of debt maturities, and adequate anticipated liquidity for organic growth and strategic acquisitions;

(ii) to maintain compliance with debt covenants; and

(iii) to manage a strong and efficient capital base to maintain investor, creditor and market confidence.

The Company defines capital as comprising all components of shareholders' equity (other than non-controlling interests and amounts in accumulated other comprehensive income/loss), long-term debt (including the current portion thereof), and bank indebtedness less cash and cash equivalents.

	August 31, 2013 $	August 31, 2012 $
Cash and cash equivalents	**(422)**	(427)
Long-term debt repayable at maturity	**4,869**	5,320
Share capital	**2,955**	2,750
Contributed surplus	**72**	77
Retained earnings	**1,242**	1,019
	8,716	8,739

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. The Company may also from time to time change or adjust its objectives when managing capital in light of the Company's business circumstances, strategic opportunities, or the relative importance of competing objectives as determined by the Company. There is no assurance that the Company will be able to meet or maintain its currently stated objectives.

On December 5, 2012 Shaw received the approval of the TSX to renew its normal course issuer bid to purchase its Class B Non-Voting Shares for a further one year period. The Company is authorized to acquire up to 20,000,000 Class B Non-Voting Shares during the period December 7, 2012 to December 6, 2013.

The Company's banking facility is subject to covenants which include maintaining minimum or maximum financial ratios, including total debt to operating cash flow and operating cash flow to fixed charges. At August 31, 2013, the Company is in compliance with these covenants and based on current business plans and economic conditions, the Company is not aware of any condition or event that would give rise to non-compliance with the covenants.

The Company's overall capital structure management strategy remains unchanged from the prior year.

Shaw Communications Inc.
FIVE YEARS IN REVIEW
August 31, 2013

($millions except per share amounts)	IFRS 2013	IFRS 2012	IFRS 2011	Canadian GAAP 2010[4]	Canadian GAAP 2009[4]
Revenue					
Cable	**3,266**	3,193	3,096	2,932	2,636
Satellite[2]	**860**	844	827	805	775
Media	**1,106**	1,053	891	–	–
	5,232	5,090	4,814	3,737	3,411
Intersegment	**(90)**	(92)	(73)	(19)	(20)
	5,142	4,998	4,741	3,718	3,391
Operating income before amortization[1]					
Cable	**1,582**	1,502	1,510	1,453	1,268
Satellite[2]	**285**	293	289	307	273
Media	**353**	332	252	–	–
	2,220	2,127	2,051	1,760	1,541
Amortization	**(854)**	(808)	(735)	(656)	(584)
Operating income	**1,366**	1,319	1,316	1,104	957
Net income[5]	**784**	761	559	534	536
Net income attributable to equity shareholders[5]	**746**	728	540	534	536
Earnings per share					
Basic	**1.64**	1.62	1.23	1.23	1.25
Diluted	**1.63**	1.61	1.23	1.23	1.25
Funds flow from operations[3]	**1,380**	1,299	1,433	1,377	1,324
Statement of Financial Position					
Total assets	**12,732**	12,722	12,588	10,154	8,935
Long-term debt (including current portion)	**4,818**	5,263	5,257	3,982	3,150
Cash dividends paid per share					
Class A	**0.993**	0.942	0.897	0.858	0.818
Class B	**0.995**	0.945	0.900	0.860	0.820

(1) See key performance drivers on page 20.

(2) Commencing in 2013, the DTH and Satellite Services segments have been combined into a single reporting segment for reporting purposes.

(3) Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows. Excludes cash used in operating activities in respect of discontinued operations of $10 and $1 in 2011 and 2010, respectively.

(4) Comparative periods for fiscal 2009 to 2010 are reported under Canadian GAAP and have not been restated in accordance with IFRS.

(5) Excludes loss from discontinued operations of $89 and $1 for 2011 and 2010, respectively.

Shaw Communications Inc.
SHAREHOLDERS' INFORMATION
August 31, 2013

Share Capital and Listings

The Company is authorized to issue a limited number of Class A participating and an unlimited number of Class B Non-Voting participating shares. The authorized number of Class A Shares is limited, subject to certain exceptions, to the lesser of that number of such shares (i) currently issued and outstanding; and (ii) that may be outstanding after any conversion of Class A Shares into Class B Non-Voting Shares. At August 31, 2013, the Company had 22,520,064 Class A Shares and 430,306,542 Class B Non-Voting Shares outstanding. The Class A Shares are listed on the TSX Venture Stock Exchange under the symbol SJR.A. The Class B Non-Voting Shares are listed on the Toronto Stock Exchange under SJR.B and on the New York Stock Exchange under the symbol SJR. The Series A Preferred Shares are listed on the Toronto Stock Exchange under the symbol SJR.PR.A.

Trading Range of Class B Non-Voting Shares on the Toronto Stock Exchange

Quarter	High Close	Low Close	Total Volume
September 1, 2012 to August 31, 2013			
First	21.90	20.05	51,901,826
Second	24.67	21.60	49,612,563
Third	25.16	22.69	56,869,258
Fourth	26.04	22.52	53,120,081
Closing price, August 31, 2013	25.38		

Share Splits

There have been four splits of the Company's shares; July 30, 2007 (2 for 1), February 7, 2000 (2 for 1), May 18, 1994 (2 for 1), and September 23, 1987 (3 for 1). In addition, as a result of the Arrangement referred to in the Management Information Circular dated July 22, 1999, a Shareholder's Adjusted Cost Base (ACB) was reduced for tax purposes.

Shaw Communications Inc.
CORPORATE INFORMATION
August 31, 2013

DIRECTORS

JR Shaw(4)
Executive Chair
Shaw Communications Inc.

Peter J. Bissonnette
President
Shaw Communications Inc.

Adrian L. Burns(3)(4)
Corporate Director

George F. Galbraith(3)
Corporate Director

Dr. Richard R. Green(2)
Corporate Director

Dr. Lynda Haverstock(3)
Senior Vice President,
Special Projects
RMD Engineering Inc.

Gregory John Keating(1)
Chairman and Chief
Executive Officer
Altimax Venture Capital

Michael W. O'Brien(3)(4)
Corporate Director

Paul K. Pew(1)
Co-Founder and Co-CEO
G3 Capital Corp.

Jeffrey C. Royer(1)
Corporate Director
and Private Investor

Bradley S. Shaw(4)
Chief Executive Officer
Shaw Communications Inc.

Jim Shaw
Vice Chair
Shaw Communications Inc.

JC Sparkman(2)(4)
Corporate Director

Carl E. Vogel(1)
Private Investor; Senior
Advisor to DISH Network

Sheila C. Weatherill(2)
Corporate Director

Willard (Bill) H. Yuill(2)
Chairman and Chief
Executive Officer
The Monarch Corporation

SENIOR OFFICERS

JR Shaw
Executive Chair

Jim Shaw
Vice Chair

Bradley S. Shaw
Chief Executive Officer

Peter J. Bissonnette
President

Steve Wilson
Senior Vice President and
Chief Financial Officer

Jay Mehr
Senior Vice President,
Operations

Paul Robertson
Group Vice President,
Broadcasting & President,
Shaw Media

Rhonda D. Bashnick
Group Vice President,
Finance

Peter A. Johnson
General Counsel and
Corporate Secretary

HONORARY SECRETARY:
Louis Desrochers, CM, AOE, QC, LLD

(1) Audit Committee
(2) Human Resources and Compensation Committee
(3) Corporate Governance and Nominating Committee
(4) Executive Committee

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CORPORATE GOVERNANCE
Information concerning Shaw's corporate governance policies are contained in the Information Circular and is also available on Shaw's website, *www.shaw.ca*

Information concerning Shaw's compliance with the corporate governance listing standards of the New York Stock Exchange is available in the investors section on Shaw's website, *www.shaw.ca*

INTERNET HOME PAGE
Shaw's Annual Report, Annual Information Form, Quarterly Reports, Press Releases and other relevant investor information are available electronically on the Internet at *www.shaw.ca*

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FURTHER INFORMATION
Financial analysts, portfolio managers, other investors and interested parties may contact the Company at (403) 750-4500 or visit Shaw's website at *www.shaw.ca* for further information.

To receive additional copies of this Annual Report, please fax your request to (403) 750-7469 or email *investor.relations@sjrb.ca*

For further inquiries relating to Shaw's philanthropic practices, please call (403) 750-7498.

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