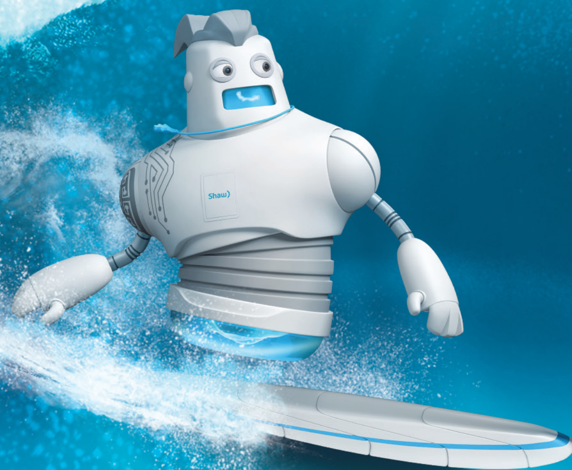
2016 Annual Report



Shaw)

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The Annual General Meeting of Shareholders will be held on January 12, 2017 at 11:00 am (Mountain Time) at the Shaw Court Building, 630 – 3rd Avenue SW, Calgary, Alberta.

Shaw Communications Inc.
Report to Shareholders
August 31, 2016

Dear Fellow Shareholders:

Through bold moves that will help us stay ahead of Canadians' demand for connectivity, we are building a stronger future for Shaw that will drive long-term value for all stakeholders. We continue to make critical investments for growth and deepen our strategic relationships with best-in-class partners, while we capitalize on operational efficiencies. Following a year full of transformative change, intense competition and a slowed economic environment, we are pleased to report solid financial results, driven by our focus to deliver exceptional customer experiences.

In 2016, Shaw repositioned itself for the future as a leading enhanced connectivity provider that will connect our customers to the world and everything in it. By adding the critical wireless platform to our existing fibre and coax networks, we can build and deliver a world-class converged network. We have taken important steps to make our broadband and Wi-Fi products even stronger, which include enhancing the availability of the best possible speeds at the best possible prices right across our footprint. We are also delivering innovative ways for Canadians to find and enjoy their favourite content on all devices. For small and medium sized businesses, we have expanded our products and services with innovative new offerings that are tailored to this segment of the market.

Strategic Transformation

With the completion of two transformative transactions in 2016 and other significant strategic initiatives and acquisitions in recent years, we have strengthened the growth profile of Shaw. Our growth segments, comprised of Wireless, Business Network Services and Business Infrastructure Services will continue to be key contributors to our success.

In March 2016, we completed the acquisition of WIND Mobile for approximately $1.6 billion, opening the door to wireless product offerings and reinforcing our commitment to providing customers with options and choice. The acquisition also provides Shaw with a solid foundation of spectrum holdings, management expertise and existing subscriber scale, which accelerates, and lowers the risk of, Shaw's entry into the Canadian wireless market in comparison to building our own wireless platform. We have made significant progress on our path towards an LTE Advanced network as we continue to integrate our fibre, coax, Wi-Fi and wireless facilities to create a converged network that is capable of delivering a seamless customer experience.

Our transformational shift was completed in April 2016 with the sale of Shaw Media Inc. ("Shaw Media") to Corus Entertainment Inc. ("Corus") for total consideration of approximately $2.65 billion. This transaction crystallized value creation for Shaw shareholders since acquiring the broadcasting business of Canwest Global in 2010. As part of the transaction, Shaw maintained a substantial equity stake in Corus, allowing Shaw shareholders to participate in the upside potential resulting from the combination of Shaw Media and Corus.

Operations

We enter fiscal 2017 with a solid foundation in place to execute on our strategic initiatives. We continue to improve our network through the ongoing implementation of DOCSIS 3.1 and use this to our advantage in the marketplace. The July launch of WideOpen Internet 150 builds upon the investments made over the past several years to enhance the quality and capacity of our network. WideOpen Internet 150 became available to a wide customer base in the fourth quarter, giving more than 90% of our footprint access to an attractive balance of top-tier speeds and affordability. Early in the fiscal year, we enhanced the speeds of our Shaw Go WiFi network six-fold for our mid-tier and top-tier Internet customers to enjoy at approximately 85,000 hotspots across western Canada.

Customers of our Consumer and Business Network Services divisions continued to benefit from the combination of our network investments and our commitment to bring to market innovative products and services that are industry solutions led by global partners with scale. In January 2016, we launched FreeRange TV, a mobile destination for our 2.6 million video customers that combines their TV and content subscriptions in one place, and provides on-the-go access to live and on-demand content. FreeRange TV uses Comcast's world-class X1 platform – the latest in cloud-based and mobile video technology – and represents the first step in the evolution of Shaw's new video product roadmap.

Business Network Services continued to make strong advances in becoming trusted advisors to small and medium sized businesses. Applying a managed services strategy developed in partnership with Broadsoft, Cisco and Meraki, we have launched SmartVoice, SmartWiFi, and SmartSecurity, making it easy for these businesses to harness technology advances for their connectivity and IT needs.

Shaw Communications Inc.
Report to Shareholders
August 31, 2016

Our Business Infrastructure Services division continues its industry leadership in providing hybrid IT solutions, including colocation, cloud and managed services, by leveraging ViaWest's established track record. We have expanded our capacity and geographic reach with the acquisition of INetU and the opening of ViaWest's newest data centre in the Dallas suburb of Plano, Texas.

Growth

As a leading enhanced connectivity provider, the growth potential for our business is compelling. Customers are becoming more connected in more ways – from smart phones and tablets to connected appliances and vehicles, to virtual offices. As our customers spend more of their time in the digital environment, they increasingly need and expect an always-on, seamless connectivity experience. This requires multiple technological platforms that are combined effectively. Shaw is in a strong position to grow as we develop a world-class converged network and provide this seamless experience.

The marketplace continues to evolve rapidly, spurred by the possibilities of the Internet and the creativity it fosters. Our strategy is to drive growth in each of our businesses by leveraging the opportunities available to us, including our network platforms, our partnerships and our focus to deliver exceptional customer experiences.

Our video and network technology and product roadmaps will ensure we have the best experiences available for our customers. By the end of fiscal 2017, we expect to have the X1 set-top box available across western Canada and DOCSIS 3.1 implemented throughout our wireline network, enabling Internet speeds of 1GB and more. Our wireless offering will also strengthen as we complete the LTE Advanced upgrade in major metropolitan centres in Ontario, British Columbia and Alberta.

People

We are humbled that millions of people across Canada trust Shaw and our people every day to help them stay connected to their communities and the world. Each year, we are also grateful for the opportunity to support hundreds of charitable organizations around the country to promote the ongoing wellness and well-being of our kids and youth.

Because our people serve customers who are their families, their neighbours and their friends, we are deeply touched when difficulty strikes one of our communities, as it did when wildfires hit the northern Alberta city of Fort McMurray in May 2016. While the operational challenges were daunting, particularly in the frightening early days of the crisis, we were grateful for the safety of all our staff and their families in the area. We are also proud that our network remained operative for the first responders and initial re-entrants into the community and that Shaw Go WiFi was available for free for all Northern Alberta residents to access during and for several months following the crisis. As this city rebuilds and recovers, Shaw is proud to stand with the community, our customers and our families.

Our industry is changing quickly. We are driven to ensure that our customers and our communities can embrace and accelerate change in this always-on, always-connected environment, whether by growing a small business or staying in touch with friends and family.

Across the country, thousands of Shaw employees deliver exceptional experiences to our customers, and we thank them for their dedication and contributions to our company's ongoing success. We would also like to recognize our exceptional management team for its unwavering commitment to putting our customers at the centre of every decision. Finally, we would like to thank the members of our Board of Directors for their continued insight, guidance, and counsel to help navigate the opportunities in front of us.

[Signed]

JR Shaw
Executive Chair

[Signed]

Bradley S. Shaw
Chief Executive Officer

Shaw Communications Inc.
Management's Discussion and Analysis
August 31, 2016

November 28, 2016

FORWARD

Tabular dollar amounts are in millions of Canadian dollars, except per share amounts or unless otherwise indicated. This Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements. The terms "we," "us," "our," "Shaw" and "the Company" refer to Shaw Communications Inc. and, as applicable, Shaw Communications Inc. and its direct and indirect subsidiaries as a group.

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 acquisitions and dispositions;
- cost efficiencies;
- financial guidance for future performance;
- business strategies and measures to implement strategies;
- statements about Company's equity investments, joint ventures and partnership arrangements;
- competitive strengths; and
- 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 the Company 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. The Company's management believes that its assumptions and analysis in this Management's Discussion and Analysis are reasonable and that the expectations reflected in the forward looking statements contained herein are also reasonable based on the information available on the date such statements are made and the process used to prepare the information. These assumptions, many which are confidential, include but are not limited to:

- general economic conditions;
- interest;
- income tax and exchange rates;
- technology deployment;
- content and equipment costs;
- industry structure;
- conditions and stability;
- government regulation; and
- the integration of recent acquisitions.

You should not place undue reliance on any forward-looking statements. Many factors, including those not within the Company's control, may cause the Company'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, technological developments, and other changing conditions in the entertainment, information and communications industries;
- the Company's ability to execute its strategic plans and capital projects;
- the Company's ability to achieve cost efficiencies;
- technology, cyber security and reputational risks;
- opportunities that may be presented to and pursued by the Company;

- changes in laws, regulations and decisions by regulators that affect the Company or the markets in which it operates;
- the Company'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.

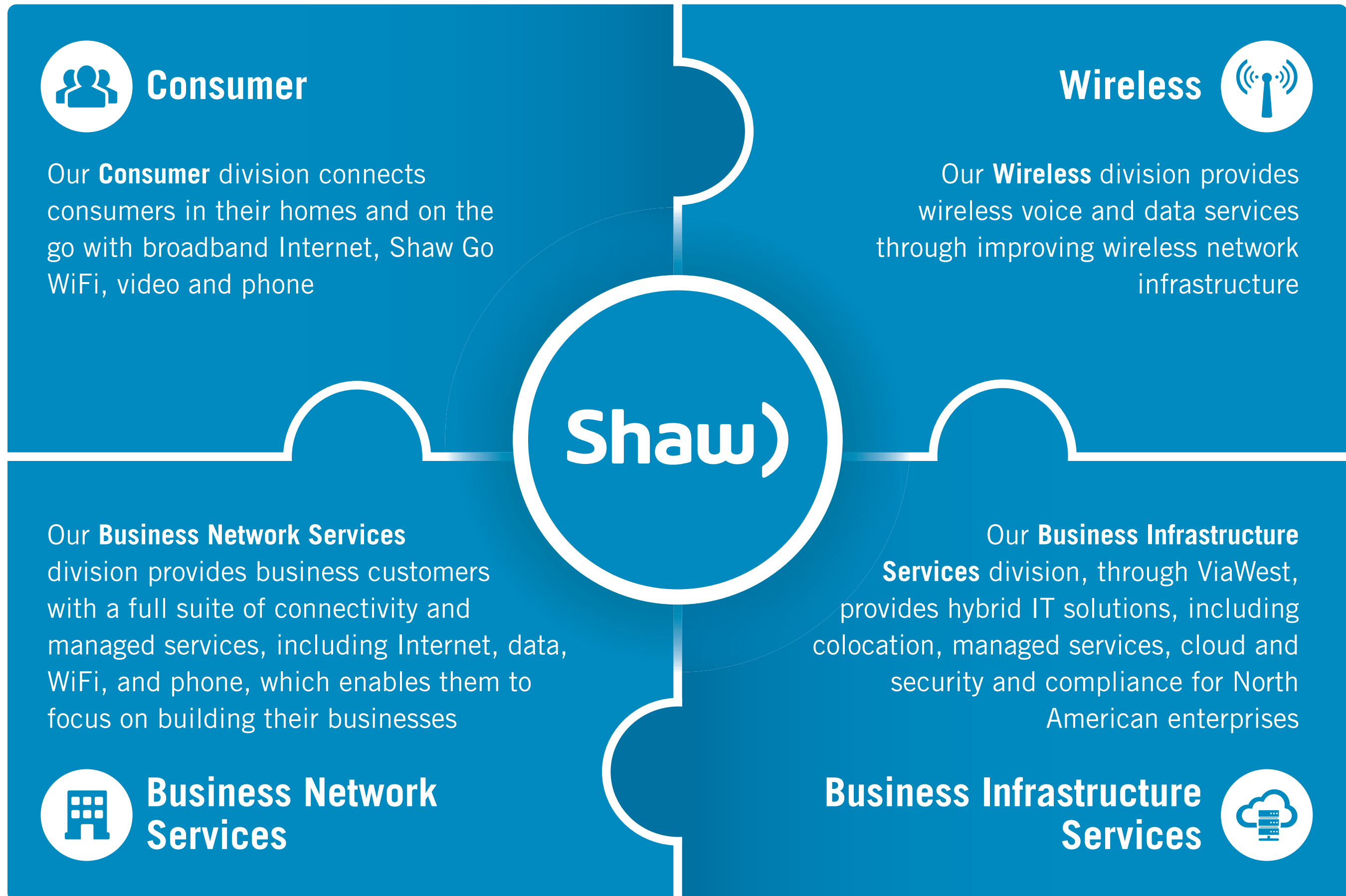
Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein.

The Company provides certain financial guidance for future performance as the Company 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 pay dividends 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. All forward looking statements contained in this Management's Discussion and Analysis are expressly qualified by this statement.

ABOUT OUR BUSINESS

At Shaw, we are focused to deliver long-term growth and connect customers to the world through a best in class seamless connectivity experience.



In the following sections we provide select financial highlights and additional details with respect to our strategy, our four divisions, our network and our presence in the communities in which we operate.

Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Trading Symbols: TSX – SJR.B, SJR.PR.A, SJR.PR.B, NYSE – SJR, and TSXV – SJR.A). For more information, please visit www.shaw.ca.

Select Financial and Operational Highlights

Through an evolving operating and competitive landscape our consolidated business has delivered stable and profitable results in 2016.

	Year ended August 31,				
				Change	
(millions of Canadian dollars except per share amounts)	2016	2015	2014	2016 %	2015 %
Operations:					
Revenue	**4,884**	4,486	4,219	8.9	6.3
Operating income before restructuring costs and amortization[1]	**2,114**	2,037	1,909	3.8	6.7
Operating margin[1]	**43.3%**	45.4%	45.3%	(2.1pts)	0.1pts
Net income from continuing operations	**456**	666	606	(31.5)	9.9
Income from discontinued operations, net of tax[2]	**784**	214	281	>100.0	(23.8)
Net income	**1,240**	880	887	40.9	(0.8)
Per share data:					
Basic earnings per share					
Continuing operations	**0.92**	1.40	1.30		
Discontinued operations	**1.59**	0.40	0.54		
	2.51	1.80	1.84		
Diluted earnings per share					
Continuing operations	**0.92**	1.39	1.30		
Discontinued operations	**1.59**	0.40	0.54		
	2.51	1.79	1.84		
Weighted average participating shares outstanding during period (millions)	**480**	468	457		
Funds flow from continuing operations[3]	**1,483**	1,398	1,302	6.1	7.4
Free cash flow[1]	**482**	653	698	(26.2)	(6.4)

(1) Refer to Key performance drivers.

(2) As of the date the Media division met the criteria to be classified as held for sale and for the period up to the transaction closing date of April 1, 2016, the Company ceased amortization of non-current assets of the division, including program rights, property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the year, before tax, amounted to $35 for program rights and $6 for property, plant and equipment, intangibles and other, respectively.

(3) Funds flow from operations is before changes in non-cash working capital balances related to operations as presented in the Consolidated Statements of Cash Flows.

Subscriber highlights	August 31, 2016	August 31, 2015	Change
Consumer			
Video – Cable	**1,671,059**	1,764,523	**(93,464)**
Video – Satellite	**790,574**	811,988	**(21,414)**
Internet[(1)]	**1,787,642**	1,772,293	**15,349**
Phone	**956,763**	1,027,266	**(70,503)**
	5,206,038	5,376,070	**(170,032)**
Business Network Services			
Video – Cable	**61,153**	77,709	**(16,556)**
Video – Satellite	**30,994**	31,435	**(441)**
Internet[(1)]	**179,867**	180,248	**(381)**
Phone	**301,328**	284,785	**16,543**
	573,342	574,177	**(835)**
Wireless[(2)]			
Postpaid	**667,028**	–	**667,028**
Prepaid	**376,260**	–	**376,260**
	1,043,288	–	**1,043,288**
	6,822,668	5,950,247	**872,421**

(1) Internet subscribers at August 31, 2015 have been restated to reclassify 2,081 customers from Consumer to Business Network Services.

(2) Wireless subscribers (or Revenue Generating Units ("RGUs") – Recurring RGUs (e.g. cellular phone, smartphone, tablet or mobile Internet device) that has access to the wireless network for voice and/or data communications, whether Prepaid or Postpaid. Prepaid subscribers include RGUs where the account is within 90 days of the prepaid credits expiring. See Key Performance Drivers.

Our Strategy

At Shaw, we are focused to deliver long-term growth and connect customers to the world through a best in class seamless connectivity experience.

In 2016, Shaw positioned itself as a leading enhanced connectivity provider through two transformational transactions: the acquisition of WIND Mobile and the divestiture of Shaw Media. The addition of wireless enables Shaw to combine the power of fibre, coax, Wi-Fi and wireless networks to deliver a seamless experience of anytime and anywhere enhanced connectivity within our operating footprint.

We will continue our sharp focus on operational efficiency to ensure we execute on our strategic priorities and build on delivering an exceptional customer experience that is centered on our world-class converged network and strategic partnerships with best in-class providers.

Culture and People

As Shaw repositioned itself as a leading enhanced connectivity provider, we also embarked on evolving our culture to enable us to deliver on this corporate and operational strategy. Building off the success of its *Focus To Deliver* program launched in 2014, Shaw continues to maintain its efficiency and growth potential by ensuring business decisions are made in accordance with disciplined customer-centric criteria.

Shaw believes its success and strength stems from its people and its commitment to making Shaw the place where the best people choose to work. Shaw continues to modernize and enhance the model below to ensure its leaders and employees are highly engaged to deliver on our customer promises.

Through various data points, including Shaw's annual employee engagement survey, Shaw identified the following four areas of focus to help achieve its culture and people objectives:

1) **Leading Effectively** – instituting masterful leaders at every level of the Company who deliver extraordinary business results by bringing out the best from the people that report to them
2) **Enabling Work** – providing people tools, processes and technologies that are simple, efficient and easy, making it easier for leaders and employees to carry out their duties and responsibilities
3) **Enhancing the Employee Experience** – delivering an exceptional employee experience tailored to our diverse employee base which considers an employees' day to day activities and career aspirations
4) **Maximizing Performance** – implementing reward and recognition programs that drive a culture of accountability and rewards performance excellence for all employees (without encouraging employees to take extraordinary risks)

Inspiring and engaging its employees to align with its strategy is the cornerstone of Shaw's success. We are grateful to have approximately 14,000 employees committed to delivering an exceptionally seamless connectivity experience for our customers and the communities we serve.

Our World-Class Converged Network

As our customers spend more of their time in the digital environment, they increasingly need and expect an always-on, seamless connectivity experience. This requires multiple technological platforms that are combined effectively to provide seamless connectivity to the customer. By adding our Wireless division to complement our existing, leading hybrid fibre-coax and Wi-Fi networks, Shaw has the opportunity to continue to innovate in response to changing consumer needs and technological developments. The world of connectivity will change in the coming years as wireline broadband technologies develop, standards for 5G are set and wireless and wireline platforms converge. Following the acquisition of WIND Mobile in 2016, Shaw has initiated the work to integrate its wireline and wireless networks. In 2016, Shaw also invested in the newest generation of broadband equipment to enable future access technologies that will enhance our hybrid fibre-coax network. In addition, by the

end of fiscal 2017, we expect to complete the LTE-Advanced upgrade to our mobile wireless network. These and other initiatives in 2016 position us to take advantage of the opportunities to innovate that will be available through our converged network.

Global Technology Leaders

In order to efficiently secure and deliver leading technology for our customers – both for today and tomorrow – we recognize that we must join global scale initiatives. This ensures that the technology we adopt and invest in is, and continues to be, leading-edge in the communications industry globally.

This approach allows us to leverage our current assets where we have strength and expertise, while also ensuring our capital investments are aligned with industry leaders to support the development, maintenance and advancement of new technology where it is impractical for us to do so on a standalone basis. This ensures that there is sufficient capital, resources and commitment to continue advances in innovation, performance and reliability of our services and products. In addition, this strategic approach to our business gives us the opportunity to better manage costs by participating in purchasing opportunities on a global scale.

We have solidified a series of significant relationships this year with global leaders on the following initiatives:

- our planned rollout of the TV Everywhere X1 video platform developed by Comcast (see discussion under "Consumer")
- our ongoing work with NOKIA, a global leader in mobile wireless technology and solutions, to design, plan and deploy LTE-Advanced, the world's most advanced wireless technology (see discussion under "Wireless")
- our "Smart" suite of business services that includes SmartWiFi in collaboration with Cisco's Meraki and SmartVoice with Broadsoft (see discussion under "Business Network Services").

Consumer

	2016		2015	
(millions of Canadian dollars)	**$**	**share of consolidated**	**$**	**share of consolidated**
Revenue	**3,752**	**76%[1]**	**3,752**	**83%[1]**
Operating income before restructuring costs and amortization[2]	**1,667**	**78%**	**1,686**	**82%**

(1) Before intersegment eliminations.
(2) Refer to Key performance drivers.

Our brand promise to our customers is that, with Shaw, "they won't miss a thing". Our Consumer division provides residential customers with leading connectivity experiences on two platforms.

- Wireline Services – we provide broadband Internet, Shaw Go WiFi, video and phone to customers that are connected to our local and regional hybrid fibre-coax network
- Satellite Services – we provide video by satellite to customers across Canada

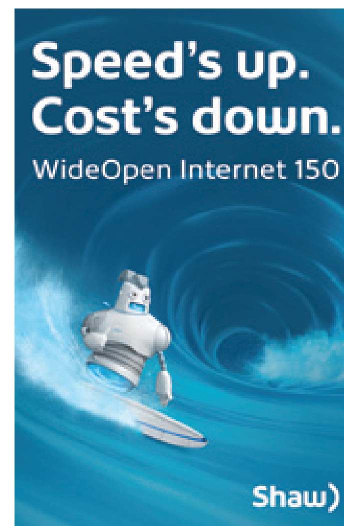
Wireline Internet, Video and Phone Services

As one of the largest providers of residential communications in Canada, our Consumer division connects families in British Columbia, Alberta, Saskatchewan, Manitoba and Northern Ontario on our hybrid fibre – coax network with broadband Internet, Shaw Go WiFi, video and home phone services to meet their needs at home and on the go.

As our customer needs evolve, we continue to focus on innovative service offerings. Our customer-centric strategy is designed to deliver high-quality customer service, simplicity, value and choice for our customers.

Internet

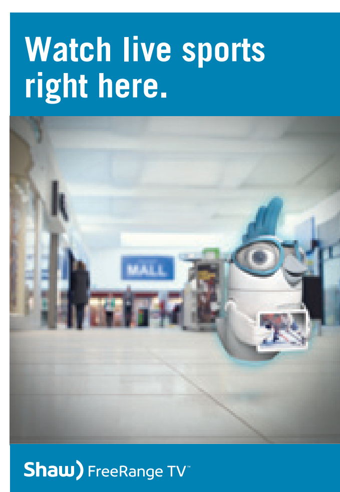
As an enhanced connectivity company, we believe that the Internet plays a fundamental role in connecting our customers to the world and everything in it. We recognize the importance of providing reliable, affordable and worry-free connectivity to meet the ever increasing appetite of our customers for discovery, social connectivity and streaming.



We continue to make the necessary investments to ensure that our advanced hybrid fibre – coax network keeps pace with the current and future expectations of our customers. These investments made it possible for Shaw to launch WideOpen Internet 150 in July, 2016 and provide customers with the speed and data capacity they need. Shaw offers 150 Mbps download speeds to over 90% of our footprint. WideOpen Internet 150 is offered at an affordable price and when paired with our improved two-year ValuePlans, it provides cost certainty for our customers which we expect will improve customer retention.

We also improved our carrier-grade Shaw Go WiFi service in the first half of fiscal 2016 by making it six times faster for our mid-tier and top-tier Internet customers. These upgrades support the continuing growth in the number of devices connecting to our network. Over 2.5 million devices have authenticated to our carrier-grade Shaw Go WiFi network and there are approximately 85,000 access points representing an increase of approximately 12,500 in fiscal 2016 covering locations from British Columbia to Ontario.

Video



Our wireline video services continue to offer a wide selection of television channels (including over 120 high definition ("HD") channels) and over 10,000 on-demand, pay-per-view and subscription movie, and television programming titles.

Our wireline video customers can choose from a selection of primary packages and can add additional channels from a variety of sports, family and other theme specialty packages as well as a number of individual channels offered on a channel-by-channel basis. In March 2016, we expanded customer choice with the introduction of a new small basic service called "Limited TV" and we also revised our offering to include small, medium and large theme packs starting at $6 per theme pack. By December 2016, our customers will have the ability to subscribe for a primary package (including Limited TV), any theme packs they choose, and add-on individual channels on a channel-by-channel basis which they can select from all of our channels.

Our wireline video customers can access our television offerings through an interactive, on-screen program guide which includes access to on-demand movies and television programming and pay-per-view content, including scheduled sporting, concerts and other special events. With an enabled video terminal, wireline video customers can record and store programs for later viewing and pause and rewind live and recorded programs.

In June 2015, Shaw announced that it has partnered with Comcast Corporation ("Comcast"), and Cisco Systems Inc. ("Cisco") as integrator, to make its market-leading cloud-based X1 video platform available to Shaw's wireline video customers. The X1 platform offers a seamless viewing experience across multiple screens and devices both in and out of the home. As a result of this collaboration, Shaw will be the first in Canada to capitalize on this cloud technology. Shaw is progressing on its plan to roll out this new technology through fiscal 2017.

In October 2015, Shaw began the deployment of the whole home video terminal used by Comcast in place of its current gateway and HD PVR terminals. This Comcast terminal operates on our current video platform and is compatible with the rollout of the X1 in-home experience for Shaw's wireline video customers. In March 2016, we re-launched our customer contract offer with two-year ValuePlans that included rental video equipment hardware at the core of the offer. The ValuePlans were re-launched with two primary goals in mind: (i) a reduction in customer churn/turnover, and (ii) to provide more value to our contracted customers in exchange for their commitment.

As part of the X1 experience, in January 2016, we launched the X1 mobile application ("app") called "FreeRange TV" for our wireline video and satellite customers. This app makes available, over the Internet and on mobile devices, a selection of linear channels and up to 30,000 on-demand video titles based on the customer's home video subscription. FreeRange TV enables our customers to travel with the video experience that they currently enjoy in the home.

FreeRange TV

Phone

Shaw's phone service offers a full-featured residential digital telephone service through our wireline network as a complement to our broadband Internet and video services.

Satellite Services

Through Shaw Direct, our Consumer division connects families across Canada with video and audio programming by satellite. Shaw Direct customers have access to over 550 digital video channels (including over 220 HD channels) and over 10,000 on-demand, pay-per-view and subscription movie and television programming titles.

Similar to our wireline video service, satellite customers can now choose from a selection of primary channel packages and may add from a variety of sports, family and other theme specialty packages, and a number of individual channels that we offer on a channel-by-channel basis. In March 2016, we expanded satellite customer choice with the introduction of a new small basic service called "Limited TV" and we also revised our offering to include small, medium and large theme packs starting at $6 per theme pack. By December 2016, our satellite consumers will have the ability to subscribe for a primary package (including Limited TV), any theme packs they choose, and add-on individual channels on a channel-by-channel basis which they can select from all of our channels.

Shaw Direct is one of two satellite video services currently available across Canada. While Shaw Direct has many customers in urban centres, market penetration for satellite video is stronger in areas having no or limited (generally fewer than 80 channels) cable television coverage. The service is marketed through Shaw Direct and a nation-wide distribution network of third party retailers.

Shaw is committed to leading technology with access to three satellites that enable us to enhance our offerings, improve service quality and provide in-orbit back-up capacity. In March 2016, Shaw announced a plan to move all video services from MPEG-2 to MPEG-4 in three phases starting in April 2017 which will improve the efficiency of Shaw's transponders. Shaw's objective is to be 100% MPEG-4 by the fall of 2019.

A listing of Shaw's satellite capacity is provided below.

Shaw Satellite Transponders

Transponders	Interest	Nature of Satellite
Anik G1	16 xKu-band	Leased
Anik F2	16Ku-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

Seasonality

While financial results for the Consumer division 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 Shaw's promotional activity. Further, satellite subscriber activity is modestly higher around the summer time when more subscribers have second homes in use. Shaw's wireline and satellite Consumer businesses do not depend on any single customer or concentration of customers.

Shomi

Shomi, the over-the-top streaming platform that launched as a joint venture of Shaw and Rogers Communications in fiscal 2015 will be wound down with service ending November 30, 2016. As a result, Shaw expects to incur additional investment losses of up to $120 million in the first quarter of fiscal 2017 relating to a provision for future liabilities in Shomi. See Note 7 of the financial statements attached to this Management's Discussion and Analysis for reconciliation of the equity loss in the Shomi joint venture in fiscal 2016 and 2015.

Wireless

	2016	
(millions of Canadian dollars)	$	share of consolidated
Revenue[3]	280	6%[1]
Operating income before restructuring costs and amortization[2][3]	59	3%

(1) Before intersegment eliminations.

(2) Refer to Key performance drivers.

(3) Effective March 1, 2016, Shaw acquired Mid-Bowline Group Corp. and its wholly owned subsidiary, WIND Mobile Corp. Revenue and Operating income before restricting costs and amortization is for the period from March 1, 2016 to August 31, 2016.

Our Wireless division was formed following the acquisition of WIND Mobile in March 2016. This acquisition transformed Shaw into an enhanced connectivity provider, adding the critical wireless component of our converged network. Our Wireless division currently operates in Ontario, Alberta and British Columbia, offering the leading alternative for mobile services to the three national wireless incumbent carriers.

Approximately 15 million Canadians reside within our current mobile wireless network service area. Our Wireless division's customer base is growing, with over one million customers presently served, including over 125,000 customers added in fiscal 2016. In the second half of fiscal 2016, Shaw completed the first critical step in our wireless network upgrade. All 3G equipment in western Canada was replaced with Nokia equipment which enables us to increase speeds and throughput as well as put to use an additional 10MHz of AWS-1 spectrum to significantly enhance performance. Shaw's path towards an LTE Advanced network is currently underway and we expect to have this completed by the end of fiscal 2017.

Current Wireless Service and Launch of Freedom Mobile

On November 21, 2016, Shaw announced that WIND Mobile would be renamed Freedom Mobile as the next step in enhancing the effectiveness of our Wireless division in serving the needs of our customers. The launch of Freedom Mobile provides a fresh start and an opportunity to sharpen our focus on providing a customer-centric alternative to the value-conscious segment of the wireless market. This milestone allows our Wireless division to build on our current strengths, providing full control over our future branding strategy and redirecting resources from royalty payments for use of the WIND brand name to other marketing or brand building initiatives. Freedom Mobile is committed to delivering significant value to customers with its easy to understand pricing plans and no term contracts.

Our Wireless division is undertaking several initiatives to enhance its competitiveness in the market by:

- improving the retail and customer care experiences,
- expanding its handset lineup with more high-end devices, and
- improving its network performance with the deployment of LTE-Advanced.

LTE Advanced

We have partnered with NOKIA in the initiative to launch a world class, next generation mobile wireless network to our customers in Ontario, Alberta and British Columbia. LTE-Advanced is the latest standard of cellular technologies available in the marketplace today. Completing this initiative will allow us to provide a mobile connectivity experience that significantly improves on today's offering, including faster speeds and more reliable network performance.

Business Network Services

	2016		2015	
(millions of Canadian dollars)	$	share of consolidated	$	share of consolidated
Revenue	548	11%[1]	520	12%[1]
Operating income before restructuring costs and amortization[2]	265	13%	256	13%

(1) Before intersegment eliminations.
(2) Refer to Key performance drivers.

Our Business Network Services division serves business and public sector customers – whether connected by our wireline or satellite networks which allow us to better focus on the needs of our business customers.

Shaw Business connects customers of all sizes to our wireline-network or by satellite with a range of communications services – from home offices and regional businesses to large scale enterprises. While we provide business grade network access to smaller clients on our local and regional hybrid fibre-coax network, our larger enterprise customers are generally connected by fibre to the premise. Through the acquisition of ENMAX Envision Inc. in 2013, Shaw significantly increased its fibre footprint and profile among larger enterprise customers in Calgary, Alberta.

The range of services offered by Shaw Business includes:

- Fibre Internet – scalable, symmetrical fibre Internet solutions from 10 Mbps to more than 10 Gbps
- Data Connectivity – secure private connectivity for multiple locations
- Voice Solutions – from services that connect customer premise equipment to the phone network and single voice line solutions to robust fully managed hosted unified communications functionality
- Video – video and audio service offering content for public viewing
- Broadcast Video – high-quality video across North America in real time

Shaw Business

Shaw has positioned itself as a trusted business advisor with a focus on the small and medium enterprise segment of the market. Shaw Business takes care of all aspects of its customers' increasingly complex communications so they can focus on growing their business. As part of this strategy, Shaw has collaborated with global scale technology leaders to offer its "Smart" suite of easy to use and flexible managed business communications solutions. The Smart suite of services provides cost-effective enterprise grade managed IT and communications solutions that are increasingly valued by small and medium sized businesses as the digital economy grows in scope and complexity. The Smart suite of services includes:

SmartVoice – a unified communications solution that integrates instant messaging, presence, email, video conferencing and a mobile application that is built on Broadsoft's BroadWorks platform

SmartWiFi – a fully-managed Internet solution that enables seamless, secure wireless connectivity for employees and guests in the office and on the go that is deployed over Cisco's Meraki platform

SmartSecurity – a fully-managed network security platform deployed over Cisco's Meraki platform that protects a wired and Wi-Fi network at the edge with access control, the ability to control which applications run on the network, content filtering and connecting branch locations

In order to continue to meet the evolving needs of our customers, we are executing our plan to ensure that our wireline network keeps pace with the expectations for bandwidth, speed and reliability that our Shaw Business customers expect today and will expect in the future. See "Shaw's Wireline Network" for a description of our wireline network and the advances that we are undertaking.

Shaw Business is also leading the rollout to customers in western Canada of hybrid IT services with the opening in 2015 of the Calgary1 data centre. These services are a natural complement to Shaw Business' current offerings and leverage ViaWest's 17 years of experience as a hybrid IT solutions provider. See discussion under "Business Infrastructure Services."

Wholesale Wireline Network Services

Using our national and regional access wireline networks, we provide services to Internet service providers ("ISPs"), other communications companies, broadcasters, governments and other businesses and organizations that require end-to-end Internet and data connectivity in Canada and the United States. We also engage in public and private peering arrangements with high speed connections to major North American, European and Asian networks and other tier-one backbone carriers.

Broadcast Services

Shaw Broadcast Services uses our substantial fibre backbone network to manage one of North America's largest full-service commercial signal distribution networks, delivering more television and radio signals by satellite to cable operators and other multi-channel system operators in Canada and the U.S. than any other single-source satellite supplier. This business is referred to as a "satellite relay distribution undertaking" or "SRDU". Shaw Broadcast Services currently provides SRDU and advanced signal transport services to over 300 distribution undertakings and redistributes over 500 television signals and over 100 audio signals in both English and French to multi-channel system operators.

Tracking

Shaw Tracking provides asset tracking and communication services primarily in Canada to over 600 customers in the transportation industry that have an aggregate of approximately 49,000 vehicles. By satellite, cellular, Wi-Fi and Bluetooth, Shaw Tracking provides immediate real-time visibility to a customer's fleet and freight, including location, performance, and productivity.

Business Infrastructure Services

(millions of Canadian dollars)	2016		2015	
	$	share of consolidated	$	share of consolidated
Revenue	**334**	**7%(1)**	246	5%(1)
Operating income before restructuring costs and amortization(2)	**123**	**6%**	95	5%

(1) Before intersegment eliminations.
(2) Refer to Key performance drivers.

Our Business Infrastructure Services division was formed with the acquisition of Denver, Colorado based ViaWest in September 2014. We acquired ViaWest as a growth platform in the attractive North American data centre sector and to support the expansion of our business offerings in western Canada.

ViaWest is a leading hybrid IT solutions provider, offering colocation, cloud and managed services, and security and compliance assessment and mitigation capabilities. It enables businesses to leverage both their existing IT infrastructure and emerging cloud resources to deliver the right balance of cost, scalability and security.

ViaWest has grown from five data centres in two markets in 2004 to 30 data centres with over 1,000,000 square feet of usable raised floor space, of which, over 700,000 is currently ready for use throughout the U.S., including locations in Denver, Dallas, Austin, Salt Lake City, Las Vegas, Minneapolis, Phoenix, Portland, greater Philadelphia and our recently opened facility in the Dallas suburb of Plano, Texas. ViaWest has the capacity to support further U.S. growth with 71% utilization of its ready for use capacity (approximately 500,000 square feet) in its current facilities and additional expansion capacity at its Denver, Las Vegas, Minneapolis, Portland and Plano properties.

Shaw) Data Centre & Cloud Solutions
Powered by ViaWest

In late 2015, we expanded operations into Canada with the opening of the new Calgary1 data centre and cloud platform under our Canadian brand “Shaw Data Centre and Cloud Solutions, Powered by ViaWest”. Shaw Data Centre and Cloud Solutions offers a comprehensive product set of hybrid IT solutions to enterprises of all sizes throughout Canada supported by ViaWest’s leading expertise and 17-year track record.

Business Infrastructure Services continues to execute on its growth plans with the acquisitions of AppliedTrust in fiscal 2015 and INetU in fiscal 2016. Through the acquisition of AppliedTrust, we offer leading security, compliance, development operations and infrastructure consulting services that address the pressing security and compliance needs of our customers. INetU increases our cloud and managed services capabilities and expands our geographic reach to eastern U.S. and Europe.

Over 2,000 businesses trust their infrastructure and mission critical data to our Business Infrastructure Services team because of the dedicated personnel who provide local, personalized, flexible and tailored solutions to meet the unique business needs of our customers. With our team-based account management approach and 100% uptime commitment, we offer tailored solutions designed for maximum reliability and flexibility.

Shaw’s Wireline Network

At Shaw, we are proud of our advanced wireline network, which combines the power of fibre, coax, and Wi-Fi and is comprised of:

- North American fibre backbone
- regional fibre optic and co-axial distribution networks
- local Shaw Go WiFi connectivity

Wireline Backbone

The backbone of Shaw’s wireline-network includes multiple fibre capacity on two diverse cross-North America routes. The southern route principally consists of approximately 7,000 kilometres of fibre located on routes between Seattle and New York City (via Vancouver, Calgary, Winnipeg, Toronto, Buffalo, and Chicago). The northern route consists of approximately 4,000

route kilometres of fibre between Edmonton and Toronto (via Saskatoon, Winnipeg and Thunder Bay). These routes, along with a number of secured capacity routes, provide redundancy for the network. Shaw also uses a marine route consisting of approximately 330 route kilometres from Seattle to Vancouver (via Victoria), and has secured additional capacity on routes between a number of cities, including Vancouver and Calgary, Vancouver and San Jose, Toronto and New York City, Seattle and Vancouver and Edmonton and Toronto.

Regional Distribution Network

We connect our backbone network to residential and business customers through our extensive regional fibre optic and co-axial cable distribution networks.

In 2013, we substantially completed a major upgrade of our co-axial access network to remove analog tier television services. This upgrade liberated bandwidth to significantly increase the capacity of our hybrid fibre-coax network and enable the expansion of our broadband Internet and other offerings. Digital video terminals were deployed into customer homes that allowed them to receive digital television services in place of former analog services. We referred to this reclamation initiative as the Digital Network Upgrade ("DNU").

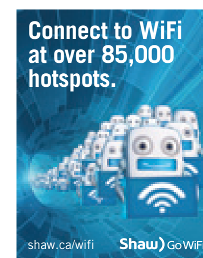
In 2014 and 2015, we removed the remaining analog basic services in the Vancouver area, our largest market, in an initiative referred to as "DNU II". As a result, customers in the Vancouver area now receive digital video services. In 2016, analog basic services were removed from the remaining large markets of Calgary, Edmonton, Winnipeg and Victoria as well as a number of midsized markets. We expect to remove analog video basic services from all other major, midsized and small markets by November 2016.

Shaw continues to optimize the capacity and efficiency of our wireline network and reduce congestion by deploying fibre optic cable deeper into our access networks and closer to our customers. We are also increasing the number of optical serving areas or "nodes" in the wireline network. This is a continual process that we apply year-over-year to increase fibre optic usage in our wireline network and reduce the distance signals travel over coaxial cable to each consumer.

In 2016, our newest generation of cable modem termination system equipment referred to as the "Converged Cable Access Platform" was deployed in our serving hubs. This equipment will enable future access technologies such as Data over Cable Interface Specification version 3.1 ("DOCSIS 3.1") to be deployed. DOCSIS 3.1 represents the latest development in a set of technologies that increase the capability of a hybrid fibre-coax network to transmit data both to and from customer premises. Our ongoing investments in our network have, for example, enabled the launch of WideOpen Internet 150 in July 2016. With the various DNU initiatives, the deployment of fibre closer to our customers and by continuing to increase the number of nodes in our hybrid fibre-coax network, we expect to continue significantly improving the performance and capacity of our network.

Shaw Go WiFi

Shaw has created Canada's most extensive service provider Wi-Fi network, Shaw Go WiFi. Shaw Go WiFi extends a customer's broadband experience beyond the home as a valuable extension of our customer wireline network experience.



We continue to expand our Shaw Go WiFi build-out. In fiscal 2016, Shaw installed 12,500 Shaw Go WiFi hotspots bringing the total number of hotspots to approximately 85,000 operating throughout its network and over 2.6 million unique active devices using Shaw Go WiFi. In addition, we have entered into agreements with 105 municipalities to extend Shaw Go WiFi service into public areas within those cities.

Wireless Network

With the acquisition of WIND Mobile in March 2016, Shaw has added the critical mobile component to its converged network.

Our Wireless division currently operates a wireless network in British Columbia, Alberta, and Ontario, focused on the major metropolitan markets in and around Vancouver, Edmonton, Calgary, Ottawa and Toronto.

The Division currently provides its services on a 3G HSPA+ network using AWS-1 spectrum. 3G is the third generation of mobile wireless standards and technology. HSPA or "High Speed Packet Access" is an IP-based packet data enhancement technology that provides high speed broadband packet data services over 3G networks.

In 2016, we upgraded the existing 3G HSPA+ network to benefit our customers in Alberta and British Columbia. Our Wireless division is currently working with NOKIA to significantly improve its service offering by deploying an LTE-Advanced upgrade across its entire wireless network service area (see above under "Wireless").

Our Wireless division currently holds 50 MHz of AWS spectrum in the main service areas of Ontario, Alberta and British Columbia, and 10-50 MHz of AWS spectrum in certain other non-core markets. Our spectrum assets will support the planned upgrade to LTE-Advanced as well as anticipated subscriber growth on the existing 3G HSPA+ network (see below under "Regulation of Wireless").

Equity Interest in Corus

Corus is a leading media and content company that creates and delivers high quality brands and content across platforms for audiences around the world. Its portfolio of multimedia offerings encompasses 45 specialty television services, 39 radio stations, 15 conventional television stations, a global content business, digital assets, live events, children's book publishing, animation software, technology and media services. Corus' roster of premium brands includes Global Television, W Network, OWN: Oprah Winfrey Network Canada, HGTV Canada, Food Network Canada, HISTORY®, Showcase, National Geographic Channel, Q107, CKNW, Fresh Radio, Disney Channel Canada, YTV and Nickelodeon Canada. Corus is headquartered in Canada, and its stock is listed on the TSX under the symbol CJR.B.

In connection with the sale of Shaw Media Inc. to Corus, the Company received 71,364,853 Corus Class B non-voting participating shares. The Company agreed to retain approximately one third of its interest in Corus for 12 months post-closing, a second one third for 18 months post-closing and the final one third for 24 months post-closing. The Company also agreed to have its Corus Class B Shares participate in Corus' dividend reinvestment plan while subject to these retention periods until September 1, 2017. As a result of the additional shares issued to the Company pursuant to its participation in Corus' dividend reinvestment plan, at August 31, 2016, the Company held 74,135,891 Corus Class B non-voting participating shares, representing approximately 38% of Corus' total issued equity of Class A and Class B shares. The Company's weighted average ownership of Corus for the period from April 1 to August 31, 2016 was 37%.

Although the Corus Class B shares do not have voting rights, the Company is considered to have significant influence due to Board representation. In addition, Shaw Family Living Trust ("SFLT") controls both Shaw and Corus. SFLT is controlled by its sole trustee, SFLTCO Ltd., a private company owned by JR Shaw and having a board comprised of seven directors, including JR Shaw (Chair), Carol Shaw and four other members of JR Shaw's family. See "Related Party Transaction – Corus".

Community Investment

Shaw has been investing in the communities that it serves for over 40 years. Shaw believes that being a community oriented company is about much more than philanthropic gifts – it is about bringing together and using its suite of assets to help shine a spotlight on the work Shaw's community partners are doing to help make a difference.

Supporting charitable organizations that focus on children and youth has been a pillar of Shaw's community initiatives for decades, and as its business grows, Shaw continues to leverage the Shaw Kids Investment Program, or SKIP, to raise awareness and support for organizations striving to make Canada a better place for kids.

In 2016, Shaw contributed over $60 million in cash and in-kind support to over 1,000 local and national charitable organizations that work to improve the lives of children and youth across Canada.

Shaw's partnerships with local and national charities are also used to complement local and regional marketing and sponsorship activities. Combining community investments with traditional business activities speaks to our overall values of being a caring and customer centric organization. The most prominent example of this combination is Shaw's partnership with local Calgary business leaders and the PGA TOUR in staging the Shaw Charity Classic, a premier tournament on the Champions Tour that benefit 124 youth-based Alberta charities and has generated more than $13 million in charitable contributions in its four-year history. The event has become a fixture on the Calgary tourism calendar, and has been recognized as one of the top tournaments on the Champions Tour. Importantly, the event also strengthens Shaw's business and community relationships

Shaw has launched a year-long project to celebrate Canada's 150th birthday. As part of this initiative, Shaw will grant 150 birthday wishes for Canada by providing funding to celebrate the people and organizations making a difference for children and youth across the country. Another major initiative that Shaw is proud to support is Pink Shirt Day, a national campaign geared to raise awareness of bullying prevention. In February 2016, Shaw's Pink Shirt Promise campaign engaged nearly 100,000 Canadians in a dialogue to prevent and combat bullying.

Government regulations and regulatory developments

Substantially all of the Company's Canadian business activities are subject to regulations and policies established under various legislation (*Broadcasting Act* (Canada) ("Broadcasting Act"), *Telecommunications Act* (Canada) ("Telecommunications Act"), *Radiocommunication Act* (Canada) ("Radiocommunication Act") and *Copyright Act* (Canada) ("Copyright Act")). Broadcasting and telecommunications are generally administered by the Canadian Radio-television and Telecommunications Commission ("CRTC") under the supervision of the Department of Canadian Heritage ("Canadian Heritage") and Department of Innovation, Science and Economic Development ("ISED"), 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, to contribute a certain percentage of revenue to the production of Canadian programming 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 broadcasting distribution businesses depend on licenses (or operate pursuant to an exemption order) granted and issued by the CRTC.

The Minister of Canadian Heritage is currently overseeing, a process aimed at strengthening Canadian content creation, discoverability and export in the changing digital era. This process could lead to changes in the manner in which Canadian content is supported, including by way of amendments to the Broadcasting Act and other legislation related to broadcasting. This process is currently in the consultation phase. The Minister is expected to issue a report on the consultations by the end of January 2017. As of November 28, 2016, no proposals for particular changes have, to date, been made by the Minister.

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 one or more services or classes of services provided by a carrier if the CRTC finds that there is sufficient competition for those services to protect the interests of users. Shaw's retail Internet and home phone services have been forborne from regulation and are not subject to price regulation. However, regulations do affect certain terms and conditions under which Shaw's retail services are provided. As described further below under "Third Party Internet Access", certain Shaw wholesale services are regulated.

The CRTC and ISED can impose monetary penalties on companies that contravene the Telecommunications Act, the Radiocommunication Act and the regulations and rules promulgated thereunder. The technical operating aspects of the Company's businesses are regulated by technical requirements and performance standards established by ISED, primarily under the Telecommunications Act and the Radiocommunication Act.

Pursuant to the Copyright Act, the Copyright Board of Canada ("the Copyright Board") oversees the collective administration of copyright royalties in Canada, including the review and approval of copyright tariff royalties payable to copyright collectives by BDUs, television broadcasters and online content services. The Copyright Board may also make rulings on the interpretation of the Copyright Act in the course of issuing copyright tariff decisions.

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

Licensing and ownership

For each of its cable, direct-to-home satellite ("DTH") and SRDU undertakings, the Company holds a separate broadcasting license or is exempt from licensing under the Broadcasting Act. In August 2016, Shaw submitted an application to renew its licenses for all licensed cable undertakings. In May 2016, the CRTC administratively renewed these licenses until November 30, 2016 and stated its intention to subsequently renew the licenses from December 1, 2016 to August 31, 2017. As part of this renewal process, the CRTC conducted an oral hearing in September 2016 to review the practices of BDUs, including Shaw, with regard to the small basic service and flexible packaging requirements to ensure that licensees are offering the services in a manner that is consistent with the requirements set out in the regulations and with the spirit of the Let's Talk TV policy framework.

The Company also holds separate licenses for each of Shaw on Demand (Video on Demand) and Shaw Pay-Per-View. The renewal of Shaw on Demand licences are currently under consideration as part of the CRTC proceeding to renew television licences held by large ownership groups.

The potential for new or increased fees through regulation

CRTC Regulations require licensed cable BDUs to obtain the consent of an OTA broadcaster to deliver its signal in a distant market. The Regulations provide that DTH undertakings may 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. Broadcasters may assert a right to limit distribution of distant signals or to seek remuneration for the distribution of their signals in distant markets on the basis of these Regulations.

The Copyright Board is considering a tariff for the retransmission of programming in distant television regions for the years 2014 through 2018. The tariff proposed by the retransmission rights collectives would, if approved, represent a significant increase in the per subscriber rates payable for the retransmission of programming in distant signals. The Company has participated in the hearing process and objected to the tariff on behalf of its cable and DTH satellite divisions. The record of this proceeding is now complete and the parties are awaiting the decision of the Copyright Board.

Let's Talk TV regulatory framework

In October 2013, the CRTC initiated a "conversation with Canadians about the future of television", commonly referred to as "Let's Talk TV", which led to a major review of the regulatory and policy framework for the Canadian television broadcasting system and a series of policy decisions in 2015 including the following:

- The new policy framework required licensed BDUs to offer a $25 entry-level service offering (basic service) by March 2016. As of March 2016, all discretionary services (not offered on the basic service) must be offered either on a standalone basis or in packages of up to ten programming services. By December 1, 2016, these services must be offered both on a standalone basis and in packages of up to ten programming services. These changes will significantly affect BDUs' customer management systems and may create market uncertainty for both BDUs and programming services.
- Additional uncertainty may result from changes to the linkage rules for related and independent discretionary services.
- The CRTC has also proposed new regulations governing simultaneous substitution, which may result in rebates for BDU errors or loss of privileges for broadcaster errors.
- The CRTC has also introduced new codes governing the relationship between BDUs and their customers, the "Television Service Provider Code of Conduct", and the relationship between BDUs and programmers, the "Wholesale Code". The CRTC has, as well, prohibited 30-day cancellation policies for voice, Internet and broadcasting distribution services.
- A new policy framework for local and community television introduced changes to funding regimes and requirements governing community channels and local television stations.

Access for Wireline Network

For its wireline network Shaw requires 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. Shaw's wireline network also requires access to construct facilities in roadways and other public places. Under the Telecommunications Act, Shaw may do so with the consent of the municipality or other public authority having jurisdiction.

New Media

The CRTC has issued a digital media exemption order requiring that Internet-based and mobile point to point broadcasting services not offer television programming on an exclusive or preferential basis in a manner that depends on subscription to a specific mobile or retail Internet service and not confer an undue preference or disadvantage.

The CRTC has decided to not impose a levy on the revenue of exempt digital media undertakings to support Canadian new media content and instead issued an exemption order for Video on Demand services offered both by licensed BDUs and direct to consumer over the Internet.

Third Party Internet Access

Shaw is mandated by the CRTC to allow independent ISPs to provide Internet services at premises served by Shaw's wireline network ("Third Party Internet Access" or "TPIA"). In 2015, the CRTC completed a review of the wholesale wireline telecommunications policy framework, including TPIA, and extended mandated wholesale access services to include fibre-to-the-premise facilities and a shift to a new disaggregated wholesale Internet access service. The new disaggregated service will be phased in over the next three years and is intended to allow independent ISPs to reduce reliance on the transport facilities currently included as part of the regulated wholesale service.

In early 2016, the CRTC further directed Shaw and other carriers to file updated wholesale wireline costing studies as part of a review of wholesale Internet rates. These updates are required further to the CRTC making several changes to the wholesale Internet costing approach and the parameters used within the costing studies. In October of 2016, the CRTC approved interim rates, pending the completion of its review of these costing studies, which were lower than the proposed rates. At the completion of this review, the CRTC may require further adjustments to Shaw's costing studies, which may result in further reductions in Shaw's TPIA rates.

Within the coming year, the CRTC also plans to review the competitor quality of service indicators and the rate rebate plan for competitors to ensure alignment with the new wholesale services framework. As part of this review, the CRTC may extend quality of service obligations to providers of wholesale Internet services.

Regulation of Wireless Division

Our Wireless division holds licenses for the use of radiofrequency spectrum required to operate its mobile wireless business. Those licenses are administered by ISED under the Radiocommunication Act. Spectrum use is governed by conditions of license, including license term, transferability/divisibility, technical compliance requirements, lawful interception, research and development, and mandated antenna site sharing and domestic roaming services.

The Wireless division's AWS-1 licenses were issued in 2009, for a term of ten years, and prior to expiration, the licenses may be renewed for an additional term of up to ten years. The AWS-3 licenses were issued in April 2015 and have a term of 20 years. The applicable terms and conditions of renewal of our and other carriers' spectrum licenses after the initial term will be determined by ISED through public consultation processes that will begin prior to the expiry of those licenses.

ISED has a framework that sets out criteria for reviewing and approving license transfers, prospective transfers, and deemed license transfers, including consideration of the quantum and concentration of license holdings before and after the proposed transfer.

Our Wireless division's operations could be materially affected by our failure to:

- obtain new or additional spectrum licenses;
- renew existing spectrum licenses;
- obtain approval of any transfer of spectrum licenses; or
- procure spectrum licenses that provide access to adequate allocations of low-band spectrum, which has superior propagation and penetration characteristics.

In addition, the Wireless division could experience increased costs, or reduced revenues or reduced margins, due to amended or newly-adopted laws and regulations, or decisions of ISED or the CRTC. The CRTC and ISED can impose monetary penalties on companies that contravene the Telecommunications Act, the Radiocommunication Act, and the regulations and rules promulgated thereunder.

The CRTC has the authority to regulate mobile wireless telecommunications services under the Telecommunications Act. The CRTC has decided to forbear from regulating most aspects of mobile wireless services, while maintaining oversight over customer confidential information and other general conditions for mobile wireless service, including mandating wireless number portability and issues pertaining to mobile 911. In 2013, the CRTC also implemented the Wireless Code, which, among other things:

- imposes limitations on early cancellation fees;
- prohibits contract terms longer than two years; and
- requires unlocking of wireless devices, trial periods for wireless contracts and caps on overage roaming charges.

In May 2015, the CRTC decided to regulate certain aspects of wholesale wireless services provided by the three national wireless incumbent carriers and issued a comprehensive policy framework for wholesale wireless services, including roaming, tower sharing and mobile virtual network operators (MVNOs). The new framework requires the three national wireless incumbent carriers to provide wholesale roaming services to non-incumbent wireless carriers at cost-based rates. A proceeding is presently underway to set these rates and the terms and conditions for wholesale domestic roaming services. This proceeding is expected to be complete in early to mid-2017 and may affect our roaming costs and the rates and services that we can offer customers.

Our Wireless division's operations depend on being able to locate and construct wireless antenna sites, which in some cases requires certain authorizations or approvals from municipalities, which vary from one municipality to another but are also subject to federal oversight. The process for such approvals can include a comprehensive consultation process related to local land use priorities and new antenna site design parameters.

The Wireless division also uses arrangements whereby it co-locates its antennae equipment on towers owned and operated by third party tower providers and the three national wireless incumbent carriers. Pursuant to the conditions of their spectrum licenses and the CRTC's policy framework for wholesale wireless services, the three national wireless incumbent carriers must allow competitors, including WIND, to co-locate equipment on their towers. However, the process of negotiating the sharing of towers is uncertain and time consuming, and the ISED and CRTC processes that are available to force the incumbents to abide by the existing rules can also be challenging and time consuming.

CRTC Basic Services Proceeding

In June, 2016, the CRTC's review of basic telecommunications services in Canada came to a close. In this proceeding, the CRTC considered: (i) the services (e.g., telephone and broadband) required by all Canadians to fully participate in the digital economy, (ii) whether there should be changes to the subsidy regime and national contribution mechanism to fund expansion or adoption of broadband services in Canada, (iii) what measures should be taken to address the affordability of broadband services in Canada, and (iv) what the respective roles of the private sector, the CRTC and government should be in ensuring access to basic telecommunications services by Canadians. Currently, the national contribution fund overseen by the CRTC provides subsidies for local phone services in high cost serving areas and video relay service for Canadians that are hearing-impaired. Canadian telecommunications service providers, including Shaw, are required to contribute to this fund. While the outcome of this proceeding is uncertain, it could result in significant changes to Shaw's regulatory obligations as a telecommunications service provider. The CRTC's decision is pending.

Review of Differential Pricing Practices

In May, 2016, the CRTC initiated a review of differential pricing practices related to wireline and mobile wireless data plans. The CRTC will consider which differential pricing practices, if any, are contrary to the Telecommunications Act, as well as the benefits of and concerns about these practices more generally, with a view to establishing a clear and transparent regulatory policy.

Anti-Spam Legislation

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

Limits on non-Canadian ownership and control

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 a 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. In order to comply with the director residency requirements of the *Direction to the CRTC (Ineligibility of Non-Canadians)* (the "Direction"), 80% of Shaw's board of directors need to be Canadian residents. Alternatively, with approval of the CRTC, the requirements of the Direction may be satisfied by the creation of an Independent Programming Committee (IPC) to oversee programming decisions. With CRTC approval, Shaw implemented an IPC to comply with the Direction.

The same restrictions apply to certain Canadian carriers pursuant to the Telecommunications Act, the Radiocommunication Act and associated regulations, except that there is no requirement that the CEO be a resident Canadian. The Canadian ownership requirements do not apply to wireline and wireless telecommunications carriers that have annual revenues from the provision of telecommunications services in Canada that represent less than 10% of the total annual revenues for the sector. This may lead to greater levels of competition in the Canadian telecommunications market.

The Company's Articles contain measures to ensure the Company continues to comply 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.

Environmental matters

Shaw's operations are subject to environmental regulations, including those related to electronic waste, printed paper and packaging. A number of provinces have enacted regulations providing for the diversion of certain types of electronic and other waste through product stewardship programs ("PSP"). Under a PSP, companies who supply designated products in or into a province are required to participate in or develop an approved program for the collection and recycling of designated 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.

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

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.

Operating income before restructuring costs and amortization

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

Relative increases period-over-period in operating income before restructuring costs and amortization and in operating margin are indicative of the Company's success in delivering valued products and services, and connecting customers to the world through a best in class seamless connectivity experience.

	Year ended August 31,	
(millions of Canadian dollars)	**2016**	**2015**
Operating income from continuing operations	**1,134**	1,134
Add back (deduct):		
Restructuring costs	**23**	39
Amortization:		
Deferred equipment revenue	**(67)**	(78)
Deferred equipment costs	**151**	164
Property, plant and equipment, intangibles and other	**873**	778
Operating income before restructuring costs and amortization	**2,114**	2,037

Operating margin

Operating margin is calculated by dividing operating income before restructuring costs and amortization by revenue.

	Year ended August 31,		
	2016	**2015**	**Change**
Consumer	**44.4%**	44.9%	(0.5pts)
Business Network Services	**48.4%**	49.2%	(0.8pts)
Business Infrastructure Services	**36.8%**	38.6%	(1.8pts)
Wireless	**21.1%**	–	n/a

Free cash flow

Free cash flow is comprised of free cash flow from continuing operations and free cash flow from discontinued operations.

Free cash flow from continuing operations is calculated as operating income before restructuring costs and amortization adding dividends from equity accounted associates, changes in receivable related balances with respect to customer equipment financing transactions as a cash item and deducting capital expenditures (on an accrual basis and net of proceeds on capital dispositions adjusted to exclude amounts funded through the accelerated capital fund) and equipment costs (net), interest, cash taxes paid or payable, dividends paid on the Company's Cumulative Redeemable Rate Reset Preferred Shares, recurring cash funding of pension amounts net of pension expense and adjusted to exclude share-based compensation expense.

Free cash flow from continuing operations has not been reported on a segmented basis. Certain components of free cash flow from continuing operations, including operating income before restructuring costs and amortization continue to be reported on a segmented basis. Capital expenditures and equipment costs (net) are reported on a combined basis for Consumer and Business Network Services due to the common infrastructure and separately reported for each the Business Infrastructure Services and Wireless divisions. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

Free cash flow from discontinued operations is comprised of income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items after deducting 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), cash taxes paid or payable, program rights amortization on assets held for sale, cash amounts associated with funding CRTC benefit obligations related to media acquisitions, recurring cash funding of pension amounts net of pension expense and excludes non-controlling interest amounts that are included in the income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items.

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

	Year ended August 31,		
(millions of Canadian dollars)	2016	2015	Change %
Revenue			
Consumer	**3,752**	3,752	–
Business Network Services	**548**	520	5.4
Business Infrastructure Services	**334**	246	35.8
Wireless	**280**	–	n/a
	4,914	4,518	8.8
Intersegment eliminations	**(30)**	(32)	6.3
	4,884	4,486	8.9
Operating income before restructuring costs and amortization[1]			
Consumer	**1,667**	1,686	(1.1)
Business Network Services	**265**	256	3.5
Business Infrastructure Services	**123**	95	29.5
Wireless	**59**	–	n/a
	2,114	2,037	3.8
Capital expenditures and equipment costs (net):[2]			
Consumer and Business Network Services	**915**	954	(4.1)
Business Infrastructure Services	**155**	152	2.0
Wireless	**121**	–	n/a
	1,191	1,106	7.7
Accelerated capital fund investment[1]	**–**	(150)	100.0
	1,191	956	24.6
Free cash flow from continuing operations before the following	**923**	1,081	(14.6)
Less:			
Interest	**(299)**	(281)	(6.4)
Cash taxes	**(266)**	(304)	12.5
Other adjustments:			
Dividends from equity accounted associates	**34**	–	n/a
Non-cash share-based compensation	**3**	4	(0.3)
Pension adjustment	**(40)**	(47)	14.9
Customer equipment financing	**8**	13	(38.5)
Preferred share dividends	**(13)**	(13)	–
Free cash flow from continuing operations	**350**	453	(22.7)
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items	**229**	342	(33.0)
Less:			
Capital expenditures	**(5)**	(16)	68.8
Cash taxes	**(26)**	(71)	63.4
Program rights	**(33)**	–	n/a
CRTC benefit obligation funding	**(11)**	(31)	64.5
Non-controlling interests	**(20)**	(26)	23.1
Pension adjustment	**(2)**	2	–
Free cash flow from discontinued operations	**132**	200	(34.0)
Free cash flow	**482**	653	(26.2)

(1) Refer to Key performance drivers.

(2) See Note 24 to the audited Consolidated Financial Statements.

Accelerated capital fund

During 2013, 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. The accelerated capital initiatives were funded through this fund and not cash generated from operations. Key investments included the internal and external Calgary data centres, further digitization of the network and additional bandwidth upgrades, development of IP delivery of video, expansion of the Wi-Fi network, and additional innovative product offerings related to Shaw Go WiFi and other applications to provide an enhanced connectivity experience. Approximately $110 million was invested in fiscal 2013, $240 million was invested in fiscal 2014 and $150 million invested in fiscal 2015. The accelerated capital fund closed in fiscal 2015.

STATISTICAL MEASURES:

Subscriber counts (or Revenue Generating Units ("RGUs")), including penetration and bundled customers

The Company measures the count of its subscribers in its Consumer, Business Network Services and Wireless divisions.

In the Consumer and Business Network Services divisions, 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. Video satellite subscribers are counted in the same manner as Video cable customers except that it also includes seasonal customers who have indicated their intention to reconnect within 180 days of disconnection. Internet customers include all modems on billing and Phone lines includes all phone lines on billing. All subscriber counts exclude complimentary accounts but include promotional accounts.

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

Consumer and Business Network Services divisions' RGUs represent the number of products sold to customers and includes Video (Cable and Satellite subscribers), Internet customers, and Phone lines. As at August 31, 2016 these combined divisions had approximately 5.8 million RGUs.

In the Wireless division, a recurring subscriber or RGU (e.g. cellular phone, smartphone, tablet or mobile Internet device) has access to the wireless network for voice and/or data communications, whether Prepaid or Postpaid. Prepaid subscribers include RGUs where the account is within 90 days of the prepaid credits expiring. As at August 31, 2016 the Wireless divisions had approximately 1.0 million RGUs.

Wireless Average revenue per subscriber unit per month (ARPU)

Wireless ARPU is calculated as service revenue divided by the average number of subscribers on the network during the period and is expressed as a rate per month. This measure is an industry metric that is useful in assessing the operating performance of a wireless entity, but does not have a standardized meaning under IFRS.

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:

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,

DTH and wireless 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.

Subscriber connection fee revenue

Connection fees have no standalone 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 three 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 standalone value to the customer separate and independent of the Company providing additional subscription services. Therefore the equipment revenue is 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 three 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 three 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.

Wireless equipment revenue

Revenue from the direct sale of equipment to subscribers or dealers is recognized when the equipment is delivered and accepted by the subscribers or dealers.

The Company offers a discretionary handset discount program, whereby the subscriber earns the applicable discount by maintaining services with the Company, such that the receivable relating to the discount at inception of the transaction is reduced over a period of time. A portion of future revenue earned in connection with the services is applied against the up-front discount provided on the handset. The Wireless division also offers a plan allowing customers to receive larger up-front handset discounts than they would otherwise qualify for, if they pay a predetermined incremental charge to their existing service plan on a monthly basis. The charge is billed on a monthly basis and is recognized as revenue at that time.

The Company recognizes the handset discount as a receivable and revenue upon the sale of the equipment on the basis that the receivable is recoverable. The receivable is realized on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to revenue. The amount receivable is classified as part of other current or non-current receivables, as applicable, in the consolidated statement of financial position.

Discontinued operation subscriber revenue

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

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 three 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.

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 judgment 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.

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 Technology and Network Operations ("TNO"): TNO is 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. In addition, TNO devotes considerable efforts towards the development of systems to support Digital Phone, Wi-Fi, 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 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 Wi-Fi 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.

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.

Intangibles

The excess of the cost of acquiring cable, satellite, media, data centre and wireless 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, wireless spectrum licenses, trademarks, brands, program rights, customer relationships and software assets. Broadcast rights and licenses, wireless spectrum licenses, trademarks and brands represent identifiable assets with indefinite useful lives.

Program rights represent licensed rights acquired to broadcast television programs on the former Media division'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 assets 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 their estimated useful lives ranging from 4 – 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. Software assets are amortized on a straight-line basis over estimated useful lives ranging from three to ten years. The Company reviews the estimates of lives and useful lives on a regular basis.

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 Cable, Satellite, Data centres and Wireless. The Company had an additional cash generating unit, Media, until the sale of the division in April 2016. 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.

Employee benefit plans

As at August 31, 2016, Shaw had non-registered defined benefit pension plans for key senior executives and designated executives. The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The differences between actual and assumed results are immediately recognized in other comprehensive income/loss. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations and is also used to calculate the interest income on plan assets. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes are required. The following table illustrates the increase on the accrued benefit obligation and pension expense of a 1% decrease in the discount rate:

(millions of Canadian dollars)	Accrued Benefit Obligation at End of Fiscal 2016	Pension Expense Fiscal 2016
Weighted Average Discount Rate – Non-registered Plans	3.50%	4.10%
Weighted Average Discount Rate – Registered Plans	3.86%	3.86%
Impact of: 1% decrease – Non-registered Plans	$ 96	$ 14
Impact of: 1% decrease – Registered Plans[1]	–	–

[1] The Company had a number of funded defined benefit pension plans which provided pension benefits to certain unionized and non-unionized employees in the media business. These plans were divested along with the sale of the Media division in April 2016.

Deferred income taxes

The Company has recognized deferred income tax assets and liabilities for the future income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are also recognized in respect of losses of certain of the Company's subsidiaries. The deferred income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse or the tax losses are expected to be utilized. Realization of deferred income tax assets is dependent upon generating sufficient taxable income during the period in which the temporary differences are deductible. The Company has evaluated the likelihood of realization of deferred income tax assets based on forecasts of taxable income of future years, existing tax laws and tax planning strategies. Significant changes in assumptions with respect to internal forecasts or the inability to implement tax planning strategies could result in future impairment of these assets.

Commitments and contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Contractual and other commercial obligations primarily relate to 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.

RELATED PARTY TRANSACTIONS

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

Corus

The Company and Corus are subject to common voting control. During 2016, the Company's sold its wholly owned subsidiary Shaw Media to Corus. The transaction closed on April 1, 2016. During the year, network, advertising and programming fees were paid to various Corus subsidiaries, as well as transitional services related to the operations sold to Corus. 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 prior to Corus' acquisition of Shaw Media.

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in the Burrard Landing Lot 2 Holdings Partnership (the "Partnership"). During fiscal 2016, 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.

Key management personnel and Board of Directors

Key management personnel, which consists of the most senior executive team and 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, network programming and installation of equipment.

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 policies. The adoption or future adoption of these accounting policies has not and is not expected to result in changes to the Company's current business practices.

Adoption of recent accounting pronouncement

The adoption of the following IFRS amendments effective September 1, 2015 had no impact on the Company's consolidated financial statements.

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* outlined in *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* as issued by the IASB in September 2014. These amendments were to be applied prospectively to transactions occurring for annual periods commencing after a date to be determined by the IASB, however earlier application is permitted.

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

The Company has not yet adopted certain standards 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 2 *Share-based Payment* was amended in 2016 to clarify the accounting and measurement for certain types of share-based payment transactions. It is required to be applied for annual periods commencing on or after January 1, 2018, however earlier application is permitted.
- IFRS 16 *Leases* requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value are exempt from the requirements and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. It may be applied retroactively or using a modified retrospective approach for annual periods commencing January 1, 2019, with early adoption permitted if IFRS 15 *Revenue from Contracts with Customers* has been adopted.
- IAS 12 *Income Taxes* was amended in 2016 to clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is required to be applied for annual periods commencing January 1, 2017.
- IAS 7 *Statement of Cash Flows* was amended in 2016 to improve disclosures regarding changes in financing liabilities. It is required to be applied for annual period beginning on or after January 1, 2017.
- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets)* prohibits revenue from being used as a basis to depreciate property, plant and equipment and significantly limits use of revenue-based amortization for intangible assets. The amendments are to be applied prospectively for the annual period commencing September 1, 2016.
- IFRS 15 *Revenue from Contracts with Customers,* was issued in May 2014 and replaces IAS 11 *Construction Contracts,* IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programs,* IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services.* The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual period commencing September 1, 2018.
- IFRS 9 *Financial Instruments: Classification and Measurement* replaces IAS 39 *Financial Instruments* and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The standard is required to be applied retrospectively for the annual period commencing September 1, 2018.

KNOWN EVENTS, TRENDS, RISKS AND UNCERTAINTIES

The discussion in this MD&A addresses only what management has determined to be the most significant known events, trends, risks and uncertainties relevant to the Company, its operations and/or its financial results. This discussion is not exhaustive. The discussion of these matters should be considered in conjunction with the "Caution Concerning Forward-Looking Statements".

Competition and Technological Change

Shaw operates in an open and competitive marketplace. Our businesses face competition from regulated and unregulated entities using 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 distribution services and further expands 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 and customer service and through acquisitions, there can be no assurance that these investments will be sufficient to maintain Shaw's market share or performance in the future.

The following competitive events, trends, risks and/or uncertainties specific to areas of our business may have a material adverse effect on Shaw and its reputation, as well as its operations and/or its financial results. In each case, the competitive events, trends, risks and/or uncertainties may increase or continue to increase. Competition for new subscribers and retention of existing subscribers may require substantial promotional activity and increase our cost of customer acquisition, decrease our ARPU, or both. We expect that competition, including aggressive discounting practices by competitors to gain market share, will continue to increase for all of our businesses.

Consumer Internet

Shaw competes with a number of different types of ISPs offering residential Internet access including traditional telephone companies, wireless providers and independent ISPs making use of wholesale services to provide Internet access in various markets.

Shaw expects that consumer demand for higher Internet access speeds and greater bandwidth will continue to be driven by bandwidth-intensive applications including streaming video, digital downloading and interactive gaming. As described further under "Shaw's Wireline Network", Shaw continues to expand the capacity and efficiency of its wireline network to handle the anticipated increases in consumer demand for higher Internet access speeds and greater bandwidth, however, there can be no assurance that our investments in network capacity will continue to meet this increasing demand.

Consumer Video

Shaw's Consumer video services, delivered through both our wireline and satellite platforms, compete with other distributors of video and audio signals. We also compete increasingly with unregulated over-the-top video services and offerings available over Internet connections. Continued improvements in the quality of streaming video over the Internet and the increasing availability of television shows and movies online will continue to increase competition to Shaw's Consumer video services. Our satellite services also compete with illegal satellite services including grey and black market offerings.

Consumer Phone

Shaw's competitors for Consumer wireline phone services include traditional telephone companies, other wireline carriers, Voice over Internet Protocol ("VoIP") providers and wireless providers. Several of such competitors have larger operational and financial resources than Shaw. In addition, households increasingly rely on wireless services in place of wireline phone services which negatively affects the business and prospects of our Consumer wireline phone services.

Wireless

Freedom Mobile, formerly WIND Mobile, is a new entrant in the highly competitive Canadian wireless market which is characterized by three national wireless incumbent carriers and regional participants. The national wireless incumbent carriers have larger, and more diverse, spectrum holdings than Shaw, as well as larger operational and financial resources than Shaw and are well established in the market. The LTE-Advanced overlay network will be built using our Wireless division's AWS-3 spectrum licences. A robust ecosystem of handset devices for the AWS-3 spectrum band may not emerge in a timeframe that matches the planned roll-out of our LTE-Advanced network. In addition, our Wireless division may face increased competition from other facilities based or non-facilities based new entrants or alternate technologies.

Business Network Services

Shaw Business competes with other telecommunications carriers in providing high-speed 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. Shaw Business' competitors include traditional telephone companies, competitive access providers, competitive local exchange carriers, 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 additional competition. Competitors for the delivery of voice and unified communication services include traditional telecommunications companies, resellers and new entrants to the market leveraging new technologies to deliver services. Shaw Broadcast Service and Shaw Tracking also compete in industries that are highly competitive, rapidly evolving and subject to constant change.

Business Infrastructure Services

Shaw's hybrid IT services business operates in a highly competitive market that includes telecommunications companies, carriers, ISPs, managed service providers, large real estate investment trusts and other data centre operators, many of which are well-established in the areas where they operate. Ongoing consolidation within the industry has created, and is expected to continue to create, large organizations having larger operational and financial resources than Shaw.

Impact of Regulation

As more fully discussed under "Government regulations and regulatory developments", a majority of our Canadian business activities are subject to: (i) regulations and policies administered by ISED and/or the CRTC, and (ii) conditions of licenses. Shaw's operations, financial results, and future prospects are affected by changes in regulations, policies and decisions, conditions of licenses and decisions, including changes in interpretation of existing regulations by courts, the government or the regulators, in particular the CRTC, ISED, Competition Bureau and Copyright Board. This regulation relates to, and may have an impact on, among other things, licensing, spectrum holdings, products and services, competition, programming carriage and terms of carriage, strategic transactions, and infrastructure access, and the potential for new or increased fees or costs. Changes in the regulatory regime may have a material adverse effect on Shaw and its reputation, as well as Shaw operations, financial results and/or future prospects.

Economic Conditions

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

Foreign Operations

ViaWest and Shaw's other U.S. operations are exposed to fluctuations in the U.S. economy, U.S. regulatory changes, and other political developments, all of which could have an adverse impact on Shaw's business and financial results. The U.S. tends to be a litigious environment with larger damages awards compared to Canada. In some instances, Shaw may be subject to the exclusive jurisdiction of the U.S. courts.

Interest Rates, Foreign Exchange Rates and Capital Markets

Shaw has the following financial risks in its day-to-day operations:

(a) Interest rates: Due to the capital-intensive nature of Shaw's operations, the Company uses long-term financing extensively in its capital structure. The primary components of this structure include banking facilities as more fully described in Note 13 to the Consolidated Financial Statements, and 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 primarily fixed-rate obligations. If required, Shaw uses 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 may have a material adverse effect on Shaw, its operations and/or its financial results.

As at August 31, 2016, 79% of Shaw's consolidated long-term debt was fixed with respect to interest rates.

(b) Foreign exchange: A portion of Shaw's debt, capital expenditures, revenues and operating expenses are denominated in U.S. dollars – both for ViaWest and Shaw's other U.S. operations. In addition, Shaw's net investment in ViaWest is exposed to foreign exchange risk related to fluctuations in exchange rates between the Canadian and U.S. dollar. This risk is mitigated by certain U.S. dollar denominated debt which is designated as a hedge for the net investment in ViaWest as well as U.S. dollar forward purchases to reduce foreign exchange exposure to Shaw. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar may have a material adverse effect on Shaw, its operations and/or its financial results.

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

Shaw manages its exposure to floating interest rates by maintaining a balance of fixed and floating rate debt. Shaw may enter into forward contracts in respect of U.S. dollar capital expenditure and operating commitments to manage its exposure to foreign exchange uncertainty. While hedging and other efforts to manage floating interest rate risk are intended to mitigate Shaw's risk exposure, because of the inherent nature and risk of such transactions, those activities can result in losses. If Shaw hedges its floating interest rate exposure, it may forego the benefits that may otherwise be experienced if rates were to fall and it is subject to credit risks associated with the counterparties with whom it contracts. 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.

Equity Investment in Corus

As at August 31, 2016, the Company had a 38**%** interest in Corus, which operates a portfolio of multimedia offerings comprised of specialty television services, radio stations, conventional television stations, a global content business, digital assets, live events, children's book publishing, animation software, technology and media services (see "Equity Interest in Corus"). Each of these businesses faces competition, including competition for subscribers, advertising customers and engaging content. Corus' performance affects the value of the Company's investment in Corus and the Company's financial results. Corus' performance may not meet the Company's expectations (including in respect of Corus' payment of a regular dividend) in the near and/or long term.

As Corus is a publicly traded company, its value to the Company may be determined by market factors that do not reflect its value. This may limit the Company's ability to market its interest in Corus at a price that reflects the intrinsic value of Corus to the Company.

Programming Expenses

Expenses for video programming continue to be one of our most significant single expense items. Costs continue to increase, particularly for sports programming. In addition, as we add programming or distribute existing programming to more of our subscriber base, programming expenses increase. Although we have been successful at reducing the impact of these cost increases through the sale of additional services or increasing subscriber rates, there can be no assurance that we will continue to be able to do so and may have a material adverse effect on Shaw, its operations and/or its financial results.

Satellite Failure

Shaw relies on three satellites (Anik F2, Anik F1R and Anik G1) owned by Telesat Canada ("Telesat") to provide satellite services in our Consumer and Business Network Services divisions. 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. For 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 five years from its April 2013 launch. 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. The majority of 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, an upgrade of their video terminal 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 of Anik F1R. Satellite failure could negatively affect levels of customer service and customer relationships and may have a material adverse effect on Shaw and its reputation, as well as Shaw's operations and/or financial results.

Network Failure

Shaw's business may be interrupted by wireline or wireless network failures, including Shaw's own networks or third party networks. Such network failures may be caused by fire damage, natural disaster, power loss, hacking, computer viruses, disabling devices, acts of war or terrorism and other events which may be beyond Shaw's control.

As insurance premium costs are uneconomic relative to the risk of failure, Shaw self-insures the plant in the hybrid fibre-coax network. It is likely that wireline or wireless network damage caused by any one incident would be limited by geographic area and the resulting business interruption and financial damages would be also limited. In addition, with respect to a wireline network failure, we expect the risk of loss to be mitigated as most of the backbone fibre network and much of the hybrid fibre-coax access network is located underground.

Shaw protects its wireline network through a number of measures including physical and information technology security, and ongoing maintenance and placement of insurance on our network equipment and data centres. In the past, the Company has successfully recovered from network damage caused by natural disasters without significant cost or disruption of service.

Shaw protects its wireless network and mitigates wireless network failure through physical and information technology security, ongoing maintenance, and by carrying insurance on its wireless network equipment.

Despite the steps Shaw takes to reduce the risk of wireline and wireless network failure, failures may still occur, and such failures could negatively affect levels of customer service and relationships which may have a material adverse effect on Shaw and its reputation, as well as its operations and/or financial results.

Cyber Security Risks

Shaw's systems and network architecture are designed and operated to be secure, but they are vulnerable to the risks of an unauthorized third party accessing these systems or its network. This could lead to a number of adverse consequences, including the unavailability, disruption or loss of Shaw's services or key functionalities within Shaw's technology systems or software or the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Our insurance may not cover or be adequate to fully reimburse us for any associated costs and losses.

We continue to assess and enhance our cyber security stance within Shaw while we continue to monitor the risks of cyber attacks and implement appropriate security policies, procedures and information technology systems to mitigate the risk of cyber attacks.

External threats to our network are constantly changing, and there is no assurance we will be able to protect the network from all future threats which may have a material adverse effect on Shaw and its reputation, as well as Shaw's operations and/or financial results.

Information Systems and Internal Business Processes

Many aspects of the Company's businesses depend to a large extent on various IT systems and software, and on internal business processes. Shaw regularly undertakes initiatives to update and improve these systems and processes. Although the Company has taken steps to reduce the risks of failure of these systems and processes, there can be no assurance that potential failures of, or deficiencies in, these systems, processes or change initiatives will not have an adverse effect on Shaw and its reputation, as well as Shaw's operations and/or financial results.

Reliance on Suppliers

Shaw is connected to or relies on other telecommunication carriers and certain utilities to conduct its business. Any disruption to the services provided by these suppliers, including labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting the business operations of these carriers or utilities may affect Shaw's ability to operate and, therefore may have a material adverse effect on Shaw and its reputation, as well as Shaw's operations and/or financial results.

The Company sources its customer premise and capital equipment, capital builds as well as portions of its service offerings from certain key suppliers. While the Company has alternate sources for many of these purchases, the loss of a key supplier may adversely affect the Company's ability to operate, and therefore may have a material adverse effect on Shaw, its operations and/or its financial results. There are a limited number of suppliers of popular mobile devices and there is a risk that the Company will not be able to maintain contracts for its existing supply of mobile devices and/or contract for the supply of new devices on commercially reasonable terms.

Litigation

Shaw and its subsidiaries are involved in litigation matters arising in the ordinary course and conduct of its business, whether in Canada or the U.S. Although management does not expect that the outcome of these matters will have a material adverse effect on the Company, there can be no assurance that these matters, or other legal matters that arise in the future, will not have a material adverse effect on Shaw and its reputation, as well as Shaw's operations and/or financial results.

Taxes

Shaw's business is subject to various tax laws, changes to tax laws and the adoption of new tax laws, regulations thereunder and interpretations thereof, which may have adverse tax consequences to Shaw.

While Shaw believes it has adequately provided for all income and commodity taxes based on information that is currently available, the calculation and the applicability of taxes in many cases require significant judgment in interpreting tax rules and regulations. In addition, Shaw's tax filings are subject to government audits which could result in material changes in the amount of current and deferred income tax assets and liabilities and other liabilities which may, in certain circumstances, result in the assessment of interest and penalties.

Concerns about Alleged Health Risks relating to Radiofrequency Emissions

Concerns about alleged health risks relating to radiofrequency emissions may adversely affect our Wireless division. Some studies have alleged that links exist between radiofrequency emissions from certain wireless devices and cell sites and various health problems or possible interference with electronic medical devices, including hearing aids and pacemakers. Our Wireless division complies with all applicable laws and regulations. Further, our Wireless division relies on suppliers of wireless network equipment and customer equipment to meet or exceed all applicable regulatory and safety requirements. No definitive evidence exists of harmful effects from exposure to radiofrequency emissions when legal limits are complied with. Additional studies of radiofrequency emissions are ongoing and we cannot be certain of results, which could result in additional or more restrictive regulation or exposure to potential litigation.

Acquisitions, Dispositions and Other Strategic Transactions

Shaw may from time to time make acquisitions to expand its existing businesses or to enter into sectors in which Shaw does not currently operate, dispositions to focus on core offerings or enter into other strategic transactions. Such acquisitions, dispositions and/or strategic transactions may fail to realize the anticipated benefits, result in unexpected costs and/or Shaw may have difficulty incorporating or integrating the acquired business, any of which may have a material adverse effect on Shaw, its operations and/or financial results.

Holding company structure

Substantially all of Shaw's business activities are operated by its subsidiaries. As a holding company, our ability to meet our financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from our 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 Shaw 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.

Control of the Company

Class A Shares are the only shares entitled to vote on all shareholder matters. Voting control of the Company is held by Shaw Family Living Trust ("SFLT") which holds, for the benefit of descendants of JR and Carol Shaw, 17,562,400 Class A Shares, being approximately 78% of the issued and outstanding shares of such class as at August 31, 2016. The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including JR Shaw as chair, Carol Shaw, and four other members of JR Shaw's family. Accordingly, JR Shaw, through SFLT and its trustee, is able to elect a majority of the Board of Directors of the Company and to control any vote by the holders of Class A Shares.

Dividend Payments are not Guaranteed

Shaw currently pays monthly common share and quarterly preferred share dividends in amounts approved on a quarterly basis by the Board of Directors. Over the long term, Shaw expects to continue to pay dividends from its free cash flow; however, balance sheet cash and/or credit facilities may be used to stabilize dividends from time to time. Although Shaw intends to make regular dividend payments, dividends are not guaranteed as actual results may differ from expectations and there can be no assurance that the Company will continue common or preferred share dividend payments at the current level. In addition to the standard legislated solvency and liquidity tests that must be met, the Company would not be able to declare and pay dividends if there was an event of default or a pending event of default would result (as a consequence of declaring and paying dividends) under its credit facilities.

DISCUSSION OF OPERATIONS AND FOURTH QUARTER

To comply with the requirements of Items 1.4 (Discussion of Operations) and 1.10 (Fourth Quarter) of Form 51-102F1 of National Instrument 51-102, the sections entitled "Discussion of Operations" and "Overview" in the Company's Management's Discussion and Analysis for the fourth quarter and year ended August 31, 2016 (the "**2016 Fourth Quarter MD&A**") are incorporated by reference herein. The 2016 Fourth Quarter MD&A can be found on SEDAR at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

Quarter	Revenue	Operating income before restructuring costs and amortization[1]	Net income from continuing operations attributable to equity shareholders	Net income attributable to equity shareholders	Net income[2]	Basic and diluted earnings per share from continuing operations	Basic and diluted earnings per share
(millions of Canadian dollars except per share amounts)							
2016							
Fourth	1,306	549	144	154	154	0.29	0.31
Third	1,283	555	58	700	704	0.11	1.44
Second	1,151	502	116	156	164	0.24	0.32
First	1,144	508	138	209	218	0.28	0.43
Total	4,884	2,114	456	1,219	1,240	0.92	2.50
2015							
Fourth	1,131	525	247	272	276	0.51	0.57
Third	1,135	527	136	202	209	0.28	0.42
Second	1,118	498	135	163	168	0.28	0.34
First	1,100	487	148	219	227	0.31	0.46
Total	4,484	2,037	666	856	880	1.38	1.79

(1) Refer to Key performance drivers.
(2) Net income attributable to both equity shareholders and non-controlling interests.

While financial results for the Company 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 Shaw's promotional activity. Further, satellite subscriber activity is modestly higher around the summer time when more subscribers have second homes in use. Shaw's wireline, satellite, wireless or data centre businesses do not depend on any single customer or concentration of customers.

Fourth quarter net income decreased $550 million compared to the third quarter of fiscal 2016 mainly due to lower income from discontinued operations relating primarily to the gain on the divestiture of the former Media division recorded in the third quarter, decreased operating income before restructuring costs and amortization, and higher income taxes. Partly offsetting the decrease in net income were decreases in net other costs and revenues and restructuring costs. Net other costs and revenue decreased primarily due to non-recurring charges recorded in the third quarter, including a $17 million impairment of goodwill relating to the Tracking business, a $51 million impairment of the Company's joint venture investment in shomi, a $20 million write-down of a private portfolio investment, $12 million in acquisition related costs and a $10 million loss from an equity accounted associate. See "Other income and Expense" for further detail on non-operating items.

Net income for the third quarter increased $540 million compared to the second quarter of fiscal 2016 mainly due to higher income from discontinued operations relating primarily to the gain on the divestiture of the former Media division, increased operating income before restructuring costs and amortization and lower income taxes. Partly offsetting the net income improvement in the quarter were: i) decreased net other costs and revenue; ii) increased restructuring charges; and iii) increased amortization. Net other costs and revenue decreased primarily due to $17 million impairment of goodwill relating to the Tracking business, a $51 million impairment of the Company's shomi joint venture investment, a $20 million write-down of a private portfolio investment and a $10 loss from an equity accounted associate.

In the second quarter of 2016, net income decreased $54 million compared to the first quarter of fiscal 2016 mainly due to decreased income from discontinued operations of $32 million, primarily due to the seasonality of the Media business reflected in income from discontinued operations, net of tax, and net other costs and revenues of $13 million. Net other costs and revenues decreased primarily due to $8 million of costs recorded in the quarter related to the acquisition of WIND and INetU.

In the first quarter of 2016, net income decreased $58 million compared to the fourth quarter of 2015 mainly due to a change in net other costs and revenues of $140 million and decrease in operating income before restructuring costs and amortization

of $17 million offset by an increase in income from discontinued operations, net of tax, of $51 million and a decrease in income taxes of $50 million. Net other costs and revenues decreased primarily due to a fourth quarter 2015 gain on the sale of wireless spectrum of $158 million less the impact of a $27 million write-down of a private portfolio investment in the same period offset by an increase in the equity loss of a joint venture of $5 million in the first quarter of 2016.

In the fourth quarter of 2015, net income increased $67 million primarily due to improved net other revenue items of $191 million partially offset by lower income from discontinued operations, net of tax, of $44 million and higher income tax expense of $70 million. The improvement in net other costs and revenue items was due to the combined effects of the aforementioned sale of spectrum licenses and write-down of a private portfolio investment during the fourth quarter and the $59 million net charge arising in the third quarter related to an impairment of goodwill, write-down of IPTV assets and proceeds received on the Shaw Court insurance claim.

In the third quarter of 2015, net income increased $41 million due to higher operating income before restructuring costs and amortization of $29 million, an increase in income from discontinued operations, net of tax, of $40 million, lower restructuring costs of $35 million and $11 million of proceeds related to the Shaw Court insurance claim, partially offset by a charge for impairment of goodwill of $15 million and write-down of IPTV assets of $55 million as well as the distributions received from a venture capital fund in the second quarter. The impairment of goodwill was in respect of the Tracking operations in the Business Network Services division and was a result of the Company's annual impairment test of goodwill and indefinite-life intangibles in the third quarter. The write-down of IPTV assets was a result of the Company's decision to work with Comcast to begin technical trials of their cloud-based X1 platform.

In the second quarter of 2015, net income decreased $59 million due to lower income from discontinued operations, net of tax, of $46 million and restructuring expenses of $36 million partially offset by higher operating income before restructuring costs and amortization of $10 million, net other costs and revenue items of $24 million due to the aforementioned venture capital fund distributions.

In the first quarter of 2015, net income increased $35 million due to income from discontinued operations, net of tax, of $56 million and a decrease in income taxes of $26 million, partially offset by increases in amortization of $33 million and net other costs of $17 million. The increase in net other costs and revenue was primarily due to an equity loss of $13 million in respect of the Company's joint venture interest in shomi.

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

Growth (losses) in subscriber statistics as follows:

	2016				2015			
Subscriber Statistics	First	Second	Third	Fourth	First	Second	Third	Fourth
Video – Cable	**(20,900)**	**(39,354)**	**(25,993)**	**(23,773)**	(15,591)	(35,967)	(24,524)	(39,315)
Video – Satellite	**(12,628)**	**(3,560)**	**1,113**	**(6,780)**	(17,980)	(8,254)	(2,820)	(8,146)
Internet	**8,418**	**2,788**	**(8,302)**	**12,064**	14,048	(1,819)	7,212	2,699
Phone	**(19,730)**	**(11,369)**	**(9,767)**	**(13,094)**	(599)	(12,027)	(20,974)	(29,683)
Wireless – Postpaid	**–**	**–**	**639,997**	**27,031**	–	–	–	–
Wireless – Prepaid	**–**	**–**	**363,472**	**12,788**	–	–	–	–

RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2016 CONSOLIDATED RESULTS

(millions of Canadian dollars except per share amounts)	2016	2015	2014	Change 2016 %	Change 2015 %
Operations:					
Revenue	**4,884**	4,486	4,219	**8.9**	6.3
Operating income before restructuring costs and amortization[1]	**2,114**	2,037	1,909	**3.8**	6.7
Operating margin[1]	**43.3%**	45.4%	45.3%	**(2.1pts)**	0.1pts
Funds flow from continuing operations[2]	**1,483**	1,398	1,302	**6.1**	7.4
Net income from continuing operations	**456**	666	606	**(31.5)**	9.9
Income from discontinued operations, net of tax	**784**	214	281	**>100.0**	(23.8)
Net income	**1,240**	880	887	**40.9**	(0.8)
Free cash flow[1]	**482**	653	698	**(26.2)**	(6.4)
Balance sheet:					
Total assets	**15,244**	14,564	13,250		
Long-term financial liabilities					
Long-term debt (including current portion)	**5,612**	5,669	4,690		
Other financial liabilities	**5**	20	5		
Per share data:					
Basic earnings per share					
Continuing operations	**0.92**	1.40	1.30		
Discontinued operations	**1.59**	0.40	0.54		
	2.51	1.80	1.84		
Diluted earnings per share					
Continuing operations	**0.92**	1.39	1.30		
Discontinued operations	**1.59**	0.40	0.54		
	2.51	1.79	1.84		
Weighted average number of participating shares outstanding during period (millions)	**480**	468	457		
Cash dividends declared per share					
Class A	**1.1825**	1.1613	1.0775		
Class B	**1.1850**	1.1638	1.0800		

(1) Refer to Key performance drivers.

(2) Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.

Fiscal 2016 Highlights

- Net income was $1.24 billion for fiscal 2016 compared to $880 million in 2015.
- Earnings per share were $2.51 in fiscal 2016 compared to $1.80 in 2015.
- Revenue for fiscal 2016 improved 8.9% to $4.88 billion from $4.49 billion last year.
- Operating income before restructuring costs and amortization of $2.11 billion in fiscal 2016 was up 3.8% over last year's amount of $2.04 billion.
- Consolidated free cash flow in fiscal 2016 was $482 million compared to $653 million in 2015.

- During 2016 the Company's dividend rates on Shaw's Class A Participating Shares and Class B Non-Voting Participating Shares were $1.1825 and $1.1850 respectively. Dividends paid in 2016 were $568 million gross of amounts attributed to the dividend reinvestment plan.

Significant acquisitions, financings and other transactions:

ViaWest acquisition of INetU, Inc.

- On December 15, 2015, ViaWest closed the acquisition of 100% of the shares of INetU, Inc. ("INetU") for US$162 million which was funded through a combination of borrowings under ViaWest's and the Company's revolving credit facilities as well as incremental term loan proceeds under ViaWest's credit facility.
- INetU is a solutions provider of public, private and hybrid cloud environments offering managed security and compliance services. The acquisition of INetU allowed ViaWest to add new services to its cloud and managed offerings, and expanded its geographical footprint with eastern U.S. and European cloud locations.

Acquisition of Mid-Bowline Group Corp and its wholly owned subsidiary WIND Mobile Corp.

- On March 1, 2016, the Company completed the acquisition of 100% of the shares of Mid-Bowline Group Corp. and its wholly owned subsidiary WIND Mobile Corp. for an enterprise value of $1.6 billion which was funded through a combination of cash on hand, a drawdown of $1.3 billion on the Company's credit facilities and the issuance of 2,866,384 Class B Non-Voting Participating Shares.
  - The fair value of purchase consideration consisted of $1.59 billion in cash and $68 million in shares. The acquisition of WIND Mobile led to the creation of our Wireless division.
- The addition of wireless enables Shaw to combine the power of fibre, coax, Wi-Fi and wireless networks to deliver a seamless experience of anytime and anywhere enhanced connectivity within our operating footprint.

Sale of Shaw Media Inc.

- On April 1, 2016, the Company entered into an agreement with Corus, a related party subject to common voting control, to sell 100% of its wholly owned subsidiary Shaw Media Inc. for a purchase price of approximately $2.65 billion, comprised of $1.85 billion of cash and 71,364,853 Corus Class B non-voting participating shares representing approximately 37% of Corus' total issued equity of Class A and Class B shares.
  - For fiscal 2016, the assets and liabilities, operating results and operating cash flows for the previously reported Media segment were presented as discontinued operations separate from the Company's continuing operations. Prior period financial information was also reclassified to present the former Media division as a discontinued operation.
  - The Company recognized a gain on the divestiture, net of tax, in income from discontinued operations of $625 million.
- Through holding of the shares in Corus, the Company will effectively retain an indirect, non-controlling interest in the former Media division subsequent to the sale, but the Company will no longer have control over the Media division.
- The Company participates in Corus' dividend reinvestment program for its initial investment in Corus Class B Shares. For the year ended August 31, 2016, the Company received dividends of $34 million from Corus that were reinvested through the program into additional Corus Class B shares. At August 31, 2016, the Company owned 74,135,891 Corus Class B shares having a fair value of $911 million and representing 38% of the total issued equity of Corus.

Financing activity

- During 2012, a syndicate of banks provided the Company with an unsecured $1 billion credit facility which includes a maximum revolving term facility of $50 million. During 2014, the Company amended the terms of the facility to extend the maturity date from January 2017 to December 2019. During 2016, the Company elected to increase its borrowing capacity by $500 million under the terms of the amended facility to a total of $1.5 billion. Funds are available to the Company in both Canadian and US dollars. Interest rates fluctuate with Canadian prime and bankers' acceptance rates, US bank base rates and LIBOR rates.

- During 2016, ViaWest entered into an incremental US$80 million term loan and increased the borrowing capacity available on the revolving facility by US$35 million. The incremental term loan has quarterly principal repayments commencing May 2016 with the balance due on maturity in March 2022. Interest rates fluctuate with LIBOR, US prime and US Federal Funds rates and the facilities are secured by a first priority security interest in specific assets pursuant to the terms of the Security Agreement
- On February 1, 2016, the Company repaid $300 million floating rate senior notes.
- On February 19, 2016, the Company issued $300 million senior notes at a rate of 3.15% due February 19, 2021.
- In connection with the acquisition of WIND Mobile on March 1, 2016, the Company drew down $1.3 billion on its credit facility comprised of a $1.0 billion non-revolving credit facility with a syndicate of lenders that was entered into on March 1, 2016 along with $300 million drawn on the Company's existing credit facility. These amounts were repaid on April 1, 2016 using the cash proceeds received from the Shaw Media disposition.
- On May 9, 2016, the Company repaid $300 million 6.15% senior notes.

Other items of significance

- The Company has a 50% interest in Shomi Partnership ("shomi") a joint venture arrangement with Rogers Communications Inc. ("Rogers"), a subscription video-on-demand service that launched in November 2014. Subsequent to the year end, shomi announced its decision to wind down its operations with service ending November 30, 2016. As a result, the Company expects to incur an investment loss of up to $120 million in its first quarter ending November 30, 2016 relating to estimated provisions for future liabilities in shomi.
- During 2016, the Company underwent a restructuring following a set of significant asset realignment initiatives, including the acquisition of WIND and divestiture of Shaw Media. As part of the restructuring, the Company initiated an efficiency program that will deliver fiscal 2017 operating cost and capital efficiencies, in aggregate, of approximately $75 million. Approximately 200 employees were affected by the 2016 restructuring of which $23 million of restructuring costs were recorded relating primarily to severance and employee related costs.

Fiscal 2015 Highlights:

- Net income was $880 million for fiscal 2015 compared to $887 million in 2014.
- Earnings per share were $1.80 in fiscal 2015 compared to $1.84 in 2014.
- Revenue for fiscal 2015 improved 6.3% to $4.49 billion from $4.22 billion in 2014
- Operating income before restructuring costs and amortization of $2.04 billion in fiscal 2015 was up 6.7% over 2014 amount of $1.91 billion.
- Consolidated free cash flow in fiscal 2015 was $653 million compared to $698 million in 2014.
- During 2015 the Company increased the dividend rate on Shaw's Class A Participating Shares and Class B Non-Voting Participating Shares to an equivalent annual per share dividend rate of $1.1825 and $1.185 respectively. Dividends paid in 2015 were $535 million gross of amounts attributed to the dividend reinvestment plan.

Significant acquisitions, financings and other transactions:

Acquisition of ViaWest

- On September 2, 2014, the Company closed the acquisition of 100% of the shares of ViaWest for an enterprise value of US $1.2 billion which was funded through a combination of cash on hand, assumption of ViaWest debt and a drawdown of US $330 million on the Company's credit facility.
- The ViaWest acquisition provided the Company with a growth platform in the North American data centre sector and represented another step in expanding technology offerings for mid-market enterprises in Western Canada.

Other items of significance

- In April 2014 the Company announced changes to the structure of its operating divisions to improve overall efficiency while enhancing its ability to grow as the leading network and content experience company. Commencing in fiscal 2015, Shaw's residential and enterprise services were reorganized into new Consumer and Business units, respectively. The organization structure realignment efforts included the following initiatives:
  - Adapting its customer care operations into centres of expertise in order to improve the end-to-end customer service experience;
  - Restructuring certain functions within the Business Network Services division to improve customer service and performance; and
  - Organizational changes in the former Media division to transition from a traditional broadcaster to a broader focus media organization.
  - In 2015, the Company recorded $52 million in respect of continued restructuring, primarily related to severance and employee related costs, which impacted approximately 1,700 employees.
- During fiscal 2015, the Company entered into a joint venture arrangement with Rogers to form shomi, a subscription video-on-demand. The service was launched in early November 2014.
- During 2013, the Company granted Rogers an option to acquire its wireless spectrum licenses. The exercise of the option and the sale of the wireless spectrum licenses were subject to various regulatory approvals and therefore, the licenses were not classified as held for sale. During fiscal 2015, the regulatory reviews concluded at which time Rogers exercised its option and the transfer was completed. The Company had previously received $50 million in respect of the purchase price of the option to acquire wireless spectrum licenses and a $200 million deposit in respect of the option exercise price. The Company received an additional $100 million when the transaction completed and recorded a gain of $158 million.
- During 2013, the Company established a notional fund, the accelerated capital fund, of up to $500 million with proceeds received, and to be received, from strategic transactions. Accelerated capital initiatives were funded through this fund and not cash generated from operations. Key investments included the Calgary data centres, further digitization of the network and additional bandwidth upgrades, development of IP delivery of video, expansion of the Wi-Fi network, and additional innovative product offerings related to Shaw Go WiFi and other applications to provide an enhanced customer experience. Approximately $110 million was invested in fiscal 2013, $240 million in fiscal 2014, and $150 million in fiscal 2015. The accelerated capital fund was closed in fiscal 2015.

Fiscal 2014 Highlights:

Significant acquisitions, financings and other transactions:

- In 2014, we adopted a program called "Focus to Deliver" designed to enhance our efficiency and growth potential by ensuring business decisions are made in accordance with disciplined customer-centric criteria.
- Shaw also continued to invest in and build awareness of Shaw Go WiFi and as at August 31, 2014 had approximately 45,000 hotspots and 1.25 million devices registered on the network. The Company increased its equivalent annual per share dividend rate on Shaw's Class A Participating Shares and Class B Non-Voting Participating Shares to an equivalent dividend rate of $1.0975 and $1.10 respectively. Dividends paid in 2014 were $485 million gross of amounts attributed to the dividend reinvestment plan.
- The Company conducted a number of capital market activities, including:
  - The issuance of 4.35% $500 million senior unsecured notes due January 31, 2024.
  - The issuance of $300 million floating rate senior unsecured notes due February 1, 2016.
  - The redemption of $600 million senior unsecured notes due June 2, 2014.

Revenue and operating income before restructuring costs and amortization

Consolidated revenue of $4.88 billion for fiscal 2016 improved 8.9% over $4.49 billion for fiscal 2015. Revenue growth was due to the addition of the new Wireless division and customer growth in the Business Network Services and the Business Infrastructure Services divisions as well as due to the incremental revenue acquired with the purchase of INetU. Consumer

revenue was comparable to the prior year where improvements in revenue from annual August rate increases and growth in Internet RGUs were offset by video, phone and satellite RGU declines and lower On Demand revenues.

Operating income before restructuring costs and amortization of $2.11 billion for the twelve month period improved 3.8% compared to $2.04 billion for fiscal 2015. The improvement reflects the addition of the Wireless division and growth in the Business Infrastructure Services and Business Network Services divisions attributable to profitable customer growth and the acquisition of INetU. This improvement was partially offset by lower operating income before restructuring costs and amortization in the Consumer division related primarily to higher costs associated with the deployment of FreeRange TV and programming.

Amortization

(millions of Canadian dollars)	2016	2015	Change %
Amortization revenue (expense) –			
Deferred equipment revenue	**67**	78	(14.1)
Deferred equipment costs	**(151)**	(164)	7.9
Property, plant and equipment, intangibles and other	**(873)**	(778)	(12.2)

Amortization of deferred equipment revenue and deferred equipment costs decreased over the comparable year primarily due to the impact of the fluctuation in the sales mix of equipment, timing and volume of sales and amortization periods for amounts in respect of customer premise equipment, as well as changes in customer pricing on certain equipment.

Amortization of property, plant and equipment, intangibles and other increased 12.2% for the year ended August 31, 2016 over the comparable periods due to amortization related to the new Wireless division as well as the effect of higher foreign exchange rates on the translation of ViaWest and the amortization of new expenditures exceeding the amortization of assets that became fully amortized during the periods

Amortization of financing costs and Interest expense

(millions of Canadian dollars)	2016	2015	Change %
Amortization of financing costs – long-term debt	**5**	4	25.0
Interest expense	**301**	283	6.4

Interest expense for the twelve month period ended August 31, 2016 increased over the comparable period primarily due to increased debt related to business acquisitions, foreign exchange on U.S. dollar denominated debt and a decrease in capitalized interest.

Other income and expenses

(millions of Canadian dollars)	2016	2015	Increase (decrease) in income
Business acquisition costs	**(21)**	(6)	(15)
Equity loss of an associate or joint venture	**(61)**	(56)	(5)
Gain on sale of wireless spectrum licenses	**–**	158	(158)
Impairment of goodwill	**(17)**	(15)	(2)
Other losses	**(102)**	(44)	(58)
	(201)	37	(238)

In fiscal 2016, the Company incurred $20 million of acquisition related costs for professional fees paid to lawyers, consultants, advisors and other related costs in respect of the acquisition of WIND which closed on March 1, 2016, and $1 million related to the acquisition of INetU. During the first quarter of the prior year, $6 million of costs were incurred in respect of the acquisition of ViaWest.

The Company recorded an equity loss of $52 million in fiscal 2016 (2015 – $56) related to its interest in shomi, the subscription video-on-demand service launched in early November 2014. The equity loss includes amounts in respect of the development and launch of the business. The Company recorded an equity loss of $10 million in fiscal 2016 (2015 – $nil) related to its interest in Corus.

In fiscal 2014, Rogers Communications Inc. exercised its option to acquire the Company's AWS spectrum as announced in January 2013. Previously the Company received $50 million in respect of the purchase price of the option to acquire wireless spectrum licenses and a $200 million deposit in respect of the option exercise price. The Company received an additional $100 million when the transaction completed in fiscal 2015 and recorded a gain of $158 million in that period.

As a result of the Company's annual impairment test of goodwill and indefinite-life intangibles, an impairment charge of $17 million was recorded in fiscal 2016 with respect to the Tracking operations in the Business Network Services division.

Other losses generally includes realized and unrealized foreign exchange gains and losses on U.S. dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company's share of the operations of Burrard Landing Lot 2 Holdings Partnership. In the current year, the category also includes a write-down of $54 in respect of the Company's investment in shomi, a write-down of $20 in respect of a private portfolio investment and asset write-downs of $16. In the prior year, the category included a write-down of $6 in respect of a property held for sale, distributions of $27 from a venture capital fund investment, a write-down of $27 in respect of a private portfolio investment, additional proceeds of $15 related to the fiscal 2012 Shaw Court insurance claim and asset write-downs of $55.

Subsequent to the period end, shomi, announced an orderly wind down with service ending November 30, 2016. As a result, the Company expects to incur an investment loss of up to $120 million in its first quarter ending November 30, 2016 relating to a provision for future liabilities in shomi.

Income tax expense

The income tax expense was calculated using current statutory income tax rates of 26.2% for 2016 and 25.5% for 2015 and was adjusted for the reconciling items identified in Note 23 to the Consolidated Financial Statements.

Earnings per share

(millions of Canadian dollars except per share amounts)	2016	2015	Change %
Net income	**1,240**	880	40.9
Weighted average number of participating shares outstanding during period (millions)	**480**	468	
Earnings per share			
Basic	**2.51**	1.80	
Diluted	**2.51**	1.79	

Net income

Net income was $1.24 billion in 2016 compared to $880 million in 2015. The year-over-year changes are summarized in the table below.

(millions of Canadian dollars)	
Increased operating income before restructuring costs and amortization	**77**
Decreased restructuring costs	**16**
Increased amortization	**(93)**
Increased interest expense	**(18)**
Change in other net costs and revenue[(1)]	**(239)**
Decreased income taxes	**47**
Increased income from discontinued operations, net of tax	**570**
	360

(1) Net other costs and revenue includes gains on sales of wireless spectrum licenses and media assets, business acquisition costs, accretion of long-term liabilities and provisions, debt retirement costs, equity loss of an associate or joint venture, impairment of goodwill and other losses as detailed in the Consolidated Statements of Income.

Net income for the twelve month period ended increased $360 million relative to the comparable period primarily due to higher income from discontinued operations, net of tax, higher operating income before restructuring and amortization and a decrease in income taxes. Partly offsetting the improvement were increases in net other costs and revenue, higher interest expense and amortization, and reduced income from discontinued operations, net of tax, for the period following the divestiture.

Net other costs and revenues were unfavourable primarily due to amounts incurred in the third quarter related to the acquisition of WIND, a $17 million impairment of goodwill relating to the Tracking business, the impairment and equity loss of the Company's joint venture in shomi of $54 million, the write-down of private portfolio investment and a $10 million loss from an equity accounted associate. See "Other income and Expense" for further detail on non-operating items.

SEGMENTED OPERATIONS REVIEW

CONSUMER

FINANCIAL HIGHLIGHTS

(millions of Canadian dollars)	2016	2015	Change %
Revenue	**3,752**	3,752	–
Operating income before restructuring costs and amortization[(1)]	**1,667**	1,686	(1.1)
Operating margin[(1)]	**44.4%**	44.9%	(0.5pts)

(1) Refer to Key performance drivers.

Consumer revenue for the year of $3.8 billion was comparable to last year. The effect of price adjustments and growth in Internet was offset by higher promotional costs, reduced On-Demand revenues and lower video and phone subscribers.

Operating income before restructuring costs and amortization of $1.67 billion decreased 1.1% over the prior year. The year-to-date result was affected primarily by higher expenses including implementation and recurring costs attributable to the launch of FreeRange TV, and programming costs due to annual contracted increases and new content, offset partially by lower employee related costs due in part to the efficiency program enacted in the third quarter.

BUSINESS NETWORK SERVICES

Financial Highlights

(millions of Canadian dollars)	2016	2015	Change %
Revenue	**548**	520	5.4
Operating income before restructuring costs and amortization[1]	**265**	256	3.5
Operating margin[1]	**48.4%**	49.2%	(0.8pts)

(1) Refer to Key performance drivers.

Revenue of $548 million was 5.4% higher than the prior year primarily due to customer growth in both small to medium size businesses and in large enterprise markets as well as an August 2016 rate increase for legacy video, internet and phone products. The core business, which excludes satellite services, increased revenues 7.0% on a full year basis, reflecting continued customer growth converting to or adding Shaw's Smart suite of products.

Operating income before restructuring costs and amortization of $265 million improved 3.5% over the comparable year due to consistent customer growth trends throughout fiscal 2016 partly offset by the incremental costs associated with pursuing new customer opportunities including additional employee and marketing costs incurred relating to the Smart suite of products.

BUSINESS INFRASTRUCTURE SERVICES

Financial Highlights

(millions of Canadian dollars)	2016	2015	Change %
Revenue	**334**	246	35.8
Operating income before restructuring costs and amortization[1]	**123**	95	29.5
Operating margin[1]	**36.8%**	38.6%	(1.8pts)

(1) Refer to Key performance drivers.

Revenue for the year was $334 million and operating income before restructuring costs and amortization was $123 million. For the year, revenue of $334 million increased 35.8% over the prior year due primarily to the acquisition of INetU and customer growth in addition to a favourable foreign exchange impact and a full year of results from AppliedTrust, acquired in the fourth quarter of 2015. Excluding the effect of foreign exchange, revenue for the U.S. based operations increased by 24.3% to US$252 million for the twelve month period. Excluding the effect of INetU, revenue for the U.S. based operations increased by 12.0% to US$227 million for the twelve month period.

WIRELESS

Financial Highlights

(millions of Canadian dollars)	2016
Revenue	**280**
Operating income before restructuring costs and amortization[1]	**59**
Operating margin[1]	**21.1%**

(1) Refer to Key performance drivers.

In fiscal 2016, the Company reported six months of operating results from the newly created Wireless division which was formed with the acquisition of WIND which was acquired on March 1, 2016.

During 2016, our Wireless division reached a milestone in acquiring its one-millionth combined postpaid and prepaid subscriber. The year ended with 667,028 postpaid subscribers and 376,260 prepaid subscribers and ARPU of $37.40, representing a 6% increase since the date of acquisition.

CAPITAL EXPENDITURES AND EQUIPMENT COSTS

(millions of Canadian dollars)	Year ended August 31, 2016	2015	Change %
Consumer and Business Network Services			
New housing development	**105**	106	(0.9)
Success based	**275**	284	(3.2)
Upgrades and enhancements	**401**	353	13.6
Replacement	**43**	35	22.9
Buildings and other	**91**	176	(48.3)
Total as per Note 24 to the audited annual consolidated financial statements	**915**	954	(4.1)
Business Infrastructure Services			
Total as per Note 24 to the audited annual consolidated financial statements	**155**	152	2.0
Wireless			
Total as per Note 24 to the audited annual consolidated financial statements	**121**	–	n/a
Consolidated total as per Note 24 to the audited annual consolidated financial statements[1]	**1,191**	1,106	7.7

(1) Fiscal 2015 includes $150 million related to certain capital investments that were funded from the accelerated capital fund.

Capital investment was $1.2 billion in the current year compared to $1.1 billion in the prior year which included $150 million of investment funded through the accelerated capital fund. The accelerated capital fund initiatives, which were completed in the fourth quarter of 2015, included investment on new internal and external Calgary data centres, increasing network capacity, next generation video delivery systems, back office infrastructure upgrades, and expediting the Wi-Fi infrastructure build.

Consumer and Business Network Services

Success based capital for the twelve month period of $275 million was moderately lower than the comparable periods last year. The current year decrease in success based capital was due primarily to lower phone installations and decreased advanced Internet Wi-Fi modem spend partially offset by higher Satellite success based capital spend driven by higher customer activations, increased equipment discounts and lower rental returns. Rental returns decreased in the year due mainly to the termination of the Satellite rental program.

Investment in the combined upgrades and enhancement and replacement categories was $444 million, a $56 million increase over fiscal 2015 due to: i) investment in the wireline network including significant bandwidth and upgrade programs; ii) next generation video delivery platforms necessary to support the rollout of Comcast's X1 and TVE products; iii) timing of bulk material and vehicle purchases; iv) initial investment in support of Satellite MPEG2 to MPEG4 upgrade: v) investment in Business Network Services managed Wi-Fi and SmartVoice products; and vi) mainline upgrade activities. Increased investments were partly offset by lower spend on Shaw Go WiFi access points and fibre builds in support of Business Network Services.

Investment in buildings and other of $91 million for the twelve month period was down $85 million over the comparable period. The decreases in each of the current quarter and year-to-date periods relate to lower spend on the internal data centre, Shaw Court refurbishment expenditures, lower internal network, software and equipment upgrades and lower capitalized interest.

Capital spend on new housing development was $105 million comparable to the prior year.

Business Infrastructure Services

Capital investment of $155 million for the twelve month period was primarily growth related capital investment in core infrastructure and equipment to expand existing facilities in Denver, Colorado and Portland, Oregon along with development of the newest data center in Plano, Texas. Also included in the twelve-month period is $11 million related to investment in the Calgary1 data centre located in Calgary, Alberta facility.

Wireless

Capital investment of $121 million for the six months since the formation of the Wireless division, respectively, represented investment for the continued improvement in the network infrastructure primarily in the LTE-Advanced core and radio network rollout readiness project across the network as well as capital investments made on the upgrade of back office systems.

DISCONTINUED OPERATIONS – SHAW MEDIA

	Year ended August 31,	
	2016	**2015**
Revenue	**610**	1,080
Eliminations[1]	**(46)**	(78)
	564	1,002
Operating, general and administrative expenses		
Employee salaries and benefits	**109**	180
Purchases of goods and services[2]	**272**	558
	381	738
Eliminations[1]	**(46)**	(78)
	335	660
Restructuring costs	**–**	13
Amortization[2]	**11**	30
Accretion of long-term liabilities and provisions	**2**	4
Other losses	**–**	5
Income from discontinued operations before tax and gain on divestiture	**216**	290
Income taxes	**57**	76
Income from discontinued operations before gain on divestiture	**159**	214
Gain on divestiture	**672**	–
Income taxes on gain	**47**	–
Income (loss) from discontinued operations, net of tax	**784**	214

(1) Eliminations relate to intercompany transactions between continuing and discontinued operations. The costs are included in continuing operations as they are expected to continue to be incurred subsequent to the disposition.

(2) As of the date the Media division met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including program rights, property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in twelve month period amounted to $35 for program rights and $6 for property, plant and equipment, intangibles and other.

For the twelve month period, revenue of $564 million and income from discontinued operations, net of tax, of $784 million compared to $1.0 billion and $214 million last year, respectively. The revenue decrease was the result of seven months of results in the current year prior to the divestiture of the former Media division on April 1, 2016. The increase in income from

discontinued operations, net of tax, was primarily due to the $672 million gain on the divesture offset by the impact of lower income from discontinued operations before gain on divestiture, the result of only seven months of results in the current year, and income taxes on the gain.

FINANCIAL POSITION

Total assets were $15.2 billion at August 31, 2016 compared to $14.6 billion at August 31, 2015. Following is a discussion of significant changes in the consolidated statement of financial position since August 31, 2015.

Current assets decreased $133 million due to decreases in accounts receivable of $200 million, partially offset by increases in cash of $7 million and other current assets of $60 million. Accounts receivable decreased primarily due to the sale of the former Media division, partly offset by accounts receivable of WIND acquired during the third quarter. Cash increased as the funds provided by operations exceeded the cash outlay for investing and financing activities. Other current assets increased with the acquisition of WIND.

Investments and other assets increased $756 million primarily due to the Corus Class B shares received as proceeds on the sale of the Media division, partially offset by equity losses of associates and joint ventures and write-downs of an investment in shomi and an investment in a privately held entity.

Property, plant and equipment increased $387 million due to the WIND and INetU business acquisitions and capital investment in excess of amortization, partly offset by property, plant and equipment of the Media division, which was sold during the third quarter. Other long-term assets increased $16 million mainly due to the acquisition of WIND. Intangibles and goodwill decreased $343 million due to goodwill and intangibles related to the Media division which was disposed of during the quarter, partly offset by $1.6 billion of intangibles and $231 million goodwill recorded on the acquisitions of INetU and WIND, net software intangible additions and the ongoing effect of foreign exchange arising on translation of ViaWest.

Current liabilities decreased $119 million during the quarter due to decreases in the current portion of long-term debt of $196 million and current provisions of $19 million, partially offset by increases of $57 million in accounts payable and accruals, $20 million in income taxes payable and $19 million in unearned revenue. The decrease in current portion of long term debt is due to the repayment of $300 million variable rate senior notes on February 1, 2016 and $300 million 6.15% senior notes on May 9, 2016, partly offset by inclusion of $400 million 5.70% senior notes due March 2, 2017. Current provisions decreased primarily due to lower unpaid restructuring amounts. Accounts payable and accruals increased due the inclusion of accounts payable related to WIND which was acquired in the third quarter, partially offset by accounts payable related to the Media division which was sold during the third quarter and the timing of payment and fluctuations in various payables including capital expenditures and interest. Income taxes payable increased as a result of the current period provision partially offset by installments made in the period.

Long-term debt increased $139 million due to the issuance of $300 million in fixed rate senior notes at a rate of 3.15% due February 19, 2021, the debt incurred related to the acquisition of INetU under ViaWest's and the Company's credit facility totaling US $170 million and the effect of foreign exchanges rates on ViaWest's debt and the Company's US dollar borrowings under its credit facility, partially offset by the reclassification of the 6.15% senior notes to current liabilities.

Other long-term liabilities decreased $51 million mainly due to amounts related to the former Media division which was sold and contributions to employee benefit plans partially offset by actuarial losses recorded on those plans in the current quarter. Provisions increased due to the addition of WIND asset retirement obligations.

Deferred credits decreased $25 million due to a decline in deferred equipment revenue.

Deferred income tax liabilities increased $39 million primarily due to the amounts recorded on the acquisition of WIND and INetU, partly offset by amounts related to the former Media division which was sold during the previous quarter and current year income tax recovery.

Shareholders' equity increased $649 million primarily due to increases in share capital of $299 million and retained earnings of $622 million partly offset by decreases in accumulated other comprehensive loss of $33 million and equity attributable to non-controlling interests of $236 million. Share capital increased due to the issuance of 9,489,566 Class B non-voting participating shares ("Class B Non-Voting Shares") under the Company's option plan and Dividend Reinvestment Plan ("DRIP") and the issuance of 2,866,384 Class B Non-Voting Shares in connection with the acquisition of WIND. As at November 15,

2016, share capital is as reported at August 31, 2016 with the exception of the issuance of a total of 1,390,525 Class B Non-Voting Shares upon exercise of options under the Company's option plan and the DRIP. Retained earnings increased due to current year earnings of $1.2 billion, partially offset by dividends of $584 million while equity attributable to non-controlling interests decreased due to their share of current year earnings and derecognition in connection to the sale of Shaw Media. Accumulated other comprehensive loss decreased due to the net effect of exchange differences arising on the translation of ViaWest and U.S. dollar denominated debt designated as a hedge of the Company's net investment in those foreign operations as well as re-measurements recorded on employee benefit plans.

CONSOLIDATED CASH FLOW ANALYSIS

Operating activities

(millions of Canadian dollars)	2016	2015	Change %
Funds flow from operations	**1,483**	1,398	6.1
Net change in non-cash working capital balances related to operations	**72**	(106)	>100.0
Operating activities of discontinued operations	**108**	249	(56.6)
	1,663	1,541	7.9

On a year-to-date basis, funds flow from operations increased over the comparable period primarily due to higher operating income before restructuring costs and amortization, lower restructuring costs and lower income tax expense, partially offset by higher business acquisition costs and interest expense. The net change in non-cash working capital balances related to operations fluctuated over the comparative periods due to changes in accounts receivable balances and the timing of payment of current income taxes payable and accounts payable and accrued liabilities.

Investing activities

(millions of Canadian dollars)	2016	2015	Decrease
Cash flow used in investing activities	**(1,227)**	(1,904)	677

For the twelve month period ended August 31, 2016, cash used in investing activities decreased over the comparable period primarily due to proceeds on the sale of the former Media division, partially offset by higher acquisitions and cash outlays for capital expenditures and inventory in the current year. The prior year also reflected net proceeds on the sale of wireless spectrum licenses.

Financing activities

The changes in financing activities during 2016 and 2015 were as follows:

(millions of Canadian dollars)	2016	2015
Bank loans – net borrowings	**69**	361
ViaWest's credit facilities (net) and finance lease obligations	**183**	52
WIND finance lease obligations	**(1)**	–
Repay Cdn variable rate senior notes	**(300)**	–
Issuance of 3.15% senior unsecured notes	**300**	–
Senior notes issuance cost	**(2)**	–
Repay 6.15% senior unsecured notes	**(300)**	–
Bank facility arrangement costs	**(11)**	(14)
Dividends	**(393)**	(382)
Issuance of Class B Non-Voting Shares	**38**	129
Financing activities of discontinued operations	**(12)**	(23)
	(429)	123

LIQUIDITY AND CAPITAL RESOURCES

In the current year, the Company generated $482 million of free cash flow, including $132 million of free cash flow from discontinued operations. Shaw used its free cash flow along with $1.8 billion net proceeds on the sale of the Media division, $300 million proceeds from a 3.15% senior note issuance, borrowings of $1.4 billion under its credit facilities, borrowings of $192 million under ViaWest's credit facility, proceeds on issuance of Class B Non-Voting Shares of $37 million and funding through the net working capital change of $114 million to repay at maturity $300 million of variable rate senior notes, repay at maturity $300 million 6.15% senior notes, finance the $223 million acquisition of INetU, finance the $1.6 billion acquisition of WIND, pay common share dividends of $380 million, make $104 million in financial investments, repay $1.4 billion borrowings under its credit facilities, pay $35 million in restructuring costs and pay $7 million in other net items.

The Company issues Class B Non-Voting Shares from treasury under its DRIP which resulted in cash savings and incremental Class B Non-Voting Shares of $188 million during the twelve months ending August 31, 2016.

On December 15, 2015, ViaWest closed the acquisition of 100% of the shares of INetU for approximately US$162 million which was funded through a combination of borrowings under ViaWest's and the Company's revolving credit facilities and incremental term loan proceeds under ViaWest's credit facility. In addition, ViaWest's revolving credit facility was increased from US$85 million to US$120 million.

On February 11, 2016 the Company amended the terms of its bank credit facility to increase the maximum borrowings from $1.0 billion to $1.5 billion under the bank credit facility.

The Company entered into an agreement with a syndicate of lenders to provide a $1.0 billion non-revolving term loan facility to partially fund the acquisition of WIND. The Company used the proceeds of the term loan along with cash on hand, $300 million borrowings under its existing bank credit facility and proceeds from the issuance of 2,866,384 Class B Non-Voting Shares to finance the acquisition of WIND on March 1, 2016. The $1.0 billion non-revolving term loan facility and $300 million borrowings under the Company's bank credit facility were repaid on April 1, 2016 with the proceeds from the sale of Shaw Media.

Debt structure and financial policy

Shaw structures its borrowings generally on a standalone basis. With the exception of ViaWest, 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.

As at August 31, 2016, the ratio of debt to operating income before restructuring costs and amortization for the Company is 2.4 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 Company in the current environment. Should the ratio fall below this, on an other than temporary basis, the Board may choose to recapitalize back into this optimal range. The Board may also determine to increase the Company'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.

Shaw's and ViaWest's credit facilities are subject to customary covenants which include maintaining minimum or maximum financial ratios. At August 31, 2016 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.

	Covenant Limit
Shaw Credit Facilities	
Total Debt to Operating Cash Flow(1) Ratio	< 5.00:1
Operating Cash Flow(1) to Fixed Charges(2) Ratio	> 2.00:1
ViaWest Credit Facilities	
Total Net Leverage Ratio(3)	≤ 6.50:1

(1) Operating Cash Flow, for the purposes of the covenants, is calculated as net earnings before interest expense, depreciation, amortization and current and deferred income taxes, excluding profit or loss from investments accounted for on an equity basis, for the most recently completed fiscal quarter multiplied by four, plus cash dividends and other cash distributions received in the most recently completed four fiscal quarters from investments accounted for on an equity basis.

(2) Fixed Charges are defined as the aggregate of interest expense for the most recently completed fiscal quarter multiplied by four and dividends paid or accrued on shares (other than participating shares) during the most recently completed four fiscal quarters.

(3) Total Net Leverage Ratio is calculated as the ratio of consolidated total debt under the facility as of the last day of the most recent completed four fiscal quarters to Consolidated Adjusted EBITDA of ViaWest for the same period. Consolidated Adjusted EBITDA, for the purposes of the covenants, is calculated similar to Operating income before restructuring and amortization with adjustments for certain items such as one-time expenses and extraordinary items.

On June 30, 2016, 1,987,607 of the Company's Cumulative Redeemable Rate Reset Class 2 Preferred Shares, Series A ("Series A Shares") were converted into an equal number of Cumulative Redeemable Floating Rate Class 2 Preferred Shares, Series B ("Series B Shares") in accordance with the notice of conversion right issued on May 31, 2016. As a result of the conversion, the Company has 10,012,393 Series A Shares and 1,987,607 Series B Shares issued and outstanding. The Series A Shares will continue to be listed on the TSX under the symbol SJR.PR.A. The Series B Shares began trading on the TSX on June 30, 2016 under the symbol SJR.PR.B. The annual fixed dividend rate for the Series A Shares, payable quarterly, was reset to 2.791% for the five year period from and including June 30, 2016 to but excluding June 30, 2021. The floating quarterly dividend rate for the Series B Shares was set at an annual dividend rate of 2.539% for the period from and including June 30, 2016 to but excluding September 30, 2016. During the quarter, the floating quarterly dividend rate for the Series B Shares was set at an annual dividend rate of 2.512% for the period from and including September 30, 2016 to but excluding December 31, 2016. The floating quarterly dividend rate will be reset quarterly.

Based on the aforementioned financing activities, available credit facilities and forecasted free cash flow, the Company expects to have sufficient liquidity to fund operations and obligations, including maturing debt, 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.

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, 2016 are detailed in the following table.

Contractual Obligations

	Payments due by period				
(millions of Canadian dollars)	Total	Within 1 year	2 – 3 years	4 – 5 years	More than 5 years
Long-term debt[1]	8,797	710	570	3,048	4,469
Operating obligations[2]	1,383	310	455	295	323
Purchase obligations[3]	215	163	52	–	–
Other obligations[4]	5	–	5	–	–
	10,400	1,183	1,082	3,343	4,792

(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 non-current financial liabilities.

ADDITIONAL INFORMATION

Additional information relating to Shaw, including the Company's 2016 Annual Information Form can be found on SEDAR at www.sedar.com.

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).

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, 2016, 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 control over financial reporting during the fiscal year that have materially affected or are reasonably likely to materially affect Shaw's internal control 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 28, 2016

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 the internal control over 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, 2016.

Shaw Communications Inc.
Management's Responsibility For Financial Statements And Report On Internal Control Over Financial Reporting

As permitted by SEC guidance, management has excluded its subsidiary, WIND Mobile Corp. ("WIND") from this evaluation of the system of internal control over financial reporting. Shaw completed the purchase of 100% of WIND on March 1, 2016. Additional information regarding this acquisition is included in Note 3 to the consolidated financial statements. WIND had assets and revenues representing approximately 14% and 6%, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, 2016. Further information on WIND is included in Note 24 to the consolidated financial statements. WIND will be included in management's evaluation of internal controls over financial reporting for the fiscal year ended August 31, 2017.

[Signed]

Brad Shaw
Chief Executive Officer

[Signed]

Vito Culmone
Executive 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, 2016 and 2015, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2016 and 2015, 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, 2016 and 2015, and its financial performance and its cash flows for the years ended August 31, 2016 and 2015 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, 2016, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework and our report dated November 28, 2016 expressed an unqualified opinion on Shaw Communications Inc.'s internal control over financial reporting.

Calgary, Canada
November 28, 2016

Chartered Professional Accountants

Ernst & Young LLP

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, 2016, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 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.

As indicated in the accompanying Shaw Communications Inc.'s Management Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of WIND Mobile Corp., which is included in the August 31, 2016 consolidated financial statements of Shaw Communications Inc. and constituted $2,146 million of total assets as of August 31, 2016 and $280 million of revenues for the year then ended. Our audit of internal control over financial reporting of Shaw Communications Inc. also did not include an evaluation of the internal control over financial reporting of WIND Mobile Corp..

In our opinion, Shaw Communications Inc. maintained, in all material respects, effective internal control over financial reporting as at August 31, 2016, 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, 2016 and 2015, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2016 and 2015, and our report dated November 28, 2016 expressed an unqualified opinion thereon.

Calgary, Canada
November 28, 2016

Chartered Professional Accountants

Ernst & Young LLP

Shaw Communications Inc.
Consolidated Statements of Financial Position

[millions of Canadian dollars]	August 31, 2016 $	August 31, 2015 $
ASSETS		
Current		
Cash	**405**	398
Accounts receivable *[note 4]*	**268**	468
Inventories *[note 5]*	**65**	60
Other current assets *[note 6]*	**138**	78
Assets held for sale *[note 3]*	**–**	5
	876	1,009
Investments and other assets *[notes 7 and 28]*	**853**	97
Property, plant and equipment *[note 8]*	**4,607**	4,220
Other long-term assets *[note 9]*	**275**	259
Deferred income tax assets *[note 23]*	**6**	14
Intangibles *[note 10]*	**7,450**	7,459
Goodwill *[note 10]*	**1,172**	1,506
	15,239	14,564
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 11]*	**944**	887
Provisions *[note 12]*	**33**	52
Income taxes payable	**215**	195
Unearned revenue	**215**	196
Current portion of long-term debt *[notes 13 and 28]*	**412**	608
	1,819	1,938
Long-term debt *[notes 13 and 28]*	**5,200**	5,061
Other long-term liabilities *[notes 14 and 26]*	**135**	186
Provisions *[note 12]*	**53**	10
Deferred credits *[note 15]*	**563**	588
Deferred income tax liabilities *[note 23]*	**1,174**	1,135
	8,944	8,918
Commitments and contingencies *[notes 13, 25 and 26]*		
Shareholders' equity		
Common and preferred shareholders	**6,294**	5,409
Non-controlling interests in subsidiaries	**1**	237
	6,295	5,646
	15,239	14,564

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]	2016 $	2015 $
Revenue *[note 24]*	**4,884**	4,486
Operating, general and administrative expenses *[note 21]*	**(2,770)**	(2,449)
Restructuring costs *[notes 12 and 21]*	**(23)**	(39)
Amortization:		
Deferred equipment revenue *[note 15]*	**67**	78
Deferred equipment costs *[note 9]*	**(151)**	(164)
Property, plant and equipment, intangibles and other *[notes 8,9,10 & 15]*	**(873)**	(778)
Operating income from continuing operations	**1,134**	1,134
Amortization of financing costs – long-term debt *[note 13]*	**(5)**	(4)
Interest expense *[notes 13 and 24]*	**(301)**	(283)
Business acquisition costs *[note 3]*	**(21)**	(6)
Equity income (loss) of an associate or joint venture *[note 7]*	**(61)**	(56)
Gain on sale of wireless spectrum licenses *[note 3]*	**–**	158
Impairment of goodwill *[note 10]*	**(17)**	(15)
Other losses *[note 22]*	**(102)**	(44)
Income from continuing operations before income taxes	**627**	884
Current income tax expense *[note 23]*	**247**	288
Deferred income tax recovery *[note 23]*	**(76)**	(70)
Net income from continuing operations	**456**	666
Income from discontinued operations, net of tax *[note 3]*	**784**	214
Net income	**1,240**	880
Net income from continuing operations attributable to:		
Equity shareholders	**456**	666
Income (loss) from discontinued operations attributable to:		
Equity shareholders	**764**	190
Non-controlling interests in subsidiaries held for sale	**20**	24
	784	214
Basic earnings per share *[note 18]*		
Continuing operations	**0.92**	1.40
Discontinued operations	**1.59**	0.40
	2.51	1.80
Diluted earnings per share *[note 18]*		
Continuing operations	**0.92**	1.39
Discontinued operations	**1.59**	0.40
	2.51	1.79

See accompanying notes

Shaw Communications Inc.
Consolidated Statements of Comprehensive Income

Years ended August 31 [millions of Canadian dollars]	2016 $	2015 $
Net income	**1,240**	880
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	**1**	6
Adjustment for hedged items recognized in the period	**–**	(6)
Unrealized loss on available-for-sale investment	**–**	(3)
Reclassification of loss on available-for-sale investment to income	**4**	–
Share of other comprehensive income of associates	**(5)**	–
Exchange differences on translation of a foreign operation	**(7)**	184
Exchange differences on US denominated debt hedging a foreign operation	**4**	(74)
	(3)	107
Items that will not be subsequently reclassified to income:		
Remeasurements on employee benefit plans:		
Continuing operations	**(36)**	1
Discontinued operations	**(8)**	6
	(44)	7
Comprehensive income	**1,193**	994
Comprehensive income attributable to:		
Equity shareholders	**1,173**	970
Non-controlling interests in subsidiaries held for sale	**20**	24
	1,193	994

See accompanying notes

Shaw Communications Inc.
Consolidated Statements of Changes in Shareholders' Equity

Year ended August 31, 2016

[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, 2015	**3,500**	**45**	**1,883**	**(19)**	**5,409**	**237**	**5,646**
Net income	–	–	**1,220**	–	**1,220**	**20**	**1,240**
Other comprehensive loss	–	–	–	**(47)**	**(47)**	–	**(47)**
Comprehensive income	–	–	**1,220**	**(47)**	**1,173**	**20**	**1,193**
Dividends	–	–	**(396)**	–	**(396)**	–	**(396)**
Dividend reinvestment plan	**188**	–	**(188)**	–	–	–	–
Shares issued under stock option plan	**43**	**(6)**	–	–	**37**	–	**37**
Share-based compensation	–	**3**	–	–	**3**	–	**3**
Business acquisition	**68**	–	–	–	**68**	–	**68**
Distributions declared by subsidiaries to non-controlling interests	–	–	–	–	–	**(12)**	**(12)**
Derecognition/reclass on sale of discontinued operation *[note 3]*	–	–	**(14)**	**14**	–	**(244)**	**(244)**
Balance as at August 31, 2016	**3,799**	**42**	**2,505**	**(52)**	**6,294**	**1**	**6,295**

Year ended August 31, 2015

[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, 2014	3,182	64	1,589	(133)	4,702	235	4,937
Net income	–	–	856	–	856	24	880
Other comprehensive loss	–	–	–	114	114	–	114
Comprehensive income	–	–	856	114	970	24	994
Dividends	–	–	(396)	–	(396)	–	(396)
Dividend reinvestment plan	166	–	(166)	–	–	–	–
Shares issued under stock option plan	152	(23)	–	–	129	–	129
Share-based compensation	–	4	–	–	4	–	4
Distributions declared by subsidiaries to non-controlling interests	–	–	–	–	–	(22)	(22)
Balance as at August 31, 2015	3,500	45	1,883	(19)	5,409	237	5,646

See accompanying notes

Shaw Communications Inc.
Consolidated Statements of Cash Flows

Years ended August 31 [millions of Canadian dollars]	2016 $	2015 $
OPERATING ACTIVITIES		
Funds flow from operations *[note 29]*	**1,483**	1,398
Net change in non-cash balances related to continuing operations	**72**	(106)
Operating activities from discontinued operations	**108**	249
	1,663	1,541
INVESTING ACTIVITIES		
Additions to property, plant and equipment *[note 24]*	**(1,005)**	(923)
Additions to equipment costs (net) *[note 24]*	**(83)**	(72)
Additions to other intangibles *[note 24]*	**(110)**	(75)
Net decrease (increase) to inventories	**19**	59
Business acquisitions, net of cash acquired *[note 3]*	**(1,778)**	(902)
Proceeds on sale of discontinued operations, net of costs and cash sold	**1,798**	–
Additions to investments and other assets	**(71)**	(125)
Distributions received and proceeds from sale of investments	**6**	29
Proceeds on disposal of property, plant and equipment *[notes 24 and 29]*	**6**	26
Proceeds on sale of wireless spectrum licenses, net of costs *[note 3]*	**–**	99
Investing activities of discontinued operations	**(9)**	(20)
	(1,227)	(1,904)
FINANCING ACTIVITIES		
Increase in long-term debt	**1,910**	921
Debt repayments	**(1,961)**	(508)
Bank credit facility arrangement costs	**(11)**	(14)
Issue of Class B Non-Voting Shares	**38**	129
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(380)**	(369)
Dividends paid on Series A Preferred Shares	**(13)**	(13)
Financing activities of discontinued operations	**(12)**	(23)
	(429)	123
Effect of currency translation on cash balances	**–**	1
Increase (decrease) in cash	**7**	(239)
Cash, beginning of year	**398**	637
Cash of continuing operations, end of year	**405**	398

See accompanying notes

1. CORPORATE INFORMATION

Shaw Communications Inc. (the "Company") is a diversified Canadian communications company whose core operating business is providing: Cable telecommunications and Satellite video services to residential customers ("Consumer"); data networking, Cable telecommunications, Satellite video and fleet tracking services to businesses and public sector entities ("Business Network Services"); data centre colocation, cloud technology and managed IT solutions to businesses ("Business Infrastructure Services"); and wireless services for voice and data communications ("Wireless").

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, 2016 and 2015, were approved by the Board of Directors and authorized for issue on November 28, 2016.

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

(i) Subsidiaries

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, which are entities over which the Company has control. Control exists when the Company has power over an investee, is exposed to or has rights to variable returns from its involvement and has the ability to affect those returns. Intercompany transactions and balances are eliminated on consolidation. The results of operations of subsidiaries acquired during the period are included from their respective dates of acquisition, being the time at which the Company obtains control. Consolidation of a subsidiary ceases when the Company loses control. A change in ownership interests of a subsidiary, without a loss of control, is accounted for as an equity transaction. The Company assesses control through share ownership and voting rights.

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

(ii) Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues, and expenses of its interests in joint operations.

The Company's joint operations include a 33.33% interest in the Burrard Landing Lot 2 Holdings Partnership (the "Partnership"). The Partnership owns and leases commercial space in Shaw Tower in Vancouver, BC, which is the Company's headquarters for its lower mainland operations. In classifying its 33.33% interest in the Partnership as a joint operation, the Company considered the terms and conditions of the partnership agreement and other facts and circumstances including the primary purpose of Shaw Tower which is to provide lease space to the partners.

Investments in associates and joint ventures

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the operating and financial policies of the investee, but is not control or joint control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the associate's or joint venture's net income/loss and other comprehensive income/loss after the date of investment, additional contributions made and dividends received.

The Company has classified its approximate 38% participating interest in Corus Entertainment Inc. ("Corus") as an investment in an associate after considering both companies are subject to common control and the ability of the Company to appoint directors to Corus' Board of Directors.

The Company has classified its 50% interest in the Shomi Partnership ("shomi") as an investment in a joint venture after considering the terms and conditions of the partnership agreement.

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 and service 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, DTH and Wireless 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. Revenue from data centre customers includes colocation and other services revenue, including managed infrastructure revenue. Colocation revenue is recognized on a straight-line line basis over the term of the customer contract. Other services revenue, including managed infrastructure revenue, is recognized as the services are provided. Fees for wireless voice, text and data services on a pay-per-use basis are recognized in the period that the service is provided. Revenue from the direct sale of equipment to wireless subscribers or dealers is recognized when the equipment is delivered and accepted by the subscribers or dealers.

Subscriber connection fees received from customers are deferred and recognized as revenue on a straight-line basis over three 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.

Initial setup fees related to the installation of data centre services and installation revenue received on contracts with commercial business customers are 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 installation of services or service contract, in an amount not exceeding the upfront revenue, are deferred and recognized as an operating expense on a straight-line basis over the same period.

The Company offers a discretionary wireless handset discount program, whereby the subscriber earns the applicable discount by maintaining services with the Company, such that the receivable relating to the discount at inception of the transaction is reduced over a period of time. A portion of future revenues earned in connection with the services is applied against the up-front discount provided on the handset. The Company also offers a plan allowing customers to receive larger up-front handset discounts than they would otherwise qualify for, if they pay a predetermined incremental charge to their existing service plan on a monthly basis. The charge is billed on a monthly basis and is recognized as revenue at that time. The Company recognizes the handset discount as a receivable and revenue upon the sale of the equipment on the basis that the receivable is recoverable. The receivable is realized on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to revenue. The amount receivable is classified as part of other current or non-current receivables, as applicable, in the consolidated statements of financial position.

(ii) Deferred equipment revenue and deferred equipment costs

Revenue from sales of DTH equipment and DCTs is deferred and recognized on a straight-line basis over three 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 three 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.

Inventories of wireless handsets, accessories and SIM cards are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes expenditures incurred in acquiring the inventories and bringing them to their existing condition and location. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

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 as well as borrowing costs on qualifying assets. In addition, any asset removal and site restoration costs in connection with the retirement of assets are capitalized. Repairs and maintenance expenditures are charged to operating expense as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Estimated useful life
Cable and telecommunications distribution system	5-20 years
Digital cable terminals and modems	2-5 years
Satellite audio, video and data network equipment and DTH receiving equipment	3-15 years
Transmitters, broadcasting and communication equipment	5-15 years
Buildings	15-40 years
Data centre infrastructure	3-21 years
Data processing	3-5 years
Other	3-20 years

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

Assets held for sale and discontinued operations

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.

The Company reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. Discontinued operations reporting occurs when the disposal of a component or a group of components of the Company represents a strategic shift that will have a major impact on the Company's operations and financial results, and where the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

The results of discontinued operations are excluded from both continuing operations and business segment information in the consolidated financial statements and the notes to the consolidated financial statements, unless otherwise noted, and are presented net of tax in the consolidated statements of income. Refer to Note 3 for further information regarding the Company's discontinued operations.

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 three to five years, (ii) the non-current portion of wireless handset discounts receivable as described in the revenue and expenses accounting policy, (iii) credit facility arrangement fees amortized on a straight-line basis over the term of the facility, (iv) long-term receivables, (v) network capacity leases, (vi) the non-current portion of prepaid maintenance and support contracts and (vii) direct costs in connection with initial setup fees and installation of services, as described in the revenue and expenses accounting policy, deferred and amortized on a straight-line basis over two to ten years.

Intangibles

The excess of the cost of acquiring cable, satellite, media, data centre and wireless 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, wireless spectrum licenses, trademarks, brands, program rights, customer relationships and software assets. Broadcast rights and licenses, wireless spectrum licenses, trademarks and brands represent identifiable assets with indefinite useful lives.

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

Customer relationships represent the value of customer contracts and relationships acquired in a business combination and are amortized on a straight-line basis over their estimated useful lives ranging from 4 – 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. Software assets are amortized on a straight-line basis over estimated useful lives ranging from three to ten years. The Company reviews the estimates of lives and useful lives on a regular basis.

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 approximated 6% (2015 – 6%).

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 Cable, Satellite, Data centres and Wireless. The Company had an additional cash generating unit, Media, until the sale of the division in April 2016. 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 is reversed if the asset's value has increased.

CRTC benefit obligations

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

Provisions

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

(i) Asset retirement obligations

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

(ii) Restructuring provisions

Restructuring provisions, primarily in respect of employee termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised to those affected that the plan will be carried out.

(iii) Other provisions

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

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 three to five years, (iii) connection fee revenue, initial setup fees 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.

Leases

(i) Operating leases

Rent expense for real estate leases that have escalating lease payments is recorded on a straight-line basis over the term of the lease. The difference between the expense recorded and the amount paid is recorded as deferred rent and included in deferred credits in the statement of financial position.

(ii) Finance leases

Leases of property and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between interest expense and reduction of the lease liability. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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 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 $1 (2015 – $3) and is included in other losses.

The functional currency of the Company's foreign operations is US dollars. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated into Canadian dollars using the foreign exchange rate at the end of the reporting period. Revenue and expenses are translated using average foreign exchange rates, which approximate the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation are included in other comprehensive income/loss and accumulated in equity.

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. Available-for-sale equity instruments not quoted in an active market and where fair value cannot be reliably measured are recorded at cost less impairment. 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 and hedging activities

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.

A net investment hedge of a foreign operation is accounted for similarly to a cash flow hedge. The Company may designate certain US dollar denominated debt as a hedge of its net investment in foreign operations where the US dollar is the functional currency. Unrealized gains and losses arising from translation of the US dollar denominated debt are included in other comprehensive income/loss and accumulated in equity.

Fair value measurements

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

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

The fair value hierarchy consists of the following three levels:

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

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

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

The Company determines whether transfers have occurred between levels in the fair value hierarchy by assessing the impact of events and changes in circumstances that could result in a transfer at the end of each reporting period.

Employee benefits

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

August 31 is the measurement date for the Company's employee benefit plans. The last actuarial valuations for funding purposes for the various plans were performed effective December 31, 2015 and the next actuarial valuations for funding purposes are effective December 31, 2016.

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 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.

Share appreciation rights ("SARs") issued by a subsidiary to eligible employees are cash settled and measured at fair value using the Black-Scholes option pricing model. The fair value is recognized over the vesting period of the SARs by applying the graded vesting method, adjusting for estimated forfeitures. The obligation for SARs is remeasured at the end of each period up to the date of settlement which requires a reassessment of the estimates used at the end of each reporting period.

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 and records such amounts as compensation expense.

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 or a market approach. Where a DCF analysis is used, 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 restructuring costs and amortization. The discount rates used in the analysis are based on the Company's weighted average cost of capital and an assessment of the risk inherent in the projected cash flows. In analyzing the FVLCS determined by a 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. A DCF analysis uses significant unobservable inputs and is therefore considered a level 3 fair value measurement.

(v) Employee benefit plans

The amounts reported in the financial statements relating to the defined benefit pension plans are determined using actuarial valuations that are based on several assumptions including the discount rate and rate of compensation increase. While the Company believes these assumptions are reasonable, differences in actual results or changes in assumptions could affect employee benefit obligations and the related income statement impact. The most significant assumption used to calculate the net employee benefit plan expense is the discount rate. The discount rate is the interest rate used to determine the present value of the future cash flows that is expected will be needed to settle employee benefit obligations. It is based on the yield of long-term, high-quality corporate fixed income investments closely matching the term of the estimated future cash flows and is reviewed and adjusted as changes are required.

(vi) Income taxes

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

(vii) Contingencies

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

Critical judgements

The following are critical judgements apart from those involving estimation:

(i) Determination of a CGU

Management's judgement is required in determining 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 Cable, Satellite, Data centres and Wireless. The Company had an additional CGU, Media, until the sale of the division in April 2016.

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

A number of the Company's businesses are dependent upon broadcast licenses (or operate pursuant to an exemption order) granted and issued by the CRTC or wireless spectrum licenses issued by the Department of Innovation, Science and Economic Development (formerly, Industry 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 pronouncement

The adoption of the following IFRS amendments effective September 1, 2015 had no impact on the Company's consolidated financial statements.

- amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* outlined in *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* as issued by the IASB in September 2014. These amendments were to be applied prospectively to transactions occurring for annual periods commencing after a date to be determined by the IASB, however earlier application is permitted.

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

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

- IFRS 2 *Share-based Payment* was amended in 2016 to clarify the accounting and measurement for certain types of share-based payment transactions. It is required to be applied for annual periods commencing on or after January 1, 2018, however earlier application is permitted.
- IFRS 16 *Leases* requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value are exempt from the requirements and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. It may be applied retroactively or using a modified retrospective approach for annual periods commencing January 1, 2019, with early adoption permitted if IFRS 15 *Revenue from Contracts with Customers* has been adopted.
- IAS 12 *Income Taxes* was amended in 2016 to clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is required to be applied for annual periods commencing January 1, 2017.
- IAS 7 *Statement of Cash Flows* was amended in 2016 to improve disclosures regarding changes in financing liabilities. It is required to be applied for annual period beginning on or after January 1, 2017.
- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets)* prohibits revenue from being used as a basis to depreciate property, plant and equipment and significantly limits use of revenue-based amortization for intangible assets. The amendments are to be applied prospectively for the annual period commencing September 1, 2016.

- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard requires revenue to be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The principles are to be applied in the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual period commencing September 1, 2018.
- IFRS 9 *Financial Instruments: Classification and Measurement* replaces IAS 39 *Financial Instruments* and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The standard is required to be applied retrospectively for the annual period commencing September 1, 2018.

3. BUSINESS ACQUISITIONS, ASSET DISPOSITIONS AND ASSET HELD FOR SALE

Business acquisitions

Mid-Bowline Group Corp. (and its wholly owned subsidiary, WIND Mobile Corp.)

On March 1, 2016, the Company completed the acquisition of 100% of the shares of Mid-Bowline Group Corp. and its wholly owned subsidiary WIND Mobile Corp. (collectively, "WIND") for enterprise value of $1.6 billion which was funded through a combination of cash on hand, a drawdown of $1.3 billion on the Company's credit facilities and the issuance of 2,866,384 Class B Non-Voting Participating Shares. The acquisition of WIND is a significant step in the Company's drive for growth and positions the Company to be a leading pure-play provider of connectivity that is focused on delivering consumer and business communications supported by best-in-class wireline, WiFi, wireless and data infrastructure.

The operating results of WIND are included in the Company's consolidated financial statements from the date of acquisition. WIND contributed $280 revenue and $11 net income for the period from March 1, 2016 to August 31, 2016. If the acquisition had closed on September 1, 2015, WIND revenue and net income would have approximated $541 and $15, respectively. In connection with the transaction, the Company incurred $20 of acquisition related costs for professional fees paid to lawyers, consultants and advisors.

The fair value of purchase consideration consisted of $1,588 in cash and $68 in shares issued in connection with the acquisition. A summary of net assets and allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash	35
Accounts receivable[1]	12
Inventories	24
Other current assets	58
Property, plant and equipment	277
Other long term assets	19
Intangibles[2]	1,560
Goodwill, not deductible for tax[3]	65
	2,050
Accounts payable and accrued liabilities	110
Unearned revenue	9
Current debt[4]	3
Long-term debt[4]	2
Provisions	43
Deferred income taxes	227
	1,656

(1) Accounts receivable consist of $23 gross contractual amounts receivable from customers less $11 not expected to be collected.

(2) Intangibles include wireless spectrum licenses, subscriber relationships and software assets.

(3) Goodwill comprises the value of growth opportunities created through the combination of businesses and networks, a strong management team and an assembled workforce.

(4) Current and long-term debt is comprised of finance lease obligations in respect of certain equipment.

INetU, Inc.

On December 15, 2015, ViaWest closed the acquisition of 100% of the shares of INetU, Inc. ("INetU") for US$162 which was funded through a combination of borrowings under ViaWest's and the Company's revolving credit facilities as well as incremental term loan proceeds under ViaWest's credit facility. INetU is a solutions provider of public, private and hybrid cloud environments in addition to offering managed security and compliance services. The acquisition of INetU allows ViaWest to add new services to its cloud and managed offerings, and to expand its geographical footprint with eastern U.S. and European cloud locations.

INetU contributed $32 revenue and $14 net income for the period from December 15, 2015 to August 31, 2016. If the acquisition had closed on September 1, 2015, revenue and net income would have been approximately $46 and $18, respectively.

In connection with the transaction, the Company incurred $1 of acquisition related costs for professional fees paid to lawyers, consultants and advisors.

The purchase consideration consisted of $223 in cash. A summary of net assets and allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash and cash equivalents	–
Receivables	4
Other current assets	1
Property and equipment	25
Intangibles[1]	68
Goodwill, not deductible for tax[2]	166
	264
Current liabilities	7
Deferred income taxes	34
	223

(1) Intangibles include customer relationships and software assets.

(2) Goodwill comprises the value of growth opportunities created through the combination of businesses, a strong management team and an assembled workforce. Goodwill decreased $8 at August 31, 2016 due to translation using the period end foreign exchange rate.

ViaWest, Inc ("ViaWest")

On September 2, 2014, the Company closed the acquisition of 100% of the shares of ViaWest for an enterprise value of US $1.2 billion which was funded through a combination of cash on hand, assumption of ViaWest debt and a drawdown of US $330 on the Company's credit facility. The ViaWest acquisition provides the Company with a growth platform in the North American data centre sector and is another step in expanding technology offerings for mid-market enterprises in Western Canada. The operating results of ViaWest are included in the Company's consolidated financial statements from the date of acquisition.

In connection with the transaction, the Company incurred $4 of acquisition related costs in fiscal 2014 for professional fees paid to lawyers, consultants and advisors. During fiscal 2015, the Company incurred additional acquisition related costs of $6.

The purchase consideration consisted of $898 of cash and issuance of share-based awards of $8. A summary of net assets and allocation of consideration is as follows:

	$
Net assets acquired at assigned fair values	
Cash and cash equivalents	5
Receivables	10
Other current assets	5
Property and equipment	311
Other long-term assets	2
Intangibles[1]	404
Goodwill, not deductible for tax[2]	674
	1,411
Current liabilities	16
Current debt[3]	7
Deferred income taxes	76
Long-term debt[3]	406
	906

(1) Intangibles include a trade name, customer relationships and software assets.

(2) Goodwill comprises the value of upside and expansion potential due to industry growth expectations and demand for data centre services as well as a strong management team and an assembled workforce.

(3) Current and long-term debt is comprised of amounts that were outstanding under ViaWest's credit facility, finance lease obligations in respect of certain equipment and amounts owing to landlords in respect of financing leasehold improvements.

Other

Effective October 31, 2015, the Company acquired the assets of a small cable system serving approximately 1,300 video subscribers in British Columbia. The cash consideration of $2 has been allocated to property, plant and equipment and broadcast rights.

Effective June 30, 2015, ViaWest acquired 100% of the shares of AppliedTrust Engineering, Inc. ("AppliedTrust"), a provider of security, compliance, DevOps and infrastructure consulting services to a wide range of clients. AppliedTrust's capabilities augment the ViaWest platform with fast enablement of secure hybrid services including IT assessment, migration, compliance consulting, cloud readiness and deeper application support. The purchase consideration consisted of $9 in cash and contingent consideration of $2.

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

	$
Net assets acquired at assigned fair values	
Receivables	1
Goodwill, not deductible for tax[1]	10
	11

(1) Goodwill comprises the estimated economic value of providing enhanced professional services offerings, growth expectations as well as an assembled workforce with deep expertise in risk management and compliance consulting services.

Asset dispositions

Sale of Shaw Media Inc. to Corus

In the second quarter of fiscal 2016, the Company announced it entered into an agreement with Corus, a related party subject to common voting control, to sell 100% of its wholly owned subsidiary Shaw Media Inc. ("Shaw Media") for a purchase price of approximately $2.65 billion comprised of $1.85 billion of cash and 71,364,853 Corus Class B non-voting participating shares.

Although, through holding of the shares in Corus, the Company will effectively retain an indirect, non-controlling interest in the Media division subsequent to the sale, the Company will no longer have control over the division. Accordingly, the assets and liabilities, operating results and operating cash flows for the previously reported Media segment are presented as discontinued operations separate from the Company's continuing operations. Prior period financial information has been reclassified to present the Media division as a discontinued operation.

The transaction closed on April 1, 2016, but remains subject to customary closing adjustments. The Company recognized a gain on the divestiture within income from discontinued operations as follows:

	$
Proceeds on disposal, net of transaction costs of $22	**2,645**
Non-controlling interest in disposed net assets	**244**
Net assets disposed	**(2,217)**
	672
Income taxes	**47**
Gain on divestiture, net of tax	**625**

In connection with the disposal, remeasurements of employee benefit plans related to discontinued operations of $14 were transferred within equity from accumulated other comprehensive income to retained earnings.

The assets and liabilities disposed of were as follows:

	$
Cash	**13**
Accounts receivable	**234**
Other current assets	**34**
Property, plant and equipment	**106**
Intangibles	**1,696**
Goodwill	**538**
	2,621
Accounts payable and accrued liabilities	**173**
Provisions	**12**
Income taxes payable	**23**
Unearned revenue	**4**
Other long-term liabilities	**46**
Deferred income tax liabilities	**146**
	404

A reconciliation of the major classes of line items constituting income from discontinued operations, net of tax, as presented in the consolidated statements of income is as follows:

	2016 $	2015 $
Revenue	**610**	1,080
Eliminations[1]	**(46)**	(78)
	564	1,002
Operating, general and administrative expenses		
Employee salaries and benefits	**109**	180
Purchases of goods and services[2]	**272**	558
	381	738
Eliminations[1]	**(46)**	(78)
	335	660
Restructuring costs	**–**	13
Amortization[2]	**11**	30
Accretion of long-term liabilities and provisions	**2**	4
Other losses	**–**	5
Income from discontinued operations before tax and gain on divestiture	**216**	290
Income taxes	**57**	76
Income from discontinued operations before gain on divestiture	**159**	214
Gain on divestiture, net of tax	**625**	–
Income from discontinued operations, net of tax	**784**	214

(1) Eliminations relate to intercompany transactions between continuing and discontinued operations. The costs are included in continuing operations as they are expected to continue to be incurred subsequent to the disposition.

(2) As of the date the Media division met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including program rights, property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the year amounted to $35 for program rights $6 for property, plant and equipment, intangibles and other.

Sale of wireless spectrum licenses to Rogers Communications Inc. ("Rogers")

During 2013, the Company granted Rogers an option to acquire its wireless spectrum licenses. The exercise of the option and the sale of the wireless spectrum licenses were subject to various regulatory approvals and therefore, the licenses were not classified as assets held for sale. The regulatory reviews concluded during 2015 at which time the transfer was completed. The Company had previously received $50 in respect of the purchase price of the option to acquire the wireless spectrum licenses and a $200 deposit in respect of the option exercise price. The Company received an additional $100 when the transaction completed and recorded a gain of $158.

Asset held for sale

A real estate property was classified as held for sale in the statement of financial position at August 31, 2015 and measured at estimated fair value less costs to sell. At August 31, 2015, the property's fair value was based on the sale which closed in the current year.

4. ACCOUNTS RECEIVABLE

	2016 $	2015 $
Subscriber and trade receivables	**300**	473
Due from related parties *[note 27]*	**2**	4
Miscellaneous receivables	**8**	17
	310	494
Less allowance for doubtful accounts	**(42)**	(26)
	268	468

Included in operating, general and administrative expenses is a provision for doubtful accounts of $28 (2015 –$29).

5. INVENTORIES

	2016 $	2015 $
Subscriber equipment	**59**	54
Other	**6**	6
	65	60

Subscriber equipment includes DTH equipment, DCTs and related customer premise equipment as well as wireless handsets.

6. OTHER CURRENT ASSETS

	2016 $	2015 $
Program rights	**–**	15
Tax indemnity	**–**	1
Prepaid expenses and other	**138**	62
	138	78

7. INVESTMENTS AND OTHER ASSETS

	2016 $	2015 $
Publicly traded companies	**817**	4
Investments in private entities	**36**	49
Investment in a joint venture	**–**	44
	853	97

During 2016, the Company recorded an unrealized loss of $nil (2015 – $3) in respect of its investment in a publicly traded company (see note 20). The cumulative loss of $5 was realized upon sale of the investment during the year.

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

Corus

In connection with the sale of the Shaw Media to Corus, the Company received 71,364,853 Corus Class B non-voting participating shares representing approximately 37% of Corus' total issued equity of Class A and Class B shares. Although the Class B Corus shares do not have voting rights, the Company is considered to have significant influence due to Board representation.

Corus is a leading media and content company that creates and delivers high quality brands and content across platforms for audiences around the world. The company's portfolio of multimedia offerings encompasses 45 specialty television services, 39 radio stations, 15 conventional television stations, a global content business, digital assets, live events, children's book publishing, animation software, technology and media services. Corus is headquartered in Canada, and its stock is listed on the TSX under the symbol CJR.B.

The Company participates in Corus' dividend reinvestment program for its initial investment in Corus Class B Shares. For the year ended August 31, 2016, the Company received dividends of $34 from Corus that were reinvested through the program into additional Corus Class B shares. At August 31, 2016, the Company owned 74,135,891 Corus Class B shares having a fair value of $911 and representing 38% of the total issued equity of Corus. The Company's weighted average ownership of Corus for the period from April 1 to August 31, 2016 was 37%.

Summary financial information for Corus at August 31, 2016 and for the year then ended is as follows:

	$
Current assets	470
Non-current assets	5,623
Current liabilities	(532)
Non-current liabilities	(3,085)
Net assets	2,476
Less: non-controlling interests	(158)
	2,318
Carrying amount of the investment	817
Revenue	1,171
Net income (loss) attributable to:	
Shareholders	126
Non-controlling interest	18
	144
Other comprehensive income (loss), attributable to shareholders	(15)
Comprehensive income	129
Equity income (loss) from associates[1]	(10)
Other comprehensive income (loss) from equity accounted associates[1]	(5)
	(15)

[1] The Company's share of income and other comprehensive income reflect the weighted average proportion of Corus net income and other comprehensive income attributable to shareholders from April 1, 2016.

Shomi Partnership

The Company has a 50% joint control interest in Shomi Partnership ("shomi"), which is a subscription video-on-demand service that launched in November 2014. The Company's interest in shomi is accounted for using the equity method. Summarized financial information is as follows:

	2016 $	2015 $
Current assets	**25**	28
Non-current assets	**105**	132
Current liabilities	**(48)**	(54)
Non-current liabilities	**(5)**	(16)
Partnership net assets	**77**	90
Carrying amount of the investment[(1)]	**–**	44

	2016 $	2015 (ten months) $
Revenue	**46**	18
Expenses	**182**	128
Partnership net loss	**136**	110
Equity loss in the partnership[(1)]	**52**	56

(1) The Company's carrying amount the investment and equity loss does not equal 50% of the partnership's net assets and net loss due to elimination of unrealized profit on downstream transactions between the Company and shomi and the write-down of the carrying amount of the investment during the year.

8. PROPERTY, PLANT AND EQUIPMENT

	August 31, 2016			August 31, 2015		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Cable and telecommunications distribution system	**5,480**	**2,673**	**2,807**	4,984	2,506	2,478
Digital cable terminals and modems	**803**	**456**	**347**	808	447	361
Satellite audio, video and data network and DTH receiving equipment	**125**	**63**	**62**	174	96	78
Transmitters, broadcasting, communications and production equipment	**–**	**–**	**–**	109	62	47
Land and buildings	**579**	**186**	**393**	625	207	418
Data centre infrastructure, data processing and other	**966**	**344**	**622**	860	270	590
Assets under construction	**376**	**–**	**376**	248	–	248
	8,329	**3,722**	**4,607**	7,808	3,588	4,220

Changes in the net carrying amounts of property, plant and equipment for 2016 and 2015 are summarized as follows:

	August 31, 2015								August 31, 2016
	Net book value $	Additions $	Transfers $	Acquisition $	Amortization $	Disposals and writedown $	Divestment $	Foreign exchange translation $	Net book value $
Cable and telecommunications distribution system	2,478	491	49	208	(417)	(2)	–	–	2,807
Digital cable terminals and modems	361	188	–	–	(202)	–	–	–	347
Satellite audio, video and data network and DTH receiving equipment	78	4	–	–	(20)	–	–	–	62
Transmitters, broadcasting, communications and production equipment	47	2	–	–	(7)	–	(42)	–	–
Land and buildings	418	14	35	4	(25)	(6)	(47)	–	393
Data centre infrastructure, data processing and other	590	78	64	44	(134)	(1)	(17)	(2)	622
Assets under construction	248	230	(148)	47	–	–	–	(1)	376
	4,220	1,007	–	303	(805)	(9)	(106)	(3)	4,607

	August 31, 2014							August 31, 2015
	Net book value $	Additions $	Transfers $	Acquisition $	Amortization $	Disposals and writedown $	Foreign exchange translation $	Net book value $
Cable and telecommunications distribution system	2,351	472	12	–	(354)	(3)	–	2,478
Digital cable terminals and modems	350	205	–	–	(194)	–	–	361
Satellite audio, video and data network and DTH receiving equipment	103	–	–	–	(25)	–	–	78
Transmitters, broadcasting, communications and production equipment	54	8	–	–	(15)	–	–	47
Land and buildings	260	7	110	54	(26)	–	13	418
Data centre infrastructure, data processing and other	227	107	93	256	(125)	(19)	51	590
Assets under construction	307	188	(215)	1	–	(33)	–	248
	3,652	987	–	311	(739)	(55)	64	4,220

In 2016, the Company recognized a loss of $4 (2015 – gain of $6) on the disposal of property, plant and equipment.

9. OTHER LONG-TERM ASSETS

	2016 $	2015 $
Equipment costs subject to a deferred revenue arrangement	**225**	225
Customer equipment financing receivables	**6**	8
Credit facility arrangement fees	**4**	3
Other	**40**	23
	275	259

Amortization provided in the accounts for 2016 amounted to $161 (2015 – $165) and was recorded as amortization of deferred equipment costs and other amortization.

10. INTANGIBLES AND GOODWILL

	2016 $	2015 $
Broadcast rights and licenses		
Cable systems	**4,016**	4,015
DTH and satellite services	**1,013**	1,013
Television broadcasting	**–**	1,313
	5,029	6,341
Program rights and advances	**–**	280
Goodwill		
Non-regulated satellite services	**56**	73
Cable and telecommunications systems	**73**	73
Television broadcasting	**–**	537
Data centre services	**978**	823
Wireless	**65**	–
	1,172	1,506
Wireless spectrum licenses	**1,517**	–
Other intangibles		
Software	**329**	275
Customer relationships	**522**	472
Trademark and brands	**53**	91
	2,421	838
Net book value	**8,622**	8,965

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, 2014	6,341	38	698	191
Business acquisition	–	44	684	–
Disposition	–	–	–	(191)
Write-down	–	–	(15)	–
Foreign currency translation	–	9	139	–
August 31, 2015	**6,341**	**91**	**1,506**	**–**
Business acquisitions *[note 3]*	**1**	**–**	**231**	**1,517**
Disposition *[note 3]*	**(1,313)**	**(38)**	**(538)**	**–**
Write-down	**–**	**–**	**(17)**	**–**
Foreign currency translation	**–**	**–**	**(10)**	**–**
August 31, 2016	**5,029**	**53**	**1,172**	**1,517**

Intangibles subject to amortization are as follows:

	August 31, 2016			August 31, 2015		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Program rights and advances	**–**	**–**	**–**	671	376	295
Software	**246**	**128**	**118**	241	150	91
Software under construction	**211**	**–**	**211**	184	–	184
Customer relationships	**602**	**80**	**522**	514	42	472
	1,059	**208**	**851**	1,610	568	1,042
Less current portion of program rights			**–**			15
			851			1,027

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, 2014	310	88	168	79	645
Additions	390	43	37	–	470
Transfers	–	3	(3)	–	–
Business acquisition	–	5	–	355	360
Amortization	(405)	(49)	–	(32)	(486)
Write-down	–	–	(18)	–	(18)
Foreign currency translation	–	1	–	70	71
August 31, 2015	295	91	184	472	1,042
Additions	226	69	40	–	335
Transfers	–	2	(2)	–	–
Business acquisition *[note 3]*	–	17	–	94	111
Disposition *[note 3]*	(339)	(13)	–	–	(352)
Amortization	(182)	(48)	–	(39)	(269)
Write-down	–	–	(11)	–	(11)
Foreign currency translation	–	–	–	(5)	(5)
August 31, 2016	–	118	211	522	851

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, 2016 and as a result, an impairment charge of $17 was recorded with respect to goodwill associated with the Tracking operations in the Satellite cash generating unit. The Company estimated the recoverable amount using a discounted cash flow analysis based on the most recent estimates of future operating results which are reflective of long-term pressures as customers migrate from satellite based tracking to wireless tracking. The recoverable amount of the other cash generating units exceeded their carrying value.

A hypothetical decline of 10% in the recoverable amount of the broadcast rights and licenses for the Cable cash generating unit as at March 1, 2016 would not result in any impairment loss. A hypothetical decline of 10% in the recoverable amount of the broadcast rights and licenses for the Satellite cash generating unit as at March 1, 2016 would result in an impairment loss of approximately $25.

The data centres cash generating unit was created with the acquisition of ViaWest. A hypothetical decline of 10% in the recoverable amount of the data centre cash generating unit as at March 1, 2016 would result in an impairment loss and is reflective of the Company acquiring ViaWest at fair value on September 2, 2014. A 1% increase in the discount rate or 1% decrease in the terminal growth rate would cause the carrying amount of the data centres CGU to exceed its recoverable amount by approximately $300 and $250, respectively. In order for the CGU's recoverable amount to be equal to the carrying amount and holding all other assumptions constant, the discount rate would have to be 8.6% or terminal growth rate would have to be 6.2%. These sensitivities are indicative only and should be considered with caution, as the effect of the variation in each assumption on the estimated recoverable amount is calculated in isolation without changing any other assumptions. The extent of any such impairment loss would be determined after incorporating any consequential effects of that change on estimated operating income before restructuring costs and amortization and on other factors.

The wireless cash generating unit was created with the acquisition of WIND. A hypothetical decline of 10% in the recoverable amount of the wireless generating unit as at March 1, 2016 would result in an impairment loss and is reflective of the Company acquiring WIND at fair value on March 1, 2016.

Any changes in economic conditions since the impairment testing conducted as at March 1, 2016 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2016.

Significant estimates inherent to this analysis include discount rates and the terminal value. At March 1, 2016, 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 restructuring costs and amortization multiple
Cable	8.0%	1.5%	6.5X
Satellite	8.5%	0.0%	5.5X
Data centres	8.5%	6.3%	11.0X
Wireless	9.1%	3.0%	8.5X

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 restructuring costs and amortization multiple
Cable	8.0%	5.0%	3.0%
Satellite	7.0%	n/a	3.0%
Data centres	19.0%	16.0%	2.0%
Wireless	9.0%	8.0%	3.0%

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016 $	2015 $
Trade	**107**	81
Program rights	**9**	79
CRTC benefit obligations	**–**	28
Accrued liabilities	**442**	339
Accrued network fees	**131**	109
Interest and dividends	**228**	229
Related parties *[note 27]*	**27**	22
	944	887

12. PROVISIONS

	Asset retirement obligations $	Restructuring[(1)] $	Other $	Total $
September 1, 2014	9	13	31	53
Additions	1	52	11	64
Reversal	–	–	(6)	(6)
Payments	–	(48)	(1)	(49)
August 31, 2015	10	17	35	62
Business acquisition	**43**	**–**	**–**	**43**
Divestiture	**(10)**	**–**	**(2)**	**(12)**
Additions	**3**	**25**	**23**	**51**
Reversal	**–**	**(3)**	**(2)**	**(5)**
Payments	**–**	**(35)**	**(18)**	**(53)**
August 31, 2016	**46**	**4**	**36**	**86**
Current	–	17	35	52
Long-term	10	–	–	10
August 31, 2015	10	17	35	62
Current	**–**	**4**	**29**	**33**
Long-term	**46**	**–**	**7**	**53**
August 31, 2016	**46**	**4**	**36**	**86**

(1) During 2015, the Company announced a realignment of its customer care operations in the Consumer division into centres of excellence to enhance customer service, and continued its organizational structure realignment efforts including further restructuring of certain functions within its Business Network Services division. In addition, the media division undertook organizational changes as it redefined itself from a traditional broadcaster to the broader focus of a media organization. Approximately 1,700 employees were affected by the restructurings in 2015. During 2016, the Company underwent a restructuring following a set of significant asset realignment initiatives, including the acquisition of WIND and divestiture of Shaw Media. Approximately 200 employees were affected by the 2016 restructuring. Restructuring amounts are primarily in respect of severance and employee related costs. The majority of remaining costs at August 31, 2016 are expected to be paid within the next six months.

13. LONG-TERM DEBT

		2016			2015		
	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							
Bank loans	Variable	**498**	**–**	**498**	434	–	434
Cdn fixed rate senior notes-							
6.15% due May 9, 2016	6.34	**–**	**–**	**–**	299	1	300
5.70% due March 2, 2017	5.72	**400**	**–**	**400**	399	1	400
5.65% due October 1, 2019	5.69	**1,246**	**4**	**1,250**	1,245	5	1,250
5.50% due December 7, 2020	5.55	**498**	**2**	**500**	497	3	500
3.15% due February 19, 2021	3.17	**298**	**2**	**300**			
4.35% due January 31, 2024	4.35	**497**	**3**	**500**	497	3	500
6.75% due November 9, 2039	6.89	**1,418**	**32**	**1,450**	1,418	32	1,450
		4,855	**43**	**4,898**	4,789	45	4,834
Cdn variable rate senior notes- Due February 1, 2016		**–**	**–**	**–**	300	–	300
		4,855	**43**	**4,898**	5,089	45	5,134
Other							
ViaWest – credit facility	Variable	**682**	**13**	**695**	506	12	518
ViaWest – other	Various	**31**	**–**	**31**	34	–	34
WIND – other	Various	**4**	**–**	**4**			
Burrard Landing Lot 2 Holdings Partnership	4.68	**40**	**–**	**40**	40	–	40
Total consolidated debt		**5,612**	**56**	**5,668**	5,669	57	5,726
Less current portion		**412**	**–**	**412**	608	1	609
		5,200	**56**	**5,256**	5,061	56	5,117

(1) Long-term debt is presented net of unamortized discounts and finance costs.

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. During 2014, the Company amended the terms of the facility to extend the maturity date from January 2017 to December 2019. During 2016, the Company elected to increase its borrowing capacity by $500 under the terms of the amended facility. Funds are available to the Company in both Canadian and US dollars. At August 31, 2016, $4 (2015 – $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 2016 was 2.04% (2015 – 1.57%). The effective interest rate on the revolving term facility for 2016 was 3.11% (2015 – 3.24%).

In connection to the acquisition of WIND, the Company entered into $1.0 billion non-revolving credit facility with a syndicate of lenders (the "WIND Facility") during 2016. The full amount of the WIND Facility was drawn to fund the acquisition of WIND, along with $300 million drawn on the Company's existing credit facility. These amounts were repaid during the year using the cash proceeds received from the Shaw Media disposition. The effective interest rate on borrowings under the WIND Facility during 2016 was 2.56%.

Senior notes

The senior notes are unsecured obligations and rank equally and ratably with all existing and future senior indebtedness. The fixed rate 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.

On February 19, 2016, the Company issued $300 senior notes at a rate of 3.15% due February 19, 2021.

Other

ViaWest

During 2015, ViaWest's credit facility which was assumed on acquisition was repaid with proceeds from a new credit facility. ViaWest's prior credit facility was scheduled to mature in May 2017 and was secured by a first priority security interest in specific assets pursuant to the terms of the Security Agreement. On September 2, 2014, ViaWest's credit facility consisted of a term loan of US $322 and US $28 of borrowings under a US $40 revolving facility. The term loan had quarterly principal repayments of US $1 with the balance due on maturity. Interest rates fluctuated with LIBOR, US prime, US Federal Funds and Eurodollar rates. ViaWest had a US $130 interest rate swap which hedged the exposure to changes in cash flows and minimized variability related to its prior credit facility. The interest rate swap terminated in June 2015. The new facility consisted of a term loan in the amount of US $395 and a revolving credit facility of US $85. Commencing August 2015, the term loan has quarterly principal repayments of US $1 with the balance due on maturity in March 2022 while the revolving credit facility matures in March 2020. During 2016, ViaWest entered into an incremental US $80 term loan and increased the borrowing capacity available on the revolving facility by US $35. The incremental term loan has quarterly principal repayments commencing May 2016 with the balance due on maturity in March 2022. Interest rates fluctuate with LIBOR, US prime and US Federal Funds rates and the facilities are secured by a first priority security interest in specific assets pursuant to the terms of the Security Agreement.

Finance lease obligations and amounts owing to landlords in connection with financing of leasehold improvements expire and mature at various dates through to 2023. Collateral has been provided as security for the related transactions and agreements as required. The effective interest rates on the obligations range from 5.36% to 9.39%.

WIND

Finance lease obligations and amounts owing in connection with financing of certain computer equipment and services mature at various dates through to 2018.

Burrard Landing Lot 2 Holdings Partnership (the "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 6.31% secured mortgage bonds in respect of the commercial component of the Shaw Tower. In February 2014, the Partnership refinanced its debt. The Partnership received a mortgage loan and used the proceeds to prepay the outstanding balance of the previous mortgage and loan excess funds to each of its partners. The mortgage loan matures on November 1, 2024 and bears interest at 4.683% compounded semi-annually with interest only payable for the first five years. The mortgage loan is 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, 2016.

Long-term debt repayments

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

	$
2017	412
2018	12
2019	11
2020	1,839
2021	812
Thereafter	2,582
	5,668

Interest expense

	2016 $	2015 $
Interest expense – long-term debt	**309**	299
Amortization of senior notes discounts	**2**	2
Interest income – short-term (net)	**(2)**	(2)
Capitalized interest	**(8)**	(16)
	301	283

14. OTHER LONG-TERM LIABILITIES

	2016 $	2015 $
Pension liabilities *[note 26]*	**125**	119
CRTC benefit obligations	**–**	23
Post retirement liabilities *[note 26]*	**4**	22
Share-based awards	**2**	11
Program rights liabilities	**–**	5
Other	**4**	6
	135	186

15. DEFERRED CREDITS

	2016 $	2015 $
IRU prepayments	**436**	449
Equipment revenue	**90**	111
Connection fee and installation revenue	**31**	24
Deposit on future fibre sale	**2**	2
Other	**4**	2
	563	588

Amortization of deferred credits for 2016 amounted to $92 (2015 – $100) 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 2016 amounted to $13 (2015 – $12) and was recorded as other amortization. Amortization of equipment revenue for 2016 amounted to $67 (2015 – $78). Amortization of connection fee and installation revenue for 2016 amounted to $12 (2015 – $10) 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.

Issued and outstanding

2016	2015		2016	2015
Number of securities			$	$
22,420,064	22,420,064	Class A Shares	**2**	2
463,827,512	451,471,562	Class B Non-Voting Shares	**3,504**	3,205
10,012,393	12,000,000	Series A Preferred Shares	**245**	293
1,987,607	–	Series B Preferred Shares	**48**	–
498,247,576	485,891,626		**3,799**	3,500

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.

Changes in Class A Share capital and Class B Non-Voting Share capital in 2016 and 2015 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	$	Number	$
September 1, 2014	22,420,064	2	439,606,326	2,887
Stock option exercises	–	–	5,871,621	152
Dividend reinvestment plan	–	–	5,993,615	166
August 31, 2015	22,420,064	2	451,471,562	3,205
Stock option exercises	**–**	**–**	**1,827,108**	**43**
Business acquisition			**2,866,384**	**68**
Dividend reinvestment plan	**–**	**–**	**7,662,458**	**188**
August 31, 2016	**22,420,064**	**2**	**463,827,512**	**3,504**

Series A and B Preferred Shares

The Cumulative Redeemable Rate Reset Preferred Shares, Series A ("Series A Preferred Shares") and Cumulative Redeemable Floating Rate Preferred Shares, Series B ("Series B Preferred Shares") represent series of Class 2 preferred shares and are classified as equity since redemption, at $25.00 per Series A Preferred Share and Series B 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 AND AWARDS

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, 2016 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, 2016, 32,459,639 Class B Non-Voting Shares have been issued under the plan.

The changes in options are as follows:

	2016		2015	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, beginning of year	**12,538,664**	**23.70**	16,477,563	22.34
Granted	**2,758,000**	**23.93**	2,911,250	28.29
Forfeited	**(2,116,420)**	**26.17**	(978,528)	25.12
Exercised[(1)]	**(1,827,108)**	**21.15**	(5,871,621)	21.94
Outstanding, end of year	**11,353,136**	**23.70**	12,538,664	23.70

(1) The weighted average Class B Non-Voting Share price for the options exercised was $25.22.

The following table summarizes information about the options outstanding at August 31, 2016:

	Options outstanding			Options exerciseable	
Range of prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$16.71 – $23.19	3,929,586	4.14	20.54	3,312,836	20.14
$23.20 – $24.55	3,987,050	4.59	24.20	2,289,050	24.44
$24.56 – $30.87	3,436,500	7.06	26.75	1,395,750	26.32

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2016 was $1.47 (2015 – $2.85) 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:

	2016	2015
Dividend yield	**4.93%**	3.96%
Risk-free interest rate	**0.75%**	1.41%
Expected life of options	**5 years**	6 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	**17.8%**	19.1%

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

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 2016, $3 was recognized as compensation expense (2015 – $2). The carrying value and intrinsic value of DSUs at August 31, 2016 was $18 and $15, respectively (August 31, 2015 – $15 and $13, 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 2016, $6 was recorded as compensation expense (2015 – $6).

Share appreciation rights

A subsidiary of the Company grants SARs to eligible employees of ViaWest. A SAR entitles the holder to the appreciation in value of one share of ViaWest over the exercise price over a period of time. SARs granted to ViaWest employees post-acquisition vest 25% per year over four years, have a 10 year contractual term and are cash settled. During 2016, $7 was recognized as compensation expense (2015 – $4). The carrying value of SARs liabilities, including the SARs granted as partial consideration for the acquisition of ViaWest (see note 3), at August 31, 2016 was $21 (2015 – $13).

18. EARNINGS PER SHARE

Earnings per share calculations are as follows:

	2016	2015
Numerator for basic and diluted earnings per share ($)		
Net income from continuing operations	**456**	666
Deduct: dividends on Preferred Shares	**(13)**	(14)
Net income attributable to common shareholders from continuing operations	**443**	652
Net income from discontinued operations	**784**	214
Deduct: net income from discontinued operations attributable to non-controlling interests	**(20)**	(24)
Net income from discontinued operations attributable to common shareholders	**764**	190
Net income attributable to common shareholders	**1,207**	842
Denominator (millions of shares)		
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**480**	468
Effect of dilutive securities[(1)]	**1**	3
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**481**	471
Basic earnings per share ($)		
Continuing operations	**0.92**	1.40
Discontinued operations	**1.59**	0.40
Attributable to common shareholders	**2.51**	1.80
Diluted earnings per share ($)		
Continuing operations	**0.92**	1.39
Discontinued operations	**1.59**	0.40
Attributable to common shareholders	**2.51**	1.79

(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, 2016, 1,613,077 options were excluded from the diluted earnings per share calculation (2015 – 2,548,433).

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 were 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. Commencing June 30, 2016, the dividend rate was reset to 2.791% for the five year period ending June 30, 2021. 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 had the right, at their option, to convert their shares into Series B Preferred Shares, subject to certain conditions, on June 30, 2016 and on June 30 every five years thereafter, with the next conversion date being June 30, 2021.

On June 30, 2016, 1,987,607 Series A Preferred Shares were converted into an equal number of Series B Preferred Shares. Holders of Series B Preferred Shares are 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%. The floating quarterly dividend rate for the Series B Preferred Shares was set at an annual dividend rate of 2.539% for the initial period from June 30, 2016 to September 30, 2016. The floating quarterly dividend rate for the Series B Preferred Shares was set at an annual dividend rate of 2.512% for the period from September 30, 2016 to December 31, 2016.

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, 2016 and 2015 are as follows:

2016		2015	
Class A Voting Share	**Class B Non-Voting Share**	**Class A Voting Share**	**Class B Non-Voting Share**
1.1825	1.1850	1.1613	1.1638

The dividends per share recognized as distributions to preferred shareholders for dividends declared during the year ended August 31, 2016 and 2015 are as follows:

2016		2015	
Series A Preferred Share	**Series B Preferred Share**	**Series A Preferred Share**	**Series B Preferred Share**
1.0538	0.1067	1.1250	–

On June 29, 2016, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.15869 per Series B Preferred Share which were paid on September 30, 2016. The total amount paid was $2 of which $1 was not recognized as at August 31, 2016.

On November 2, 2016, the Company declared dividends of $0.098542 per Class A Voting Share and $0.09875 per Class B Non-Voting Share payable on each of December 29, 2016, January 30, 2017 and February 27, 2017 to shareholders of record at the close of business on December 15, 2016, January 13, 2017 and February 15, 2017, respectively.

On November 2, 2016, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.157 per Series B Preferred Share payable on January 3, 2017 to holders of record at the close of business on December 15, 2016.

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

Components of other comprehensive income and the related income tax effects for 2016 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	**2**	**(1)**	**1**
Reclassification of loss on available-for-sale investment to income	**4**	**–**	**4**
Share of other comprehensive income of associates	**(5)**	**–**	**(5)**
Exchange differences on translation of a foreign operation	**(7)**	**–**	**(7)**
Exchange differences on translation of US denominated debt hedging a foreign operation	**4**	**–**	**4**
	(2)	**(1)**	**(3)**
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans	**(49)**	**13**	**(36)**
Remeasurements on employee benefit plans – Discontinued operations	**(11)**	**3**	**(8)**
	(62)	**15**	**(47)**

Components of other comprehensive loss and the related income tax effects for 2015 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	8	(2)	6
Adjustment for hedged items recognized in the period	(8)	2	(6)
Unrealized loss on available-for-sale investment	(3)	–	(3)
Exchange differences on translation of a foreign operation	184	–	184
Exchange differences on translation of US denominated debt hedging a foreign operation	(74)	–	(74)
	107	–	107
Items that will not subsequently be reclassified to income			
Remeasurements on employee benefit plans	(1)	2	1
Remeasurements on employee benefit plans – Discontinued operations	8	(2)	6
	114	–	114

Accumulated other comprehensive loss is comprised of the following:

	2016 $	2015 $
Items that may subsequently be reclassified to income		
Change in unrealized fair value of derivatives designated as cash flow hedges	**1**	–
Share of other comprehensive income of associates	**(5)**	–
Unrealized loss on available-for-sale investment	**–**	(5)
Foreign currency translation adjustments	**108**	110
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans:		
Continuing operations	**(156)**	(119)
Discontinued operations	**–**	(5)
	(52)	(19)

21. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	2016 $	2015 $
Employee salaries and benefits	**866**	793
Purchases of goods and services	**1,927**	1,695
	2,793	2,488

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. In the current year, the category also includes a write-down of $54 in respect of the Company's investment in shomi, a write-down of $20 in respect of a private portfolio investment and asset write-downs of $16. In the comparative year, the category included a write-down of $6 in respect of a property held for sale, distributions of $27 from a venture capital fund investment, a write-down of $27 in respect of a private portfolio investment, additional proceeds of $15 related to the fiscal 2012 Shaw Court insurance claim and asset write-downs of $55.

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:

	2016 $	2015 $
Deferred tax assets	**6**	14
Deferred tax liabilities	**(1,174)**	(1,135)
Net deferred tax liability	**(1,168)**	(1,121)

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

	Property, plant and equipment and software assets $	Broadcast rights, licenses, customer relationships, trademark and brands $	Partnership income $	Non-capital loss carry-forwards $	Accrued charges $	Total $
Balance at September 1, 2014	(177)	(818)	(160)	6	70	(1,079)
Recognized in statement of income	(24)	(21)	107	36	(28)	70
Recognized in discontinued operations	(1)	–	–	(2)	(5)	(8)
Recognized on ViaWest business acquisition	(9)	(142)	–	46	29	(76)
Recognized in other comprehensive income:						
Foreign currency translation adjustments	–	(29)	–	12	1	(16)
Actuarial gains/losses	–	–	–	–	(12)	(12)
Balance at August 31, 2015	(211)	(1,010)	(53)	98	55	(1,121)
Recognized in statement of income	**(17)**	**(8)**	**109**	**(8)**	**–**	**76**
Recognized in discontinued operations	**(2)**	**–**	**–**	**–**	**(14)**	**(16)**
Recognized on business acquisitions	**(33)**	**(262)**	**–**	**29**	**5**	**(261)**
Recognized on Media divestiture	**(20)**	**177**	**–**	**1**	**(12)**	**146**
Recognized in other comprehensive income:						
Foreign currency translation adjustments	**–**	**2**	**–**	**–**	**–**	**2**
Actuarial gains/losses	**–**	**–**	**–**	**–**	**6**	**6**
Balance at August 31, 2016	**(283)**	**(1,101)**	**56**	**120**	**40**	**(1,168)**

The Company has capital loss carryforwards of approximately $63 for which no deferred income tax asset has been recognized in the accounts. These capital losses can be carried forward indefinitely.

The Company has non-capital loss carryforwards of approximately $472 for which no deferred income tax asset has been recognized in the accounts. The balance expires in varying annual amounts from 2034 to 2036.

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

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

	2016 $	2015 $
Current statutory income tax rate	**26.2%**	25.5%
Income tax expense at current statutory rates	**164**	225
Net increase (decrease) in taxes resulting from:		
Non-taxable portion of capital gains	**–**	(24)
Effect of tax rate changes	**–**	34
Tax benefit of equity loss not recognized	**3**	–
Other	**4**	(17)
Income tax expense	**171**	218

The statutory income tax rate for the Company increased from 25.5% in 2015 to 26.2% in 2016 as a result of provincial tax rate increases.

The components of income tax expense are as follows:

	2016 $	2015 $
Current income tax expense	**247**	288
Deferred tax recovery related to temporary differences	**(76)**	(104)
Deferred tax expense from tax rate changes	**–**	34
Income tax expense	**171**	218

24. BUSINESS SEGMENT INFORMATION

The Company's operating segments are Consumer, Business Network Services, Business Infrastructure Services and Wireless. 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 restructuring costs and amortization. The Consumer division provides Cable telecommunications services including Video, Internet, WiFi and Digital Phone, and Satellite Video, to Canadian consumers. The Business Network Services segment provides data networking, video, voice and Internet services through a national fibre-optic backbone network and also provides satellite Video services, and fleet tracking services to North American businesses and public sector entities. The Business Infrastructure Services segment was created with the acquisition of ViaWest on September 2, 2014, and provides data centre colocation, cloud and managed services to North American businesses. The Wireless segment was formed by the acquisition of WIND on March 1, 2016, and provides wireless voice and data communications services for customers in Ontario, British Columbia and Alberta with 50MHz of spectrum covering these regions. All of the Company's operations are substantially located in Canada with the exception of ViaWest which is primarily located in the United States.

	2016 $	2015 $
Revenue		
Consumer	**3,752**	3,752
Business Network Services	**548**	520
Business Infrastructure Services	**334**	246
Wireless	**280**	–
	4,914	4,518
Intersegment eliminations	**(30)**	(32)
	4,884	4,486

	2016 $	2015 $
Operating income before restructuring costs and amortization		
Consumer	**1,667**	1,686
Business Network Services	**265**	256
Business Infrastructure Services	**123**	95
Wireless	**59**	–
	2,114	2,037
Restructuring costs[1]	**(23)**	(39)
Amortization[1]	**(957)**	(864)
Operating income	**1,134**	1,134
Interest[1]		
Operating	**299**	281
Other/non-operating	**2**	2
	301	283
Current taxes[1]		
Operating	**266**	304
Other/non-operating	**(19)**	(16)
	247	288

Capital expenditures

	2016 $	2015 $
Capital expenditures accrual basis		
Consumer and Business Network Services[2]	**826**	870
Business Infrastructure Services	**155**	152
Wireless	**121**	–
	1,102	1,022
Equipment costs (net of revenue)		
Consumer and Business Network Services	**89**	84
Capital expenditures and equipment costs (net)		
Consumer and Business Network Services[2]	**915**	954
Business Infrastructure Services	**155**	152
Wireless	**121**	–
	1,191	1,106
Reconciliation to Consolidated Statements of Cash Flows		
Additions to property, plant and equipment	**1,005**	923
Additions to equipment costs (net)	**83**	72
Additions to other intangibles	**110**	75
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows	**1,198**	1,070
Increase (decrease) in working capital and other liabilities related to capital expenditures	**(4)**	53
Decrease in customer equipment financing receivables	**6**	12
Less: Proceeds on disposal of property, plant and equipment	**(6)**	(26)
Less: Satellite equipment profit [2]	**(3)**	(3)
Total capital expenditures and equipment costs (net) reported by segments	**1,191**	1,106

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

(2) 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:

	$
2017	310
2018 – 2021	750
Thereafter	323
	1,383

Comprised of:	$
Program related agreements	20
Lease of transmission facilities, circuits and premises	705
Lease and maintenance of transponders	565
Other (primarily maintenance and support contracts)	93
	1,383

Included in operating, general and administrative expenses are transponder maintenance expenses of $80 (2015 – $80) and rental expenses of $163 (2015 – $134).

(iii) At August 31, 2016, the Company had capital expenditure commitments in the normal course of business of $151 in respect of fiscal 2017.

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, 2016, 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, 2016, the guarantee instruments amounted to $12. 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 2017 and fiscal 2018.

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 were $35 (2015 – $38) of which $23 (2015 – $26) 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 had several registered pension plans for certain employees in the media business until the sale of the business in April 2016. The following is a summary of the accrued benefit liabilities recognized in the statement of financial position.

	2016 $	2015 $
Unregistered plans		
Accrued benefit obligation	**563**	509
Fair value of plan assets	**438**	391
	125	118
Registered plans		
Accrued benefit obligation	–	173
Fair value of plan assets	–	172
	–	1
Accrued benefit liabilities and deficit	**125**	119

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. 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.

The Company provides 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.

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

	SERP $	ERP $	2016 Total $	SERP $	ERP $	2015 Total $
Accrued benefit obligation, beginning of year	**502**	**7**	**509**	487	6	493
Current service cost	**6**	**3**	**9**	7	2	9
Interest cost	**21**	**–**	**21**	20	–	20
Payment of benefits to employees	**(19)**	**(2)**	**(21)**	(13)	–	(13)
Gain on settlement	**–**	**–**	**–**	–	(1)	(1)
Remeasurements:						
Effect of changes in demographic assumptions	**(5)**	**–**	**(5)**	(11)	–	(11)
Effect of changes in financial assumptions	**46**	**1**	**47**	1	–	1
Effect of experience adjustments	**2**	**1**	**3**	11	–	11
Accrued benefit obligation, end of year	**553**	**10**	**563**	502	7	509
Fair value of plan assets, beginning of year	**387**	**4**	**391**	328	2	330
Employer contributions	**50**	**4**	**54**	55	2	57
Interest income	**17**	**–**	**17**	14	–	14
Payment of benefits	**(19)**	**(2)**	**(21)**	(13)	–	(13)
Return on plan assets, excluding interest income	**(3)**	**–**	**(3)**	3	–	3
Fair value of plan assets, end of year	**432**	**6**	**438**	387	4	391
Accrued benefit liability and plan deficit, end of year	**121**	**4**	**125**	115	3	118

The weighted average duration of the defined benefit obligation of the SERP and ERP at August 31, 2016 is 15.6 years and 23.2 years, respectively.

The underlying plan assets of the SERP and ERP at August 31, 2016 are invested in the following:

	SERP $	ERP $
Cash and cash equivalents	**237**	**4**
Fixed income securities	**100**	**1**
Equity securities – Canadian	**25**	**–**
Equity securities – Foreign	**70**	**1**
	432	**6**

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	2016 SERP %	2016 ERP %	2015 SERP %	2015 ERP %
Discount rate	**3.50**	**3.50**	4.10	4.10
Rate of compensation increase	**5.00[(1)]**	**3.00**	5.00[(1)]	3.00

Benefit cost for the year	2016 SERP %	2016 ERP %	2015 SERP %	2015 ERP %
Discount rate	**4.10**	**4.10**	4.00	4.00
Rate of compensation increase	**5.00[(1)]**	**3.00**	5.00[(1)]	3.00

(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, 2016 by $96. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by $14.

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:

	SERP $	ERP $	2016 Total $	SERP $	ERP $	2015 Total $
Current service cost	**6**	**3**	**9**	7	2	9
Interest cost	**21**	**–**	**21**	20	–	20
Interest income	**(17)**	**–**	**(17)**	(14)	–	(14)
Pension expense	**10**	**3**	**13**	13	2	15

Registered pension plans

The Company had a number of funded defined benefit pension plans which provided pension benefits to certain unionized and non-unionized employees in the media business. These plans were divested along with the sale of the Media division in April 2016. Benefits under these plans were based on the employees' length of service and final average salary. These plans were 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.

	2016 $	2015 $
Accrued benefit obligation, beginning of year	**173**	171
Current service cost	**3**	6
Interest cost	**4**	7
Employee contributions	**–**	1
Payment of benefits to employees	**(5)**	(8)
Remeasurements:		
Effect of changes in demographic assumptions	**–**	–
Effect of changes in financial assumptions	**7**	(1)
Effect of experience adjustments	**–**	(3)
Divestiture of Shaw Media	**(182)**	–
Accrued benefit obligation, end of year	**–**	173
Fair value of plan assets, beginning of year	**172**	160
Employer contributions	**6**	10
Employee contributions	**–**	1
Interest income	**4**	7
Payment of benefit	**(5)**	(8)
Administrative expenses paid from plan assets	**(1)**	(1)
Return on plan assets, excluding interest income	**(3)**	3
Divestiture of Shaw Media	**(173)**	–
Fair value of plan assets, end of year	**–**	172
Accrued benefit liability and plan deficit, end of year	**–**	1

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

Accrued benefit obligation	2016 %	2015 %
Discount rate	**3.86**	4.10
Rate of compensation increase	**3.00**	3.00

Benefit cost for the year	2016 %	2015 %
Discount rate	**3.86**	4.09
Rate of compensation increase	**3.00**	3.00

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

	2016 $	2015 $
Current service cost	**3**	6
Interest cost	**4**	7
Interest income	**(4)**	(7)
Administrative expenses	**1**	1
Pension expense	**4**	7

Other benefit plans

The Company has post-employment benefits plans that provide post-retirement health and life insurance coverage to certain executive level retirees and retirees in the media business and are funded on a pay-as-you-go basis. The plans for media retirees were divested along with the sale of the Media division in April 2016. The table below shows the change in the accrued post-retirement obligation which is recognized in the statement of financial position.

	2016 $	2015 $
Accrued benefit obligation and plan deficit, beginning of year	**22**	18
Current service cost	**–**	2
Interest cost	**1**	1
Payment of benefits to employees	**–**	(1)
Remeasurements:		
Effect of changes in demographic assumptions	**–**	2
Effect of changes in financial assumptions	**1**	(1)
Effect of experience adjustments	**–**	1
Divestiture of Shaw Media	**(20)**	–
Accrued benefit obligation and plan deficit, end of year	**4**	22

The weighted average duration of the benefit obligation at August 31, 2016 is 18.7 years.

The post-retirement benefit plan expense, which is included in employee salaries and benefits expense, is $1 (2015 – $3) and is comprised of current service and 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, 2016 were 4.20% and 3.60%, respectively (2015 – 4.00% and 4.20%, respectively). A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2016 by $1.

Employer contributions

The Company's estimated contributions to the defined benefit plans in fiscal 2017 are $28.

27. RELATED PARTY TRANSACTIONS

Controlling shareholder

The majority of the Class A Shares are held by the Shaw Family Living Trust ("SFLT"). The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including JR Shaw as chair, Carol Shaw, and four other members of JR Shaw's family. JR Shaw and members of his family are represented as Directors, Senior Executive and Corporate Officers of the Company.

Significant investments in subsidiaries

The following are the significant subsidiaries of the Company, all of which are incorporated or partnerships in Canada with the exception of ViaWest, Inc. which is incorporated in the United States.

	Ownership Interest	
	August 31, 2016	**August 31, 2015**
Shaw Cablesystems Limited	**100%**	100%
Shaw Cablesystems G.P.	**100%**	100%
Shaw Cablesystems (VCI) Ltd.	**100%**	100%
Shaw Envision Inc.	**100%**	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%
Shaw Television Limited Partnership	**–**	100%
ViaWest, Inc.	**100%**	100%
WIND Mobile Corp.	**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, and 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:

	2016 $	**2015 $**
Short-term employee benefits	**32**	38
Post-employment pension benefits	**3**	15
Retirement benefits	**–**	17
Share-based compensation	**3**	1
	38	71

Transactions

The Company paid $2 (2015 – $2) for collection, installation and maintenance services to a company controlled by a Director of the Company.

During the year, the Company paid $8 (2015 – $6) for remote control units to a supplier where Directors of the Company hold positions on the supplier’s board of directors.

During the year, network fees of $14 (2015 – $12) were paid to a programmer where a Director of the Company holds a position on the programmer’s board of directors.

At August 31, 2016, the Company had $3 owing in respect of these transactions (2015 – $3).

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 $118 (2015 – $113), advertising fees of $1 (2015 – $1), programming fees of $1 (2015 – $1), and administrative fees of $1 (2015 – $nil) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided administrative, advertising and other services for $7 (2015 – $1), uplink of television signals for $7 (2015 – $6), Internet services and lease of circuits for $1 (2015 – $1) and programming content of $nil (2015 – $2). At August 31, 2016, the Company had a net of $22 owing in respect of these transactions (2015 – $18).

During 2016, the Company's sold its wholly owned subsidiary Shaw Media to Corus. The transaction closed on April 1, 2016 (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 $13 (2015 – $12) 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, 2016, the Company had a remaining commitment of $93 in respect of the office space lease which is included in the amounts disclosed in note 25.

Joint arrangement

During the year, the Company provided programming content and advertising services of $6 (2015 – $18) and paid $11 (2015 – $6) in subscriber fees. At August 31, 2016, the Company had a net receivable of $nil (2015 – $3) in respect of these transactions.

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

The fair value of publicly traded investments is determined by quoted market prices. 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. No published market exists for such investments. These equity investments have been made as they are considered to have the potential to provide future benefit to the Company and accordingly, the Company has no current intention to dispose of these investments in the near term. 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. The fair value of finance lease obligations is determined by discounting future cash flows using a rate for loans with similar terms, conditions and maturity dates. The carrying value of bank credit facilities approximates fair value as the debt bears interest at rates that fluctuate with market rates. 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. The fair value of contingent consideration arising from a business acquisition is determined by calculating the present value of the probability weighted assessment of the likelihood that revenue targets will be met and the estimated timing of such payments.

(v) Derivative financial instruments

The fair value of US currency forward purchase contracts is determined using an estimated credit-adjusted mark-to-market valuation using observable forward exchange rates at the end of reporting periods and contract forward rates.

The carrying values and estimated fair values an investment in a publicly traded company, long-term debt and a contingent liability are as follows:

	August 31, 2016		August 31, 2015	
	Carrying value $	Estimated fair value $	Carrying value $	Estimated fair value $
Assets				
Investment in publicly traded company[1]	–	–	4	4
Liabilities				
Long-term debt[2]	**5,612**	**6,252**	5,669	6,307
Contingent liability[3]	**2**	**2**	2	2

(1) Level 1 fair value – determined by quoted market prices.

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

(3) Level 3 fair value – determined by valuation techniques using inputs that are not based on observable market data.

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.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, including foreign exchange and interest rates, the Company's share price and market price of publicly traded investments.

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 2016, the Company entered into forward contracts to purchase US $12 over a period of 12 months commencing in September 2015 at an average exchange rate of 1.3170 Cdn. At August 31, 2016 the Company had forward contracts to purchase US $112 over a period of 12 months commencing September 2016 at an average exchange rate of 1.2932 Cdn in respect of US dollar commitments.

The Company's net investment in its foreign operation is exposed to market risk attributable to fluctuations in foreign currency exchange rates in respect of changes in the value of the Canadian dollar versus the US dollar. This risk is partially mitigated as a portion of the purchase price of ViaWest was borrowed in US dollars under the Company's credit facility. At August 31, 2016, the investment in ViaWest amounted to US $846. The exchange rate used to convert US dollars into Canadian dollars for the statement of financial position at August 31, 2016 was $1.3116 Cdn. The impact of a 10% change in the exchange rate would change other comprehensive income by $62.

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 unsecured banking facility and ViaWest's credit facilities are based on floating rates, while the senior notes are primarily 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, 2016, 79% of the Company's consolidated long-term debt was fixed with respect to interest rates.

Sensitivity analysis

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 $11 net of tax (2015 – $nil). 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.

Interest on the Company's banking facility is based on floating rates. There is no significant market risk arising from interest rates fluctuating by reasonably possible amounts from their actual values at August 31, 2016.

At August 31, 2016, a one dollar change in the Company's Class B Non-Voting Shares would have had an impact on net income of $1 in respect of the Company's DSU plan.

Credit risk

Accounts receivable in respect of the Consumer, Business Networks Services, Business Infrastructure Services and Wireless divisions are not subject to any significant concentrations of credit risk due to the Company's large and diverse customer base. As at August 31, 2016, the Company had accounts receivable of $268 (August 31, 2015 – $468), net of the allowance for doubtful accounts of $42 (August 31, 2015 – $26). 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 customer 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, 2016, $95 (August 31, 2015 – $121) 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 and routinely assesses the financial strength of its business customers through periodic review of payment practices.

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.

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, 2016 are as follows:

	Accounts payable and accrued liabilities[1] $	Other long-term liabilities $	Long-term debt repayable at maturity $	Interest payments $
Within one year	944	–	412	298
1 to 3 years	–	3	23	540
3 to 5 years	–	1	2,651	361
Over 5 years	–	–	2,582	1,857
	944	4	5,668	3,056

[1] Includes accrued interest and dividends of $228.

29. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(i) Funds flow from continuing operations

	2016 $	2015 $
Net income from continuing operations	**456**	666
Adjustments to reconcile net income to funds flow from operations:		
Amortization	**962**	868
Deferred income tax recovery	**(76)**	(70)
Share-based compensation	**3**	4
Defined benefit pension plans	**(40)**	(43)
Accretion of long-term liabilities and provisions	**(1)**	(1)
Equity loss of an associate or joint venture	**61**	56
Impairment of goodwill	**17**	15
Gain on sale of spectrum *[note 3]*	**–**	(158)
Loss on write-down of assets *[note 22]*	**16**	61
Loss on write-down of investments *[note 22]*	**74**	27
Distributions from a venture capital fund investment *[note 22]*	**–**	(27)
Other	**11**	
Funds flow from continuing operations	**1,483**	1,398

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

	2016 $	2015 $
Interest paid	**306**	283
Income taxes paid (net of refunds)	**242**	488
Interest received	**2**	2

(iii) Non-cash transactions

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

	2016 $	2015 $
Issuance of Class B Non-Voting Shares:		
Dividend reinvestment plan *[note 19]*	**188**	166
Lease transactions	**–**	2

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, 2016 $	August 31, 2015 $
Cash and cash equivalents	**(405)**	(398)
Long-term debt repayable at maturity	**5,668**	5,726
Share capital	**3,799**	3,500
Contributed surplus	**42**	45
Retained earnings	**2,505**	1,883
	11,609	10,756

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.

The Company's credit facilities are subject to covenants which include maintaining minimum or maximum financial ratios, including total debt to operating cash flow/adjusted earnings before interest, taxes, depreciation and amortization, and operating cash flow to fixed charges. At August 31, 2016, 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.

31. SUBSEQUENT EVENT

Subsequent to the year end, shomi announced a decision to wind down its operations with service ending November 30, 2016. As a result, the Company expects to incur an investment loss of up to $120 million in 2017 relating to an estimated provision for future liabilities in shomi.

Shaw Communications Inc.
Shareholders' Information
August 31, 2016

Share Capital and Listings

The Company is authorized to issue a limited number of Class A participating shares ("**Class A Shares**"); an unlimited number of Class B Non-Voting participating shares (the "**Class B Non-Voting Shares**"); an unlimited number of Class 1 Preferred Shares issuable in series; and an unlimited number of Class 2 Preferred Shares issuable in series, of which 12,000,000 were designated Cumulative Redeemable Rate Reset Class 2 Preferred Shares, Series A (the "**Series A Shares**") and 12,000,000 were designated Cumulative Redeemable Floating Rate Class 2 Preferred Shares, Series B (the "**Series B 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.

As at August 31, 2016, there were 463,827,512 Class B Non-Voting Shares, 10,012,393 Series A Shares, and 1,987,607 Series B Shares and 22,420,064 Class A Shares issued and outstanding. Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Trading Symbols: TSX – SJR.B, SJR.PR.A, SJR.PR.B, NYSE – SJR, and TSXV – SJR.A). For more information, please visit www.shaw.ca.

The following table sets forth, for each month during the fiscal year ending August 31, 2016, the monthly price range and volume traded for the Class B Non-Voting Shares, Series A Shares and Series B Shares on the Toronto Stock Exchange (TSX) and for the Class A Shares on the TSX Venture Exchange (TSXV).

	Class B Non-Voting Shares[1] TSX-SJR.B			Series A Shares[1] TSX-SJR.PR.A			Series B Shares[1] TSX-SJR.PR.B			Class A Shares[1] TSX Venture-SJR.A		
	High	**Low**	**Volume**	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
Sep 2015	26.65	25.23	19,916,697	14.76	12.10	185,819				34.00	32.55	790
Oct 2015	27.93	25.38	24,535,366	15.85	12.85	213,427				29.50	26.00	5,149
Nov 2015	28.07	26.36	25,453,754	15.81	13.87	340,157				32.00	30.96	2,954
Dec 2015	28.17	23.37	27,193,279	15.70	12.80	434,233				33.00	29.00	7,847
Jan 2016	25.83	22.84	28,558,180	14.19	10.35	346,575				34.50	26.12	6,582
Feb 2016	24.50	22.55	20,158,880	11.96	10.21	182,785				30.95	27.00	7,134
Mar 2016	25.43	23.01	23,247,160	12.68	11.11	358,491				30.40	27.62	8,017
Apr 2016	25.24	23.03	21,413,450	13.27	12.00	147,526				30.95	28.00	8,699
May 2016	25.15	23.04	22,763,435	13.90	12.74	180,181				31.23	28.35	7,233
Jun 2016	25.45	24.01	25,751,342	13.81	12.35	518,421				33.00	28.30	4,731
Jul 2016	26.62	24.36	19,500,350	13.69	12.96	208,178	13.74	12.11	67,284	33.97	32.47	2,222
Aug 2016	26.65	25.89	16,830,561	14.47	13.51	117,556	14.00	12.80	51,014	34.01	32.50	3,544

(1) Trading price and volume data is obtained from the TMX group

Share Splits

There have been four splits of the Company's Class A and Class B 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 was reduced for tax purposes.

Shaw Communications Inc.
Corporate Information
August 31, 2015

DIRECTORS

JR Shaw(4)
Executive Chair
Shaw Communications Inc.

Peter J. Bissonnette
Corporate Director

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

George F. Galbraith(1)
Corporate Director

Dr. Richard R. Green(1)
Corporate Director

Dr. Lynda Haverstock (2)
Corporate Director

Gregory John Keating(2)
Chairman and Chief
Executive Officer
Altimax Venture Capital

Michael W. O'Brien(1) (4)
Corporate Director

Paul K. Pew(3) (4)
Co-Founder and Co-CEO
G3 Capital Corp.

Jeffrey C. Royer(1)
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(3)
Private Investor; Senior Advisor to
DISH Network

Sheila C. Weatherill(3)
Corporate Director

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

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

SENIOR OFFICERS

JR Shaw
Executive Chair

Jim Shaw
Vice Chair

Bradley S. Shaw
Chief Executive Officer

Jay Mehr
President

Vito Culmone
Executive Vice President &
Chief Financial Officer

Trevor English
Executive Vice President & Chief
Strategy and Business
Development Officer

Peter Johnson
Executive Vice President & Chief
Legal and Regulatory Officer

Jim Little
Executive Vice President & Chief
Marketing and Culture Officer

Zoran Stakic
Executive Vice President & Chief
Technology Officer

Nancy Phillips
Chief Executive Officer, ViaWest

Chris Kucharski
President, Consumer

Alek Krstajic
Executive Vice President & Chief
Executive Officer, Freedom Mobile

Ron McKenzie
Senior Vice President, Business

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CORPORATE GOVERNANCE
Information concerning Shaw's corporate governance policies is 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.

AUDITORS
Ernst & Young LLP

PRIMARY BANKER
The Toronto-Dominion Bank

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333 – 7th Avenue SW
Calgary, Alberta, T2P 2Z1
Phone: 1-800-387-0825

DEBENTURE TRUSTEE
Computershare Trust
Company of Canada
100 University Avenue,
9th Floor
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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.

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