2017 | Annual Report

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The Annual General Meeting of Shareholders will be held on January 11, 2018 at 11:00 a.m. (Mountain Time) at Shaw Court, 630 – 3rd Avenue SW, Calgary, Alberta.

Shaw Communications Inc.
Report to Shareholders
August 31, 2017

Dear Fellow Shareholders:

Every day, across Canada, more people than ever are choosing Shaw to satisfy their connectivity needs and in 2017 we took deliberate steps to make it possible for even more to rely on Shaw in the future.

Building on the foundation provided by the acquisition of Freedom Mobile (formerly, WIND Mobile) and the divestiture of Shaw Media in 2016, we have taken purposeful strides to evolve our value proposition, provide leading and innovative products and services, drive operational momentum and enhance our customers' connectivity. From technology to network deployment, marketing to product pricing and packaging, and billing to service delivery, we are developing a connectivity experience made possible through converging platforms that will meet the future expectations and demands of our customers.

In fiscal 2017, our team reached several milestones on our journey towards becoming a leading Canadian connectivity company.

MORE COVERAGE FOR MORE CUSTOMERS

By the end of 2017, more than 1.1 million Canadians had chosen our Freedom Mobile service as their wireless carrier, 10% more than in the previous year. Early in the year, we began deployment of Canada's newest LTE network in the major metropolitan centres of Toronto, Vancouver, Calgary, Edmonton and Ottawa – giving a large majority of Freedom Mobile customers faster data speeds, smoother streaming and faster downloading.

In the fourth quarter, we acquired 700 MHz and 2500 MHz wireless spectrum licences from Quebecor Media Inc ("Quebecor"). This new spectrum will materially improve our customers' experiences and network coverage across Alberta, British Columbia and Ontario, enhancing our ability to provide true facilities-based competition and affordable wireless services on a more robust network. Also in the fourth quarter, we completed the sale of ViaWest, Inc. and its subsidiaries, to Peak 10 Holding Corporation for approximately US$1.675 billion. A portion of the net cash proceeds were used to fund the acquisition of the 700MHz and 2500 MHz spectrum licences from Quebecor.

THE STRENGTH OF OUR NETWORK ALLOWS US TO DO MORE

The value of our Internet service and plans is reflected in outstanding results – five consecutive quarters of robust net gains in Internet subscribers. Our continued investments in our extensive ultra-broadband network enable us to offer our fastest speeds to over 99% of Western Canadians today – a claim no other provider can make.

We believe Canadians shouldn't have limitations on how much they use the Internet, so we are making it even easier for them to take advantage of our top-tier speeds and ultra-fast network. We have maximized our significant broadband advantage to make getting online easier and more accessible. By making our flagship WideOpen Internet 150 plan available with unlimited data, we are pleased to give customers peace of mind in knowing they can stream, download and browse without any penalty for going over monthly data limits.

REINVENTING CANADA'S VIDEO EXPERIENCE

Subscriber gains were not just limited to our Internet and wireless businesses – our cable Video business posted a remarkable turnaround in the second half of 2017, fueled by greater choice, compelling packaging, and leading technology.

The launch of Shaw BlueSky TV in mid-2017 provided momentum to our video operations, delivering a new premium television product for Canadians. Powered by Comcast's next generation X1 platform, Shaw BlueSky TV leverages the strength of our network to make this new television experience possible for Shaw customers. Integrated with Netflix and featuring benefits like voice-controlled remote and advanced search, Shaw BlueSky TV has given customers an elevated video and entertainment experience – one that has never before been available in Canadian homes.

Shaw is the first in Canada to deploy the X1 platform, and BlueSky TV has brought forward more product and feature benefits than any other television service available in the country. Its voice-controlled remote has made it easier than ever for customers to discover content: by simply saying what they are looking for, customers can immediately enjoy what they want to watch. By making it easier and more enjoyable for our customers, their families and friends to connect to the sports, shows, and movies they love, Shaw BlueSky TV has set a very high standard for Canadian television viewing.

Shaw Communications Inc.
Report to Shareholders
August 31, 2017

BECOMING CANADA'S CONNECTIVITY LEADER

We look back on these achievements as critical building blocks to achieve our ultimate goal of becoming the Canadian connectivity leader. We continually remind ourselves that the journey is a long one: it requires discipline to stay true to our goal, and flexibility to capitalize on opportunity or to correct course. Our management team is well aware of the need to maintain our financial strength, so we continue to evolve our operating model to ensure we remain efficient and effective in our decision-making.

As our business transforms, we are also evolving our workplace to support and empower our 14,000 employees with an adaptive and collaborative environment. By investing in and ensuring a cohesive internal employee experience, we foster the culture necessary to bring our long-term vision to life. Building off a strong foundation of leadership discipline and alignment to our core values, our team is united by a clear and single purpose which places our customer at the centre of everything we do – to connect people to the world and everything in it.

For more than four decades, our success and strength has been rooted in the quality and integrity of our people, and we are committed to ensuring Shaw is the place where the best people choose to work. We are grateful to every member of our team for making that choice, and for contributing to our ongoing success by caring more, connecting more, and delivering unparalleled customer experiences across the country.

[Signed]

JR Shaw
Executive Chair

[Signed]

Bradley S. Shaw
Chief Executive Officer

Shaw Communications Inc.
Management's Discussion and Analysis
August 31, 2017

November 28, 2017

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 and technology strategies and measures to implement strategies;
- statements about the Company's equity investments, joint ventures and partnership arrangements;
- competitive strengths;
- expected growth in subscribers and the products/services to which they subscribe;
- the cost of acquiring and retaining subscribers and deployment of new services; 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 of which are confidential, include but are not limited to:

- general economic conditions;
- interest;
- income tax and exchange rates;
- technology deployment;
- subscriber growth;
- pricing, usage, and churn rates;
- availability of devices;
- content and equipment costs;
- industry structure;
- conditions and stability;
- government regulation;
- the completion of any transactions; and
- the integration of 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 complete its capital projects;
- the Company's ability to close any transactions;
- 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. The Company 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 three divisions, our network and our presence in the communities in which we operate. During 2017, Shaw announced changes to the structure of its operating divisions to improve overall efficiency while enhancing its ability to grow as a leading Canadian connectivity company. Shaw's existing Consumer and Business Network Services divisions will be combined to form a new Wireline division with no changes to the existing Wireless division. The Company expects to commence reporting on the new divisions of wireline and wireless in fiscal 2018.

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 2017.

Basis of presentation

On August 1, 2017, the Company sold 100% of its wholly owned subsidiary ViaWest, Inc. and its subsidiaries (collectively, "ViaWest"), previously reported under the Business Infrastructure Services division, to Peak 10 Holding Corporation ("Peak 10").

On May 31, 2017, the Company entered into an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation reported within the Company's Business Network Services ("BNS") segment, to Omnitracs Canada. The Company determined that the assets and liabilities of the Shaw Tracking business met the criteria to be classified as a disposal group held for sale for the period ended August 31, 2017. The transaction closed on September 15, 2017, subsequent to the reporting period.

On April 1, 2016, Shaw sold 100% of its wholly owned subsidiary Shaw Media Inc. ("Shaw Media") to Corus Entertainment Inc ("Corus").

Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services division, Shaw Tracking business (an operating segment within the Business Network Services division) and Media division are presented as discontinued operations separate from the Company's continuing operations. The Business Infrastructure Services division was comprised primarily of ViaWest. The remaining operations of the previously reported Business Infrastructure Services segment and their results are now included within the Business Network Services segment. This Management's Discussion and Analysis ("MD&A") reflects the results of continuing operations, unless otherwise noted.

	Year ended August 31,				
				Change	
(millions of Canadian dollars except per share amounts)	2017	2016	2015	2017 %	2016 %
Operations:					
Revenue	**4,882**	4,518	4,208	8.1	7.4
Operating income before restructuring costs and amortization[1]	**1,997**	1,978	1,931	1.0	2.4
Operating margin[1]	**40.9%**	43.8%	45.9%	(2.9pts)	(2.1pts)
Net income from continuing operations	**557**	487	676	14.4	(28.0)
Income from discontinued operations, net of tax[2][3]	**294**	753	204	(61.0)	>100
Net income	**851**	1,240	880	(31.4)	40.9
Per share data:					
Basic earnings per share					
Continuing operations	**1.12**	0.99	1.42		
Discontinued operations	**0.60**	1.52	0.38		
	1.72	2.51	1.80		
Diluted earnings per share					
Continuing operations	**1.11**	0.99	1.41		
Discontinued operations	**0.60**	1.52	0.38		
	1.71	2.51	1.79		
Weighted average participating shares outstanding during period (millions)	**491**	480	468		
Funds flow from continuing operations[4]	**1,530**	1,388	1,475	10.2	(5.9)
Free cash flow[1]	**438**	482	653	(9.1)	(26.2)

(1) Refer to key performance drivers.

(2) As of the date ViaWest met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the period ended August 31, 2017, before tax, amounted to $16.

(3) 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 period ended August 31, 2017, before tax, amounted to $35 for program rights and $6 for property, plant and equipment, intangibles and other, respectively.

(4) 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, 2017	August 31, 2016	Change
Consumer			
Video – Cable	**1,671,277**	1,671,059	**218**
Video – Satellite	**773,542**	790,574	**(17,032)**
Internet	**1,861,009**	1,787,642	**73,367**
Phone	**925,531**	956,763	**(31,232)**
	5,231,359	5,206,038	**25,321**
Business Network Services			
Video – Cable	**51,039**	61,153	**(10,114)**
Video – Satellite	**31,535**	30,994	**541**
Internet	**170,644**	179,867	**(9,223)**
Phone	**327,199**	301,328	**25,871**
	580,417	573,342	**7,075**
Wireless			
Postpaid	**764,091**	667,028	**97,063**
Prepaid	**383,082**	376,260	**6,822**
	1,147,173	1,043,288	**103,885**
	6,958,949	6,822,668	**136,281**

Our Strategy

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

In fiscal 2016, Shaw positioned itself as to become a leading enhanced connectivity provider through two transformational transactions: the acquisition of Freedom Mobile (formerly, 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.

In fiscal 2017, we continued our journey towards becoming a leading Canadian connectivity company through:

(i) the concurrent announcement of the acquisition of 700 MHz and 2500 MHz wireless spectrum licences from Quebecor Media Inc. ("Quebecor") and the sale of ViaWest to Peak 10; and

(ii) the continued investment in our converged network;

all while maintaining our investment grade credit rating and dividend levels.

We will continue our 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 Canadian connectivity company, we began evolving our culture to enable us to deliver on this corporate and operational strategy. Building off a strong foundation of leadership discipline and our core values, Shaw's

corporate culture enables our efficiency and growth potential by ensuring business decisions are made in accordance with a customer-centric perspective.

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

Through various data sources, including our recurring employee engagement surveys, Shaw identified the following four cultural imperatives to help achieve its culture and people objectives:

1) **Leading Effectively** – developing masterful leaders at every level of the Company to deliver extraordinary business results by bringing out the best in our people

2) **Enabling Work** – providing our people with modern tools, processes and technologies that are simple and efficient, making it easier for leaders and employees to do their jobs effectively

3) **Enhancing the Employee Experience** – delivering an exceptional employee experience tailored to our diverse employee base which considers employees every day and at every stage of their career

4) **Maximizing Performance** – implementing reward and recognition programs that drive a culture of accountability and reward performance excellence for all employees

Inspiring and engaging its diverse 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 exceptional seamless connectivity experience for our customers and the communities we serve in Canada.

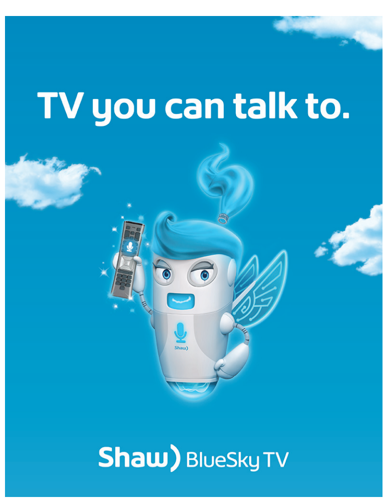
Our World-Class Converged Network

As our customers spend more of their time in the digital environment, they increasingly need and expect an always-on, seamless connectivity experience, which requires multiple integrated technological platforms. With our unique 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 Freedom Mobile (formerly, WIND Mobile) in 2016, Shaw initiated the work to integrate its wireline and wireless networks which has already started to yield significant capital expenditure efficiencies and customer benefits.

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 participate in global scale initiatives through partnerships with best-in-class service providers. This ensures that the technology we adopt and invest in is, and continues to be, leading-edge in the global communications industry.

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 successful Shaw BlueSky TV rollout powered by the X1 Video platform developed by Comcast (see discussion under "Consumer")
- the deployment of Freedom Mobile's LTE-Advanced network, which was designed, planned and deployed by NOKIA, a global leader in mobile wireless technology and solutions (see discussion under "Wireless")
- our "Smart" suite of business services that includes SmartWiFi, in collaboration with Cisco's Meraki and SmartVoice, in collaboration with Broadsoft (see discussion under "Business Network Services")

Consumer

(millions of Canadian dollars)	2017 $	2017 share of consolidated	2016 $	2016 share of consolidated
Revenue	**3,747**	**77%**[1]	3,752	83%[1]
Operating income before restructuring costs and amortization[2]	**1,583**	**79%**	1,667	84%

(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.

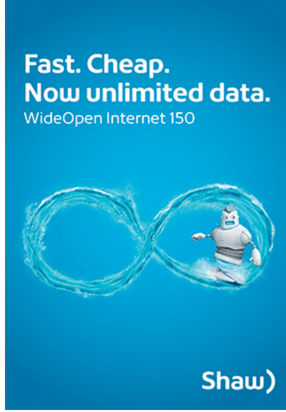
- Wireline Services – we provide broadband Internet, Shaw Go WiFi, Video and Phone to customers that are connected to our local and regional hybrid fibre-coax network
- Satellite Services – we provide Video by satellite to customers across Canada

Wireline Internet, Video and Phone Services

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

As our customers' 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.

WideOpen Internet 150 continued momentum over the last year and remains our fastest Internet available in over 99% of our cable footprint. In August 2017, Internet 150 was enhanced to include Unlimited Data, allowing our customers to stream worry-free at an affordable price with cost certainty. When paired with our 2-year ValuePlan, Internet 150 has been one of the key drivers in customer retention. Additionally, in July 2017, we introduced our newest Internet tier, Internet 75. This new mid-level Internet tier creates an attractive speed and price combination for customers.

Our carrier-grade Shaw Go WiFi network continues to promote customer engagement and brand recognition. Over the past year there has been continued growth in the number of devices connecting to our network. Over 3.3 million devices have authenticated to Shaw Go WiFi network

and there are approximately 100,000 access points representing an increase of over 13,400 access points in fiscal 2017, covering locations from British Columbia to Ontario.

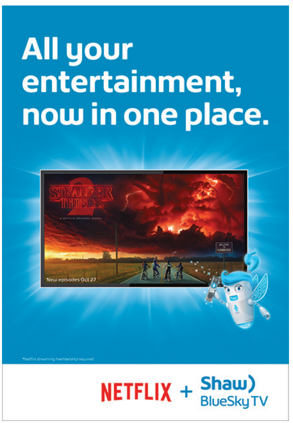
Video

Our wireline Video services continue to offer a wide selection of television channels (including over 125 high definition ("HD") channels) and over 30,000 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 April 2017, we launched a new suite of Video packages, where wireline customer choice and flexibility are placed at the forefront. Small TV, Medium TV and Large TV each bundle with the Limited TV lineup and four, seven or eleven channel theme packs for a set price. Customers now have the opportunity to customize their channel lineups by selecting preferred theme pack subscriptions or can default to our suggested theme packs for each service level. Customers can also add on extra theme packs, individual channels and premium services to round out their viewing experience.

In fiscal 2017, there was an increased focus on launching a number of channels in many small to medium-sized markets, including multicultural, time shift, and various specialty channels.

Shaw is the first in Canada to launch a Comcast Xfinity-based Video offering with our BlueSky TV. BlueSky TV was launched in phases, with the initial launch in Calgary in January 2017 followed by the Vancouver launch in February 2017 and the national launch in April 2017. This Video experience features a voice-powered remote, enhanced searches, custom recommendations, personalized experiences and parental guidance and controls. BlueSky TV was paired exclusively with WideOpen Internet 150 and based in a 2-year ValuePlan for both new and existing customers.



In September 2017, we introduced the integration of Netflix into BlueSky TV's interface, a significant milestone in the development of our BlueSky TV Video platform. Available only from Shaw, BlueSky TV customers who subscribe to Netflix can now search for, access and watch all their favourite content across live TV, Video On Demand, and Netflix, with a single voice command – it's all in one place.

Throughout fiscal 2017 the X1 based "FreeRange TV", our TV Everywhere App free for Shaw TV customers, launched 21 unique channels. The app was also enhanced to offer download-to-go TV shows and movies on a number of channels.

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

Shaw Direct connects families across Canada with Video and audio programming by satellite. Shaw Direct customers have access to over 550 digital video channels (including over 250 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 February 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 customizable "Pick Packs" which allow our customers to purchase a set number of channels at a set price (i.e. Pick 10 or Pick 20). Since December 2016, our satellite consumers have had the ability to subscribe to 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 licensed satellite Video services currently available across Canada. While Shaw Direct has many customers in urban centres, market penetration for satellite video is generally stronger in rural areas. The service is marketed through Shaw Direct and a nation-wide distribution network of third party retailers.

Shaw is committed to securing and delivering leading technology for its customers. In fiscal 2017, the Company introduced new receivers with built-in Wi-Fi connectivity to its Video on-demand service. Currently, the Company has access to three satellites that will enable us to enhance our offerings with nearly all HD programming and improved service quality. Shaw's plan to move all Video services from MPEG-2 to MPEG-4 to improve the operational efficiencies of Shaw's transponders in three phases is progressing on schedule. Shaw expects to be 100% MPEG-4 by the fall of 2019, and to be able to offer all carried and available English and French services in HD by early 2020. The efficiencies gained from the conversion from MPEG-2 to MPEG-4 allowed Shaw Direct to launch 12 new HD channels in fiscal 2017.

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[1]	16 Ku-band	Owned
	6 Ku-band	Leased
Anik F1R	28 Ku-band	Leased
	1 C-band	Leased

(1) On September 15, 2017, the Company completed the sale of a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation, to Omnitracs Canada. As part of the transaction, the leases to access the Anik F2 2 Ku-band (partial) and the Intelsat Galaxy 16 1 Ku-band (partial) were assigned to Omnitracs Canada.

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 Consumer Wireline Video business does 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 Inc. ("Rogers") in fiscal 2015 was wound down with its operations and service ending on November 30, 2016. As a result, Shaw incurred investment losses of $82 million in fiscal 2017 relating to shomi's liabilities in connection with the wind down of the shomi joint venture. See Note 7 of the financial statements accompanying this Management's Discussion and Analysis for a reconciliation of the equity investment loss in the shomi joint venture in fiscal 2016.

Wireless

(millions of Canadian dollars)	2017 $	2017 share of consolidated	2016 $	2016 share of consolidated
Revenue	**605**	**12%[1]**	**280**	**6%[1]**
Operating income before restructuring costs and amortization[2][3]	**133**	**7%**	**59**	**3%**

(1) Before intersegment eliminations.
(2) Refer to key performance drivers.
(3) On March 1, 2016, Shaw acquired Mid-Bowline Group Corp. and its wholly owned subsidiary, Freedom Mobile (formerly, WIND Mobile). Revenue and Operating income before restructuring costs and amortization in fiscal 2016 is for the period from March 1, 2016 to August 31, 2016.

Our Wireless division was formed following the acquisition of Freedom Mobile (formerly, WIND Mobile) in March 2016. This acquisition transformed Shaw into a leading Canadian connectivity company, 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.

Launch of Freedom Mobile

On November 21, 2016, Shaw announced that WIND Mobile would be renamed Freedom Mobile, a new brand based on trust and transparency with our customers, as the next step in enhancing the effectiveness of our Wireless division in serving the needs of our customers. The launch of Freedom Mobile, which occurred concurrently with the initial launch of the LTE-Advanced network allowed our Wireless division to: (i) build on our current strengths; (ii) take full control over our future branding strategy; and (iii) redirect 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.

Distribution Network

Freedom Mobile's distribution network currently includes over 300 branded stores and kiosks, which are owned by Freedom Mobile or independent dealers. The majority of our sales are made through these physical outlets. While on-line sales are a relatively small portion of Freedom Mobile's sales today, we are working to grow our on-line sales and expect them to increase in proportion to physical sales at the Freedom Mobile branded stores and kiosks in fiscal 2018.

Handset Availability

Shaw expects to begin selling Apple iPhones that are compatible with the AWS-3 LTE network in December 2017. More carriers are adopting the AWS-3 LTE network technology with the Apple iPhone 7 (certain versions), 8, and X, and Samsung Galaxy 8 all being compatible with the AWS-3 LTE network. In addition, T-Mobile, AT&T, and Verizon are all using AWS-3 spectrum which we expect will further develop the handset ecosystem and translate into broader handset options. As of November 28, 2017, there are a total of 14 handsets available that are compatible with the AWS-3 LTE network, including handsets produced by Apple, LG, Samsung, Sony and ZTE.

In October 2017, we announced another significant step forward as we deploy Freedom Mobile's recently acquired 2500 MHz spectrum and refarm a portion of our existing AWS-1 spectrum to enhance customers' access to LTE data speeds. The work is already underway and expected to be completed by early December 2017 in Western Canada and early 2018 in the rest of Freedom Mobile's coverage area. These network upgrades will make it easier for Canadians to bring their own devices to Freedom Mobile and enjoy the full benefit of our LTE-Advanced network. In particular, these enhancements will improve Freedom Mobile's LTE-Advanced network performance, especially in dense urban areas.

Subscriber Growth

Approximately 15 million Canadians reside within our current mobile wireless network service area. Our Wireless division's customer base is growing, with over 1.1 million customers presently served, including over 100,000 customers added in fiscal 2017.

Business Network Services

(millions of Canadian dollars)	2017 $	2017 share of consolidated	2016 $	2016 share of consolidated
Revenue	**554**	**11%[1]**	**515**	**11%[1]**
Operating income before restructuring costs and amortization[2]	**281**	**14%**	**252**	**13%**

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

Shaw Business provides connectivity solutions to business customers of all sizes, from home offices to medium and large scale enterprises, leveraging our business grade hybrid fibre-coax and fibre to the premise network. 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 always-on connectivity requirements 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 the connection of 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, through the Calgary1 data centre, also provides hybrid IT services to customers in western Canada. These services are a natural complement to Shaw Business' current offerings.

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 US 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

On September 15, 2017, the Company completed the previously announced sale of a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation, to Omnitracs Canada for approximately US$20 million.

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; and
- 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 route kilometres of fibre located on routes between Seattle and New York City (via Vancouver, Calgary, Regina, Winnipeg, Toronto, Chicago and Buffalo). 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 (i) Vancouver and Calgary, (ii) Seattle and San Jose, (iii) Seattle and Calgary, (iv) Seattle and Vancouver, (v) Toronto and New York City, (vi) Toronto and Montreal, and (vii) Edmonton and Fort McMurray.

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 2016, we completed the major upgrade of our co-axial access network to remove analog tier basic services from all markets across Shaw's cable footprint (the "Digital Network Upgrade"). As a result, all of our customers within Shaw's cable footprint now receive digital 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.

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. Driving fibre deeper into our network also supports wireless and business service deployments, as well as future services such as 5G or Fibre-to-the-Premise ("FTTP").

In fiscal 2016, we began to deploy our newest generation of cable modem termination system equipment referred to as the Converged Cable Access Platform ("CCAP") into our serving hubs. This equipment enhances the capabilities of our cable network and enables Shaw to leverage the next generation of cable access technology known as Data over Cable Interface Specification version 3.1 ("DOCSIS 3.1"). At the end of fiscal 2017, DOCSIS 3.1 ready CCAP infrastructure was running in Shaw's major systems. All remaining systems are expected to be running DOCSIS 3.1 ready CCAP infrastructure by the end of fiscal 2018. 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 which is now available across 99% of our cable footprint. With the Digital Network Upgrade, the deployment of fibre closer to our customers and increasing the number of nodes in our hybrid fibre-coax network, we expect to continue to 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. Over 3.3 million devices have authenticated to our carrier-grade Shaw Go WiFi network and there are approximately 100,000 access points representing an increase of over 13,400 access points in fiscal 2017. In addition, we have entered into agreements with 108 municipalities to extend Shaw Go WiFi service into public areas within those cities.

Shaw's Wireless Network

Until the initial launch of our LTE-Advanced network in the Greater Toronto Area ("GTA") in November 2016, all of our customers were served by our 3G network using AWS-1 spectrum. In the second half of fiscal 2016, Shaw completed the first critical step in our Wireless network upgrade with the replacement of all the older 3G equipment in western Canada with

3G HSPA+ 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 fiscal 2016, we also 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. We continue to improve our network performance with the rollout of Freedom Mobile's LTE-Advanced network to all our existing markets, on schedule and on budget, as of the end of fiscal 2017. In fiscal 2017, LTE roaming was launched with Bell, Rogers, and AT&T offering more than 97% of the Canadian and US population roaming coverage outside of Freedom Mobile's existing markets to Freedom Mobile customers that subscribe to the LTE plan.

Spectrum holdings

On July 24, 2017, the Company acquired 700MHz and 2500 MHz wireless spectrum licences from Quebecor for $430 million. The spectrum licences acquired are comprised of 10 MHz licences of 700 MHz spectrum in each of British Columbia, Alberta, and Southern Ontario and the 20 MHz licences of 2500 MHz spectrum in each of Vancouver, Edmonton, Calgary, and Toronto. In addition to the spectrum acquisition cost, fiscal 2018 capital expenditures associated with the deployment of the acquired spectrum are estimated to be approximately $350 million. This incremental investment in our Wireless division, particularly the addition of the 700 MHz spectrum, will materially improve our long-term wireless customer experience and further enable our ability to offer converged network solutions. We will also be transitioning 10 MHz of our AWS-1 spectrum from 3G to LTE-Advanced which will improve network performance and make LTE-Advanced available to more of our customers and other potential customers.

In October 2017, we announced the deployment of the recently acquired 2500 MHz spectrum and refarming of a portion of our existing AWS-1 spectrum which will enhance our customers' access to LTE data speeds. The work is already underway and expected to be completed by early December 2017 in western Canada and early 2018 in the rest of Freedom Mobile's coverage area. These network upgrades will make it easier for Canadians to bring their own devices to Freedom Mobile and enjoy the full benefit of our LTE-Advanced network. In particular, these enhancements will improve Freedom Mobile's LTE-Advanced network performance, especially in dense urban areas.

With the addition of the spectrum licences acquired from Quebecor, our Wireless division currently holds 50 MHz of AWS spectrum, 10 MHz of 700 MHz and 20MHz of 2500 MHz spectrum in the main service areas of Southern Ontario, Alberta and British Columbia, and 10-50 MHz of AWS spectrum in certain other non-core markets. As a result of the spectrum transaction with Quebecor, the Corporation's aggregate spectrum holdings have increased to 80 MHz in certain markets located in Southern Ontario, Alberta, and British Columbia. As discussed below, Innovation, Science and Economic Development Canada ("ISED") is conducting a consultation regarding the policy framework for the 600 MHz spectrum auction (see "Government Regulations and Regulatory Developments – Radiocommunication Act – Wireless Spectrum Licences").

The Company expects that its spectrum assets will support anticipated growth in LTE-Advanced network subscribers, as well as 3G HSPA+ network subscribers, and also provide new growth, geographic diversification, and scale opportunities in the markets in which we operate.

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 the Media division to Corus in April 2016, the Company received 71,364,853 Corus Class B non-voting participating shares (the "Corus B Consideration Shares") representing approximately 37% of Corus' total issued equity of Class A and Class B shares. The Company agreed to retain approximately one third of its Corus B Consideration Shares 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 B Consideration Shares participate in Corus' dividend reinvestment plan until September 1, 2017. For the year ended August 31, 2017, the Company received dividends of $88 million (April 1 to August 31, 2016 – $34 million) from Corus, $81 million (April 1 to August 31, 2016 – $34 million) were reinvested in additional Corus Class B non-voting participating shares. At August 31, 2017, the Company owned 80,630,383 (2016 – 74,135,891) Corus Class B non-voting participating shares having a fair value of $1,109 million (2016 – $911 million) and representing 39% (2016 – 38%) of the total issued equity of Corus. The Company's weighted average ownership of Corus for the year ended August 31, 2017 was 38% (April 1 to August 31, 2016 – 37%). As of September 1, 2017, the Company's Corus B Consideration Shares no longer participate in Corus' dividend reinvestment plan thus resulting in expected cash dividends to the Company related to our total Corus shareholdings of approximately $91 million in fiscal 2018.

Although the Corus Class B non-voting participating 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), Jim Shaw, Bradley S. Shaw, three other members of JR Shaw's family and one independent director (See "Related Party Transaction – Corus").

Community Investment

We know that finding solutions to society's most challenging issues requires more than philanthropic gifts, which is why we use our suite of assets to help advance the goals of our charitable partners. Whether we are shining a spotlight on our partners through our website and social media channels, or connecting employees' time and talents to charitable organizations, we are committed to creating long-lasting, impactful relationships that make a difference in the communities we call home.

Shaw continues to leverage the Shaw Kids Investment Program ("SKIP") to support organizations that improve the lives of Canadian kids. In 2017, Shaw contributed over $35 million in cash and in-kind support, as well as 18,655 hours of volunteer time, to over 1,000 local and national youth-focused charitable organizations.

In 2017, Shaw marked Canada's 150th anniversary by granting 150 birthday wishes to honour extraordinary people and organizations making the country a better place for kids. Through this year long project, Shaw provided funding to support 40 charitable programs, 60 events, and 50 individuals, all nominated by the community.

In 2017, Shaw celebrated the fifth year of the Shaw Charity Classic, commemorating five years of the PGA TOUR Champions, our community, and giving back. The tournament raised $8.3 million for over 150 children and youth charities in Alberta, bringing the total dollars raised in five years to $22 million. The success of the Shaw Charity Classic over the past five years has reinforced the impact we can have as an employer and corporate citizen when we integrate our sponsorship and community investment activities to provide even greater support for the programs and organizations that are building positive environments for kids and youth in the community.

Shaw also continued to build partnerships and promote the work of organizations that are working to prevent bullying in our schools, playgrounds and online. In its third year, Shaw's Pink Shirt Promise social media campaign, which raises awareness and funds for bullying prevention programs across Canada, engaged over 1.35 million Canadians and provides funding to bring bullying prevention programs to over 450 schools over the next three years, positively impacting more than 400,000 kids across the country.

Government regulations and regulatory developments

Substantially all of the Company's Canadian business activities are subject to regulations and policies established under various pieces of legislation, including the *Broadcasting Act* (Canada) ("Broadcasting Act"), the *Telecommunications Act* (Canada) ("Telecommunications Act"), the *Radiocommunication* Act (Canada) ("Radiocommunication Act") and the *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 ISED, respectively. The allocation and use of wireless spectrum in Canada are governed by spectrum licences issued by, and radio authorization conditions set by, ISED pursuant to the Radiocommunications Act.

Limits on non-Canadian ownership and control

Neither a holding company that has a subsidiary operating company licensed under the Broadcasting Act, nor any such licensee, may be controlled in fact by non-Canadians, the determination of which is a question of fact within the jurisdiction of the CRTC. Pursuant to the *Direction to the CRTC (Ineligibility of Non-Canadians)* (the "Direction"), 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. If a holding company of a licensee does not satisfy the requirement that 80% of its board of directors be resident Canadians, it must have a CRTC-approved Independent Programming Committee ("IPC") in place to ensure that neither the holding company nor its directors exercise control or influence over the programming decisions of its subsidiary licensee. With CRTC approval, Shaw implemented an IPC to comply with the Direction.

Similar 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 of a company operating pursuant to those Acts. Instead, the Telecommunications Act, the Radiocommunication Act and associated regulations require only that 80% of the voting shares of such entities be held by resident Canadians. 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. The US Trade Representative ("USTR") has included in its negotiating objectives for the renegotiation of the North American Free Trade Agreement ("NAFTA") by the US, Canada and Mexico, the removal of all barriers to foreign investment in all sectors. These developments 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.

Broadcasting Act

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 broadcast distribution undertakings ("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 business depends on licences (or operates under an exemption order) granted and issued by the CRTC under the Broadcasting Act.

In fall 2016, the Minister of Canadian Heritage ("Minister") initiated a consultation process aimed at strengthening Canadian content creation, discoverability and export in the digital era. On September 28, 2017, the Minister announced the result of that process, entitled "Creative Canada Policy Framework" and reconfirmed the Government's earlier commitment (in the 2017 federal budget) to review the Broadcasting Act and the Telecommunications Act. The details of such reviews are expected to be released in fall 2017. In addition, the Minister announced an Order-in-Council directing the CRTC to report back to Cabinet, by June 1, 2018, on likely programming distribution models of the future, how and through whom Canadians will access programming going forward, and the extent to which new distribution models can support the creation, production and distribution of Canadian content.

The Creative Canada Policy Framework did not propose, and the Government has confirmed that it does not support, a levy on broadband distribution services to support Canadian content. The framework does, however, envisage reforms to the Copyright Act (possibly pursuant to the statutory five-year review of the Copyright Act, slated to begin in November 2017) to ensure the protection and compensation of creators. This creates the potential for increased fees or limitations on content uses to the extent that such a review introduces any new rights and entitlements or reduces user flexibility pursuant to existing exceptions

under the Copyright Act. Similarly, the upcoming review of the Broadcasting Act creates the potential for new obligations applicable to the Company's cable, satellite, satellite relay distribution and programming undertakings.

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 licences for all licensed cable undertakings as part of a renewal process that includes several other major terrestrial BDUs. The Company's DTH and SRDU licences are not due for renewal until August 31, 2019.

The CRTC's consideration of cable license renewal applications has proceeded as a two-phased process. Phase 1 was limited in scope and included a hearing to review BDUs' practices with regard to the small basic service and flexible packaging requirements. The purpose of Phase I was to ensure that licensees are offering the services in accordance with the spirit of the Let's Talk TV policy framework and the associated regulations, and, the imposition of conditions of license relating to the Wholesale Code, the Television Service Provider Code and participation in the Commissioner for Complaints for Telecommunications Services. At the conclusion of Phase 1, Shaw's licences were administratively renewed until August 31, 2017. In May 2017, the CRTC formally initiated Phase 2 of the renewal proceeding, and administratively renewed Shaw's cable licences until May 31, 2018. In Phase 2, the Commission is examining, among other issues: BDUs' practices relating to the small basic and flexible packaging options; community channel compliance; accessibility of the community channels; and, the progress of the set-top box audience-measurement working group. The oral hearing to consider the issues in Phase 2 took place from October 16-19, 2017. A decision is expected in the spring of 2018.

The Company also holds separate licences for each of Shaw on Demand, a video-on-demand ("VOD") service, and Shaw Pay-Per-View. In May 2017, Shaw's national VOD licence was renewed for a 5-year term, from September 1, 2017 to August 31, 2022. The Company's licence for Shaw Pay-Per-View is not due for renewal until August 31, 2019.

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.

The potential for new or increased fees

CRTC Regulations require licensed cable BDUs to obtain the consent of an over-the-air ("OTA") broadcaster to deliver its signal in a distant market. The CRTC Regulations provide that DTH undertakings may distribute a local OTA television signal without consent within the province of origin, but must obtain permission to deliver the OTA 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 the CRTC Regulations (see also "NAFTA" and "Copyright" below).

Telecommunications Act

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. Retail Internet, home phone services and mobile wireless services have been forborne from 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.

In the 2017 federal budget, the Government announced its intention to review the Telecommunications Act and the Broadcasting Act. While the process for these reviews has not been initiated, any changes to the Telecommunications Act pursuant thereto could impact the business practices of the Company, including the rates charged for wholesale and retail services in certain instances.

CRTC Wireless Code

In June 2013, the CRTC implemented the Wireless Code to, among other things:

- impose limitations on early cancellation fees;
- prohibit contracts with terms that provide for cancellation fees after two years; and
- require trial periods for wireless contracts and caps on overage roaming charges.

The CRTC commenced a scheduled review of the Wireless Code in September 2016 and held a hearing in February 2017. In June 2017, the CRTC rendered a decision imposing amendments to the Wireless Code, which included, among other things, a prohibition on handset unlocking fees and the imposition of restrictions on the sale of locked phones, consistent with Freedom Mobile's position at the review hearing.

Third Party Internet Access

Shaw is mandated by the CRTC to provide a wholesale service at regulated rates that allows 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: (i) extended mandated wholesale access services to include FTTP facilities; and (ii) initiated a shift to a new disaggregated wholesale Internet access service. The new disaggregated service will be phased-in over a period of 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. The CRTC has approved interim disaggregated rates for Ontario and Quebec. It remains unclear when Shaw will be directed to file disaggregated tariffs and rates for its serving area.

Although the CRTC has initiated a shift to a new disaggregated service, in October of 2016, the CRTC approved, pending the completion of its review of aggregated costing studies, interim aggregated rates 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 the wholesale rates we charge for aggregated TPIA service.

The CRTC also commenced a proceeding 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, which would increase the operational costs of providing the TPIA service.

CRTC Review of Wholesale Roaming Rates

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 framework requires the three national wireless incumbent carriers to provide wholesale roaming services to non-incumbent wireless carriers at cost-based rates. The CRTC established interim rates for the mandated wholesale roaming service pending its review of the incumbent carrier cost filings. A CRTC decision on the mandated wholesale roaming service rates is expected in 2018 and may affect our roaming costs and the rates and services that we can offer customers.

CRTC review of Wi-Fi First

CRTC Telecom Decision 2017-56 determined that public Wi-Fi did not constitute a mobile wireless home network for the purposes of accessing mandated wholesale wireless roaming rates. In June 2017, the Governor in Council ("GiC") referred CRTC Telecom Decision 2017-56 back to the CRTC for review. The GiC asked the CRTC to review whether expanding the definition of home network to include public Wi-Fi would have a positive impact on the affordability of retail mobile wireless

services and whether the negative impact of such a change on facilities based investment and competition would outweigh the benefits. If the CRTC reverses its previous position, Wi-Fi First providers, and other resale-based models, could gain access to incumbent wireless networks at regulated rates for the purposes of roaming which would disadvantage Shaw in the marketplace. The CRTC must issue its determination by the end of March 2018.

CRTC Modern Telecommunications Decision

In December 2016, the CRTC issued its Modern Telecommunications Services decision following a review of the basic telecommunications services required by all Canadians to fully participate in the digital economy. In its decision, the CRTC determined that 90% of Canadians should have access to broadband Internet speeds of 50 Mbps download and 10 Mbps upload by the year 2021. In order to assist in achieving the foregoing, the CRTC established a new broadband funding mechanism that will replace the local phone subsidy regime that will be phased-out. Shaw, as well as other telecommunications providers, will be required to contribute to the new broadband fund. The CRTC is currently undertaking a process to design the new broadband funding mechanism, which will make $750 million available for broadband subsidies over the next five years. Concurrent with this decision, the CRTC also submitted a report to the Federal Government's Innovation Agenda, which reflects the results of its basic telecommunications services review. The report highlights ways in which the government can focus on ensuring the availability, affordability and adoption of broadband services.

Differential Pricing Practices

In April 2017, the CRTC released a new policy framework for reviewing differential pricing practices. The CRTC formulated stringent guidelines for evaluating practices where certain types of data/Internet content are priced differently than others on wireline and mobile wireless data plans. As part of the decision, the CRTC reaffirmed its commitment to net neutrality.

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.

Radiocommunication Act

Our Wireless division holds licences for the use of radiofrequency spectrum required to operate its mobile wireless business. Those spectrum licences 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.

Wireless Spectrum Licences

The Wireless division's AWS-1 spectrum licences were issued in 2009, for a term of ten years, and prior to expiration, the licences may be renewed. The AWS-3 spectrum licences were issued in April 2015 and have a term of 20 years. The 700 MHz and 2500 MHz spectrum licences that the Company purchased from Quebecor were initially issued in February 2014 and May 2015, respectively for a term of 20 years.

The applicable terms and conditions of renewal of our and other carriers' spectrum licences after the initial term are determined by ISED through public consultation processes that begin prior to the expiry of those licences. In the summer of 2017, ISED held a public consultation relating to the renewal of AWS-1 and other spectrum licences auctioned in 2008, including those held by our Wireless division. If Freedom Mobile has met its conditions of licence, including any applicable deployment obligations, Freedom Mobile will have a high expectation to be eligible for renewal. We expect to meet the applicable requirements and conditions of licence for those spectrum licences that are material to our plans for the Wireless division. As part of the consultation, ISED is proposing more onerous deployment conditions.

The Company is also participating in ISED's consultation regarding the release of millimeter wave spectrum in the 28 GHz, 37-40 GHz and 64-71 GHz frequency bands to support deployment of 5G wireless networks and systems, as well as ISED's Spectrum Outlook consultation, which will review the overall approach and planning activities related to the release of spectrum for commercial mobile services, licence-exempt applications, satellite services and wireless backhaul services over the years 2018-2022.

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 spectrum 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 licences;
- renew existing spectrum licences;
- obtain approval of any transfer of spectrum licences; or
- procure spectrum licences that provide access to adequate allocations of low-band spectrum, which has superior propagation and penetration characteristics, or of other spectrum that is required for 5G.

In addition, the Wireless division could experience increased costs, or reduced revenues or reduced margins, or the deployment or service plans could be negatively affected by, 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.

Access for Wireless Network

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 and/or sites owned and operated by third party tower and/or sites providers and the three national wireless incumbent carriers. Pursuant to the conditions of their spectrum licences and the CRTC's policy framework for wholesale wireless services, the three national wireless incumbent carriers must allow competitors, including Freedom Mobile, to co-locate equipment at these locations. 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.

Copyright Act

Canada's Copyright Act accords the creators and owners of content various rights to authorize or be remunerated for the use of their works and performances, including, in some instances, by broadcast distribution undertakings. In addition, the Copyright Act creates certain exceptions that permit the use of copyrighted works without the authorization or remuneration of rights holders. Parliament will commence a mandated 5-year review of the Copyright Act in November, 2017. This process could lead to amendments to the Copyright Act that impact the terms and conditions applicable to the use of content, including the potential for increased fees, and the scope of flexibility with respect to the use of content pursuant to exceptions under the Copyright Act.

Furthermore, 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 potential for new or increased fees

The Copyright Board is currently considering a proposed 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.

In addition, in August 2017, the Copyright Board issued a decision interpreting the scope and meaning of "making available" as defined in the Copyright Act. In the Online Music Services proceeding, SOCAN and other rights owners argued that downloading musical works constitutes "making available" requiring the payment of public performance royalties. The Objectors, including the Company, argued that since downloading is not a public performance, SOCAN is not entitled to royalties for downloads. The Copyright Board held that while the act of downloading is not itself a communication to the public and, as such, is outside the scope of the proposed tariff, the act of loading copyright materials onto servers to facilitate downloading is a form of "making available" and a communication to the public and falls under the SOCAN tariff. Various applications for judicial review have been filed, arguing that this interpretation is erroneous, and the Company will intervene in support of such applications. If the Copyright Board's interpretation is upheld, it could lead to new claims by rights holders in connection with Company technologies that facilitate downloading.

North American Free Trade Agreement (NAFTA)

Canada has entered into – along with the US and Mexico – a process to renegotiate the NAFTA. The USTR has published negotiating objectives and has been urged by a number of US stakeholders to secure changes to the NAFTA that could, if achieved, impact Canada's broadcasting and telecommunications sectors. Certain Canadian stakeholders have also urged changes as a way to motivate domestic legislative and policy change. While negotiating parties aim to conclude negotiations in the first quarter of the 2018 calendar year, there is no formal end-date for the NAFTA negotiation process and the outcomes of the negotiation are unknown.

The potential for new or increased fees

US broadcasters and certain Canadian broadcasters have, as part of their submissions to their respective governments regarding the renegotiation of the NAFTA, urged the introduction of a retransmission consent regime in Canada and, in some cases, the removal of the existing retransmission compulsory licensing regime from Canada's Copyright Act. To the extent that such changes are incorporated in any revised NAFTA, it could result in the imposition on the Company of significant costs in connection with the distribution of broadcast services on Shaw Video and a reduction of the ability to retransmit US broadcast signals to customers.

Limits on non-Canadian ownership and control

The USTR has included in its negotiating objectives for the renegotiation of the NAFTA by the US, Canada and Mexico, the removal of all barriers to foreign investment in all sectors. These developments could lead to greater levels of competition in the Canadian telecommunications market.

Personal Information Protection and Electronic Documents Act and Canadian Anti-Spam Legislation

The *Personal Information Protection and Electronic Documents Act* (Canada) ("PIPEDA") is Canada's federal privacy law regulating the collection, use and disclosure of personal information in Canada by a federally regulated organization in the private sector. Shaw has established a privacy policy and its internal privacy processes in accordance with PIPEDA.

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.

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)	**2017**	**2016**
Operating income from continuing operations	**999**	1,115
Add back (deduct):		
Restructuring costs	**54**	23
Amortization:		
Deferred equipment revenue	**(38)**	(52)
Deferred equipment costs	**122**	139
Property, plant and equipment, intangibles and other	**860**	753
Operating income before restructuring costs and amortization	**1,997**	1,978

Operating margin

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

	Year ended August 31,		
	2017	**2016**	**Change**
Consumer	**42.2%**	44.4%	(2.2pts)
Business Network Services	**50.7%**	48.9%	1.8pts
Wireless	**22.0%**	21.0%	1.0pts

Net debt leverage ratio

The Company uses this measure to set its optimal leverage. Refer to Liquidity and Capital Resources for further detail.

Free cash flow

The Company utilizes this measure to assess the Company's ability to repay debt and pay dividends to shareholders. Free cash flow is calculated as free cash flow from continuing operations and free cash flow from discontinued operations.

Free cash flow from continuing operations is comprised of 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) and equipment costs (net), interest, cash taxes paid or payable, dividends paid on the 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 for Wireless. 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), 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.

Free cash flow is calculated as follows:

(millions of Canadian dollars)	Year ended August 31, 2017	2016	Change %
Revenue			
Consumer	**3,747**	3,752	(0.1)
Business Network Services	**554**	515	7.6
Wireless	**605**	280	116.1
	4,906	4,547	7.9
Intersegment eliminations	**(24)**	(29)	(17.2)
	4,882	4,518	8.1
Operating income before restructuring costs and amortization[1]			
Consumer	**1,583**	1,667	(5.0)
Business Network Services	**281**	252	11.5
Wireless	**133**	59	125.4
	1,997	1,978	1.0
Capital expenditures and equipment costs (net):[2]			
Consumer and Business Network Services	**970**	928	4.5
Wireless	**255**	121	110.7
	1,225	1,049	16.8
Free cash flow from continuing operations before the following	**772**	929	(16.9)
Less:			
Interest	**(256)**	(267)	(4.1)
Cash taxes	**(183)**	(263)	(30.4)
Other adjustments:			
Dividends from equity accounted associates	**88**	34	158.8
Non-cash share-based compensation	**3**	3	–
Pension adjustment	**8**	(40)	(120.0)
Customer equipment financing	**8**	8	–
Preferred share dividends	**(8)**	(13)	(38.5)
Free cash flow from continuing operations	**432**	391	10.5
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items	**140**	365	(61.6)
Less:			
Capital expenditures	**(99)**	(147)	(32.7)
Interest	**(33)**	(32)	3.1
Cash taxes	**(2)**	(29)	(93.1)
Program rights	**–**	(33)	(100.0)
CRTC benefit obligation funding	**–**	(11)	(100.0)
Non-controlling interests	**–**	(20)	(100.0)
Pension adjustment	**–**	(2)	(100.0)
Free cash flow from discontinued operations	**6**	91	(93.4)
Free cash flow	**438**	482	(9.1)

(1) Refer to Key performance drivers.
(2) Per Note 24 to the audited Consolidated Financial Statements.

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, wireline Video 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 wireline Video 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 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, 2017 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, 2017 the Wireless divisions had approximately 1.1 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. Refer to "Segmented Operations Review" for Wireless ARPU details and description.

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 Video, Internet, Phone, 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. For customers with multi-year service plans, the total amount of contractual service revenue is accounted for on a straight-line basis over the term of the plan.

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 digital cable terminal ("DCT") and direct-to-home ("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 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.

Freedom Mobile 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. Freedom Mobile 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 equipment revenue and costs

In the Shaw Tracking operation, currently classified as held for sale, 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.

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 foreseen, 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 Video/Internet/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 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/Phone infrastructure:** Labour and overhead costs directly related to the construction activity are capitalized as the activities directly relate to the construction or upgrade of the distribution system. Capital projects include, but are not limited to, projects such as the new subdivision builds, increasing network capacity for Internet, home 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 licences, wireless spectrum licences, trademarks, brands, program rights, customer relationships and software assets. Broadcast rights and licences, wireless spectrum licences, trademarks and brands represent identifiable assets with indefinite useful lives.

Program rights represent licensed rights acquired to broadcast television programs on the former Shaw 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 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 3 – 10 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, and Wireless. The Company had two additional cash generating units, data centres, until the sale of Viawest in August 2017 and 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, 2017, 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 to 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 2017	Pension Expense Fiscal 2017
Weighted Average Discount Rate – Non-registered Plans	3.70%	3.50%
Impact of: 1% decrease – Non-registered Plans	$ 86	$ 4

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, comprised of independent directors. The following sets forth certain transactions in which the Company is involved.

Corus

The Company and Corus are subject to common voting control. During 2016, the Company sold its wholly owned subsidiary Shaw Media to Corus. The transaction closed on April 1, 2016. In fiscal 2017, network, advertising and programming fees were paid to various Corus subsidiaries. The Company provided uplink of television signals, programming content, Internet services and lease of circuits to various Corus subsidiaries. The Company also received dividends from Corus related to its Class B non-voting participating shareholdings representing 39% of the total issued equity of Corus. (See "Equity Interest in Corus")

Burrard Landing Lot 2 Holdings Partnership

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

Key management personnel and Board of Directors

Key management personnel consist of the most senior executive team and along with the Board of Directors have the authority and responsibility for directing and controlling the activities of the Company. In addition to compensation provided to key management personnel and the Board of Directors for services rendered, the Company transacts with companies related to certain Board members primarily for the purchase of remote control units, network programming and installation of equipment.

Refer to Note 27 to the Consolidated Financial Statements for further related party transaction detail.

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, 2016 had no impact on the Company's consolidated financial statements.

- *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 were applied prospectively for the annual period commencing September 1, 2016.

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

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

- 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.
- 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.
- 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 January 1, 2018. We are assessing the impact of this standard on our consolidated financial statements.
- 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.
- 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 in a manner that depicts 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 application of IFRS 15 will impact the Company's reported results, including the classification and timing of revenue recognition and the treatment of costs incurred to obtain contracts with customers. IFRS 15 requires the estimation of total consideration to be received over the contract term at contract inception, and the allocation of that consideration to performance obligations in the contract, typically based on the relative stand-alone selling price of each obligation. IFRS 15 also requires that incremental costs to obtain a contract with a customer (for example, commissions) be capitalized and amortized into operating expenses over time. The Company currently expenses such costs as incurred.

  The Company's financial position will also be impacted by the adoption of IFRS 15, with new contract asset and contract liability categories recognized to reflect differences between the timing of revenue recognition and the actual billing of those goods and services to customers. While similar differences are recognized currently, IFRS 15 introduces additional requirements and disclosures specific to contracts with customers.

  Shaw continues to evaluate the impacts of IFRS 15 and preparations are underway for the adoption of the new standard. Initial planning and scoping efforts were conducted during 2017, with ongoing development of the required accounting policies, significant judgment's and estimates, processes, information systems and internal controls expected to continue throughout the Company's 2018 fiscal year. In connection with these development efforts, the Company also expects a significant historical data gathering initiative will be required to identify and account for multi-year contracts with customers at the date of adoption. At this stage in the Company's IFRS 15 implementation process, it is not possible to make reasonable quantitative estimates of the effects of the new standard

  The new standard is effective for annual periods beginning on or after January 1, 2018, which for the Company will be the annual period commencing September 1, 2018, and must be applied either retrospectively or on a modified retrospective basis for all contracts that are not complete as at that date. The Company continues to evaluate the adoption approach in conjunction with its assessment of the expected impacts of adoption.

- 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.

  As the Company has significant contractual obligations currently being recognized as operating leases, we anticipate that the application of IFRS 16 will result in a material increase to both assets and liabilities and material changes to the timing of the recognition of expenses associated with the lease arrangements although at this stage in the Company's IFRS 16 implementation process, it is not possible to make reasonable quantitative estimates of the effects of the new standard.

  The standard 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. The Company will evaluate the adoption approach in conjunction with its assessment of the expected impacts of adoption.

- IFRIC 23, *Uncertainty over Income Tax Treatments* was issued in 2017 to clarify how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is required to be applied for annual periods commencing January 1, 2019.

RISK MANAGEMENT

In the normal course of our business activities, the Company is subject to both risks and opportunities. The purpose of risk management is to manage and mitigate risk, rather than to eliminate risk. The Company is committed to continually strengthening our risk management capabilities to protect and enhance value.

Risk Governance and Oversight

The Board of Directors has overall risk governance and oversight responsibilities. Specifically, the Board is responsible for identifying and assessing the principal risks inherent in the business activities of the Company and ensuring that management takes all reasonable steps to implement appropriate systems to manage such risks. The Board of Directors has delegated elements of its risk oversight responsibilities to specific Board committees. In particular, the Audit Committee is responsible for: (1) overseeing the Company's processes for identifying, assessing and managing risks; and (2) ensuring that management implements and maintains effective internal controls and procedures for identifying, assessing and managing the principal risks to the Corporation and its business. In addition, the Human Resources and Compensation Committee is responsible for ensuring that the Company's long-term and short-term incentive plans do not incent risk-taking beyond the Company's risk tolerance.

Responsibilities for Risk Management

Responsibility for risk management is shared across our organization. Each department's operating management, led by the Company's executive team, have integrated controls and risk management practices into day-to-day activities and decision-making processes. We have risk management and compliance functions across the organization such as Finance, Security and Risk, Legal and Regulatory, and Technology Risk Governance. The Internal Audit and Advisory Services (IA&AS) department provides independent and objective audit and advisory services in order to evaluate and improve the effectiveness of the Company's governance, internal controls, disclosure processes, and risk management activities. The Audit Committee oversees the work of the IA&AS department and all reports issued by the IA&AS department. In addition, the IA&AS department's annual plan is reviewed and approved by the Audit Committee.

Enterprise Risk Management

The Audit Committee undertakes a further review of the significant corporate level risks through the Enterprise Risk Management program ("ERM"). The ERM is a performance focused process designed to identify and manage significant

corporate level risks that could impact the achievement of our strategic objectives. The Company's executives meet quarterly to: (1) review and update significant corporate level risks; (2) assess such corporate level risks in terms of likelihood and magnitude of impact, (3) review the response strategy, and (4) monitor progress. The Company's executives provided an ERM report to the Board in April 2017, with updates to be provided at least annually. The significant risks and uncertainties affecting the Company and its business are discussed under "Known Events, Trends, Risks and Uncertainties in Management's Discussion and Analysis".

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 also face competition from platforms that may gain advantage through regulatory processes. 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 ("OTT") 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 these 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 has been built using our Wireless division's AWS-3 spectrum licences. While a substantial ecosystem of handset devices for the AWS-3 spectrum band is emerging in 2018, the selection of handsets supporting the AWS-3 spectrum band currently available remains limited. In addition, our Wireless division may face increased competition from other facilities based or non-facilities based new entrants or alternate technologies, including as a result of regulatory decisions or government policies that favour certain competitive platforms. (see "Government regulations and regulatory developments – Telecommunication Act – CRTC review of Wi-Fi First").

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 Services also competes in industries that are highly competitive, rapidly evolving and subject to constant change.

Impact of Regulation

As 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 licences granted by ISED and/or the CRTC. Shaw's operations, financial results, and future prospects are affected by changes in regulations, policies and decisions, conditions of licences and decisions, including changes in interpretation of existing regulations and requirements contained in such conditions of licences by courts, the government or the regulators, in particular the CRTC, ISED, Competition Bureau and Copyright Board. These changes relate to, and may have an impact on, among other things, licensing and licence renewal, 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. All such 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 economy is affected by uncertainty in global financial and equity markets and slowdowns in national and/or global economic growth. Changes in economic conditions, which may differ across our regional footprint, 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.

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 and various Canadian denominated senior notes and debentures with varying maturities issued in the public markets. These are 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 all 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, 2017, virtually all of Shaw's consolidated long-term debt was fixed with respect to interest rates.

(b) **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 mix of fixed and floating rate debt. Interest on the Company's unsecured banking facility are based on floating rates, while the senior notes are all fixed rate obligations.

The Company may also enter into forward contracts to mitigate its exposure to foreign exchange and interest rate risk. The Company may also maintain a portion of its balance sheet cash in US dollars to provide economic protection against a depreciating Canadian Dollar. While hedging and other efforts to manage these risks are intended to mitigate Shaw's risk exposure, because of the inherent nature and risk of such transactions, those activities can result in losses. For instance, 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, 2017, the Company owned 80,630,383 Class B non-voting participating shareholdings representing 39% of the total issued equity interest of Corus. Corus 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 intrinsic 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 this may have a material adverse effect on Shaw, its operations and/or its financial results.

Satellite

Shaw uses 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. While the Company intends to renew or replace some or all of these long-term capacity service agreements as they expire, there can be no assurance that replacement transponder capacity will be available or that such agreements will be entered into on favourable terms or in similar amounts, which may have a material adverse effect on customer service and customer relationships, as well as the Company's reputation, operations and/or financial results.

For transponders on Anik F1R and Anik F2, the Company does not maintain any 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-pre-emptible 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 its own 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 its 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, including the Calgary1 data centre. 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

Although Shaw's systems and network architecture are designed and operated to be secure, 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 within Shaw while we are monitoring 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 that Shaw will be able to protect its 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 a material 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 US. 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 and our Shaw Go WiFi operations. 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. The Company complies with all applicable laws and regulations. Further, the Company 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, 2017. The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including JR Shaw (chair), Jim Shaw, Bradley S. Shaw, three other members of JR Shaw's family, and one independent director. 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.

Talent Management and Succession Planning

Our success is substantially dependent upon the retention and the continued performance of our executive officers. Many of these executive officers are uniquely qualified in their areas of expertise, making it difficult to replace their services in the short to medium term. The loss of the services of any key executives and/or employees in critical roles or inadequate processes designed to attract, develop, motivate and retain productive and engaged employees could have a material adverse effect on Shaw, its operations and/or financial results.

To mitigate this risk, the Company's comprehensive compensation program is designed to attract, retain, motivate and reward the executive team and key employees by aligning management's interest with our business objectives and performance. Furthermore, the Company conducts annual succession planning to identify and develop key leaders to build capabilities and experiences required for the future.

Labour Relations

As of August 31, 2017, approximately 6% of our employees are represented by unions under collective bargaining agreements. While the Company's labour relations have been positive in the past, we can neither predict the outcome of current or future negotiations relating to labour disputes, union representation or renewal of collective bargaining agreements, nor be able to avoid future work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations. A prolonged work stoppage, strike or other form of labour protest could have a material adverse effect on our businesses, operations and reputation. Even if we do not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect our businesses and results of operations. In addition, our ability to make short-term adjustments to control compensation and benefits costs could be limited by the terms of such collective bargaining agreements.

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, 2017 (the "**2017 Fourth Quarter MD&A**") are incorporated by reference herein. The 2017 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)							
2017							
Fourth	1,244	479	149	481	481	0.30	0.97
Third	1,216	511	164	133	133	0.33	0.27
Second	1,206	503	150	147	147	0.30	0.30
First	1,216	504	94	90	90	0.19	0.18
Total	4,882	1,997	557	851	851	1.12	1.72
2016							
Fourth	1,212	514	145	154	154	0.29	0.31
Third	1,189	519	78	700	704	0.16	1.45
Second	1,055	466	120	156	164	0.24	0.32
First	1,062	479	144	210	218	0.30	0.43
Total	4,518	1,978	487	1,220	1,240	0.99	2.51

(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.

In the fourth quarter of fiscal 2017, net income increased $348 million compared to the third quarter of fiscal 2017 mainly due to the gain on divestiture, net of tax, of ViaWest, and lower fourth quarter restructuring costs. The increase was partially offset by a decrease in operating income before restructuring costs and amortization, higher amortization, lower equity income from our investment in Corus and higher income taxes. See "Other income and expense items" for further detail on non-operating items.

In the third quarter of fiscal 2017, net income decreased $14 million compared to the second quarter of fiscal 2017 mainly due to third quarter restructuring costs and losses on discontinued operations, net of tax, as well as increased amortization. The decrease was partially offset by an increase in operating income before restructuring costs and amortization and lower income taxes. Net other costs and revenue changed primarily due to a $16 million increase in income from an equity accounted associate and a $15 million provision reversal related to the wind down of shomi in the quarter.

In the second quarter of fiscal 2017, net income increased $57 million compared to the first quarter of fiscal 2017 mainly due to a non-recurring provision related to the wind down of shomi operations recorded in the first quarter, partially offset by an increase in amortization and income taxes. Also contributing to the increased net income were lower restructuring costs, partially offset by lower equity income from our investment in Corus. Net other costs and revenue changed primarily due to a provision of $107 million recorded in the prior quarter relating to shomi operations partially offset by a $17 million decrease in income from an equity accounted associate in the quarter.

In the first quarter of fiscal 2017, net income decreased $64 million compared to the fourth quarter of fiscal 2016 mainly due to a non-recurring provision related to the wind down of shomi operations included in net other costs and revenue for the first quarter of fiscal 2017. Also contributing to the decreased net income was lower operating income before restructuring costs and amortization, higher restructuring charges and lower income from discontinued operations, partially offset by lower income taxes. Net other costs and revenue changed primarily due to a $107 million impairment of the Company's joint venture investment in shomi and a $27 million increase in income from an equity accounted associate in the first quarter of fiscal 2017.

In the fourth quarter of fiscal 2016 net income decreased $550 million compared to the third quarter of fiscal 2016 mainly due to lower income from discontinued operations, net of tax, 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 revenue and restructuring costs. Net other costs and revenue changed primarily due to non-recurring charges recorded in the third quarter, including 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 acquisition related costs and a $10 million loss from an equity accounted associate.

Net income for the third quarter of fiscal 2016 increased $540 million compared to the second quarter of fiscal 2016 mainly due to higher income from discontinued operations, net of tax, 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 changed primarily due to 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 million loss from an equity accounted associate.

In the second quarter of fiscal 2016, net income decreased $54 million compared to the first quarter of fiscal 2016 mainly due to decreased income from discontinued operations, net of tax, of $30 million, primarily due to the seasonality of the Media business reflected in income from discontinued operations, net of tax, and net other costs and revenue of $13 million. Net other costs and revenue changed primarily due to an additional $8 million of costs recorded in the second quarter related to the acquisition of Freedom Mobile (formerly, WIND Mobile).

In the first quarter of fiscal 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 $47 million and a decrease in income taxes of $50 million. Net other costs and revenue changed primarily due to a fourth quarter fiscal 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 interest in shomi of $5 million in the first quarter of fiscal 2016.

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:

	2017				2016			
Subscriber Statistics	First	Second	Third	Fourth	First	Second	Third	Fourth
Video – Cable	**(16,344)**	**(11,604)**	**12,968**	**5,084**	(20,900)	(39,354)	(25,993)	(23,773)
Video – Satellite	**(15,704)**	**(3,570)**	**5,522**	**(2,739)**	(12,628)	(3,560)	1,113	(6,780)
Internet	**14,097**	**9,610**	**20,457**	**19,980**	8,418	2,788	(8,302)	12,064
Phone	**(12,481)**	**(1,333)**	**5,426**	**3,027**	(19,730)	(11,369)	(9,767)	(13,094)
Total Consumer & Business	**(30,432)**	**(6,897)**	**44,373**	**25,352**	(44,840)	(51,495)	(42,949)	(31,583)
Wireless – Postpaid	**14,307**	**33,582**	**20,085**	**29,089**	–	–	639,997	27,301
Wireless – Prepaid	**(4,837)**	**(155)**	**(111)**	**11,925**	–	–	363,472	12,788
Total Wireless	**9,470**	**33,427**	**19,974**	**41,014**	–	–	1,003,469[1]	40,089

(1) On March 1, 2016, Shaw acquired Mid-Bowline Group Corp. and its wholly owned subsidiary, Freedom Mobile (formerly, WIND Mobile). Subscribers gained in the third quarter of fiscal 2016 represent those acquired through the purchase and those related to net additions in the period from March 1, 2016 and May 31, 2016.

RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2017 CONSOLIDATED RESULTS

				Change	
(millions of Canadian dollars except per share amounts)	2017	2016	2015	2017 %	2016 %
Operations:					
Revenue	**4,882**	4,518	4,208	**8.1**	7.4
Operating income before restructuring costs and amortization(1)	**1,997**	1,978	1,931	**1.0**	2.4
Operating margin(1)	**40.9%**	43.8%	45.9%	**(2.9pts)**	(2.1pts)
Funds flow from continuing operations(2)	**1,530**	1,388	1,475	**10.2**	(5.9)
Net income from continuing operations	**557**	487	676	**14.4**	(28.0)
Income from discontinued operations, net of tax	**294**	753	204	**(61.0)**	>100
Net income	**851**	1,240	880	**(31.4)**	40.9
Free cash flow(1)	**438**	482	653	**(9.1)**	(26.2)
Balance sheet:					
Total assets	**14,373**	15,382	14,746		
Long-term financial liabilities					
Long-term debt (including current portion)	**4,300**	5,612	5,669		
Other financial liabilities		5	20		
Per share data:					
Basic earnings per share					
Continuing operations	**1.12**	0.99	1.42		
Discontinued operations	**0.60**	1.52	0.38		
	1.72	2.51	1.80		
Diluted earnings per share					
Continuing operations	**1.11**	0.99	1.41		
Discontinued operations	**0.60**	1.52	0.38		
	1.71	2.51	1.79		
Weighted average number of participating shares outstanding during period (millions)	**491**	480	468		
Cash dividends declared per share					
Class A	**1.1825**	1.1825	1.1613		
Class B	**1.1850**	1.1850	1.1638		

(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 2017 Highlights

- Net income was $851 million for fiscal 2017 compared to $1.24 billion in 2016.
- Earnings per share were $1.72 in fiscal 2017 compared to $2.51 in 2016.
- Revenue for fiscal 2017 improved 8.1% to $4.88 billion from $4.52 billion in 2016.
- Operating income before restructuring costs and amortization of $2.0 billion in fiscal 2017 was up 1.0% over prior year's $1.98 billion.
- Consolidated free cash flow in fiscal 2017 was $438 million compared to $482 million in 2016.

- During 2017, 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 2017 were $595 million gross of amounts attributed to the dividend reinvestment plan.

Significant acquisitions, financings and other items:

Sale of ViaWest, Inc. and its subsidiaries

- On August 1, 2017, the Company sold 100% of its wholly-owned subsidiary ViaWest. for approximately US$1.675 billion in cash, which represents an attractive return on the Company's original investment in fiscal 2015 of approximately US$1.2 billion.

Acquisition of 700 MHz and 2500 MHz wireless spectrum licences from Quebecor

- The Company enhanced its wireless network capabilities through the acquisition of wireless spectrum licences from Quebecor on July 24, 2017 for $430 million. The acquired spectrum licences comprise 10 MHz licences of 700 MHz spectrum in each of British Columbia, Alberta and Southern Ontario, as well as the 20 MHz licences of the 2500 MHz spectrum in each of Vancouver, Edmonton, Calgary and Toronto.

Financing activity

- On December 15, 2016, the Company extended the term of its five-year $1.5 billion bank credit facility from December 2019 to December 2021. This credit facility is used for working capital and general corporate purposes.
- The Company conducted a number of capital market activities, including:
  - the extension of its dividend reinvestment plan in respect of its Class A Participating Shares and Class B Non-Voting Participating Shares to eligible shareholders who are residents of the United States;
  - the issuance of 3.80% $300 million senior unsecured notes due March 1, 2027; and
  - the repayment of $400 million senior unsecured notes due March 2, 2017.
  - the repayment of US$846 million in borrowings under the Company's and ViaWest's credit facilities related to the sale of ViaWest.

Other items

- shomi, the over-the-top streaming platform that launched as a joint venture of Shaw and Rogers in fiscal 2015 was wound down with its operations and service ending on November 30, 2016. As a result, Shaw incurred investment losses of $82 million in fiscal 2017 relating to shomi's liabilities in connection with the wind down of the joint venture.
- The Company launched the market leading BlueSky TV which is based on the Comcast Corporation ("Comcast") X1 video platform.
  - BlueSky TV was launched in phases, with the initial launch in Calgary in January 2017 followed by the Vancouver launch in February 2017 and the national launch in April 2017.
- On June 1, 2017, the Company announced that it entered into an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation, to Omnitracs LLC for proceeds of approximately US$20 million. The transaction closed on September 15, 2017.
- The Company continued to improve its network performance with the rollout of Freedom Mobile's LTE-Advanced network to all existing markets, on schedule and on budget, as of the end of fiscal 2017.
- Freedom Mobile's handset lineup has continued to expand in fiscal 2017, currently with a total of 14 handsets that are compatible with the AWS-3 LTE network, including Apple, LG, Samsung, Sony and ZTE.
- In fiscal 2017, the Company began to deploy our newest generation of cable modem termination system equipment referred to as the Converged Cable Access Platform ("CCAP") into our serving hub sites. CCAP significantly enhances the capabilities of our cable network and enables Shaw to leverage the next generation of cable access technology known as Data Over Cable Interface Specification version 3.1 ("DOCSIS 3.1"). 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. As of August 31, 2017, DOCSIS 3.1 ready CCAP infrastructure was running in Shaw's major systems. All remaining systems are expected to be running DOCSIS 3.1 CCAP ready infrastructure by the end of fiscal 2018.

- The Company continued to expand its Shaw Go WiFi build-out. As at August 31, 2017, the Company had approximately 100,000 Shaw Go WiFi access points installed and operating throughout the network and over 3.3 million devices using Shaw Go WiFi. Moreover, the Company has leveraged its WiFi access points to improve network coverage for Freedom Mobile customers which represents an important step in our converged network strategy.

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 7.4% to $4.52 billion from $4.21 billion in fiscal 2015.
- Operating income before restructuring costs and amortization of $1.98 billion in fiscal 2016 was up 2.4% over fiscal 2015 amount of $1.93 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 items.

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 US 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 the 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 Corus.
  - 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 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 Media division subsequent to the sale, but the Company will no longer have control over the division.

- The Company participated in Corus' dividend reinvestment program for its initial investment in Corus Class B Shares until September 1, 2017. 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. In February 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.
- In March 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.
- In connection with the acquisition of Freedom Mobile (formerly, 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.
- The Company conducted a number of capital markets activities, including:
  - 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.
  - On May 9, 2016, the Company repaid $300 million 6.15% senior notes.

Other items

- 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.
  - Subsequent to fiscal 2016, shomi announced its decision to wind down its operations with service ending November 30, 2016.
- During 2016, the Company underwent a restructuring following a set of significant asset realignment initiatives, including the acquisition of Freedom Mobile (formerly, WIND Mobile) and divestiture of Shaw Media.
  - 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.
- In January 2016, Shaw launched FreeRange TV, a mobile destination for its video customers that combined their TV and content subscriptions in one place, and provides on-the-go access to live and on demand content.
- The Company continued to expand its Business Network Services offering, including the successful expansion of its smart suite of products to include Smart Security in addition to SmartWiFi and SmartVoice.
- The Business Infrastructure Services division expanded its hybrid IT service offerings with the opening of the data centre in Plano, Texas – bringing the total to 30 data centres.
- The CRTC's "Let's Talk TV" initiative resulted in a new policy framework requiring Shaw to offer a $25 entry-level service offering (basic service) and all discretionary services (not offered on the basic service) either on a standalone basis or in packages of up to 10 programming services by March 2016. In addition, the Company was required to offer these services both on a standalone basis and in packages of up to ten programming services by December 1, 2016.
  - In March 2016, the Company introduced a new small basic service called "Limited TV" and revised its offerings to include small, medium and large theme packs starting at $6 per theme pack.

  - In November 15, 2016, Shaw launched "pick and pay" which allows customers to subscribe for a primary package (including Limited TV), select theme packs and add-on individual channels on a channel by channel basis.
- The Company continued to expand its Shaw Go WiFi build-out. As at August 31, 2016, the Company had approximately 85,000 Shaw Go WiFi access points installed and operating throughout the network and over 2.6 million devices using Shaw Go WiFi.

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 was flat at $4.21 billion as compared to fiscal 2014.
- Operating income before restructuring costs and amortization of $1.93 billion in fiscal 2015 was up 1.0% 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 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 items:

Acquisition of ViaWest, Inc.

- 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.

Acquisition of AppliedTrust Engineering, Inc.

- On 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. The purchase consideration consisted of $9 million in cash and contingent consideration of $2 million.
- 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.

Other items

- 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 $39 million in respect of continued restructuring, primarily related to severance and employee related costs, which impacted approximately 1,600 employees.
- During fiscal 2015, the Company partnered 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 licences. The exercise of the option and the sale of the wireless spectrum licences were subject to various regulatory approvals and

therefore, the licences 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 licences 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 Wi-Fi 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.
- In June 2015, Shaw announced that it had partnered with Comcast to make its market-leading cloud-based X1 video platform available to our customers. The X1 video platform offers a seamless viewing experience across multiple screens and devices both in and out of the home.
- The Company continued to expand its Business Network Services offering, including the successful launch of a new phone product, "SmartVoice", which provides a unified communications solution to small businesses that has typically been reserved for large scale organizations, and "Managed Hotel WiFi" using proven Cisco technology to provide a cloud based Wi-Fi product that is a fully managed solution for the hospitality market.
- Shaw also continued to invest in and build awareness of Shaw Go WiFi and as at August 31, 2015 had approximately 75,000 access points and 2 million devices using the network.

Revenue and operating income before restructuring costs and amortization

Shaw delivered full year fiscal 2017 financial results that met its revised guidance. Operating income before restructuring costs and amortization of $1,997 million in fiscal 2017 was within the target range of $1,989 – $2,014 million after adjusting for discontinued operations ($2,135 – $2,160 million before adjusting). For further discussion of divisional performance see "Segmented Operations Review."

Consolidated revenue of $4.88 billion for fiscal 2017 improved 8.1% over $4.52 billion for fiscal 2016. Revenue improved primarily due to the Wireless division contributing revenues of $605 million for the twelve-month period in fiscal 2017 as compared to $280 million in the six-month period for fiscal 2016 following the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016. Excluding the results of the Wireless division, revenue for the twelve-month period from the combined Consumer and Business Network Services divisions was up $34 million or 0.8%. Customer acquisition was the primary driver of revenue growth in the Business Network Services division. The Consumer division's revenue was comparable to the prior year reflecting the impact of rate increases being fully offset by elevated promotional activity and wireline Video product mix.

Operating income before restructuring costs and amortization of $1,997 million for the twelve-month period improved 1.0% compared to $1,978 million for fiscal 2016. The improvement was primarily due to the Wireless division contributing $133 million over the twelve-month period as compared to $59 million in fiscal 2016 over the six-month period following the acquisition of Freedom Mobile (formerly, WIND Mobile). The operating income before restructuring costs and amortization increase of $29 million for the twelve-month period in the Business Network Services division was more than fully offset by $84 million decrease in the Consumer division. In the Consumer division, rate increases and RGU growth (led by Internet) were more than fully offset by elevated promotional activity and Video product mix in addition to higher programming costs and higher planned marketing investments.

Amortization

(millions of Canadian dollars)	2017	2016	Change %
Amortization revenue (expense)			
Deferred equipment revenue	**38**	52	(26.9)
Deferred equipment costs	**(122)**	(139)	(12.2)
Property, plant and equipment, intangibles and other	**(860)**	(753)	14.2

Amortization of property, plant and equipment, intangibles and other increased 14.2% for the year ended August 31, 2017 over the comparable period due to amortization of new expenditures exceeding the amortization of assets that became fully amortized during the year. In addition, only six months of Wireless division amortization was included in the prior year subsequent to the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016.

Amortization of financing costs and Interest expense

(millions of Canadian dollars)	2017	2016	Change %
Amortization of financing costs – long-term debt	**2**	3	(33.3)
Interest expense	**258**	268	(3.7)

Interest expense for the twelve-month period ended August 31, 2017 decreased over the comparable period primarily due to lower average outstanding debt balances in the current year.

Other income and expenses

(millions of Canadian dollars)	2017	2016	Increase (decrease) in income
Business acquisition costs	**–**	(21)	21
Equity loss of an associate or joint venture	**73**	(61)	134
Other losses	**(65)**	(97)	32
	8	(179)	187

In fiscal 2017, the Company recorded equity income of $73 million related to its interest in Corus, compared to equity losses of $10 million in the prior year. In fiscal 2016, the Company also recorded equity losses of $51 million 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.

In fiscal 2016, the Company incurred $21 million of acquisition related costs for professional fees paid to lawyers, consultants, advisors and other related costs in respect of the acquisition of Freedom Mobile (formerly, WIND Mobile) which closed on March 1, 2016.

Other losses generally include 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 net $82 million provision in respect of the Company's investment in shomi which announced a wind down of operations during the first quarter. In the prior 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.

Income tax expense

The income tax expense was calculated using current statutory income tax rates of 26.7% for 2017 and 26.7% for 2016 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)	2017	2016	Change %
Net income	**851**	1,240	(31.4)
Weighted average number of participating shares outstanding during period (millions)	**491**	480	
Earnings per share			
Basic	**1.72**	2.51	
Diluted	**1.71**	2.51	

Net income

Net income was $851 million in 2017 compared to $1.24 billion in 2016. The year-over-year changes are summarized in the table below.

(millions of Canadian dollars)	
Increased operating income before restructuring costs and amortization	**19**
Increased restructuring costs	**(31)**
Increased amortization	**(103)**
Decreased interest expense	**10**
Increased equity income of an associate or joint venture	**134**
Change in other net costs and revenue[1]	**53**
Increased income taxes	**(12)**
Decreased income from discontinued operations, net of tax	**(459)**
	(389)

[1] Net other costs and revenue includes business acquisition costs, accretion of long-term liabilities and provisions, debt retirement costs and other losses as detailed in the Consolidated Statements of Income.

Net other costs and revenues had a $53 million favourable impact on net income primarily due to amounts incurred in fiscal 2016 related to the following; $21 million for the acquisition of Freedom Mobile (formerly, WIND Mobile), the impairment of the Company's joint venture in shomi of $54 million, and the write-down of private portfolio investment. See "Other income and Expense" for further detail on non-operating items.

SEGMENTED OPERATIONS REVIEW

CONSUMER

Financial Highlights

(millions of Canadian dollars)	2017	2016	Change %
Revenue	**3,747**	3,752	(0.1)
Operating income before restructuring costs and amortization[1]	**1,583**	1,667	(5.0)
Operating margin[1]	**42.2%**	44.4%	(2.2pts)

[1] Refer to key performance drivers.

The Consumer division added a net 25,321 RGUs in the year representing a substantial turnaround over the 170,032 RGU loss in fiscal 2016. Net gains in the year included the addition of approximately 73,367 Internet RGUs partially offset by net losses

in Phone of 31,232 and 17,032 in satellite Video RGUs. The successful reversal of subscriber trends has been led by WideOpen Internet 150, our cable Video portfolio including the introduction of BlueSky TV, and compelling bundle and value plan offerings across all product lines.

Consumer revenue for the year of $3.8 billion was comparable to last year. The effect of price adjustments and subscriber growth in Internet was fully offset by lower Phone and Satellite video RGUs, elevated promotional activity and change in Video product mix.

Operating income before restructuring costs and amortization of $1.58 billion decreased 5.0% over the prior year. The year-to-date result was affected primarily by elevated promotional activity and change in Video product mix in addition to higher programming costs as well as higher planned marketing costs driving Internet and BlueSky TV.

WIRELESS

Financial Highlights

(millions of Canadian dollars)	2017	2016	Change %
Revenue	**605**	280	>100.0
Operating income before restructuring costs and amortization[1]	**133**	59	>100.0
Operating margin[1]	**22.0%**	21.1%	0.9pts

[1] Refer to key performance drivers.

In Wireless, the Company continued to grow postpaid and prepaid wireless subscribers, gaining a combined 103,885 RGUs in the year. An expanded handset lineup, simplified packaging and pricing on the new LTE-Advanced network, and targeted seasonal promotional activity helped drive sequential and year-over-year subscriber growth while collectively contributing to the compelling value proposition of Freedom Mobile's offering to thousands of value-conscious Canadians.

Revenue for the twelve-month period of $605 million increased $325 million from $280 million for the comparable period in fiscal 2016. The year-over-year improvement in revenue was primarily due to recognizing revenues for the whole twelve-month period in fiscal 2017 as compared to $280 million in the six-month period for fiscal 2016 following the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016. Fiscal 2017 incremental revenue was driven by RGU and ARPU growth in which a net 97,063 postpaid subscribers and 6,822 prepaid subscribers were added representing a 10% increase and a fourth quarter ARPU of $37.66. ARPU of $37.00 for the full fiscal year compared to $36.84 for the six-month period following the fiscal 2016 acquisition, reflecting a higher proportionate share of postpaid subscribers.

Operating income before restructuring costs and amortization of $133 million increased $74 million over $59 million from fiscal 2016. The year-over-year improvement was primarily due to contributions for the twelve-month period in fiscal 2017 compared to $59 million for the six-month period in fiscal 2016 following the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016. Revenue growth from RGU net additions, ARPU increases, and operational efficiencies achieved following the May 2017 restructuring were partially offset by the costs related to new customer onboarding and network related costs.

BUSINESS NETWORK SERVICES

Financial Highlights

(millions of Canadian dollars)	2017	2016	Change %
Revenue	**554**	515	7.6
Operating income before restructuring costs and amortization[1]	**281**	252	11.5
Operating margin[1]	**50.7%**	48.9%	1.8pts

[1] Refer to key performance drivers.

Revenue of $554 million was 7.6% higher over 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 2017 rate increase for legacy Video, Internet and Phone products. The core business, excluding satellite services, increased revenues 8.9% 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 $281 million improved 11.5% over the comparable year due to consistent profitable customer growth trends throughout fiscal 2017 and cost reductions specifically related to programming, professional fees and efficiencies achieved through optimized sales and operational resources. Operating income before restructuring and amortization for the core business, excluding satellite services, increased by 11.6% on a full year basis.

CAPITAL EXPENDITURES AND EQUIPMENT COSTS

	Year ended August 31,		
(millions of Canadian dollars)	2017	2016	Change %
Consumer and Business Network Services			
New housing development	**98**	105	(6.7)
Success based	**308**	278	10.8
Upgrades and enhancements	**432**	411	5.1
Replacement	**31**	43	(27.9)
Buildings and other	**101**	91	11.0
Total as per Note 24 to the audited annual consolidated financial statements	**970**	928	4.5
Wireless			
Total as per Note 24 to the audited annual consolidated financial statements	**255**	121	110.7
Consolidated total as per Note 24 to the audited annual consolidated financial statements	**1,225**	1,049	16.8

Capital investment from continuing operations was $1.2 billion in the current year compared to $1.1 billion in fiscal 2016. The increase was driven primarily by incremental success based capital in each of the Consumer and Business Network Services divisions in addition to a full year of capital investment in the Wireless division relating primarily to investment for the continued improvement in network infrastructure, specifically the rollout of the LTE-Advanced network.

Consumer and Business Network Services

Success based capital for the twelve-month period of $308 million was moderately higher than the comparable period last year. The current year increase in success based capital was due primarily to increased advanced Internet Wi-Fi modem spend and higher video equipment costs driven by subscriber installations, and higher Satellite success based capital spend driven by satellite network MPEG-4 upgrades. These increases were partially offset by lower installation labour costs across all product lines.

Capital spend on the combined upgrades and enhancement, and replacement categories was $463 million, a $9 million increase over fiscal 2016, reflecting the Company's continued investment in the wireline network including i) significant bandwidth and upgrade programs; ii) initial investment in support of Satellite MPEG-2 to MPEG-4 upgrade; and iii) investment in Business Network Services managed Wi-Fi and SmartVoice products. Increased investments were partly offset by lower capital spend due to timing of expenditures in the X1 video delivery platforms necessary to support BlueSky TV, decreased spend on Shaw Go WiFi access points, reduced spend on fleet replacement and lower drop upgrade costs.

Capital spend on new housing development of $98 million was comparable to the prior year as the Company continues to expand its network in developing communities.

Investment in buildings and other of $101 million for the twelve-month period was up $10 million over the comparable period.

Wireless

Capital investment in the Wireless division of $255 million for the twelve-month period was up $134 million over the prior year reflecting a full year of capital spend compared to six months in fiscal 2016. Fiscal 2017 investments relate to continued

improvements in network infrastructure primarily in the LTE-Advanced network upgrade project and to a lesser extent capital expenditures related to the upgrade of back office systems.

DISCONTINUED OPERATIONS

VIAWEST, INC.

On August 1, 2017, Shaw sold 100% of its wholly owned subsidiary ViaWest, Inc to Peak 10 for net cash proceeds of US$1.675 billion. Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services division are presented as discontinued operations separate from the Company's continuing operations.

	Year ended August 31,	
	2017	**2016**
Revenue	**336**	334
Eliminations[1]	**(2)**	(2)
	334	332
Operating, general and administrative expenses		
Employee salaries and benefits	**80**	84
Purchases of goods and services	**124**	123
	204	207
Eliminations[1]	**(2)**	(2)
	202	205
Amortization[2]	**103**	121
Interest on long-term debt	**32**	33
Amortization of transaction costs	**12**	2
Other losses	**–**	5
Income (loss) from discontinued operations before tax and gain on divestiture	**(15)**	(34)
Income taxes	**(6)**	(11)
Income (loss) from discontinued operations, net of tax, before gain on divestiture	**(9)**	(23)
Gain on divestiture, net of tax	**330**	–
Income (loss) from discontinued operations, net of tax	**321**	(23)

(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 ViaWest met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the three and twelve month periods ended August 31, 2017 amounted to $16.

SHAW TRACKING

On May 31, 2017, the Company entered an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation reported within the Company's Business Network Services segment. The Company determined that the assets and liabilities of the Shaw Tracking business met the criteria to be classified as a disposal group held for sale for the period ended May 31, 2017. Accordingly, the assets and liabilities of the Shaw Tracking business are classified in the Consolidated Statement of Financial Position at August 31, 2017 as current assets held for sale or current liabilities held for sale, respectively, as the sale of these assets and liabilities is expected within one year. In addition, the operating results and operating cash flows of the business are presented as discontinued operations separate from the Company's continuing operations.

Subsequent to year-end, on September 15, 2017, the sale of these assets and liabilities was completed and net proceeds of approximately US$15 million were received.

	Year ended August 31,	
	2017	**2016**
Revenue	**33**	33
Operating, general and administrative expenses		
Employee salaries and benefits	**7**	7
Purchases of goods and services	**18**	17
	25	24
Restructuring	**3**	–
Amortization	**(2)**	(3)
Impairment of goodwill/disposal group	**32**	17
Income (loss) from discontinued operations before tax	**(25)**	(5)
Income taxes	**2**	3
Income (loss) from discontinued operations, net of tax	**(27)**	(8)

SHAW MEDIA

On April 1, 2016, Shaw sold 100% of its wholly owned subsidiary Shaw Media to Corus, a related party subject to common voting control for $2.65 billion, comprised of $1.85 billion in cash and 71,364,853 Corus Class B non-voting participating shares. Accordingly, the operating results and operating cash flows for the previously reported Media division are presented as discontinued operations separate from the Company's continuing operations.

	Year ended August 31,	
	2017	**2016**
Revenue	–	610
Eliminations[1]	–	(46)
	–	564
Operating, general and administrative expenses		
Employee salaries and benefits	–	109
Purchases of goods and services[2]	–	272
	–	381
Eliminations[1]	–	(46)
	–	335
Restructuring costs	–	–
Amortization[2]	–	11
Accretion of long-term liabilities and provisions	–	2
Other losses	–	–
Income from discontinued operations before tax and gain on divestiture	–	216
Income taxes	–	57
Income from discontinued operations before gain on divestiture	–	159
Gain on divestiture	–	672
Income taxes on gain	–	47
Income (loss) from discontinued operations, net of tax	–	784

(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.

FINANCIAL POSITION

Total assets were $14.4 billion at August 31, 2017. Following is a discussion of significant changes in the Consolidated Statement of Financial Position since August 31, 2016.

Current assets increased $242 million due to increases in cash of $102 million, accounts receivable of $18 million, inventories of $44 million, other current assets of $17 million and assets held for sale of $61 million. Cash increased as the cash outlay for financing activities was exceeded by the funds provided by operations and investing activities mainly relating to the ViaWest disposition. Inventories increased due to the acquisition of additional customer equipment to support the newly-launched BlueSky TV service. Other current assets increased due to the timing of payments related to prepaid expenses. Assets held for sale include the assets of the Shaw Tracking business for which the sale was completed subsequent to year-end, on September 15, 2017.

Investments and other assets increased $84 million primarily due to equity income and other comprehensive income of associates related to the Company's investment in Corus. Property, plant and equipment decreased $263 million due to the disposition of $491 million of ViaWest assets partially offset by capital investment in excess of amortization. Intangibles and goodwill decreased $1.1 billion due to the disposition of ViaWest assets of $1.4 billion and Shaw Tracking goodwill of $24 million reclassified as held for sale, partially offset by spectrum additions of $430 million and net software intangible additions.

Current liabilities decreased $427 million during the year due to decreases in current portion of long-term debt of $410 million, accounts payable and accrued liabilities of $31 million and income taxes payable of $34 million, partially offset by increases of $13 million in current provisions and $39 million in liabilities held for sale. Current portion of long-term debt decreased due to the repayment of $400 million 5.7% senior note at maturity on March 2, 2017. Accounts payable and accruals decreased mainly due to the disposition of ViaWest partially offset by the timing of payment and fluctuations in various payables including capital expenditures and interest. Income taxes payable decreased due to tax installment payments, partially offset by the current period provision. Current provisions increased primarily due to unpaid amounts relating to network fees and restructuring.

Long-term debt decreased $902 million primarily due to the repayment of US$846 million in bank loans related to the sale of ViaWest and the disposition of ViaWest partially offset by the issuance of $300 million fixed rate senior notes at a rate of 3.80% due March 1, 2027. The $300 million proceeds from the issuance of the fixed rate senior notes, together with cash on hand, was used to repay the $400 million senior note due on March 2, 2017.

Shareholders' equity increased $456 million primarily due to an increase in share capital of $291 million and an increase in retained earnings of $256 million partially offset by an increase in accumulated other comprehensive loss of $79 million. Share capital increased due to the issuance of 10,523,349 Class B non-voting participating shares ("Class B Non-Voting Shares") under the Company's option plan and Dividend Reinvestment Plan ("DRIP").

As at November 15, 2017, share capital is as reported at August 31, 2017 with the exception of the issuance of a total of 2,105,118 Class B Non-Voting Shares upon exercise of options under the Company's option plan and the issuance of shares under the Company's dividend reinvestment plan. Retained earnings decreased due to dividends of $397 million, partially offset by current year earnings of $851 million. Accumulated other comprehensive loss increased due to the net effect of reclassifying the accumulated exchange differences arising on the translation of ViaWest and US dollar denominated debt designated as a hedge of the Company's net investment in those foreign operations due to the sale of ViaWest in the quarter as well as re-measurements recorded on employee benefit plans and the Company's share of other comprehensive income of associates.

CONSOLIDATED CASH FLOW ANALYSIS

Operating activities

(millions of Canadian dollars)	2017	2016	Change %
Funds flow from operations	**1,530**	1,388	10.2
Net change in non-cash working capital balances related to operations	**(110)**	53	(>100.0)
Operating activities of discontinued operations	**82**	222	(63.1)
	1,502	1,663	(9.7)

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

Investing activities

(millions of Canadian dollars)	2017	2016	Decrease
Cash flow used in investing activities	**49**	(1,227)	1,276

For the twelve month period ended August 31, 2017, cash used in investing activities decreased over the comparable period due primarily to the US$1.675 billion in proceeds received on the sale of Viawest partially offset by the $245 million net impact of the acquisition of Freedom Mobile (formerly, WIND Mobile) and sale of Media in the prior year, the purchase of $430 million in spectrum licences in the current year and higher cash outlays for inventory and capital expenditures in the current year. The twelve-month period also includes the $223 acquisition of INetU in the prior year which was included in the sale of Viawest in the current year.

Financing activities

The changes in financing activities during 2017 and 2016 were as follows:

(millions of Canadian dollars)	2017	2016
Bank loans – net borrowings (repayments)	**(475)**	67
Repay 5.70% Senior unsecured notes	**(400)**	–
Issuance of 3.80% Senior unsecured notes	**300**	–
Repay Cdn variable rate senior notes	**–**	(300)
Issuance of 3.15% senior unsecured notes	**–**	300
Repay 6.15% Senior unsecured notes	**–**	(300)
Senior notes issuance cost	**(2)**	(2)
Freedom Mobile finance lease obligations	**(2)**	(1)
Bank facility arrangement costs	**(2)**	(6)
Dividends	**(393)**	(393)
Issuance of Class B Non-Voting Shares	**77**	38
Financing activities of discontinued operations	**(551)**	168
	(1,448)	(429)

LIQUIDITY AND CAPITAL RESOURCES

In the current year, the Company generated $438 million of free cash flow, including $7 million of free cash flow from discontinued operations. Shaw used its free cash flow along with US$1.675 billion net proceeds on the sale of ViaWest, $300 million proceeds from a senior note issuance, borrowings of $350 million under its credit facilities, borrowings of $40 million under ViaWest's credit facility and proceeds on issuance of Class B Non-Voting Shares of $77 million to repay at maturity $400 million 5.7% senior notes, repay $824 million borrowings under its credit facilities, repay $588 million borrowings under ViaWest's credit facilities, fund the net working capital change of $160 million, pay common share dividends of $385 million, make $180 million in financial investments, purchase $430 million in spectrum licences, and pay $54 million in restructuring costs.

The Company issued Class B Non-Voting Shares from treasury under its DRIP which resulted in cash savings and incremental Class B Non-Voting Shares of $198 million during the twelve months ending August 31, 2017. On December 16, 2016, the Company amended its DRIP to permit eligible shareholders who are residents of the United States to enrol their Class A Participating Shares and Class B Non-voting Participating Shares in the DRIP. Prior to this amendment, the DRIP was only available to eligible shareholders who were residents of Canada.

Debt structure and financial policy

Shaw structures its borrowings generally on a standalone basis and 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, 2017, the net debt leverage ratio for the Company is 1.9 times as compared to 2.7 times at August 31, 2016. 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 2.5x would be optimal leverage for the Company in the current environment. Should the ratio fall below this, other than on a 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.

The Company calculates net debt leverage ratio as follows[1]:

(millions of Canadian dollars)	2017	2016
Current portion of Long-Term Debt	**2**	412
Long-Term Debt	**4,298**	5,200
50% of Outstanding Preferred Shares	**147**	147
Cash	**(507)**	(405)
(A) Net Debt[3]	**3,940**	5,354
Operating income before restructuring costs and amortization[2]	**1,997**	1,978
Corus Dividends	**88**	34
(B) Adjusted operating income before restructuring costs and amortization[3]	**2,085**	2,012
(A/B) Net debt leverage ratio[2]	**1.9x**	2.7x

(1) The following contains a description of the Company's use of non-IFRS financial measures provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

(2) Refer to key performance drivers.

(3) These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies and have not been presented as an alternative to liquidity prescribed by IFRS.

Shaw's credit facilities are subject to customary covenants which include maintaining minimum or maximum financial ratios. At August 31, 2017 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

(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 interest expense for the most recently completed fiscal quarter multiplied by four.

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 Preferred Shares were set as follows:

Period	Annual Dividend Rate
June 30, 2016 to September 29, 2016	2.539%
September 30, 2016 to December 30, 2016	2.512%
December 31, 2016 to March 30, 2017	2.509%
March 31, 2017 to June 290, 2017	2.480%
June 30, 2017 to September 29, 2017	2.529%
September 30, 2017 to December 30, 2017	2.742%

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, 2017 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]	7,044	242	1,667	1,079	4,056
Operating obligations[2]	1,310	359	458	221	272
Purchase obligations[3]	921	921	–	–	–
Other obligations[4]	1	1	–	–	–
	9,276	1,523	2,125	1,300	4,328

(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.

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 November 15, 2017, there were 476,455,979 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, 2017, 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 A Shares[1] TSX Venture-SJR.A			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		
	High	Low	Volume	High	Low	Volume	High	Low	Volume	High	Low	Volume
Sep 2016	33.29	28.37	2,278	27.01	25.75	18,025,361	14.55	13.60	92,065	13.99	12.91	85,835
Oct 2016	35.95	30.00	18,437	27.00	26.00	20,708,676	14.47	13.75	228,347	13.54	12.75	39,064
Nov 2016	31.47	30.02	2,780	26.97	25.70	18,016,399	14.54	13.86	235,978	14.24	13.00	92,685
Dec 2016	31.36	29.78	4,998	27.32	25.97	19,390,734	15.34	14.14	291,467	14.50	13.50	84,568
Jan 2017	33.25	30.28	6,587	28.42	26.91	16,680,110	15.99	14.73	212,945	15.94	14.40	146,187
Feb 2017	33.70	30.06	6,805	28.63	27.51	17,465,390	17.09	15.54	233,728	16.98	15.55	34,611
Mar 2017	33.50	30.85	6,238	27.95	26.91	21,593,786	17.24	16.33	365,556	17.54	16.55	41,977
Apr 2017	33.00	29.90	4,020	29.12	27.16	15,171,547	17.14	16.26	174,099	17.20	16.06	31,915
May 2017	33.93	31.10	3,737	29.47	28.09	15,710,212	16.67	15.75	146,372	16.26	15.66	162,472
Jun 2017	34.45	32.33	3,160	30.44	27.95	27,646,419	17.44	15.78	150,415	16.82	15.51	162,787
Jul 2017	34.00	31.00	2,935	28.20	27.50	16,697,158	17.30	16.82	63,911	17.58	16.48	27,456
Aug 2017	32.00	28.80	11,696	28.21	27.40	15,454,366	17.39	16.73	158,409	17.59	16.85	32,480

(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.

ADDITIONAL INFORMATION

Additional information relating to Shaw, including the Company's 2017 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, 2017, 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, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any of the effectiveness of internal control are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

Shaw Communications Inc.

Management's Responsibility For Financial Statements And Report On Internal Control Over Financial Reporting

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 2013 framework. Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as at 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, 2017 and 2016, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2017 and 2016, 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, 2017 and 2016, and its financial performance and its cash flows for the years ended August 31, 2017 and 2016 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, 2017, 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, 2017 expressed an unqualified opinion on Shaw Communications Inc.'s internal control over financial reporting.

Calgary, Canada
November 28, 2017

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, 2017, 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.

In our opinion, Shaw Communications Inc. maintained, in all material respects, effective internal control over financial reporting as at August 31, 2017, 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, 2017 and 2016, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended August 31, 2017 and 2016, and our report dated November 28, 2017 expressed an unqualified opinion thereon.

Calgary, Canada
November 28, 2017

Chartered Professional Accountants

Ernst & Young LLP

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[millions of Canadian dollars]	August 31, 2017	August 31, 2016 (restated, note 2)	September 1, 2015 (restated, note 2)
ASSETS			
Current			
Cash	**507**	405	398
Accounts receivable *[note 4]*	**286**	268	468
Inventories *[note 5]*	**109**	65	60
Other current assets *[note 6]*	**155**	138	78
Assets held for sale *[note 3]*	**61**	–	5
	1,118	876	1,009
Investments and other assets *[notes 7 and 28]*	**937**	853	97
Property, plant and equipment *[note 8]*	**4,344**	4,607	4,220
Other long-term assets *[note 9]*	**255**	275	259
Deferred income tax assets *[note 23]*	**4**	6	14
Intangibles *[note 10]*	**7,435**	7,450	7,459
Goodwill *[note 10]*	**280**	1,315	1,688
	14,373	15,382	14,746
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities *[note 11]*	**913**	944	887
Provisions *[note 12]*	**46**	33	52
Income taxes payable	**181**	215	195
Unearned revenue	**211**	215	196
Current portion of long-term debt *[notes 13 and 28]*	**2**	412	608
Liabilities held for sale *[note 3]*	**39**	–	–
	1,392	1,819	1,938
Long-term debt *[notes 13 and 28]*	**4,298**	5,200	5,061
Other long-term liabilities *[notes 14 and 26]*	**114**	135	186
Provisions *[note 12]*	**67**	53	10
Deferred credits *[note 15]*	**490**	563	588
Deferred income tax liabilities *[note 23]*	**1,858**	1,914	1,914
	8,219	9,684	9,697
Commitments and contingencies *[notes 13, 25 and 26]*			
Shareholders' equity			
Common and preferred shareholders	**6,153**	5,697	4,812
Non-controlling interests in subsidiaries	**1**	1	237
	6,154	5,698	5,049
	14,373	15,382	14,746

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)	2017 $	2016 $
Revenue *[note 24]*	**4,882**	4,518
Operating, general and administrative expenses *[note 21]*	**(2,885)**	(2,540)
Restructuring costs *[notes 12 and 21]*	**(54)**	(23)
Amortization:		
Deferred equipment revenue *[note 15]*	**38**	52
Deferred equipment costs *[note 9]*	**(122)**	(139)
Property, plant and equipment, intangibles and other *[notes 8,9,10 &15]*	**(860)**	(753)
Operating income from continuing operations	**999**	1,115
Amortization of financing costs – long-term debt *[note 13]*	**(2)**	(3)
Interest expense *[notes 13 and 24]*	**(258)**	(268)
Business acquisition costs *[note 3]*	**–**	(21)
Equity income (loss) of an associate or joint venture *[note 7]*	**73**	(61)
Other losses *[note 22]*	**(65)**	(97)
Income from continuing operations before income taxes	**747**	665
Current income tax expense *[note 23]*	**151**	243
Deferred income tax recovery *[note 23]*	**39**	(65)
Net income from continuing operations	**557**	487
Income from discontinued operations, net of tax *[note 3]*	**294**	753
Net income	**851**	1,240
Net income from continuing operations attributable to:		
Equity shareholders	**557**	487
Income (loss) from discontinued operations attributable to:		
Equity shareholders	**294**	733
Non-controlling interests in subsidiaries held for sale	**–**	20
	294	753
Basic earnings per share *[note 18]*		
Continuing operations	**1.12**	0.99
Discontinued operations	**0.60**	1.52
	1.72	2.51
Diluted earnings per share *[note 18]*		
Continuing operations	**1.11**	0.99
Discontinued operations	**0.60**	1.52
	1.71	2.51

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended August 31 [millions of Canadian dollars]	2017 $	2016 $
Net income	**851**	1,240
Other comprehensive income (loss) *[note 20]*		
Items that may subsequently be reclassified to income:		
Continuing operations:		
Change in unrealized fair value of derivatives designated as cash flow hedges	**(7)**	1
Adjustment for hedged items recognized in the period	**(2)**	–
Reclassification of loss on available-for-sale investment to income	**–**	4
Share of other comprehensive income of associates	**13**	(5)
Discontinued operations:		
Exchange differences on translation of a foreign operation	**(50)**	(7)
Exchange differences on US denominated debt hedging a foreign operation	**24**	4
Reclassification of accumulated exchange differences to income related to the sale of a foreign operation	**(82)**	–
	(104)	(3)
Items that will not be subsequently reclassified to income:		
Remeasurements on employee benefit plans:		
Continuing operations	**25**	(36)
Discontinued operations	**–**	(8)
	(79)	(47)
Comprehensive income	**772**	1,193
Comprehensive income attributable to:		
Equity shareholders	**772**	1,173
Non-controlling interests in subsidiaries	**–**	20
	772	1,193

See accompanying notes

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

Year ended August 31, 2017

	Attributable to equity shareholders						
[millions of Canadian dollars]	**Share capital**	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss**	**Total**	**Equity attributable to non-controlling interests**	**Total equity**
Balance as at September 1, 2016	**3,799**	**42**	**1,908**	**(52)**	**5,697**	**1**	**5,698**
Net income	**–**	**–**	**851**	**–**	**851**	**–**	**851**
Other comprehensive loss	**–**	**–**	**–**	**(79)**	**(79)**	**–**	**(79)**
Comprehensive income	**–**	**–**	**851**	**(79)**	**772**	**–**	**772**
Dividends	**–**	**–**	**(397)**	**–**	**(397)**	**–**	**(397)**
Dividend reinvestment plan	**198**	**–**	**(198)**	**–**	**–**	**–**	**–**
Shares issued under stock option plan	**93**	**(15)**	**–**	**–**	**78**	**–**	**78**
Share-based compensation	**–**	**3**	**–**	**–**	**3**	**–**	**3**
Balance as at August 31, 2017	**4,090**	**30**	**2,164**	**(131)**	**6,153**	**1**	**6,154**

Year ended August 31, 2016

	Attributable to equity shareholders						
[millions of Canadian dollars]	**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	1,286	(19)	4,812	237	5,049
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	1,908	(52)	5,697	1	5,698

See accompanying notes

Shaw Communications Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31 [millions of Canadian dollars]	2017 $	2016 $
OPERATING ACTIVITIES		
Funds flow from operations *[note 29]*	**1,530**	1,388
Net change in non-cash balances related to continuing operations	**(110)**	53
Operating activities from discontinued operations	**82**	222
	1,502	1,663
INVESTING ACTIVITIES		
Additions to property, plant and equipment *[note 24]*	**(999)**	(863)
Additions to equipment costs (net) *[note 24]*	**(73)**	(83)
Additions to other intangibles *[note 24]*	**(111)**	(108)
Net decrease (increase) to inventories	**(48)**	19
Business acquisitions, net of cash acquired *[note 3]*	**–**	(1,553)
Proceeds on sale of discontinued operations, net of costs and cash sold	**1,905**	1,798
Purchase of spectrum licences	**(430)**	–
Additions to investments and other assets	**(92)**	(71)
Distributions received and proceeds from sale of investments	**6**	6
Proceeds on disposal of property, plant and equipment *[notes 24 and 29]*	**–**	6
Investing activities of discontinued operations	**(109)**	(378)
	49	(1,227)
FINANCING ACTIVITIES		
Increase in long-term debt	**1,233**	1,717
Debt repayments	**(1,810)**	(1,951)
Bank credit facility arrangement costs	**(4)**	(8)
Issue of Class B Non-Voting Shares	**77**	38
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(385)**	(380)
Dividends paid on Series A Preferred Shares	**(8)**	(13)
Financing activities of discontinued operations	**(551)**	168
	(1,448)	(429)
Effect of currency translation on cash balances	**(1)**	–
Increase (decrease) in cash	**102**	7
Cash, beginning of year	**405**	398
Cash of continuing operations, end of year	**507**	405

See accompanying notes

1. CORPORATE INFORMATION

Shaw Communications Inc. (the "Company") is a diversified Canadian connectivity company whose core operating business is providing: Cable telecommunications and Satellite video services to residential customers ("Consumer"); data networking, Cable telecommunications, and Satellite video services to businesses and public sector entities ("Business Network 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, 2017 and 2016, were approved by the Board of Directors and authorized for issue on November 28, 2017.

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 the 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 39% 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.

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 Video, Internet, Phone, Direct-to-Home ("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. In addition to monthly service plans, the Company also offers multi-year service plans in which the total amount of the contractual service revenue is accounted for on a straight-line basis over the term of the plan. 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 Video, Internet, and Phone 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 2-10 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 statement of financial position.

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.

(ii) Deferred equipment revenue and deferred equipment costs

Revenue from sales of DTH equipment and digital cable terminals ("DCTs") is deferred and recognized on a straight-line basis over 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, Wireless and telecommunications distribution system	3-20 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	4-10 years
Other	4-20 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 statement of income for the current and comparative periods. 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) multi-year service plan discounts, as described in the revenue and expenses accounting policy, deferred and amortized on a straight-line basis over the term of the plan, (iii) the non-current portion of wireless handset discounts receivable as described in the revenue and expenses accounting policy, (iv) credit facility arrangement fees amortized on a straight-line basis over the term of the facility, (v) long-term receivables, (vi) network capacity leases, (vii) the non-current portion of prepaid maintenance and support contracts and (viii) 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 licences, wireless spectrum licences, trademarks, brands, program rights, customer relationships and software assets. Broadcast rights and licences, wireless spectrum licences, trademarks and brands represent identifiable assets with indefinite useful lives.

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 3 – 10 years. The Company reviews the estimates of lives and useful lives on a regular basis.

Program rights represent licenced 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 licence start date. For licenced rights, the Company records a liability for program rights and corresponding asset when the licence 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 licence 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.

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% (2016 – 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, and Wireless. The Company had two additional cash generating units, Media, until the sale of the division in April 2016 and data centres, until the sale of Viawest in August 2017. 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, and (iv) a deposit on a future fibre sale.

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 capitalized 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 gain/(loss) recognized on the translation and settlement of current monetary assets and liabilities was $12 (2016 – $1) and is included in other losses.

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

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 the discontinued foreign operation was accounted for similarly to a cash flow hedge. The Company designated certain US dollar denominated debt as a hedge of its net investment in foreign operations where the US dollar was the functional currency. Unrealized gains and losses arising from translation of the US dollar denominated debt were included in other comprehensive income/loss and accumulated in equity and reclassified to net income in the period the foreign operations were disposed of.

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 August 31, 2017 and the next actuarial valuations for funding purposes are effective August 31, 2018.

Share-based compensation

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

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

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

The Company has an employee share purchase plan (the "ESPP") under which eligible employees may contribute to a maximum of 5% of their monthly base compensation. The Company contributes an amount equal to 25% of the participant's contributions, increasing to 33% once an employee reaches 10 years of continuous service, and records such amounts as compensation expense.

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

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) Contractual service revenue

The Company is required to make an estimate of the total amount of contractual service revenue when offering discounts on multi-year service plans. The estimated revenue is a matter of judgement and the total revenue earned over the period 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, customer and economic conditions.

(iii) 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.

(iv) 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.

(v) Impairment

The Company estimates the recoverable amount of its CGUs using a FVLCS calculation based on a DCF analysis or 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 licences, 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 CGU 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.

(vi) 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.

(vii) 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 probability 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.

(viii) 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, and Wireless. The Company had two additional CGUs, Media, until the sale of the division in April 2016 and data centres, until the sale of Viawest in August 2017.

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

A number of the Company's businesses are dependent upon broadcast licences (or operate pursuant to an exemption order) granted and issued by the CRTC or wireless spectrum licences issued by the Department of Innovation, Science and Economic Development (formerly, Industry Canada). While these licences 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, 2016 had no impact on the Company's consolidated financial statements.

- *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 were applied prospectively for the annual period commencing September 1, 2016.

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

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

- 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.
- 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.
- 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 January 1, 2018. We are assessing the impact of this standard on our consolidated financial statements.
- 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.
- 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 in a manner that depicts 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 application of IFRS 15 will impact the Company's reported results, including the classification and timing of revenue recognition and the treatment of costs incurred to obtain contracts with customers. IFRS 15 requires the estimation of total consideration to be received over the contract term at contract inception, and the allocation of that consideration to performance obligations in the contract, typically based on the relative stand-alone selling price of each obligation. IFRS 15 also requires that incremental costs to obtain a contract with a customer (for example, commissions) be capitalized and amortized into operating expenses over time. The Company currently expenses such costs as incurred.

  The Company's financial position will also be impacted by the adoption of IFRS 15, with new contract asset and contract liability categories recognized to reflect differences between the timing of revenue recognition and the actual billing of those goods and services to customers. While similar differences are recognized currently, IFRS 15 introduces additional requirements and disclosures specific to contracts with customers.

  Shaw continues to evaluate the impacts of IFRS 15 and preparations are underway for the adoption of the new standard. Initial planning and scoping efforts were conducted during 2017, with ongoing development of the required accounting policies, significant judgements and estimates, processes, information systems and internal controls expected to continue throughout the Company's 2018 fiscal year. In connection with these development efforts, the Company also expects a significant historical data gathering initiative will be required to identify and account for multi-year contracts with customers at the date of adoption. At this stage in the Company's IFRS 15 implementation process, it is not possible to make reasonable quantitative estimates of the effects of the new standard.

  The new standard is effective for annual periods beginning on or after January 1, 2018, which for the Company will be the annual period commencing September 1, 2018, and must be applied either retrospectively or on a modified retrospective basis for all contracts that are not complete as at that date. The Company continues to evaluate the adoption approach in conjunction with its assessment of the expected impacts of adoption.
- 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.

As the Company has significant contractual obligations currently being recognized as operating leases, we anticipate that the application of IFRS 16 will result in a material increase to both assets and liabilities and material changes to the timing of the recognition of expenses associated with the lease arrangements although at this stage in the Company's IFRS 16 implementation process, it is not possible to make reasonable quantitative estimates of the effects of the new standard.

The standard 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. The Company will evaluate the adoption approach in conjunction with its assessment of the expected impacts of adoption.

- IFRIC 23, *Uncertainty over Income Tax Treatments* was issued in 2017 to clarify how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is required to be applied for annual periods commencing January 1, 2019.

Change in accounting policy

In November 2016, the IFRS Interpretations Committee ("the Committee") published a summary of its meeting discussion regarding a request to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for the purposes of measuring deferred tax in accordance with IAS 12 *Income Taxes*. Although the Committee decided not to add this issue to its agenda, the Committee noted that an intangible asset with an indefinite useful life is not a non-depreciable asset because a non-depreciable asset has an unlimited (or infinite) life, and that indefinite does not mean infinite. Consequently, the fact that an entity does not amortize an intangible asset with an indefinite useful life does not necessarily mean that the entity will recover the carrying amount of that asset only through sale and not through use. As such, the Company changed retrospectively its accounting policy for the accounting of deferred tax on intangible assets with indefinite useful lives to be in line with the Committee discussions.

The following table summarizes the impact of this change of accounting policy on previously reported consolidated statements of financial position. The change in accounting policy did not have an impact on the previously reported consolidated statements of income or consolidated statements of cash flows.

Increase (decrease) to previously reported amounts	**As at August 31,**	
	2016	**2015**
Goodwill	143	182
Deferred income tax liabilities	740	779
Retained earnings[1]	(597)	(597)

[1] Included in Shareholders' equity – Common and preferred shareholders

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

Business acquisitions

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

On March 1, 2016, the Company completed the acquisition of 100% of the shares of Mid-Bowline Group Corp. and its wholly owned subsidiary Freedom Mobile Inc. (collectively, "Freedom", previously, WIND Mobile Corp.) 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 Freedom 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 Freedom are included in the Company's consolidated financial statements from the date of acquisition. Freedom 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, Freedom 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)(5)]	201
	2,186
Accounts payable and accrued liabilities	110
Unearned revenue	9
Current debt[(4)]	3
Long-term debt[(4)]	2
Provisions	43
Deferred income taxes[(5)]	363
	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 licences, 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.

(5) Goodwill and Deferred income taxes increased $136 from amounts reported in fiscal 2016 as a result of the change in accounting policy referenced in Note 2.

INetU, Inc.

On December 15, 2015, ViaWest (a discontinued operation for fiscal 2017 reporting) 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 allowed 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 to the results of discontinued operations 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.

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.

Asset dispositions

Sale of ViaWest

In the fourth quarter of fiscal 2017, the Company announced it had entered into an agreement to sell 100% of its wholly owned subsidiary Viawest, Inc. ("Viawest") for proceeds of approximately US$1.675 billion. Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services segment are presented as discontinued operations separate from the Company's continuing operations. Prior period financial information has also been reclassified to present the Business Infrastructure Services division of the Company as a discontinued operation.

The transaction closed on August 1, 2017, but remains subject to customary closing adjustments. The Company recognized a gain on the divestiture within income from discontinued operations as follows:

	August 31, 2017
Proceeds on disposal, net of transaction costs of $14	**1,905**
Reclassification of accumulated exchange differences from other comprehensive income related to the sale of a foreign operation	**82**
Net assets disposed	**(1,625)**
	362
Income taxes	**32**
Gain on divestiture, net of tax	**330**

In connection with the sale, the Company repaid Viawest debt of approximately US$466 and amounts outstanding under the Company's bank credit facility of US$380.

The assets and liabilities disposed of were as follows:

	$
Cash	**10**
Accounts receivable	**19**
Other current assets	**11**
Property, plant and equipment	**491**
Other long-term assets	**17**
Intangibles	**443**
Goodwill	**934**
	1,925
Accounts payable and accrued liabilities	**32**
Unearned revenue	**5**
Long-term debt	**139**
Other long-term liabilities	**20**
Deferred credits	**15**
Deferred income tax liabilities	**89**
	300

A reconciliation of the major classes of line items related to Viawest constituting income from discontinued operations, net of tax, as presented in the consolidated statements of income is shown below.

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. 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:

	$ (restated – note 2)
Cash	**13**
Accounts receivable	**234**
Other current assets	**34**
Property, plant and equipment	**106**
Intangibles	**1,696**
Goodwill	**713**
	2,796
Accounts payable and accrued liabilities	**173**
Provisions	**12**
Income taxes payable	**23**
Unearned revenue	**4**
Other long-term liabilities	**46**
Deferred income tax liabilities	**321**
	579

A reconciliation of the major classes of line items related to Shaw Media constituting income from discontinued operations, net of tax, as presented in the consolidated statements of income is shown below.

Asset held for sale

Sale of Shaw Tracking

In the third quarter of fiscal 2017, the Company entered into an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation reported within the Company's Business Network Services segment, for proceeds of approximately US$20, net of working capital adjustments. The Company determined that the assets and liabilities of the Shaw Tracking business met the criteria to be classified as a disposal group held for sale. Accordingly, the assets and liabilities of the Shaw Tracking business were reclassified in the consolidated balance sheet at August 31, 2017 to current assets held for sale or current liabilities held for sale, respectively, as the sale of such assets and liabilities is expected within one year. In addition, the operating results and operating cash flows of the business are presented as discontinued operations separate from the Company's continuing operations. The transaction closed on September 15, 2017, subsequent to year end, but remains subject to closing adjustments.

In connection with the reclassification of assets and liabilities of the Shaw Tracking business as held for sale, the Company reviewed the carrying value of the resulting disposal group and determined it exceeded its fair value less cost to sell. Accordingly, an impairment charge of $32 was recorded in the third quarter.

The following table summarizes the carrying value of the major classes of assets and liabilities of the disposal group which were classified as held for sale as at August 31, 2017:

	August 31, 2017
Accounts receivable	6
Inventories	6
Other current assets	1
Other long-term assets	24
Goodwill	24
Total assets of the discontinued operations classified as held for sale	**61**
Accounts payable and accrued liabilities	9
Deferred credits	32
Deferred income tax liabilities	(2)
Total liabilities of the discontinued operations classified as held for sale	**39**

A reconciliation of the major classes of line items related to Shaw Tracking constituting income from discontinued operations, net of tax, as presented in the consolidated statements of income is shown below.

A real estate property was classified as held for sale in the statement of financial position at September 1, 2015 and measured at estimated fair value less costs to sell. At September 1, 2015, the property's fair value was based on the sale which closed in fiscal 2016.

Results of Discontinued Operations

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:

August 31, 2017	Viawest	Shaw Tracking	Total
Revenue	336	33	369
Eliminations[1]	(2)	–	(2)
	334	33	367
Operating, general and administrative expenses			
Employee salaries and benefits	80	7	87
Purchases of goods and services	124	18	142
	204	25	229
Eliminations[1]	(2)	–	(2)
	202	25	227
Restructuring costs	–	3	3
Amortization[2]	103	(2)	101
Interest on long-term debt	32	–	32
Accretion of long-term liabilities and provisions	12	–	12
Impairment of goodwill/disposal group	–	32	32
Income (loss) from discontinued operations before tax and gain on divestiture	(15)	(25)	(40)
Income taxes	(6)	2	(4)
Income from discontinued operations before gain on divestiture	(9)	(27)	(36)
Gain on divestiture, net of tax	330	–	330
Income from discontinued operations, net of tax	321	(27)	294

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

(2) As of the date Viawest met the criteria to be classified as held for sale, the Company ceased amortization of non-current assets of the division, including property, plant and equipment, intangibles and other. Amortization that would otherwise have been taken in the year amounted to $16.

August 31, 2016	Viawest	Shaw Tracking	Shaw Media Inc.	Total
Revenue	334	33	610	977
Eliminations[1]	(2)	–	(46)	(48)
	332	33	564	929
Operating, general and administrative expenses				
Employee salaries and benefits	84	7	109	200
Purchases of goods and services[2]	123	17	272	412
	207	24	381	612
Eliminations[1]	(2)	–	(46)	(48)
	205	24	335	564
Amortization[2]	121	(3)	11	129
Interest on long-term debt	33	–	–	33
Accretion of long-term liabilities and provisions	2	–	2	4
Impairment of goodwill/disposal group	–	17	–	17
Other losses	5	–	–	5
Income (loss) from discontinued operations before tax and gain on divestiture	(34)	(5)	216	177
Income taxes	(11)	3	57	49
Income from discontinued operations before gain on divestiture	(23)	(8)	159	128
Gain on divestiture, net of tax	–	–	625	625
Income from discontinued operations, net of tax	(23)	(8)	784	753

(1) Eliminations relate to intercompany transactions between continuing and discontinued operations. The costs are included in continuing operations as they 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 in the prior year, 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 and $6 for property, plant and equipment, intangibles and other.

4. ACCOUNTS RECEIVABLE

	2017 $	2016 $
Subscriber and trade receivables	**278**	300
Due from related parties *[note 27]*	**1**	2
Miscellaneous receivables	**55**	8
	334	310
Less allowance for doubtful accounts	**(48)**	(42)
	286	268

Included in operating, general and administrative expenses is a provision for doubtful accounts of $40 (2016 – $28).

5. INVENTORIES

	2017 $	2016 $
Subscriber equipment	**109**	59
Other	**–**	6
	109	65

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

6. OTHER CURRENT ASSETS

	2017 $	2016 $
Prepaid expenses	**99**	91
Wireless handset discount	**56**	47
	155	138

7. INVESTMENTS AND OTHER ASSETS

	2017 $	2016 $
Publicly traded companies	**896**	817
Investments in private entities	**41**	36
	937	853

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

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. 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.

In connection with the sale of the Media division to Corus in 2016, 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 (the "Corus B Consideration Shares"). Although the Class B Corus shares do not have voting rights, the Company is considered to have significant influence due to Board representation. The Company agreed to retain approximately one third of its Corus B Consideration Shares for 12 months post-closing, until March 31, 2017, a second one third for 18 months post-closing, until September 30, 2017, and the final one third for 24 months post-closing, until March 31, 2018. As at August 31, 2017, the Company still holds all of the Corus B Consideration Shares that were received.

The Company also agreed to have its Corus B Consideration Shares participate in Corus' dividend reinvestment plan while subject to these retention periods until September 1, 2017. For the year ended August 31, 2017, the Company received dividends of $88 (2016 – $34) from Corus, of which $81 (6016 – $34) were reinvested in additional Corus Class B shares. At August 31, 2017, the Company owned 80,630,383 (2016 – 74,135,891) Corus Class B shares having a fair value of $1,109 (2016 – $911) and representing 39% (2016 – 38%) of the total issued equity of Corus. The Company's weighted average

ownership of Corus for the year ended August 31, 2017 was 38% (April 1 to August 31, 2016 – 37%). As of September 1, 2017, the Company's Corus B Consideration Shares no longer participate in Corus' dividend reinvestment plan.

Summary financial information for Corus is as follows:

	August 31, 2017	August 31, 2016
Current assets	**525**	470
Non-current assets	**5,543**	5,623
Current liabilities	**(604)**	(532)
Non-current liabilities	**(2,864)**	(3,085)
Net assets	**2,600**	2,476
Less: non-controlling interests	**(159)**	(158)
	2,441	2,318
Carrying amount of the investment	**897**	817

Summarized statement of earnings of Corus:

	Year ended August 31,	
	2017	2016
Revenue	**1,679**	1,171
Net income (loss) attributable to:		
Shareholders	**192**	126
Non-controlling interest	**32**	18
	224	144
Other comprehensive income, attributable to shareholders	**33**	(15)
Comprehensive income	**257**	129
Equity income from associates[1]	**73**	(10)
Other comprehensive income from equity accounted associates[1]	**13**	(5)
	86	(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 for the year ended August 31, 2017 and for the five months from April 1, 2016 to August 31, 2016 .

Shomi Partnership

The Company has a 50% joint control interest in Shomi Partnership ("shomi"), which was a subscription video-on-demand service that launched in November 2014. In September 2016, shomi and Rogers Communications Inc., announced the decision to wind down its operations with service ending on November 30, 2016. The Company's interest in shomi was accounted for using the equity method until May 31, 2016, at which point the investment was written down to zero. For the year ended August 31, 2017, an investment loss of $82 (2016 – $54) has been recorded. Summarized financial information is as follows:

	August 31, 2017	August 31, 2016
Current assets	**10**	25
Non-current assets	**–**	105
Current liabilities	**–**	(48)
Non-current liabilities	**–**	(5)
Partnership net assets	**10**	77
Carrying amount of the investment[1]	**–**	–

	Year ended August 31,	
	2017	2016
Revenue	**(19)**	46
Expenses	**252**	182
Partnership net loss	**271**	136
Equity loss in the partnership[1]	**–**	52

[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, 2017			August 31, 2016		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Cable and telecommunications distribution system	**5,955**	**2,843**	**3,112**	5,480	2,673	2,807
Digital cable terminals and modems	**826**	**468**	**358**	803	456	347
Satellite audio, video and data network and DTH receiving equipment	**124**	**64**	**60**	125	63	62
Transmitters, broadcasting, communications and production equipment	**–**	**–**	**–**	–	–	–
Land and buildings	**645**	**217**	**428**	579	186	393
Data centre infrastructure, data processing and other	**685**	**400**	**285**	966	344	622
Assets under construction	**101**	**–**	**101**	376	–	376
	8,336	**3,992**	**4,344**	8,329	3,722	4,607

Changes in the net carrying amounts of property, plant and equipment for 2017 and 2016 are summarized as follows:

	August 31, 2016								August 31, 2017
	Net book value $	Additions $	Transfers $	Acquisition $	Amortization $	Disposals and writedown $	Divestment $	Foreign exchange translation $	Net book value $
Cable and telecommunications distribution system	2,807	519	272	–	(485)	(1)	**–**	–	3,112
Digital cable terminals and modems	347	224	–	–	(213)	–	**–**	–	358
Satellite audio, video and data network and DTH receiving equipment	62	15	–	–	(17)	–	**–**	–	60
Land and buildings	393	61	195	–	(37)	–	**(176)**	(8)	428
Data centre infrastructure, data processing and other	622	79	10	–	(117)	(1)	**(294)**	(14)	285
Assets under construction	376	224	(477)	–	–	–	**(21)**	(1)	101
	4,607	1,122	–	–	(869)	(2)	**(491)**	(23)	4,344

	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

In 2017, the Company recognized a loss of $2 (2016 – loss of $4) on the disposal of property, plant and equipment.

9. OTHER LONG-TERM ASSETS

	2017 $	2016 $
Equipment costs subject to a deferred revenue arrangement	**192**	225
Customer equipment financing receivables	**2**	6
Credit facility arrangement fees	**5**	4
Other	**56**	40
	255	275

Amortization provided in the accounts for 2017 amounted to $134 (2016 – $157), including $12 (2016 – $13) recorded in discontinued operations, and was recorded as amortization of deferred equipment costs and other amortization.

10. INTANGIBLES AND GOODWILL

	2017 $	2016 $
Broadcast rights and licences		
Cable systems	**4,016**	4,016
DTH and satellite services	**1,013**	1,013
Television broadcasting	**–**	–
	5,029	5,029
Goodwill		
Non-regulated satellite services	**–**	56
Cable and telecommunications systems	**79**	79
Data centre services	**–**	979
Wireless	**201**	201
	280	1,315
Wireless spectrum licences	**1,947**	1,517
Other intangibles		
Software	**380**	329
Customer relationships	**79**	522
Trademark and brands	**–**	53
	2,406	2,421
Net book value	**7,715**	8,765

Broadcast rights and licences, trademark, brands and wireless spectrum licences have been assessed as having indefinite useful lives. While licences 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 licences $	Trademark and brands $	Goodwill (restated -note 2) $	Wireless spectrum licences $
September 1, 2015	6,341	91	1,688	–
Business acquisition	1	–	367	1,517
Disposition	(1,313)	(38)	(713)	–
Write-down *[note 3]*	–	–	(17)	–
Foreign currency translation	–	–	(10)	–
August 31, 2016	**5,029**	**53**	**1,315**	**1,517**
Additions	**–**	**–**	**–**	**430**
Disposition *[note 3]*	**–**	**(51)**	**(958)**	**–**
Write-down *[note 3]*	**–**	**–**	**(32)**	**–**
Foreign currency translation	**–**	**(2)**	**(45)**	**–**
August 31, 2017	**5,029**	**–**	**280**	**1,947**

Intangibles subject to amortization are as follows:

	August 31, 2017			August 31, 2016		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Software	**524**	**147**	**377**	246	128	118
Software under construction	**3**	**–**	**3**	211	–	211
Customer relationships	**114**	**35**	**79**	602	80	522
	641	**182**	**459**	1,059	208	851

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, 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**
Additions	**1**	**99**	**26**	**–**	**126**
Transfers	**–**	**234**	**(234)**	**–**	**–**
Disposition *[note 3]*	**–**	**(7)**	**–**	**(386)**	**(393)**
Amortization	**(1)**	**(67)**	**–**	**(39)**	**(107)**
Foreign currency translation	**–**	**–**	**–**	**(18)**	**(18)**
August 31, 2017	**–**	**377**	**3**	**79**	**459**

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, 2017 and the recoverable amount of the cash generating units exceeded their carrying value.

A hypothetical decline of 10% in the recoverable amount of the broadcast rights and licences for the Cable cash generating unit as at March 1, 2017 would not result in any impairment loss. A hypothetical decline of 10% in the recoverable amount of the broadcast rights and licences for the Satellite cash generating unit as at March 1, 2017 would result in an impairment loss of approximately $59. The wireless cash generating unit was created with the acquisition of Freedom on March 1, 2016. A hypothetical decline of 10% in the recoverable amount of the wireless generating unit as at March 1, 2017 would not result in any impairment loss.

Any changes in economic conditions since the impairment testing conducted as at March 1, 2017 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2017.

Significant estimates inherent to this analysis include discount rates and the terminal value. At March 1, 2017, 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%	2.5%	7.5X
Satellite	8.5%	0.0%	5.5X
Wireless	9.5%	2.5%	8.0X

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	10.0%	6.0%	3.0%
Satellite	7.0%	n/a	3.0%
Wireless	9.0%	5.0%	3.0%

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 $	2016 $
Trade	**73**	107
Program rights	**12**	9
Accrued liabilities	**436**	442
Accrued network fees	**134**	131
Interest and dividends	**224**	228
Related parties *[note 27]*	**34**	27
	913	944

12. PROVISIONS

	Asset retirement obligations $	Restructuring[1] $	Other[2] $	Total $
September 1, 2015	10	17	35	62
Business Acquisition	43	–	–	43
Divesture	(10)	–	(2)	(12)
Additions	3	25	23	51
Reversal	–	(3)	(2)	(5)
Payments	–	(35)	(18)	(53)
August 31, 2016	46	4	36	86
Additions	**13**	**57**	**94**	**164**
Accretion	**1**	**–**	**–**	**1**
Reversal	**–**	**–**	**(2)**	**(2)**
Payments	**–**	**(54)**	**(82)**	**(136)**
August 31, 2017	**60**	**7**	**46**	**113**
Current	–	4	29	33
Long-term	46	–	7	53
August 31, 2016	46	4	36	86
Current	**–**	**7**	**39**	**46**
Long-term	**60**	**–**	**7**	**67**
August 31, 2017	**60**	**7**	**46**	**113**

(1) During 2016, the Company underwent a restructuring following a set of significant asset realignment initiatives, including the acquisition of Freedom and divestiture of Shaw Media. Approximately 200 employees were affected by the 2016 restructuring. During 2017, the Company restructured certain operations within the Consumer segment and announced a realignment to integrate certain Consumer and Business Network Services operations along with Freedom Mobile. Approximately 360 employees were affected by the restructurings in 2017. Restructuring amounts are primarily in respect of severance and employee related costs. The majority of the remaining costs at August 31, 2017 are expected to be paid within the next six months.

(2) In September 2016, shomi, a joint venture of the Company and Rogers Communications Inc., announced the decision to wind down its operations with service ending on November 30, 2016. The Company recorded a provision of $82 relating to the wind down of the investment. The balance of this provision was $nil as at August 31, 2017.

13. LONG-TERM DEBT

		2017			2016		
	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
Cdn fixed rate senior notes-							
5.70% due March 2, 2017	5.72	–	–	–	400	–	400
5.65% due October 1, 2019	5.69	**1,247**	**3**	**1,250**	1,246	4	1,250
5.50% due December 7, 2020	5.55	**498**	**2**	**500**	498	2	500
3.15% due February 19, 2021	3.17	**298**	**2**	**300**	298	2	300
4.35% due January 31, 2024	4.35	**498**	**2**	**500**	497	3	500
3.80% due March 1, 2027	3.84	**298**	**2**	**300**	–	–	–
6.75% due November 9, 2039	6.89	**1,419**	**31**	**1,450**	1,418	32	1,450
		4,258	**42**	**4,300**	4,855	43	4,898
Other							
ViaWest – credit facility	Variable	–	–	–	682	13	695
ViaWest – other	Various	–	–	–	31	–	31
Freedom Mobile – other	Various	**2**	–	**2**	4	–	4
Burrard Landing Lot 2 Holdings Partnership	4.68	**40**	–	**40**	40	–	40
Total consolidated debt		**4,300**	**42**	**4,342**	5,612	56	5,668
Less current portion		**2**	–	**2**	412	–	412
		4,298	**42**	**4,340**	5,200	56	5,256

[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 2016, the Company elected to increase its borrowing capacity by $500 under the terms of the amended facility. During 2017, the Company amended the terms of the facility to extend the maturity date from December 2019 to December 2021. Funds are available to the Company in both Canadian and US dollars. At August 31, 2017, $2 (2016 – $4) 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 2017 was 2.48% (2016 – 2.04%). The effective interest rate on the revolving term facility for 2017 was 3.18% (2016 – 3.11%).

In connection with the acquisition of Freedom, the Company entered into a $1.0 billion non-revolving credit facility with a syndicate of lenders (the "Freedom Facility") during 2016. The full amount of the Freedom Facility was drawn to fund the acquisition of Freedom, 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 Freedom 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 28, 2017, the Company issued $300 senior notes at a rate of 3.80% due March 1, 2027.

On March 2, 2017, the Company repaid $400 5.70% senior notes at their maturity.

Other

ViaWest

During 2015, ViaWest entered into a credit facility consisting of a term loan in the amount of US $395 and a revolving credit facility of US $85. Commencing August 2015, the term loan had quarterly principal repayments of US $1 with the balance due on maturity in March 2022 while the revolving credit facility matured 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 had quarterly principal repayments commencing May 2016 with the balance due on maturity in March 2022. Interest rates fluctuated with LIBOR, US prime and US Federal Funds rates and the facilities were secured by a first priority security interest in specific assets pursuant to the terms of the Security Agreement.

ViaWest finance lease obligations and amounts owing to landlords in connection with financing of leasehold improvements had various expiry and maturity dates through to 2023. Collateral was provided as security for the related transactions and agreements as required.

Both the ViaWest credit facility and other obligations were divested in connection with the sale of ViaWest in August 2017.

Freedom Mobile

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, 2017.

Long-term debt repayments

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

	$
2018	2
2019	–
2020	1,250
2021	801
2022	1
Thereafter	2,288
	4,342

Interest expense

	2017 $	2016 $
Interest expense – long-term debt	**262**	276
Amortization of senior notes discounts	**1**	2
Interest income – short-term (net)	**(3)**	(2)
Capitalized interest	**(2)**	(8)
	258	268

14. OTHER LONG-TERM LIABILITIES

	2017 $	2016 $
Pension liabilities *[note 26]*	**99**	125
Post retirement liabilities *[note 26]*	**5**	4
Share-based awards	**–**	2
Other	**10**	4
	114	135

15. DEFERRED CREDITS

	2017 $	2016 $
IRU prepayments	**423**	436
Equipment revenue	**44**	90
Connection fee and installation revenue	**20**	31
Deposit on future fibre sale	**2**	2
Other	**1**	4
	490	563

Amortization of deferred credits for 2017 amounted to $79 (2016 – $92) 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 2017 amounted to $13 (2016 – $13) and was recorded as other amortization. Amortization of equipment revenue for 2017 amounted to $52 (2016 – $67), of which $14 (2016 – $15) is included in the results for discontinued operations. Amortization of connection fee and installation revenue for 2017 amounted to $14 (2016 – $12) 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

2017	2016		2017	2016
Number of securities			$	$
22,420,064	22,420,064	Class A Shares	**2**	2
474,350,861	463,827,512	Class B Non-Voting Shares	**3,795**	3,504
10,012,393	10,012,393	Series A Preferred Shares	**245**	245
1,987,607	1,987,607	Series B Preferred Shares	**48**	48
508,770,925	498,247,576		**4,090**	3,799

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 2017 and 2016 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	$	Number	$
September 1, 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
Stock option exercises	**–**	**–**	**3,256,981**	**93**
Dividend reinvestment plan	**–**	**–**	**7,266,368**	**198**
August 31, 2017	**22,420,064**	**2**	**474,350,861**	**3,795**

Series A and B Preferred Shares

The Cumulative Redeemable Rate Reset Preferred Shares, Series A ("Series A Preferred Shares") and 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 licence 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, 2017 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, 2017, 35,716,620 Class B Non-Voting Shares have been issued under the plan.

The changes in options are as follows:

	2017		2016	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, beginning of year	**11,353,136**	**23.70**	12,538,664	23.70
Granted	**2,923,000**	**26.89**	2,758,000	23.93
Forfeited	**(861,150)**	**25.82**	(2,116,420)	26.17
Exercised[1]	**(3,256,981)**	**23.72**	(1,827,108)	21.15
Outstanding, end of year	**10,158,005**	**24.45**	11,353,136	23.70

(1) The weighted average Class B Non-Voting Share price for the options exercised was $27.90.

The following table summarizes information about the options outstanding at August 31, 2017:

	Options outstanding			Options exerciseable	
Range of prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$18.79 – $20.80	2,023,740	2.18	19.56	2,023,740	19.56
$20.81 – $24.21	2,525,275	6.77	23.22	1,092,075	22.57
$24.22 – $26.22	1,409,005	4.39	25.13	1,044,705	25.15
$26.23 – $27.19	1,913,530	8.79	26.33	160,280	26.99
$27.20 – $30.87	2,286,455	8.15	28.13	607,555	28.14

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2017 was $1.83 (2016 – $1.47) 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:

	2017	2016
Dividend yield	**4.41%**	4.93%
Risk-free interest rate	**0.94%**	0.75%
Expected life of options	**6 years**	5 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	**16.8%**	17.8%

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

Restricted stock unit plan

The Company has a RSU plan for its Board of Directors whereby directors can elect to receive their annual cash compensation, or a portion thereof, in RSUs. In addition, the Company may adjust and/or supplement directors' compensation with periodic grants of RSUs. An RSU is a right that tracks the value of one Class B Non-Voting Share. Holders will be entitled to a cash payout upon vesting. 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 RSUs equal to the dividend. RSUs do not have voting rights as there are no shares underlying the plan.

During fiscal 2017, $2 was recognized as compensation expense (2016 – $nil). The carrying value and intrinsic value of RSUs at August 31, 2017 was $2 and $2, respectively (August 31, 2016 – $nil and $nil, respectively).

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 fiscal 2017, $4 was recognized as compensation expense (2016 – $3). The carrying value and intrinsic value of DSUs at August 31, 2017 was $22 and $19, respectively (August 31, 2016 – $18 and $15, 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, increasing to 33% once an employee reaches 10 years of continuous service.

During fiscal 2017, $7 was recorded as compensation expense (2016 – $6).

Share appreciation rights

A subsidiary of the Company, that was included in the disposition of ViaWest in the current year, granted share appreciation rights ("SAR") to eligible employees of ViaWest. A SAR entitled 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 vested 25% per year over four years, had a 10 year contractual term and were cash settled. During 2017, $1 was recognized as compensation expense (2016 – $7) and recorded in the results of discontinued operations. The carrying value of SARs liabilities, including the SARs granted as partial consideration for the acquisition of ViaWest, at August 31, 2017 was nil (2016 – $21) as ViaWest was divested on August 1, 2017.

18. EARNINGS PER SHARE

Earnings per share calculations are as follows:

	2017	2016
Numerator for basic and diluted earnings per share ($)		
Net income from continuing operations	**557**	487
Deduct: dividends on Preferred Shares	**(8)**	(13)
Net income attributable to common shareholders from continuing operations	**549**	474
Net income from discontinued operations	**294**	753
Deduct: net income from discontinued operations attributable to non-controlling interests	**–**	(20)
Net income from discontinued operations attributable to common shareholders	**294**	733
Net income attributable to common shareholders	**843**	1,207
Denominator (millions of shares)		
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**491**	480
Effect of dilutive securities[1]	**1**	1
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**492**	481
Basic earnings per share ($)		
Continuing operations	**1.12**	0.99
Discontinued operations	**0.60**	1.52
Attributable to common shareholders	**1.72**	2.51
Diluted earnings per share ($)		
Continuing operations	**1.11**	0.99
Discontinued operations	**0.60**	1.52
Attributable to common shareholders	**1.71**	2.51

[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, 2017, 2,138,047 options were excluded from the diluted earnings per share calculation (2016 – 4,876,615).

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 Cumulative Redeemable Floating Rate Preferred Shares, Series B (the "Series B Preferred Shares"), subject to certain conditions, on June 30, 2016 and have the same conversion right 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 have the right, at their option, to convert their shares into Series A Preferred Shares, subject to certain conditions, on June 30, 2021 and on June 30 of every fifth year thereafter. The Series B Preferred Shares also represent a series of Class 2 preferred shares and holders will be entitled to receive cumulative quarterly dividends, as and when declared by the Company's Board of Directors, at a rate set quarterly equal to the then current three-month Government of Canada Treasury Bill yield plus 2.00%. The floating quarterly dividend rate for the Series B Preferred Shares were set as follows:

Period	Annual Dividend Rate
June 30, 2016 to September 29, 2016	2.539%
September 30, 2016 to December 30, 2016	2.512%
December 31, 2016 to March 30, 2017	2.509%
March 31, 2017 to June 29, 2017	2.480%
June 30, 2017 to September 29, 2017	2.529%
September 30, 2017 to December 30, 2017	2.742%

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 and, effective December 16, 2016, the United States, 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, 2017 and 2016 are as follows:

2017		2016	
Class A Voting Share	Class B Non-Voting Share	Class A Voting Share	Class B Non-Voting Share
1.1825	1.1850	1.1825	1.1850

The dividends per share recognized as distributions to preferred shareholders for dividends declared during the year ended August 31, 2017 and 2016 are as follows:

2017		2016	
Series A Preferred Share	Series B Preferred Share	Series A Preferred Share	Series B Preferred Share
0.6978	0.6269	1.0538	0.1067

On June 28, 2017, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.15806 per Series B Preferred Share which were paid on September 29, 2017. The total amount paid was $2 of which $1 was not recognized as at August 31, 2017.

On October 26, 2017, 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 28, 2017, January 30, 2018 and February 27, 2018 to shareholders of record at the close of business on December 15, 2017, January 15, 2018 and February 15, 2018, respectively.

On October 26, 2017, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.17138 per Series B Preferred Share payable on January 2, 2018 to holders of record at the close of business on December 15, 2017.

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

Components of other comprehensive income and the related income tax effects for 2017 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Continuing operations:			
Change in unrealized fair value of derivatives designated as cash flow hedges	**(9)**	**2**	**(7)**
Adjustment for hedged items recognized in the period	**(3)**	**1**	**(2)**
Share of other comprehensive income of associates	**13**	**–**	**13**
Discontinued operations:			
Exchange differences on translation of a foreign operation	**(50)**	**–**	**(50)**
Exchange differences on translation of US denominated debt hedging a foreign operation	**24**	**–**	**24**
Reclassification of accumulated exchange differences to income related to the sale of a foreign operation	**(82)**	**–**	**(82)**
	(107)	**3**	**(104)**
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans:			
Continuing operations	**34**	**(9)**	**25**
	(73)	**(6)**	**(79)**

Components of other comprehensive loss and the related income tax effects for 2016 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Continuing operations:			
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)
Discontinued operations:			
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:			
Continuing operations	(49)	13	(36)
Discontinued operations	(11)	3	(8)
	(62)	15	(47)

Accumulated other comprehensive loss is comprised of the following:

	2017 $	2016 $
Items that may subsequently be reclassified to income		
Continuing operations:		
Change in unrealized fair value of derivatives designated as cash flow hedges	**(8)**	1
Share of other comprehensive income of associates	**8**	(5)
Discontinued operations:		
Foreign currency translation adjustments	**–**	108
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans:		
Continuing operations	**(131)**	(156)
	(131)	(52)

21. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	2017 $	2016 $
Employee salaries and benefits	**859**	776
Purchases of goods and services	**2,080**	1,787
	2,939	2,563

22. OTHER LOSSES

	2017 $	2016 $
Realized and unrealized foreign exchange gains/(losses)	**12**	(1)
Investment write-downs	**(82)**	(74)
Asset write-downs	**–**	(16)
Other	**5**	(6)
	(65)	(97)

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 $82 in respect of the Company's investment in shomi which announced a wind down of operations during the first quarter. In the prior year, the category also includes a write-down of $54 in respect of the Company's investment in shomi and a write-down of $20 in respect of a private portfolio investment.

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:

	2017 $	2016 $
Deferred tax assets	**4**	6
Deferred tax liabilities	**(1,858)**	(1,914)
Net deferred tax liability	**(1,854)**	(1,908)

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

	Property, plant and equipment and software assets $	Broadcast rights, licences, customer relationships, trademark and brands $	Partnership income $	Non-capital loss carry-forwards $	Accrued charges $	Total $
Balance at September 1, 2015	(211)	(1,789)	(53)	98	55	(1,900)
Recognized in statement of income	(17)	(8)	109	(8)	–	76
Recognized in discontinued operations	(2)	–	–	–	(14)	(16)
Recognized on business acquisitions	(33)	(398)	–	29	5	(397)
Recognized on Media divestiture	(20)	352	–	1	(12)	321
Recognized in other comprehensive income:						
Foreign currency translation adjustments	–	2	–	–		2
Actuarial gains/losses	–	–	–	–	6	6
Balance at August 31, 2016	(283)	(1,841)	56	120	40	(1,908)
Recognized in statement of income	**13**	**(25)**	**(17)**	**(1)**	**(9)**	**(39)**
Recognized in discontinued operations	**–**	**8**	**–**	**2**	**(6)**	**4**
Recognized on Viawest divestiture	**5**	**168**	**–**	**(76)**	**(8)**	**89**
Recognized in other comprehensive income:						
Foreign currency translation adjustments	**–**	**10**	**–**	**(4)**	**–**	**6**
Actuarial gains/losses	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Balance at August 31, 2017	**(265)**	**(1,680)**	**39**	**41**	**11**	**(1,854)**

The Company has capital loss carryforwards of approximately $62 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 $581 for which no deferred income tax asset has been recognized in the accounts. The balance expires in varying annual amounts from 2034 to 2037.

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:

	2017 $	2016 $
Current statutory income tax rate	**26.7%**	26.7%
Income tax expense at current statutory rates	**199**	178
Net increase (decrease) in taxes resulting from:		
Non-taxable portion of capital gains	**–**	–
Effect of tax rate changes	**(5)**	–
Tax benefit of equity (income) loss not recognized	**(20)**	3
Other	**16**	(3)
Income tax expense	**190**	178

The statutory income tax rate for the Company remained consistent at 26.7% in 2017 and 2016.

The components of income tax expense are as follows:

	2017 $	2016 $
Current income tax expense	**151**	243
Deferred tax recovery related to temporary differences	**44**	(65)
Deferred tax expense from tax rate changes	**(5)**	–
Income tax expense	**190**	178

24. BUSINESS SEGMENT INFORMATION

The Company's operating segments are Consumer, Business Network 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 segment provides Cable telecommunications services including Video, Internet, WiFi, 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 to North American businesses and public-sector entities. The Wireless segment was formed by the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016, and provides wireless voice and data communications services for customers in Ontario, British Columbia and Alberta. The previously reported Business Infrastructure Services segment was comprised primarily of the Viawest operations and, following the sale of Viawest, the majority of this segment is now reported in discontinued operations. The remaining operations and their results are now included within the Business Network Services segment. All of the Company's reportable segments are substantially located in Canada.

	2017 $	2016 $
Revenue		
Consumer	**3,747**	3,752
Business Network Services	**554**	515
Wireless	**605**	280
	4,906	4,547
Intersegment eliminations	**(24)**	(29)
	4,882	4,518
Operating income before restructuring costs and amortization		
Consumer	**1,583**	1,667
Business Network Services	**281**	252
Wireless	**133**	59
	1,997	1,978
Restructuring costs[1]	**(54)**	(23)
Amortization[1]	**(944)**	(840)
Operating income	**999**	1,115
Interest[1]		
Operating	**256**	267
Other/non-operating	**2**	1
	258	268
Current taxes[1]		
Operating	**183**	263
Other/non-operating	**(32)**	(20)
	151	243

Capital expenditures

	2017 $	2016 $
Capital expenditures accrual basis		
Consumer and Business Network Services	**890**	839
Wireless	**255**	121
	1,145	960
Equipment costs (net of revenue)		
Consumer and Business Network Services	**80**	89
Capital expenditures and equipment costs (net)		
Consumer and Business Network Services	**970**	928
Wireless	**255**	121
	1,225	1,049
Reconciliation to Consolidated Statements of Cash Flows		
Additions to property, plant and equipment	**999**	863
Additions to equipment costs (net)	**73**	83
Additions to other intangibles	**111**	108
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows	**1,183**	1,054
Increase (decrease) in working capital and other liabilities related to capital expenditures	**35**	(5)
Decrease in customer equipment financing receivables	**7**	6
Less: Proceeds on disposal of property, plant and equipment	**–**	(6)
Total capital expenditures and equipment costs (net) reported by segments	**1,225**	1,049

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

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 licence 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:

	$
2018	359
2019 – 2022	679
Thereafter	272
	1,310

Comprised of:	$
Program related agreements	118
Lease of transmission facilities, circuits and premises	571
Lease and maintenance of transponders	474
Other (primarily maintenance and support contracts)	147
	1,310

Included in operating, general and administrative expenses are transponder maintenance expenses of $78 (2016 – $80) and rental expenses of $183 (2016 – $163), of which $26 (2016 – $30) has been recorded in the results of discontinued operations.

(iii) At August 31, 2017, the Company had capital expenditure commitments in the normal course of business of $177 in respect of fiscal 2018.

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 payments 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, 2017, 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, 2017, the guarantee instruments amounted to $5. 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 2018 and fiscal 2019.

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 (2016 – $35) of which $23 (2016 – $23) 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.

	2017 $	2016 $
Non-registered plans		
Accrued benefit obligation	**532**	563
Fair value of plan assets	**433**	438
Accrued benefit liabilities and deficit	**99**	125

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. 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.

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

	SERP $	ERP $	2017 Total $	SERP $	ERP $	2016 Total $
Accrued benefit obligation, beginning of year	**553**	**10**	**563**	502	7	509
Current service cost	**7**	**4**	**11**	6	3	9
Interest cost	**19**	**–**	**19**	21	–	21
Payment of benefits to employees	**(20)**	**–**	**(20)**	(19)	(2)	(21)
Remeasurements:						
Effect of changes in demographic assumptions	**(2)**	**–**	**(2)**	(5)	–	(5)
Effect of changes in financial assumptions	**(41)**	**–**	**(41)**	46	1	47
Effect of experience adjustments	**2**	**–**	**2**	2	1	3
Accrued benefit obligation, end of year	**518**	**14**	**532**	553	10	563
Fair value of plan assets, beginning of year	**432**	**6**	**438**	387	4	391
Employer contributions	**–**	**7**	**7**	50	4	54
Interest income	**16**	**–**	**16**	17	–	17
Payment of benefits	**(20)**	**–**	**(20)**	(19)	(2)	(21)
Return on plan assets, excluding interest income	**(8)**	**–**	**(8)**	(3)	–	(3)
Fair value of plan assets, end of year	**420**	**13**	**433**	432	6	438
Accrued benefit liability and plan deficit, end of year	**98**	**1**	**99**	121	4	125

The weighted average duration of the defined benefit obligation of the SERP and ERP at August 31, 2017 is 15.9 years and 23.8 years, respectively.

The underlying plan assets of the SERP and ERP at August 31, 2017 are invested in the following:

	SERP $	ERP $
Cash and cash equivalents	**213**	**11**
Fixed income securities	**103**	**1**
Equity securities – Canadian	**29**	**–**
Equity securities – Foreign	**75**	**1**
	420	**13**

All fixed income and equity securities have a quoted price in an 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	2017 SERP %	2017 ERP %	2016 SERP %	2016 ERP %
Discount rate	**3.70**	**3.70**	3.50	3.50
Rate of compensation increase	**3.00**[(1)]	**3.00**	5.00[(1)]	3.00

Benefit cost for the year	2017 SERP %	2017 ERP %	2016 SERP %	2016 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

(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, 2017 by $86. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by $13.

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

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

	SERP $	ERP $	2017 Total $	SERP $	ERP $	2016 Total $
Current service cost	**7**	**4**	**11**	6	3	9
Interest cost	**19**	**–**	**19**	21	–	21
Interest income	**(16)**	**–**	**(16)**	(17)	–	(17)
Pension expense	**10**	**4**	**14**	10	3	13

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

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

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

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

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

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

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 are funded on a pay-as-you-go basis. The Company had additional plans for media retirees in 2016 that 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.

	2017 $	2016 $
Accrued benefit obligation and plan deficit, beginning of year	**4**	22
Current service cost	**–**	–
Interest cost	**–**	1
Payment of benefits to employees	**–**	–
Remeasurements:		
Effect of changes in demographic assumptions	**–**	–
Effect of changes in financial assumptions	**–**	1
Effect of experience adjustments	**–**	–
Divestiture of Shaw Media	**–**	(20)
Accrued benefit obligation and plan deficit, end of year	**4**	4

The weighted average duration of the benefit obligation at August 31, 2017 is 19.7 years.

The post-retirement benefit plan expense, which is included in employee salaries and benefits expense, is $nil (2016 – $1) 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, 2017 were 3.60% and 3.80%, respectively (2016 – 4.20% and 3.60%, respectively). A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2017 by $1.

Employer contributions

The Company's estimated contributions to the defined benefit plans in fiscal 2018 are $4.

27. RELATED PARTY TRANSACTIONS

Controlling shareholder

The majority of the Class A Shares are held by Shaw Family Living Trust ("SFLT") and its subsidiaries. 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, Jim Shaw, Bradley S. Shaw, three other members of his family and one independent director. 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 was incorporated in the United States.

	Ownership Interest	
	August 31, 2017	August 31, 2016
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%
ViaWest, Inc.	–	100%
Freedom Mobile Inc.	100%	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:

	2017 $	2016 $
Short-term employee benefits	**31**	32
Post-employment pension benefits	**9**	3
Share-based compensation	**5**	3
	45	38

Transactions

The Company paid $2 (2016 – $2) for collection, installation and maintenance services to a company controlled by a Director of the Company.

During the year, the Company paid $11 (2016 – $8) 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 $20 (2016 – $14) were paid to a programmer where a Director of the Company holds a position on the programmer's board of directors.

At August 31, 2017, the Company had $4 owing in respect of these transactions (2016 – $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 $135 (2016 –$118), advertising fees of $8 (2016 – $1), programming fees of $1 (2016 – $1), and administrative fees of $1 (2016 – $1) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided administrative, advertising and other services for $7 (2016 – $7), uplink of television signals for $8 (2016 – $7), and Internet services and lease of circuits for $1 (2016 – $1). At August 31, 2017, the Company had a net of $24 owing in respect of these transactions (2016 – $22).

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 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 (2016 – $13) 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, 2017, the Company had a remaining commitment of $80 in respect of the office space lease which is included in the amounts disclosed in note 25.

Joint arrangement – Shomi

During the year, the Company provided programming content and advertising services of $nil (2016 – $6) and paid $nil (2016 – $11) in subscriber fees. At August 31, 2017, the Company had a net receivable of $nil (2016 – $nil) 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 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, 2017		August 31, 2016	
	Carrying value $	Estimated fair value $	Carrying value $	Estimated fair value $
Assets				
Investment in publicly traded company[1]	**897**	**1,109**	817	911
Liabilities				
Long-term debt[2]	**4,300**	**4,901**	5,612	6,252
Contingent liability[3]	**–**	**–**	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 2017, the Company entered into forward contracts to purchase US $112 over a period of 12 months commencing in September 2016 at an average exchange rate of 1.2932 Cdn. At August 31, 2017 the Company had forward contracts to purchase US $182 over a period of 24 months commencing September 2017 at an average exchange rate of 1.3031 Cdn in respect of US dollar commitments.

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 is based on floating rates, while the senior notes are fixed-rate obligations. The Company utilizes its credit facility to finance day-to-day operations and, depending on market conditions, periodically converts the bank loans to fixed-rate instruments through public market debt issues. As at August 31, 2017, 100% 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 $17 net of tax (2016 – $11). 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. As at August 31, 2017 there is no significant market risk arising from interest rate fluctuations within a reasonably contemplated range from their actual amounts.

At August 31, 2017, 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 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, 2017, the Company had accounts receivable of $286 (August 31, 2016 – $268), net of the allowance for doubtful accounts of $48 (August 31, 2016 – $42). 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, 2017, $94 (August 31, 2016 – $95) 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 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, 2017 are as follows:

	Accounts payable and accrued liabilities[1] $	Other long-term liabilities $	Long-term debt repayable at maturity $	Interest payments $
Within one year	921	–	2	241
1 to 3 years	–	1	1,251	416
3 to 5 years	–	–	801	277
Over 5 years	–	–	2,288	1,768
	921	1	4,342	2,702

[1] Includes accrued interest and dividends of $224.

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

	2017 $	2016 $
Net income from continuing operations	**557**	487
Adjustments to reconcile net income to funds flow from operations:		
Amortization	**946**	843
Deferred income tax recovery	**39**	(65)
Share-based compensation	**3**	3
Defined benefit pension plans	**8**	(40)
Accretion of long-term liabilities and provisions	**(1)**	(1)
Equity loss of an associate or joint venture	**(73)**	61
Provision for investment loss	**82**	–
Loss on write-down of assets *[note 22]*	**–**	16
Loss on write-down of investments *[note 22]*	**–**	74
Other	**(31)**	10
Funds flow from continuing operations	**1,530**	1,388

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

	2017 $	2016 $
Interest paid	**271**	273
Income taxes paid (net of refunds)	**220**	242
Interest received	**3**	2

(iii) Non-cash transactions

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

	2017 $	2016 $
Issuance of Class B Non-Voting Shares:		
Dividend reinvestment plan *[note 19]*	**198**	188

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, 2017 $	August 31, 2016 $ (restated, note 2)
Cash and cash equivalents	**(507)**	(405)
Long-term debt repayable at maturity	**4,342**	5,668
Share capital	**4,090**	3,799
Contributed surplus	**30**	42
Retained earnings	**2,164**	1,908
	10,119	11,012

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, 2017, 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 EVENTS

On September 15, 2017 the Company completed the sale of its group of assets comprising the operations of Shaw Tracking to an external party.

Shaw Communications Inc.
Corporate Information
August 31, 2017

DIRECTORS

JR Shaw[4]
Executive Chair
Shaw Communications Inc.

Peter J. Bissonnette
Corporate Director

Adrian L. Burns[3] [4]
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

Janice Davis[1]
Executive Vice President,
Business Transformation & Chief
Procurement Officer

Chris Kucharski
President, Consumer & Business

Ron McKenzie
Senior Vice President & Chief
Operating Officer

Paul McAleese
Chief Operating Officer, Freedom
Mobile

(1) as of November 16, 2017

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Phone: (403) 750-4500
Website: www.shaw.ca

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
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PRIMARY BANKER
The Toronto-Dominion Bank

TRANSFER AGENTS
AST Trust Company,
600 The Dome Tower
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
Toronto, Ontario, M5J 2Y1
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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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