U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 40-F

Check One

☐ **Registration Statement Pursuant to Section 12 of the Securities Exchange Act of 1934**

☒ **Annual Report Pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended August 31, 2019
Commission File Number: 001-14684

Shaw Communications Inc.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English (if applicable))

Alberta, Canada
(Province or other jurisdiction of incorporation or organization)

4841
(Primary Standard Industrial Classification Code Number (if applicable))

N/A
(I.R.S. Employer Identification Number (if applicable))

Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4
(403) 750-4500
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, NY 10011 (212) 894-8940
(Name, address (including zip code) and telephone number (including area code of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbols	Name of each exchange on which registered
Class B Non-Voting Participating Shares	**SJR**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

5.65% Senior Notes due 2019
5.50% Senior Notes due 2020
6.75% Senior Notes due 2039
(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

☒ **Annual information form** ☒ **Audited annual financial statements**

The following are the number of outstanding shares of each of the issuer's classes of capital or common stock as of August 31, 2019:

Class A Participating Shares – 22,372,064 issued and outstanding
Class B Non-Voting Participating Shares – 494,389,771 issued and outstanding
Preferred Shares, Series A – 10,012,393 issued and outstanding
Preferred Shares, Series B – 1,987,607 issued and outstanding

---

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the *Exchange Act* during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13 (a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

DISCLOSURE CONTROLS AND PROCEDURES

Shaw Communications Inc. (the "Company") has designed disclosure controls and procedures (as defined in Rule 13a-15(e) under the *Exchange Act*) to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and Chief Financial Officer by others within the Company, including its consolidated subsidiaries, on a regular basis, including during the period in which the Company's Annual Report on Form 40-F relating to financial results for the fiscal year ended August 31, 2019 is being prepared. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer have concluded, as of that evaluation date, that the Company's disclosure controls and procedures were effective to ensure that the material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings under the *Exchange Act*, was (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROLS

See page 81 of Exhibit 99.2

AUDITOR ATTESTATION

See page 82 of Exhibit 99.2

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fiscal year ended August 31, 2019, there were no significant changes in the Company's internal controls over financial reporting, or in other factors that could significantly affect such internal controls, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, other than the adoption of IFRS 15 *Revenue from Contracts with Customers* and the implementation of a new Enterprise Resource Planning system as discussed in greater detail on page 79 of Exhibit 99.1 under the heading "Certification".

IDENTIFICATION OF THE AUDIT COMMITTEE

The Company has a standing audit committee of the board of directors (the "Audit Committee") established in accordance with Section 3(a)(58)(A) of the *Exchange Act*. The Audit Committee consists of Michael W. O'Brien (Chair), Richard R. Green, Jeffrey C. Royer and Carl E. Vogel.

AUDIT COMMITTEE FINANCIAL EXPERT

The board of directors of the Company has determined that it has three audit committee financial experts serving on its Audit Committee. Each of Michael W. O'Brien, Jeffrey C. Royer and Carl E. Vogel has been determined to be such an audit committee financial expert, within the meaning of Item 407 of Regulation S-K. Each of Mr. O'Brien, Mr. Royer and Mr. Vogel is independent, as that term is defined by the New York Stock Exchange's listing standards applicable to the Company. The Securities and Exchange Commission has indicated that the designation of each of Mr. O'Brien, Mr. Royer and Mr. Vogel as an audit committee financial expert does not make each of Mr. O'Brien, Mr. Royer and Mr. Vogel an "expert" for any purpose, impose any duties, obligations or liability on any of Mr. O'Brien, Mr. Royer and Mr. Vogel that are greater than those imposed on members of the Audit Committee and board of directors of the Company who do not carry this designation, or affect the duties, obligations or liabilities of any other member of the Audit Committee.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate amounts paid or accrued by the Company with respect to fees payable to Ernst & Young LLP, the auditors of the Company, for audit (including separate audits of wholly-owned and non-wholly owned entities, and Sarbanes-Oxley Act-related services), audit-related (including financings and regulatory reporting requirements), tax and other services in the fiscal years ended August 31, 2019 and 2018 were as follows:

Type of Service	Fiscal 2019	Fiscal 2018
Audit Fees	$3,356,175	$3,374,000
Audit-Related Fees	$ 145,554	$ 94,000
Tax Fees	$ 127,020	$ 72,000
Total	**$3,628,749**	**$3,540,000**

Audit-related fees for fiscal 2019 and 2018 relate to assurance services in respect of an environmental and regulatory report, and services performed in conjunction with senior note and securities offerings. The tax fees for fiscal 2019 and 2018 relate to general tax advisory services**.**

The Audit Committee considered and agreed that the above fees are compatible with maintaining the independence of the Company's auditors. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditors, only limited non-audit services will be provided to the Company by Ernst & Young LLP and in such case, only with the prior approval of the Audit Committee. The Chair of the Audit Committee has been delegated authority to approve the retainer of Ernst & Young LLP to provide non-audit services in extraordinary circumstances where it is not feasible or practical to convene a meeting of the Audit Committee, subject to an aggregate limit of $150,000 in fees payable to Ernst & Young LLP for such services at any time until ratified by the Audit Committee. The Chair of the Audit Committee is required to report any such services approved by him to the Audit Committee.

For the fiscal year ended August 31, 2019, none of the services described above were approved by the Audit Committee pursuant to the "*de minimus* exception" set forth in Rule 2-01, paragraph (c)(7)(i)(C) of Regulation S-X.

CODE OF ETHICS

The Company has adopted a code of ethics (the "Business Conduct Standards") that applies to all employees and officers, including its Chief Executive Officer, Chief Financial Officer, principal accounting officer and persons performing similar functions. A copy of the Business Conduct Standards, as amended, is available on the Company's website. To access the Business Conduct Standards, visit the Company's website at www.shaw.ca and select "Investor Relations", then select "Corporate Governance" and then select "Business Conduct Standards". Except for the Business Conduct Standards, no information contained on the Company's website shall be incorporated by reference in this Form 40-F.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as defined in General Instruction B(11) to Form 40-F.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

See page 78 of Exhibit 99.1

COMPLIANCE WITH NYSE GOVERNANCE LISTING STANDARDS

A summary of significant ways corporate governance practices followed by the Company differ from the corporate governance practices required to be followed by U.S. companies under the New York Stock Exchange's listing standards (disclosure required by Section 303A.11 of the NYSE Listed Company Manual) is available on the Company's website. To access the summary, visit the Company's website at www.shaw.ca and select "Investor Relations", then select "Corporate Governance" and then select "Compliance with NYSE Governance Listing Standards".

DISCLOSURE PURSUANT TO SECTION 13(r) OF THE EXCHANGE ACT

Pursuant to section 13(r) of the Exchange Act, the Company is required to disclose whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings related to both the Islamic Republic of Iran ("Iran") and certain persons listed on the Specially Designated National and Blocked Persons list maintained by the U.S. Department of Treasury Office of Foreign Assets Control, during the year ended August 31, 2019. Disclosure of these certain activities, transactions or dealings is generally required even if conducted in compliance with applicable law and regulations. The Company is not aware that it or any of its affiliates have knowingly engaged in any transaction or dealing reportable under section 13(r) of the Exchange Act during the year ended August 31, 2019.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

The Company has previously filed a Form F-X in connection with each class of securities to which the obligation to file this Form 40-F arises. Any change to the name and address of the agent for service of process shall be communicated promptly to the Commission by amendment to Form F-X.

EXHIBITS

The following documents are filed as exhibits to this Form 40-F:

Exhibit Number	Document
99.1	Management's Discussion and Analysis of the financial condition and operations for the year ended August 31, 2019.
99.2	Audited consolidated statements of financial position as at August 31, 2019 and 2018 and statements of income, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years ended August 31, 2019 and 2018, together with the notes thereto and the auditors' report thereon.
99.3	Annual Information Form for the fiscal year ended August 31, 2019.
99.4	Consent of Ernst & Young LLP.
99.5	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated November 27, 2019.
99.6	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated November 27, 2019.
101	Interactive Data File

SIGNATURES

Pursuant to the requirements of the *Exchange Act*, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Form 40-F to be signed on its behalf by the undersigned, thereto duly authorized.

SHAW COMMUNICATIONS INC.

By: /s/ Trevor English
Trevor English
Executive Vice President,
Chief Financial & Corporate Development Officer

Dated: November 27, 2019

Management's Discussion & Analysis

Contents

Forward

Tabular dollar amounts are in millions of Canadian dollars, except per share amounts or unless otherwise indicated. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Consolidated Financial Statements. The terms "we," "us," "our," "Shaw" and "the Company" refer to Shaw Communications Inc. or, as applicable, Shaw Communications Inc. and its direct and indirect subsidiaries as a group. This MD&A is current as at November 27, 2019 and was approved by Shaw's Board of Directors.

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. 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 in this Management's Discussion and Analysis include, but are not limited to statements relating to:

- future capital expenditures;
- proposed asset acquisitions and dispositions;
- expected cost efficiencies;
- financial guidance and expectations for future performance;
- business and technology strategies and measures to implement strategies;
- the Company's equity investments, joint ventures and partnership arrangements;
- expected growth in subscribers and the services to which they subscribe;
- competitive strengths;
- expected project schedules, regulatory timelines, completion/in-service dates for the Company's capital and other projects;
- expected number of retail outlets;
- timing of new product and service launches;
- expected number of customers using voice over LTE, or VoLTE;
- the deployment of: (i) network infrastructure to improve capacity and coverage and (ii) new technologies, including next generation wireless and wireline technologies such as 5G and IPTV, respectively;
- the cost of acquiring and retaining subscribers and deployment of new services;
- the restructuring charges (related primarily to severance and employee related costs as well as additional costs directly associated with the Company's Total Business Transformation ("TBT") initiative) expected to be incurred in connection with the TBT initiative;
- the anticipated annual cost reductions related to the Voluntary Departure Program ("VDP") (including reductions in operating and capital expenditures) and the timing of realization thereof;
- the impact that the employee exits will have on Shaw's business operations;
- outcome of the TBT initiative, including the timing thereof and the total savings at completion; and
- expansion and growth of Shaw's business and operations and other goals and plans.

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;
- future interest rates;
- previous performance being indicative of future performance;
- future income tax and exchange rates;
- technology deployment;
- subscriber growth;
- incremental costs associated with growth in Wireless handset sales;
- pricing, usage, and churn rates;
- availability of devices;
- content and equipment costs;

- completion of proposed transactions;
- industry structure, conditions and stability;
- government regulation (and its impact or projected impact on the Company's business);
- access to key suppliers and third-party service providers required to execute on its current and long term strategic initiatives on commercially reasonable terms;
- retention of key employees;
- the TBT initiative being completed in a timely and cost-effective manner yielding the expected results and benefits, including: (i) resulting in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw's consumers' needs and expectations (including the products and services offered to its customers) and (ii) realizing the expected cost reductions;
- the Company being able to complete the employee exits pursuant to the VDP with minimal impact on business operations within the anticipated timeframes and for the budgeted amount;
- the cost estimates for any outsourcing requirements and new roles in connection with the VDP;
- the Company can gain access to sufficient retail distribution channels;
- the Company can access the spectrum resources required to execute on its current and long-term strategic initiatives; 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:

- changes in general economic, market and business conditions;
- changing interest rates, income taxes, and exchange rates;
- changes in the competitive environment in the markets in which the Company operates and from the development of new markets for emerging technologies;
- changing industry trends, technological developments, and other changing conditions in the entertainment, information and communications industries;
- changes in laws, regulations and decisions by regulators that affect the Company or the markets in which it operates;
- changes in the value of the Company's equity investments, joint ventures and partnership arrangements;
- the Company's ability to execute its strategic plans and complete its capital and other projects by the completion date;
- the Company's ability to grow subscribers;
- the Company's ability to close key transactions;
- the Company's ability to have the spectrum resources required to execute on its current and long-term strategic initiatives;
- the Company's ability to gain sufficient access to retail distribution channels;
- the Company's ability to achieve cost efficiencies;
- the Company ability to retain key employees;
- the Company's ability to access key suppliers and third-party service providers required to execute on its current and long term strategic initiatives on commercially reasonable terms;
- the Company's ability to implement the TBT initiative as planned and realize the anticipated benefits therefrom, including: (i) TBT resulting in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw's consumers' needs and expectations (including the products and services offered to its customers) and (ii) the ability to realize the expected cost reductions;
- the Company's ability to complete employee exits pursuant to the VDP with minimal impact on operations;
- technology, privacy, cyber security and reputational risks;
- opportunities that may be presented to and pursued by the Company;
- the Company's ability to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters;
- 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.

This Management's Discussion and Analysis provides certain future-oriented financial information or financial outlook (as such terms are defined in applicable securities laws), including the financial guidance and assumptions disclosed under "Outlook," the expected annualized savings to be realized from the VDP and the total anticipated TBT restructuring costs for fiscal 2020. Shaw discloses this information because it believes that certain investors, analysts and others utilize this and other forward-looking information to assess Shaw's expected operational and financial performance, and as an indicator of its ability to service debt and pay dividends to shareholders. The Company cautions that such financial information 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 on delivering sustainable long-term growth and connecting customers to the world through a best-in-class seamless connectivity experience. After undergoing a period of significant and transformative change, our focus has shifted to driving operational efficiency and executing on our strategic priorities through the delivery of an exceptional customer experience and a more agile operating model. In fiscal 2019, our strategic focus remained unchanged as we believe that we are well positioned with our current set of complementary assets to meet the increasing needs and demands for connectivity by our customers and deliver long-term, sustainable growth.

Wireline

Shaw is one of the largest providers of residential communication services in Canada

Our Consumer division connects people and families in British Columbia, Alberta, Saskatchewan, Manitoba and Northern Ontario through our FibrePlus network

Shaw Direct is one of two licensed satellite Video services available across Canada

Our Business division leverages the same network infrastructure as Consumer with a product suite targeting small and medium-sized businesses

Wireless

Freedom Mobile currently operates in Ontario, Alberta and British Columbia.

Over 18 million Canadians reside within our current mobile wireless network service area

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

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

Select Financial and Operational Highlights

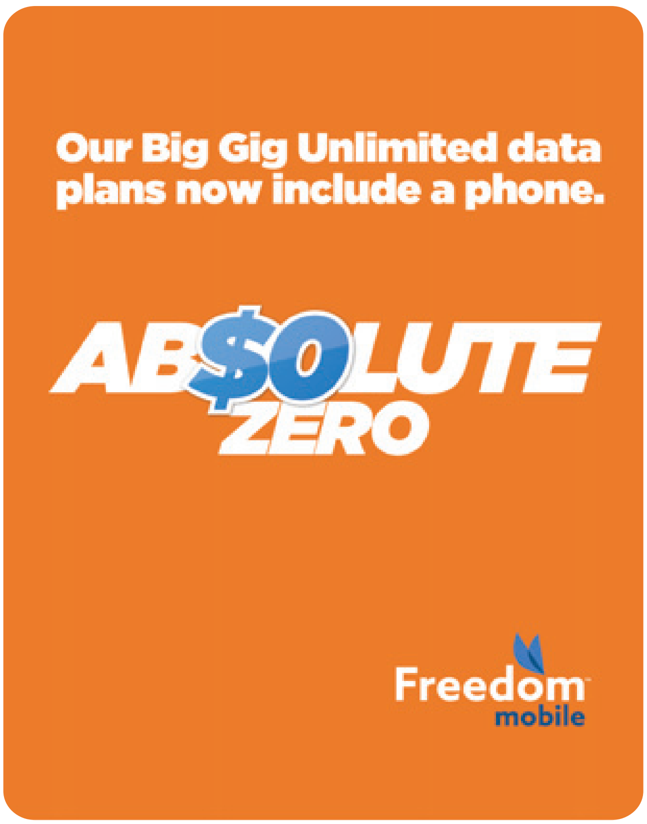
Through an evolving operating and competitive landscape our consolidated business has delivered stable and profitable results in fiscal 2019.

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 September 15, 2017, the Company sold a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation within the Company's Business 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.

Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services division and Shaw Tracking business (an operating segment within the Business 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 segment. This Management's Discussion and Analysis ("MD&A") reflects the results of continuing operations, unless otherwise noted.



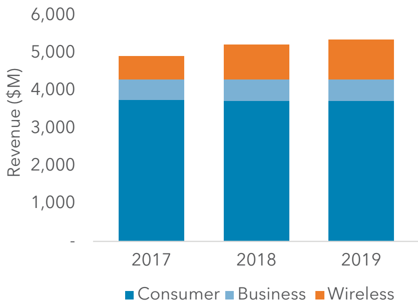
2019 Total Revenue

$5.3 BILLION

20% Wireless

69% Wireline - Consumer

11% Wireline - Business

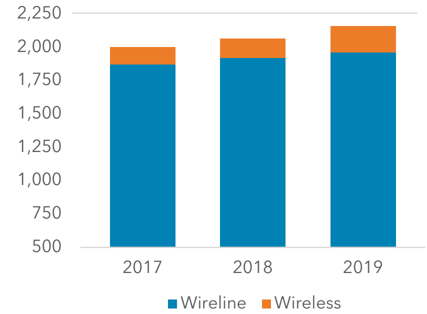


2019 Operating Income Before Restructuring Costs and Amortization

$2.2 BILLION

9% Wireless

91% Wireline



Certain figures included within this annual report have been adjusted to correct an immaterial, inadvertent overstatement of previously reported wireless service revenue for the year ended August 31, 2019 of $7 million.

	Year ended August 31,					
(millions of Canadian dollars except per share amounts)	**2019**	**2018 (restated)** [1]	**Change %**	**2018 (as reported)**	**2017**	**Change %**
Operations:						
Revenue	**5,340**	5,189	2.9	5,239	4,882	7.3
Operating income before restructuring costs and amortization [2]	**2,154**	2,057	4.7	2,089	1,997	4.6
Operating margin [2]	**40.3%**	39.6%	1.8	39.9%	40.9%	(2.5)
Net income from continuing operations	**733**	39	>100.0	66	557	(88.2)
Income (loss) from discontinued operations, net of tax [3]	**–**	(6)	(100.0)	(6)	294	>(100.0)
Net income	**733**	33	>100.0	60	851	(92.9)
Per share data:						
Basic earnings per share						
Continuing operations	**1.41**	0.06		0.11	1.12	
Discontinued operations	**–**	(0.01)		(0.01)	0.60	
	1.41	0.05		0.10	1.72	
Diluted earnings per share						
Continuing operations	**1.41**	0.06		0.11	1.11	
Discontinued operations	**–**	(0.01)		(0.01)	0.60	
	1.41	0.05		0.10	1.71	
Weighted average participating shares outstanding during period (millions)	**511**	502		502	491	
Funds flow from continuing operations [4]	**1,777**	1,177	51.0	1,259	1,530	(17.7)
Free cash flow [2]	**538**	385	39.7	411	438	(6.2)

(1) Fiscal 2018 reported figures have been restated applying IFRS 15 and also reflect a change in accounting policy related to the treatment of digital cable terminals (“DCTs”) to record them as property, plant and equipment rather than inventory upon acquisition. Comparative fiscal 2017 results have not been restated. Refer to “New Accounting Standards” for additional details on the changes for fiscal 2018.

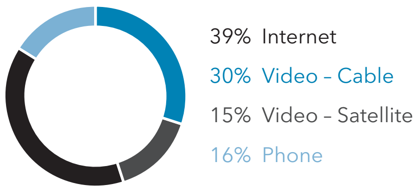
(2) Refer to key performance drivers.

(3) 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.

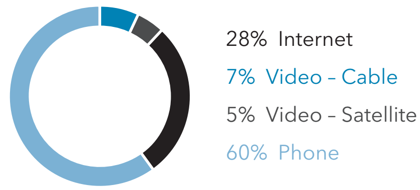
(4) Funds flow from operations is before changes in non-cash working capital balances related to operations as presented in the Consolidated Statements of Cash Flows.

Subscriber highlights:

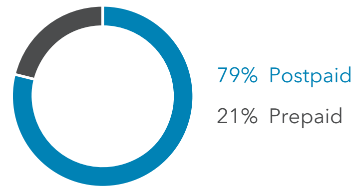
Wireline – Consumer



Wireline – Business



Wireless



Subscriber highlights:	August 31, 2019	August 31, 2018	Change
Wireline – Consumer			
Video – Cable	**1,478,371**	1,585,232	**(106,861)**
Video – Satellite	**703,223**	750,403	**(47,180)**
Internet	**1,911,703**	1,876,944	**34,759**
Phone	**767,745**	853,847	**(86,102)**
Total Consumer	**4,861,042**	5,066,426	**(205,384)**
Wireline – Business			
Video – Cable	**41,843**	49,606	**(7,763)**
Video – Satellite	**35,656**	34,831	**825**
Internet	**173,686**	172,859	**827**
Phone	**379,434**	354,912	**24,522**
Total Business	**630,619**	612,208	**18,411**
Total Wireline	**5,491,661**	5,678,634	**(186,973)**
Wireless (1)			
Postpaid	**1,313,828**	1,029,720	**287,929**
Prepaid	**344,357**	373,138	**(21,688)**
Total Wireless	**1,658,185**	1,402,858	**266,241**
Total Subscribers	**7,149,846**	7,081,492	**79,268**

(1) The Company reduced the August 31, 2019 ending balance by 10,914 due to account cancellations dating back to 2016 previously not reported. The cancellations were comprised of 3,821 postpaid and 7,093 prepaid subscribers. In the Company's view, the cancellations were not significant in relation to previously reported amounts.

Our Strategy

At Shaw, we are focused on delivering sustainable long-term growth by connecting customers to the world through a best-in-class seamless connectivity experience by leveraging our world class converged network. After undergoing a period of significant and transformative change, our focus has shifted to driving operational efficiency and executing on our strategic priorities through delivery of an exceptional customer experience and a more agile operating model. In fiscal 2019, our strategic focus remained unchanged as we believe that we are well positioned with our current set of complementary assets to meet our customers' increasing needs and demands for connectivity and deliver long-term, sustainable growth.

Fiscal 2019 was another exciting year of strong performance from our Wireless business. Through thoughtful and strategic investments and spectrum deployment, we have created a stronger, higher quality network that enables us to deliver an improved customer experience. Through our popular Big Gig Unlimited and Absolute Zero Plans, which leverage our continuous network quality improvements and additional points of distribution, we were able to deliver both subscriber growth of over 266,000 (net additions), ABPU improvement of 6.3% (to $41.67) and service revenue growth of approximately 23% (to over $690 million) in the year. Since the acquisition of Freedom Mobile in 2016, our subscriber base has grown by approximately 65% to over 1.65 million subscribers at the end of fiscal 2019, which is a true testament to Freedom Mobile delivering a differentiated and sustainable value proposition to customers.

In fiscal 2019, investment in our wireless network was a top priority and throughout the year, we continued to roll out our 700 MHz spectrum to a significant portion of sites in Calgary, Edmonton, and Vancouver as well as the greater Toronto area ("GTA"). At the end of fiscal 2019, approximately 70% of the build is complete in Western Canada, with the remaining deployment of the 700 MHz expected to continue throughout fiscal 2020. Additionally, through the 600 MHz spectrum auction which concluded in April 2019, we successfully acquired 11 paired blocks of 20-year 600 MHz spectrum across our Wireless footprint. The 600 MHz spectrum will not only enable us to vastly improve our current LTE service but will also serve as a foundational element of our 5G strategy.

In fiscal 2019, we also expanded our wireless network with the launch of 19 new markets in British Columbia, Alberta and Ontario. Our wireless operating footprint now covers over 18 million people, or approximately 50% of the Canadian population, in some of Canada's largest urban centres, as well as many smaller communities throughout British Columbia, Alberta and Ontario.

In our Wireline division, we continued to leverage our broadband network by introducing new and improved services to our residential and business customers that align with our focus on profitable growth and stability. In fiscal 2019, we doubled the speeds of our Internet 150 and 300 to Internet 300 and 600. We also introduced Shaw BlueCurve to our residential customers, through the BlueCurve Gateway, BlueCurve Home App, and BlueCurve Pods (that create a mesh Wi-Fi network that reduces dead spots), as well as an enhanced and more cost-effective customer Video experience through internet protocol television, or IPTV. Both initiatives support our ongoing transformation, specifically the Total Business Transformation ("TBT"), which seeks to shift customer interactions to digital platforms, deploy self-help and self-install programs and streamline the operations that build and service our network. (see "Total Business Transformation"). At the end of fiscal 2019, approximately 45% of our customers elected to self-install their services. As part of this multi-year journey, we will continue to build and transition into a new digital operating service model, improving the customer experience while significantly reducing costs in the Wireline division.

In addition to strengthening the long-term strategic positioning of the Company over the last several fiscal years, we have maintained a strong balance sheet that supported the significant level of investment required for long-term growth while remaining committed to an investment grade credit rating and long-term free cash flow growth that supports our initiatives to return capital to our shareholders.

Total Business Transformation

In the second quarter of fiscal 2018, we introduced TBT, a multi-year initiative designed to reinvent Shaw's operating model to better meet the evolving needs and expectations of our consumers and businesses by optimizing the use of resources, maintaining and ultimately improving customer service, and by reducing staff. The three key elements of TBT were to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and, 3) streamline the operations that build and service our networks. As part of the TBT initiative, we have reduced input costs, consolidated functions, and streamlined processes, which led to operational improvements across the business allowing us to evolve into a more efficient organization.

As a first step in the TBT, a voluntary departure package (the "VDP package") was offered to approximately 6,500 eligible employees representing approximately 50% of our total workforce. The outcome of the voluntary departure program, or VDP had approximately 3,300 employees or 25% of our total workforce accepting the VDP package at that time. The Company's execution of the VDP continued in fiscal 2019, resulting in approximately 1,000 employees exiting the Company for a total of approximately 2,300 employees since inception. In fiscal 2019, approximately 90 employees either rescinded their acceptance of the VDP package with the approval of the Company or declined their package in order to expedite their departure date. As of November 15, 2019, approximately 2,700 employees had departed the Company, which represents approximately 84% of the employees that accepted the VDP package. The Company expects to complete the VDP in fiscal 2020.

The anticipated annualized savings that will be achieved in fiscal 2020 through the TBT initiative (specifically VDP savings) are expected to be approximately $200 million (approximately $125 million attributable to operating expenses and approximately $75 million attributable to capital expenditures (i.e. labour costs that can be identified or associated with a capital project)) which is materially in line with the original estimate of $215 million. In fiscal 2019, VDP related cost reductions totaled $135 million of which $98 million were attributed to operating expenses and $37 million attributed to capital expenditures.

In connection with the VDP and various other TBT activities, the Company incurred a total restructuring charge of approximately $446 million in fiscal 2018, primarily related to severance and other employee related costs, as well as additional costs directly associated with the TBT initiative. While the restructuring charge has been recognized in fiscal 2018, the actual timing of employee exits are expected to occur over a 24-month period and payments to employees over a 34-month period due to the ability of the eligible employees to defer VDP payments until the first day of the next calendar year following their departure. As the VDP approaches completion, the total restructuring charge was reduced by $9 million in fiscal 2019 and is now expected to total approximately $437 million due to certain individuals rescinding their acceptance of the VDP package with the approval of the Company or declining their VDP package to expedite their departure date. As of August 31, 2019 and November 15, 2019, approximately $292 million and $325 million, respectively, has been paid with the remaining costs expected to be paid out over the next 16 months.

As of the date of this report, both VDP and TBT remain materially on plan in terms of both total restructuring costs and cost savings with limited operational impact to-date due to successful mitigation strategies and execution of our transformation program, which streamlined the way we work and serve our customers in order to provide sustainable operational efficiencies. See also "Restructuring costs", "Caution Concerning Forward Looking Statements" and "Risks and Uncertainties" for a discussion of the TBT, the VDP and the risks and assumptions associated therewith.

People and Culture

As a leading Canadian connectivity company, we are transforming our culture and making purposeful investments in our people which enables us to deliver on our corporate and operational strategy. Building off a foundation of strong leadership and talent, our commitment to a diverse employee base ensures business decisions are made with our customers' needs at the forefront to create a seamless connectivity experience.

Through various inputs and interactions, as well as listening to our employees through our recurring PeoplePulse surveys, we continue to focus on the following three imperatives to achieve our people and culture objectives:

1) **Talent** – Elevating our people by giving them personalized development tools, skills, and the knowledge they need to succeed today and in the future, as well as proactively future-proofing skill gaps and keeping an eye on emerging talent needs.

2) **Leadership** – Investing in our leaders by enhancing their capabilities to drive performance, support our culture and inspire our people.

3) **Culture** – A key driver to our success and competitive advantage stems from our corporate culture and putting our people first to ensure we deliver on exceptional employee and customer experiences. As well, our commitment to sustainability and our environment ensures we are delivering value in the best ways.

Our employees are the source of everything amazing at Shaw and are committed to delivering an exceptional and seamless connectivity experience for our customers and the communities we serve.

Our World-Class Converged Network

As our customers spend more of their time in the digital environment, they increasingly need and expect an always-on, seamless connectivity experience, which requires multiple integrated technology platforms. With our unique FibrePlus (our hybrid fibre-coax network comprised of fibre and coaxial cable), Wi-Fi and LTE networks, we have 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. We continue to further integrate our wireline and wireless networks in order to realize additional capital expenditure synergies and customer benefits.

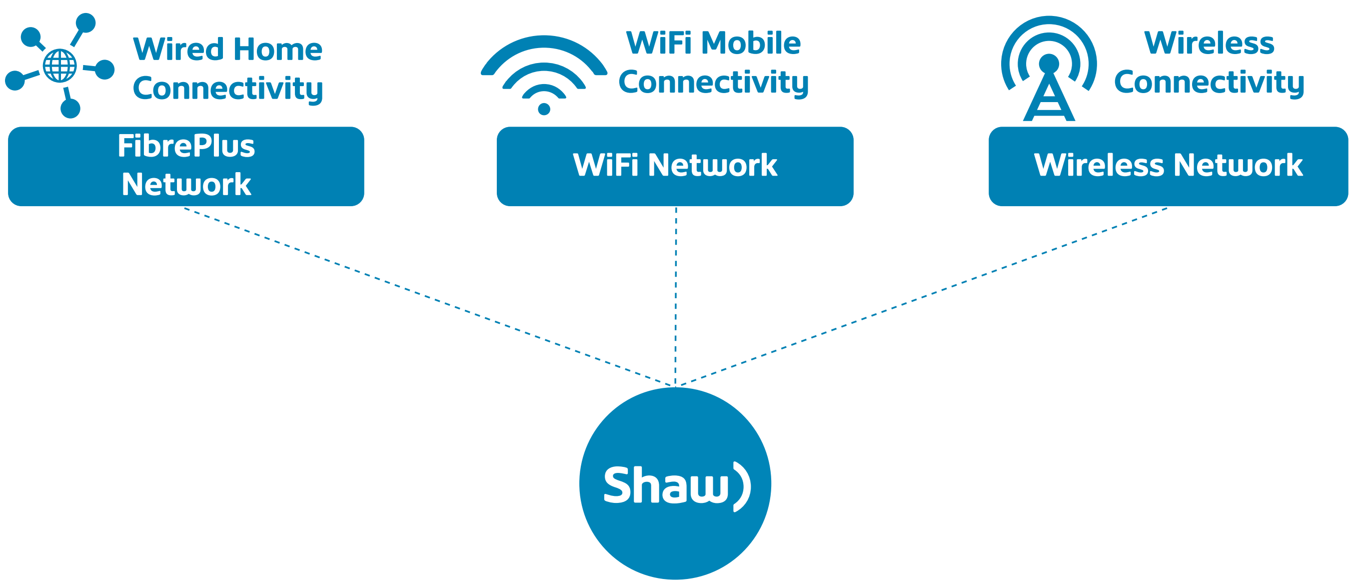
Global Technology Leaders

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 allows us to direct our capital resources and further our commitment to continue the advances in innovation, performance, and reliability of our products and services. In addition, this strategic approach to our business gives us the opportunity to better manage costs by participating in opportunities on a global scale.

We have a series of significant and strong relationships with global leaders on the following initiatives:

- Shaw BlueCurve, a technology that provides customers with greater control over their home Wi-Fi experience (through the BlueCurve Home App and Pods) and supports IPTV, is powered by the BlueCurve Gateway (XB6) DOCSIS 3.1 advanced Wi-Fi modem developed by Comcast (see discussion under "Consumer")
- the deployment of Freedom Mobile's LTE 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, SmartSecurity and SmartSurveillance, in collaboration with Cisco's Meraki and SmartVoice, in collaboration with Broadsoft (see discussion under "Business")



WIRELESS

Our Wireless division, through Freedom Mobile, provides wireless voice and data services through an expanding and improving wireless network

WIRELINE - CONSUMER

Our Wireline - Consumer division connects consumers in their homes and on the go with broadband Internet, Shaw Go WiFi, video (including BlueCurve TV) and traditional home phone services

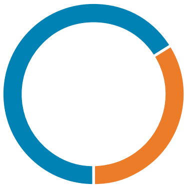
WIRELINE - BUSINESS

Our Wireline - Business division provides business customers with a full suite of connectivity and managed services, including Internet, data, WiFi and phone, which enables them to focus on building their business

Wireless and Wireline Performance

In fiscal 2019, we continued to make progress on our TBT initiatives by improving the customer experience across both our Wireline and Wireless divisions while, at the same time, removing significant operating and capital costs from the business. Through our focus on execution, we are growing our wireless and broadband customers, identifying sustainable cost savings in our core Wireline business, and making the appropriate investments to capitalize on future growth. The disposal of our entire equity investment in Corus Entertainment Inc. ("Corus") in the year further solidified our balance sheet and allows us to continue our transformation into an agile, lean and digital-first organization that is focused on providing a seamless connectivity experience that meets the needs of its customers now and into the future. With our successful acquisition of 600 MHz spectrum across our wireless operating footprint, we can continue to improve our LTE experience, provide affordable options for our customers, and lay the foundation for 5G services.

2019 Wireless Revenue



$1,047 MILLION

66% Service

34% Equipment and other

2018 Wireless Revenue

$901 MILLION

63% Service

37% Equipment and other

	2019		2018 (restated) [1]	
(millions of Canadian dollars)	**$**	**Increase**	**$**	**Increase**
Service [2]	**694**	**23.0%**	564	17.0%
Equipment and other	**353**	**4.7%**	337	>100%
Wireless revenue	**1,047**	**16.2%**	901	48.9%
Operating income before restructuring costs and amortization [3]	**199**	**40.1%**	142	6.8%

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. The increase for Fiscal 2018 reflects the change from comparative fiscal 2017 results that have not been restated. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

(2) Certain figures have been adjusted to correct an immaterial, inadvertent overstatement of previously reported wireless service revenue for the year ended August 31, 2019 of $7 million.

(3) Refer to key performance drivers.

Our Wireless division was formed following the acquisition of Freedom Mobile in March 2016. This acquisition transformed Shaw into a leading Canadian connectivity company, adding the critical wireless component to 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 Big Gig Unlimited, Absolute Zero, and Prepaid Plans

In fiscal 2018, Freedom Mobile, by leveraging its AWS-3 LTE Network, launched the Big Gig data plans, targeting a data-centric customer with 10 GB of data for only $50 per month – unlike any other plan offered in Canada at that time. Building off the success of our Big Gig Plans, in fiscal 2019, we launched the Big Gig Unlimited and Absolute Zero campaigns in response to the competitive and dynamic wireless environment. Paired with the most popular devices, and ongoing improvements in the strength and capacity of our network, our Big Gig Unlimited and Absolute Zero plans, continue to disrupt the wireless market by providing Canadians with a better, more affordable option when choosing a wireless service provider.

Freedom Mobile customers can either bring their own device to the network or participate in one of Freedom Mobile's discretionary wireless handset discount plans – MyTab, MyTab Boost, and Absolute Zero. MyTab allows Freedom Mobile customers to pay a discounted price for a handset upfront with no predetermined monthly incremental charge. My Tab Boost allows Freedom Mobile customers to receive a further reduction on the upfront payment for a handset which could be as low as $0 if they pay a predetermined incremental amount on a monthly basis. The Absolute Zero plan allows Freedom Mobile customers to receive an eligible handset for $0, with no predetermined incremental amount payable each month, with a two-year standard commitment.

In the third quarter of fiscal 2019, Freedom Mobile introduced new prepaid service plans that better aligned with current market offers which resulted in a significant year-over-year improvement in prepaid market performance.

Distribution Network

During fiscal 2018, we expanded our retail network by entering into distribution agreements with Loblaws and Walmart. Freedom Mobile products and services are currently being distributed in approximately 100 Loblaws' "The Mobile Shop" locations and approximately 140 Walmart locations throughout Ontario, Alberta and British Columbia. In fiscal 2019, Freedom Mobile remodeled its most prominent corporate branded stores and finalized an agreement with a third national retail partner, Mobilinq, to launch prepaid services in approximately 50 of its stores. When combined with our existing corporate and dealer store network, Freedom Mobile ended fiscal 2019 with over 650 retail distribution locations.

Network Upgrades

Supporting our subscriber and revenue growth, and our improved Wireless postpaid churn results, are the significant investments in our network and customer service capabilities. In fiscal 2019, we continued to deploy our Extended Range LTE network in Calgary, Edmonton, Vancouver, and the GTA, which leverages our 700 MHz spectrum, to provide customers with improved in-building coverage as well as extending service at the edge of the current area. At the end of fiscal 2019, approximately 70% of the build is complete in Western Canada, with the remaining deployment of our 700 MHz spectrum expected to continue throughout 2020. In fiscal 2019, Freedom Mobile also migrated its core network to the CloudBand Infrastructure Software platform, which is the latest generation of cloud core architecture from Nokia and a key building block of 5G. With our successful acquisition of the 600 MHz spectrum across our entire wireless operating footprint, we will continue to improve our network experience and provide affordable options for our customers.

5G Technical Trials

In fiscal 2019, we completed extensive 5G pre-commercial trials in the 3.5 GHz and 28 GHz frequency bands in collaboration with Nokia, NovApex Technologies, Keysight Technologies and PCTEL. The trials were conducted at three Freedom Mobile cell sites in suburban Calgary and included both stationary and mobile driving testing.

- The 28 GHz spectrum band testing demonstrated speeds of up to 2.1 Gbps were possible with pre-commercial user devices which could potentially enable a new range of applications including augmented and virtual reality. However, as expected, the results showed that mobile coverage was generally limited to 100–300m from the cell site which makes the 28 GHz spectrum band best suited for hot spot areas with high user density (e.g. outdoor plazas, stadiums, and shopping areas).

- Conversely, stationary and drive test results at the 3.5 GHz spectrum band indicate that seamless mobile coverage is possible using existing sites with download speeds of up to 340 Mbps.
- Performance testing results also showed that significant reductions in latency were possible with 5G with median round trip latencies of 8.5 milliseconds measured at 28 GHz spectrum band, which is approximately ¼ of the time on existing LTE networks.

Both the 3.5 GHz and 28 GHz frequency bands are planned to be auctioned by Innovation, Science and Economic Development ("ISED") in 2020 and 2021, respectively. We are currently conducting additional pre-commercial 5G trials in fiscal 2020 in two key areas: (1) 5G backhaul over DOCSIS, and (2) 5G in the 600 MHz frequency band. Backhauling 5G traffic over DOCSIS offers the prospect of significantly reducing the time and cost to deploy 5G networks. 5G in the 600 MHz frequency band offers lower latency, improved device connectivity, and higher speeds compared to LTE.

Subscriber and ABPU Growth

In fiscal 2019, our Wireless division delivered strong, high quality subscriber growth while continuing to improve operating margins and lower churn. Over 18 million Canadians or 50% of the Canadian population reside within our current mobile wireless network service area. Our Wireless division's customer base continues to grow, with over 1.65 million customers, including over 266,000 net new customers added in fiscal 2019. The growth of Freedom Mobile's subscriber base was complemented, on an annual basis, by an ABPU improvement of 6.3% (to $41.67) over fiscal 2018, reflecting the increased number of customers subscribing to higher value plans and purchasing devices through Freedom Mobile.

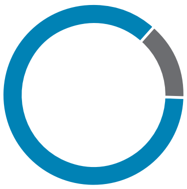
Since the acquisition of Freedom Mobile, we have made significant investments and improvements to scale the business. We have firmly established Freedom Mobile as the industry innovator and recognized champion of wireless affordability for Canadians. Through years of thoughtful and strategic capital investing, we are expanding and improving our facilities-based wireless network that is capable of meeting the evolving needs of our customers. We are excited by the growth potential of the Wireless business, and, as shown by our results this year, we are committed to delivering a strong and competitive wireless alternative that will benefit all Canadians.

Wireless subscriber activity is influenced by the launch of popular new mobile devices, seasonal promotional periods and the level of competitive intensity. Our first and fourth quarters typically experience higher volumes of Wireless competitive activity as a result of back to school and holiday season-related consumer behaviour. Aggressive promotional offers are often advertised during these periods which can impact our Wireless subscriber metrics. Shaw's Wireless business does not depend on any single customer or concentration of customers.

1 Assumes Canadian population of 35 million (https://www.statcan.gc.ca/pub/12-581-x/2017000/pop-eng.htm).

WIRELINE

2019 Wireline Revenue

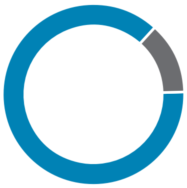


$4.3 BILLION

86% Consumer

14% Business

2018 Wireline Revenue



$4.3 BILLION

87% Consumer

13% Business

(millions of Canadian dollars)	2019 $	2019 Increase / (Decrease)	2018 (restated) [1] $	2018 (restated) [1] Increase / (Decrease)
Consumer	3,707	(0.5)%	3,725	(0.6)%
Business	593	4.6%	567	6.4%
Wireline revenue	4,300	0.2%	4,292	0.3%
Operating income before restructuring costs and amortization [2]	1,955	2.1%	1,915	2.7%

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. The increase/(decrease) for Fiscal 2018 reflects the change from comparative fiscal 2017 results that have not been restated. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

(2) Refer to key performance drivers.

In our Wireline business, we have cemented our status as a technology leader with our BlueCurve and SmartSuite products. Through our digital transformation, we have made it easier to interact with our customers and are leveraging insights from customer data to better understand their preferences so we can provide them with the services they want. We are shifting customer interactions to digital platforms and driving more self-help, self-install and self-service. At the end of fiscal 2019, 45% of our customers elected to self-install their services. We continue to streamline and simplify manual processes that improve the customer experience and day-to-day operations for our employees. This focus has played an instrumental role in executing our overall VDP, which is approximately 84% complete as at November 15, 2019.

Our focus remains on the execution and delivery of stable and profitable Wireline results. This includes growing Internet subscribers, primarily through two-year ValuePlans, and attracting and retaining high quality Video subscribers which support our Consumer profitability objectives.

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 services to customers that are connected to our local and regional FibrePlus network in British Columbia, Alberta, Saskatchewan, Manitoba and Northern Ontario
- **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 our customers in British Columbia, Alberta, Saskatchewan, Manitoba and Northern Ontario through our FibrePlus 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 value-added service offerings. Our customer-centric strategy is designed to deliver a quality service experience, value and choice for our customers.

Leveraging our strategic partnership with Comcast, we continued to roll-out an advanced series of technologies catered to serve an increasingly connected Canadian population beginning with Shaw BlueCurve, our next generation technology which features the BlueCurve Gateway, BlueCurve Home App, BlueCurve Pods, BlueCurve TV, and BlueCurve TV App. In connection with the BlueCurve launch, we introduced a new brand advertising platform representing our shift to a modern Shaw. Wrapped under the campaign line "You Got It", our BlueCurve platform puts our customers at the centre of it all – by showcasing the way our products and services fuel their connected lives.

Internet

As a leading Canadian 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.

In 2019, we continued to deploy our Data over Cable Interface Specification version 3.1 ("DOCSIS 3.1") advanced Wi-Fi modem (XB6), powered by Comcast, which enables faster internet speeds, supports more devices and ensures a stronger in-home internet connection. Building on our network advantage and the success of our Internet offerings, in the first quarter of 2019, we introduced Internet 600 – doubling our fastest residential speed with Unlimited Data – which is available across virtually all of our Western Canadian cable footprint.

As part of the Internet 600 launch, we doubled speeds of our top residential tiers, Internet 150 and 300 to Internet 300 to 600, respectively. Our Internet services now ranges from Internet 50 to Internet 600, giving customers that live within our cable footprint choice, value, and reliable connectivity. As Canadians continue to add more devices and use more data, Internet 600 with Unlimited Data allows our customers to stream, game, make video calls and surf the web all at the same time, with improved buffering time and without incurring additional data charges.

In April 2019, the Company unveiled Shaw BlueCurve, a technology that provides customers with greater control over their home Wi-Fi experience through the BlueCurve Home App and expanded Wi-Fi coverage with BlueCurve Pods. The launch of Shaw BlueCurve technology aligns with the Company's TBT initiative regarding a more agile, innovative, and customer-centric approach to modernizing all aspects of its operations, including a more efficient delivery of products and services. In particular, the BlueCurve technology supports an easy-to-use self-install program which allows us to differentiate our broadband service by saving our customers' time so they can get connected quickly.

The BlueCurve Home App is the latest innovative in-home consumer product that Shaw has brought to market through its partnership with Comcast, and it is available with Shaw's BlueCurve Gateway modem – the hub of customers' in-home content and connectivity experience. The BlueCurve Home App provides an intuitive way for our customers to manage their in-home Wi-Fi, including time controls, user-controls, usage reporting, troubleshooting and self-installation. BlueCurve Pods are simple plug-in devices which enable Wi-Fi to reach every corner of our customers' homes by creating a mesh Wi-Fi network that reduces dead spots. The BlueCurve Pods can be easily self-installed through the BlueCurve Home App, plug directly into indoor electrical outlets, and can be easily moved to suit customers' distinct coverage needs.

In addition to our reliable service enhanced by our BlueCurve experience, a key value-added differentiator for Shaw Internet customers is access to our carrier-grade Shaw Go WiFi network, which continues to show growth in the number of devices connecting to our network. Over 3.6 million devices have authenticated on our Shaw Go WiFi network and there are over 100,000 access points used by our customers in coffee shops, restaurants, gyms, malls, public transit and other public spaces covering locations from British Columbia to Ontario.

In fiscal 2019, we continued the focus on our 2-year Value Plans, which provide customers with price certainty over the term and has resulted in lower churn rates on those plans. Due to the strength of our FibrePlus network and our focus on improving execution, we added approximately 35,000 Internet customers in fiscal 2019, including 11,400 Internet customers in the fourth quarter.

Video

Our wireline Video services continue to offer a wide selection of standard definition ("SD") and high definition ("HD") television channels with access to one of Western Canada's largest selection of on-demand titles, including access to both free and paid movies, television shows and music content.

Our Video customers can choose pre-selected packages with the most popular channels or start with a basic primary package and then add additional channels from a variety of sports, family and other theme specialty packages, as well as individual channels offered on a channel-by-channel basis.

Our flagship Video offering is the Comcast Xfinity-based Video service, branded as Shaw BlueCurve TV, our next generation of TV service (replacing our BlueSky TV service). Blue Curve TV is available across most of our western Canadian cable footprint. BlueCurve TV provides a superior and unique content search experience – a single voice command on the remote returns content available for viewing from live TV, Video On Demand, YouTube, Crave, Netflix, Amazon Prime, and other OTT platforms (where subscribed) – it's all in one place.

In connection with the BlueCurve TV launch, we also upgraded our Video packages to provide a simplified offering for Canadians with improved channels and entertainment value for our customers that bundled BlueCurve TV and Internet services.

Our Shaw BlueCurve TV customers also have access to the X1 based "BlueCurve TV App", our next generation TV app (replacing our Free Range TV app), which is free for all Shaw Video (Cable and Shaw Direct) customers. The BlueCurve TV App makes available, over the Internet and mobile devices, a large library of content, including current TV shows, movies, sports, and family content. In addition, the BlueCurve TV App allows BlueCurve TV customers to access to their PVR recordings and download any recordings and take with them on the go.

Building on the BlueCurve gateway modem, in May 2019, we began to seamlessly roll-out our IPTV service on a market-by-market basis providing Canadians with additional functionality on the BlueCurve TV platform, including access to a 4K wireless player which allows them to watch TV in any part of their home. As of August 31, 2019, we successfully launched our IPTV service across 70% of our Western Canadian footprint with the full roll-out expected to be complete over the next few months.

Phone

Our 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 300 HD channels) and thousands of on-demand, pay-per-view and subscription movie and television titles.

Similar to our wireline Video service, our satellite customers can select a primary TV package that includes a set number of base channels plus a selection of add-on channels. Shaw Direct customers can further customize their TV packages by adding additional theme packs, premium packages and individual 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.

We are committed to securing and delivering leading technology for our customers. Currently, we have access to three satellites that enable us to enhance our offerings with nearly all HD programming and improved service quality. During fiscal 2019, we completed the final phase to move all Video services from MPEG-2 to MPEG-4 to improve the operational efficiencies of our transponders. We expect to be able to offer all carried and available English and French services in HD by early 2020.

A listing of our satellite capacity is provided below as at August 31, 2019.

Shaw Satellite Transponders

Transponders	Interest	Nature of Satellite
Anik G1	16 xKu-band	Leased
Anik F2 (1)	16 Ku-band	Owned(2)(3)
	6 Ku-band	Leased
Anik F1R	28 Ku-band(3)	Leased
	1 C-band	Leased

(1) On September 15, 2017, the Company sold 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.

(2) Effective October 1, 2019, the Company transferred its interest in the 16 Anik F2 transponders which it owned, back to Telesat.

(3) Also effective October 1, 2019, the Company adjusted its satellite traffic on the Anik F1R and Anik F2 satellites, and renewed its capacity service agreements on 6 Anik F1R Ku-band transponders and 16 Anik F2 Ku-band transponders until the effective end-of-life date of such satellites.

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 summertime when more subscribers have second homes in use. Our Consumer Video business does not depend on any single customer or concentration of customers.

BUSINESS

Shaw Business provides connectivity solutions to business customers of all sizes, from home offices to medium and large-scale enterprises, leveraging our business grade FibrePlus and fibre-to-the-premise ("FTTP") networks.

The range of services offered by Shaw Business includes:

Fibre Internet

- Scalable, symmetrical fibre Internet solutions from 10 Mbps to more than 10 Gbps.

Business Internet

- On March 7, 2019, Shaw Business launched its fastest internet tier in select areas, with download speeds of up to 1 Gbps paired with upload speeds of up to 125 Mbps, which allows businesses of all sizes to get the bandwidth they need and ensure their employees, customers and guests can get the most out of their connectivity experience.
- In the third quarter of fiscal 2019, Shaw Business:
  - upgraded its Internet 25 and other lower tier speed customers to Internet 75 (with download speeds of up to 75 Mbps paired with uploads speeds of up to 15 Mbps).
  - doubled the speeds of eligible Shaw Business Internet and Smart Wi-Fi 150 and 300 customers to Shaw Business Internet and Smart WiFi 300 and 600 (with download speeds of up to 300 Mbps and 600 Mbps, respectively paired with upload speeds of up to 20 Mbps and 30 Mbps, respectively). Shaw Business Internet and Smart WiFi 150 and 300 customers were notified about their eligibility to receive this complimentary speed increase and a new Hitron DOCSIS 3.1 modem.
  - all these packages offer unlimited data usage, one dynamic and one static IP address, and are available on month-to-month, 2, 3, and 5-year contract terms.

Data Connectivity – provides secure private connectivity for multiple locations

- In January 2019, Shaw Business launched an enhanced data service, Ethernet over DOCSIS (EoD), which offers symmetrical data speeds of up to 100 Mbps making Shaw the first multiple system operator in North America to offer these symmetrical speeds over a hybrid fibre coaxial network.
- Leveraging our hybrid fibre-coaxial network, or FibrePlus network, we have extended this EoD service to over 300,000 business locations in Western Canada.

Voice Solutions

- Shaw Business offers a range of voice solutions from traditional analog to digital Business Phone and robust, fully-managed voice systems with unified communications functionality.
- Shaw Business Digital Phone offers more than 18 business features including multi-line hunting, voicemail to email and an included toll-free number.
- in addition to competitive long-distance rates across the globe and month-to-month uncontracted rates, Shaw Business phone customers have 2, 3, and 5-year contract options to provide cost consistency for their business.

Video

- Video and audio service offering content for public viewing.
- Similar to our consumer Video service, Business cable and satellite customers can 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 August 2019, Shaw Business launched a Video Casting solution for hospitality giving guests the ability to securely and seamlessly cast video content from their personal devices to a guest room television. This property management solution streamlines the guest authentication experience and enables hoteliers to monetize the Wi-Fi solution.

Broadcast Video

- Delivers high-quality Video to service providers across North America in real time.

Shaw) Business

Shaw Business has positioned itself as a trusted business advisor by taking 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 collaborates 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 businesses of all sizes as the digital economy grows in scope and complexity.

The Smart Suite of services includes:

SmartVoice

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

- From comprehensive traditional phone features such as auto-attendant, hunt groups and call recording to collaboration tools such as instant messenger and screen sharing, SmartVoice gives businesses the flexibility to work in a modern way.
- SmartVoice offers three different levels of packaging based on business needs and is available on 2, 3, or 5-year contract terms.

SmartWiFi

- SmartWiFi is a fully-managed Internet solution deployed over Cisco's Meraki platform that enables seamless, secure wireless connectivity for employees, customers and guests in the office.
- SmartWiFi also enables access to the cloud portal where customers can easily manage their service, configure their set service identifiers, or SSIDs, to gain insight from network analytics and create a custom dashboard.
- Available at speeds of up to 75 Mbps, 300 Mbps, 600 Mbps and 1 Gbps, plus Wireless access points, SmartWiFi provides our customers with exceptional Wi-Fi coverage on 2, 3, or 5-year contract terms.

SmartSecurity

- SmartSecurity is 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, virus protection, the ability to control which applications run on the network, content filtering and the connection of branch locations. A SmartSecurity premium package also includes the ability to set-up a secure a virtual private network, or VPN.
- In February 2019, Shaw Business introduced LTE Failover, an add-on service for SmartSecurity, which provides redundancy through a secondary Internet connection that ensures seamless and automatic failover in case of an outage.
- SmartSecurity is available when bundled with SmartWiFi or Business Internet on 3 or 5-year contract terms.

SmartSurveillance

- SmartSurveillance is a fully-managed, enterprise-grade security camera solution deployed over Cisco's Meraki platform. Managed through a cloud-portal, SmartSurveillance enables business owners to view footage and manage their cameras from anywhere using an intuitive on-line dashboard. Sophisticated features, such as motion-based search and heat mapping, allow owners to quickly find footage of interest and identify activity patterns.
- SmartSurveillance can also be bundled with SmartWiFi or Business Internet 75 and above on a 3 or 5-year contract term.

Software Defined Wide Area Network ("SD-WAN")

- In October 2018, Shaw Business launched SD-WAN, which provides businesses with a better way to connect multiple offices in a scalable and cost-effective manner on a cloud-managed platform.
- With integrated security, multiple Internet links, seamless LTE failover and intelligent path control, SD-WAN enables companies to deploy a resilient, cost-effective, high-bandwidth connectivity solution.
- Powered in partnership with Cisco Meraki, SD-WAN sites are connected by Internet links secured by our SmartSecurity service which provides network protection and cloud-based security policy updates to protect businesses from the latest vulnerabilities and network threats.

Session Initiation Protocol ("SIP") Trunking

- Our next-generation SIP Trunking solution, on the Broadsoft platform, delivers a centralized voice solution managed in an easy-to-use cloud portal.
- SIP allows customers to pay only for what they need with the ability to scale the system quickly as businesses grow.
- The integration with Broadsoft's platform provides businesses with access to unified communications features such as video conferencing, call queuing and auto-attendant as well as the ability to join offices with SmartVoice and SIP into the same environment to save cost and increase efficiency.

On the success of its SmartSuite of products, Shaw Business continues to grow at a steady pace despite recent years of economic challenges experienced in parts of Western Canada. Highlighted by growth in the small and medium sized business markets, our Business division continues to consistently increase its customer base, revenue and profitability. Our SmartSuite products can scale to larger businesses, giving us opportunities to deliver services across Canada.

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 our customers' expectations for bandwidth, speed and reliability. See "Shaw's Wireline Network" for a description of our wireline network and the advances that we are undertaking.

Calgary1 Data Centre

On August 1, 2019, Shaw Business completed the sale of the assets of the Shaw Calgary1 data centre, including all of the contractual relationships residing in the facility and the existing operational and sales teams, to a third party. As part of the transaction, the parties entered into a multi-year customer agreement whereby the purchaser will be a third-party data centre supplier to Shaw Business in Calgary, further complimenting Shaw Business' connectivity capabilities.

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. All service solutions are sold on 1, 3 or 5-year contract terms and pricing is negotiated based on the specific solution provided to the customer.

Broadcast Services

Shaw Broadcast Services uses our satellite network to manage one of North America's largest full-service commercial signal distribution networks. Shaw Broadcast Services currently provides distribution of English, French, and third-language, Canadian, US and International television and radio programming services to hundreds of multichannel operators.

As we continue to improve overall efficiency and provide a seamless connectivity experience to our customers, the Company announced that commencing in fiscal 2020, the Wholesale Wireline Network Services and Broadcast Services will be reported as part of the Consumer division.

Tracking

In fiscal 2018, the Company sold 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 FibrePlus wireline network, which combines the power of fibre, coax, and Wi-Fi and is comprised of our:

- 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 terabits of capacity over multiple fibres 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 5,000 route kilometres of fibre between Prince George and Montreal (via Edmonton, Saskatoon, Winnipeg, Thunder Bay, Toronto and Ottawa). Current fibre construction to extend our Northern route from Prince George to North Vancouver is underway in collaboration with the federal government's Connect to Innovate and Connecting British Columbia programs. A third secured capacity backbone route for advanced redundancy is located from Vancouver to Edmonton to Calgary and Calgary to Toronto through Dallas and New York. These routes, along with a number of other 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, (vii) Edmonton and Fort McMurray, and (viii) Denver and Calgary.

Regional Distribution Network

We connect our backbone network to residential and business customers through our extensive regional fibre optic and FibrePlus distribution networks.

In fiscal 2018, we completed the activation of the next generation of cable access technology known as DOCSIS 3.1. Powered by our latest generation of DOCSIS 3.1 enabled Cable modem, the XB6, the upgrade allowed us to launch our Internet 600 consumer speed tier and our 1 Gbps business speed tier across virtually all of our cable footprint. The upgrade also enabled Shaw to double the speeds of its Internet 150 and 300 customers to Internet 300 and 600, respectively in December of 2018, enabling industry leading speeds in Western Canada. DOCSIS 3.1 is also being leveraged to provide wireless backhaul services for our Freedom Wireless LTE small cells, providing significantly improved wireless coverage and capacity in both indoor and outdoor locations, while minimizing deployment and upgrade costs.

In conjunction with our DOCSIS 3.1 upgrades, we are continually increasing the spectrum usable on our cable plant, enabling increased upstream and downstream capacities. In March 2019, Shaw Business launched its fastest Internet tier with download speeds of up to 1 Gbps paired with upload speeds of up to 125 Mbps, which is currently one of the fastest broadly available upload speeds by a North American cable operator. We expect that these efficient upgrades will continue to allow cable technology to achieve fiber equivalent performance in download and upload speeds.

Shaw continues to optimize the capacity and efficiency of our wireline network and has virtually eliminated network congestion by deploying fibre optic cable deeper into our access networks and closer to where our customers reside. We continue to increase 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, fibre-to-the-premises or FTTP, or the newly released DOCSIS 4.0 specification, which are all potential building blocks for multi-gigabit symmetrical services over co-axial infrastructure.

Shaw Go WiFi

Shaw has created Canada's most extensive service provider Wi-Fi network, Shaw Go WiFi. Shaw Go WiFi extends a Shaw Internet customer's broadband experience beyond the home as a valuable extension of our customer wireline network experience. Over 3.6 million devices have authenticated to our carrier-grade Shaw Go WiFi network and there are over 100,000 access points used by our customers in coffee shops, restaurants, gyms, malls, public transit and other public spaces covering locations from British Columbia to Ontario. Freedom Mobile customers can also access Freedom WiFi at more than 100,000 Shaw Go WiFi access points and over 300,000 home hotspots across Western Canada making it easier to stream and download at more locations.

Shaw's Wireless Network

Shaw partnered with NOKIA to roll-out our next generation LTE wireless network to our customers in our existing markets in Ontario, Alberta and British Columbia. Until the launch of our LTE network to all of our existing markets in fiscal 2017, our customers were served by our 3G network using AWS-1 spectrum.

In October 2017, we announced the deployment of the 2500 MHz spectrum acquired from Quebecor and re-farming of a portion of our existing AWS-1 spectrum which enhanced our customers' access to LTE data speeds. This step, along with completion of the re-farming of 10 MHz of our existing AWS-1 spectrum to LTE in the second quarter of fiscal 2018, resulted in a large majority of our existing customers migrating from 3G to LTE service using their existing devices, which allowed us to offer LTE service across three spectrum bands – AWS-1, AWS-3 and 2500 MHz. As a result, service significantly improved for customers that were migrated from 3G to our AWS-1 and 2500 MHz LTE network as well as for our remaining 3G customers.

In the fourth quarter of fiscal 2018, we launched Voice over LTE ("VoLTE") nationwide across all three of our LTE spectrum bands – AWS-1, AWS-3 and 2500 MHz – offering our customers with compatible devices an improvement in voice quality and a reduction in call set-up time. In fiscal 2018, we also started deploying small cell technology (low-powered wireless antennas and receivers with a range of 100m to 200m), designed to provide network coverage to smaller areas. As tall high-power macro towers keep the network signal strong across large distances, small cells suit more densely developed areas like city centres and popular venues by providing LTE/VoLTE quality, speed, capacity and coverage improvements in these high traffic areas.

In fiscal 2019, we continued to deploy our Extended Range LTE network in Calgary, Edmonton, Vancouver, and the GTA, which leverages our 700 MHz spectrum, to provide customers with improved in-building coverage and as well as extending service at the edge of the current area. At the end of fiscal 2019, approximately 70% of the build is complete in Western Canada, with the remaining deployment of our 700 MHz spectrum expected to continue throughout 2020. In fiscal 2019, Freedom Mobile also migrated its core network to the newly produced CloudBased Infrastructure Software platform, which is the latest generation of cloud Core architecture from Nokia and a key building block of 5G. With our successful acquisition of the 600 MHz spectrum across our entire wireless operating footprint, we will continue to improve our network experience and provide affordable options for our customers.

Spectrum holdings

In April 2019, the Company successfully acquired 11 paired blocks of 20-year 600 MHz spectrum across its wireless operating footprint, for a total purchase price of $492 million, or $0.78 per MHz-Pop. The spectrum licences secured through the 600 MHz spectrum auction include 30 MHz across each of British Columbia, Alberta, and Southern Ontario as well as 20 MHz in Eastern Ontario. This spectrum, and the incremental network investment to deploy the spectrum, will materially improve our long-term wireless customer experience and further enable our ability to offer converged network solutions.

In addition to the recently acquired 600 MHz spectrum, our Wireless division currently holds 50 MHz of AWS spectrum, 10 MHz of 700 MHz and 20-40 MHz of 2500 MHz spectrum in the main service areas of Southern Ontario, Alberta and British Columbia. We also hold 20-60 MHz of AWS spectrum, 0-10 MHz of 700 MHz and 0-30 MHz of 2500 MHz spectrum in other markets within Southern Ontario, Eastern Ontario, Alberta and British Columbia. As discussed below, ISED has undertaken a consultation regarding the policy framework for the 3500 MHz spectrum auction. (For further detail see "Government Regulations and Regulatory Developments – Radiocommunication Act – Wireless Spectrum Licences").

The Company expects that its spectrum assets will continue to support anticipated growth in Wireless subscribers, as well as 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 develops and delivers high quality brands and content across platforms for audiences around the world. Its portfolio of multimedia offerings encompasses 35 specialty television services, 39 radio stations, 15 conventional television stations, a suite of digital assets, animation software, technology and media services. Corus is an established creator of globally distributed content through Nelvana animation studio, Corus Studios, and children's book publishing house Kids Can Press. Corus also owns innovative full-service social digital agency so.da, and lifestyle entertainment company Kin Canada. Corus' roster of premium brands includes Global Television, W Network, HGTV Canada, Food Network Canada, HISTORY®, Showcase, National Geographic, Disney Channel Canada, YTV and Nickelodeon Canada, Global News, globalnews.ca, Q107, Country 105, and CFOX. 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 at that time. 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, 2019, the Company received dividends of approximately $10 million (fiscal 2018 – $92 million) from Corus, $nil (fiscal 2018 – $nil) were reinvested in additional Corus Class B non-voting participating shares as the Company withdrew from Corus' dividend reinvestment plan on September 1, 2017.

In the third quarter of fiscal 2018, the Company assessed its investment in Corus for indicators of impairment, which included a significant and sustained decrease in the share price as well as the recording by Corus of an impairment charge against their goodwill and broadcast license intangibles and found that there was evidence that impairment had occurred. The Company compared the recoverable amount to the carrying value and determined that an impairment charge of $284 million was required. The recoverable amount was determined based on the value in use of the investment.

On May 31, 2019, the Company completed its secondary offering of its 80,630,383 Class B non-voting participating shares of Corus at a price of $6.80 per share, representing approximately 38% of the outstanding Class B non-voting participating shares for net proceeds to the Company of approximately $526 million. Shaw no longer holds any equity interest in Corus.

Climate Change and Environmental Responsibility

Shaw is committed to delivering a seamless connectivity experience to Canadians in an environmentally responsible and sustainable manner. In fiscal 2019, we continued to make positive strides on our climate change initiatives, which include:

- **Reducing Consumption** – We support efforts to reduce employee, customer, and enterprise consumption of:
  a) Power – through the use of energy efficient technologies,
  b) Water – by reducing water consumption in Shaw owned buildings, and
  c) Paper – by continuing to promote e-bill and efficient printing behaviours amongst employees and customers to reduce paper use by shifting interactions to digital platforms as part of the Company's digital transformation.
- **Waste Reduction** – To reduce employee, customer, and enterprise waste we have implemented waste diversion and e-waste recycling programs and reduced single-use items in our marketing campaigns and packaging.
- **Reducing Carbon Emissions** – To reduce Shaw's carbon footprint by carbon reduction (through LED lighting, high-efficiency boilers, e-billing, and reduced truck rolls due to increased consumer self-install of CPE) and offsetting carbon emissions at its major facilities;
- **Engagement and Awareness** – Drive employee, customer and enterprise awareness of Shaw's environmental initiatives. Engaging employees in our journey, through the establishment of green teams, earth week, and waste reduction initiatives, to advance our goals of educating and sharing common beliefs and values around environmental sustainability.

The Company participates in the Society of Cable Telecommunications Engineers' Energy 2020 program which set targets to reduce power consumption per unit by 20%, reduce energy costs by 25% on a unit basis, and reduce grid dependency by 5% by 2020 relative to a 2014 baseline.

Shaw is also a signatory of the Canadian Voluntary Agreement on Energy Efficiency (CEEVA) with respect to Set-Top Boxes (STBs). CEEVA aims to significantly reduce the total annual energy consumption used by STBs in Canada, cutting the annual carbon emissions by over 100,000 tons – the equivalent of taking 44,000 cars off the road (i.e. subcompact cars driving 15,000 km per year).

Community Investment

Shaw's approach to community investment is designed to build brand awareness and affinity, advance business objectives, and deepen employee engagement, while creating demonstrable impacts in our communities. By partnering with leading charitable organizations and leveraging our range of sponsorship, marketing and public relations assets, our activities positively affect more than 850,000 youth and families across Canada each year. In fiscal 2019, Shaw contributed over $45 million in cash and in-kind support – as well as 10,000 hours of volunteer time – to over 500 local and national youth-focused charitable organizations that help improve the quality of life for kids, youth, and their families.

The Shaw Charity Classic, one of the most popular stops on the PGA TOUR Champions, continues to be our flagship platform to annually showcase our community investment activities as a leading employer and corporate citizen. In fiscal 2019, the seventh edition of the tournament generated approximately $14.1 million in charitable donations, benefitting 200 organizations that help more than 500,000 kids and families in Alberta. Since its inception in 2013, the Shaw Charity Classic has raised more than $48 million for charity and is a momentous annual fundraising platform for children and youth charities supporting Alberta families.

In fiscal 2019, Shaw continued its efforts to support positivity, inclusion, and respect in schools, through our Shaw Kindness Sticks grants. The initiative provided grants up to $5,000 to develop 10 youth-led initiatives that promoted kindness and respect in their schools. Over 150 applications were received from kids and youth across the country, and prominent Canadian athletes, icons, and community builders joined Shaw in selecting awarding, and activating the top 10 ideas to be awarded funding, which engaged more than 10,000 students.

In fiscal 2020, we will continue to take steps to advance our Community Investment approach to better meet the needs of our stakeholders through cross-functional execution, operational integration, and modernization. We are working to further enhance brand trust with employees, customers, and government while making a better impact on local business and community needs across the country. Specifically, we are doing more to integrate community investment activities into our core operations; modernizing our best-in-class employee giving programs to better engage their energy to support our communities; and creating cross-functional regional leadership committees to direct local grassroots donations that will drive business objectives and community impact. Together, these and other efforts are intended to raise the profile of Shaw locally and nationally as a community leader committed to enabling a better future for Canadians.

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 Innovation, Science and Economic Development Canada ("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 Radiocommunication Act.

In June 2018, ISED and Canadian Heritage launched a joint review of the Broadcasting Act and the Telecommunications Act, which will also include a review of the Radiocommunication Act (the "Joint Review"). The Joint Review is being conducted by a panel of external experts ("Expert Panel") tasked with studying the legislation and making recommendations to the Ministers of ISED and Canadian Heritage by January 31, 2020. The Expert Panel is examining issues such as telecommunications and content creation in the digital age, net neutrality and cultural diversity, and how to strengthen the future of Canadian media and Canadian content creation.

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 has 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 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 regulate and supervise 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 provide efficient delivery of programming services at affordable rates; to provide reasonable terms for the carriage, packaging and retailing of those programming services; and provides the option to operate a community channel. Under the Broadcasting Act, the Governor in Council (GiC) may issue broad policy directions of general application on matters with respect to the objectives of Canada's broadcasting policy and related regulatory policy.

The Broadcasting Act also sets out requirements for television broadcasters with respect to Canadian content. The Company's broadcasting distribution business and on-demand programming services depend on licences (or operate under an exemption order) granted and issued by the CRTC under the Broadcasting Act. Pursuant to CRTC Regulations, the Company is required to contribute 5% of its cable and direct-to-home ("DTH") BDUs' revenues to the production of Canadian programming.

Licensing and ownership

In August 2018, the Commission renewed the Company's cable licences for a five-year term from September 1, 2018 to August 31, 2023. On August 31, 2018, the Company submitted renewal applications for its DTH and Satellite Relay Distribution Undertaking ("SRDU") licences which were to expire on August 31, 2019. In July 2019, these services were issued administrative renewals of their licences, which will expire November 30, 2019, by which time we expect CRTC decisions with longer renewal terms.

In May 2017, Shaw On Demand's licence was renewed for a five-year term from September 1, 2017 to August 31, 2022. On August 5, 2019, the Company's terrestrial Pay-Per-View ("PPV") and DTH PPV licences held by Shaw PPV, were renewed for five-year terms from September 1, 2019 to August 31, 2024.

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 not imposed any levy on the revenue of exempt digital media undertakings to support Canadian new media content.

In July 2019, the Minister of Canadian Heritage indicated that the federal government intends to take appropriate measures swiftly, when it receives the final report of the Expert Panel in connection with the Joint Review, to ensure that "all players, including the Internet giants" offer meaningful levels of Canadian content, contribute to the creation of Canadian content, and promote Canadian content and make it easily accessible on platforms.

The potential for new or increased fees

Any changes to the Broadcasting Act pursuant to the Joint Review (see "Government Regulations and Regulatory Developments") could impact the business practices of the Company, or result in new fees payable by the Company's cable, DTH or on-line services. New fees could also be imposed pursuant to CRTC Regulation, as the Commission indicated that in 2020-2021 it will consider whether to examine new mechanisms to support television news production. If the CRTC were to consider and implement support for television news production through increased access to subscription revenue, it would increase costs for the Company.

CRTC Regulations require cable BDUs to obtain the consent of an over-the-air ("OTA") broadcaster to deliver its signal in a distant market (which can be either within the province of origin or out-of-province). In the case of DTH BDUs, CRTC Regulations permit the distribution of local OTA television signals on a distant basis without consent within the province of origin, but DTH BDUs must obtain broadcaster consent to deliver the OTA television signal out-of-province unless the DTH BDU is required to carry the signal out-of-province 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.

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 high-quality telecommunication services. 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.

Under the Telecommunications Act, the GiC may issue broad policy directions of general application to the CRTC with regard to the telecommunications policy directives set out in the Telecommunications Act ("Telecommunications Policy Direction"). As described below under "New Government Policy Direction to the CRTC Concerning Telecommunications", a recent Telecommunications Policy Direction is intended to guide the CRTC's decision-making on telecommunications matters, including in its upcoming Wireless Review.

The CRTC and ISED can also impose monetary penalties on companies that contravene the Telecommunications Act, the Radiocommunication Act and the regulations and rules promulgated thereunder.

ISED is responsible for the allocation, issuance and management of radio spectrum pursuant to the Radiocommunication Act. As well, 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.

Any changes to the Telecommunications Act pursuant to the Joint Review could impact the business practices of the Company, and/or result in new fees for the Company, for example, by requiring ISPs to contribute a fixed percentage of revenues to support the creation of Canadian content – a possible policy option presented in the CRTC's May 2018 report and publicly noted by the CRTC Chair in June 2019.

Third Party Internet Access

Shaw is mandated by the CRTC to provide a wholesale high-speed access ("HSA") service at regulated rates to independent ISPs ("Resellers"), who use the wholesale HSA services to provide their own retail Internet services to their end-users ("Third Party Internet Access" or "TPIA"). On August 15, 2019, the CRTC issued Telecom Order 2019-288 (the "Order"), which set Shaw's final wholesale HSA service rates. The final rates are significantly lower than the interim rates set in October 2016, and retroactive to January 31, 2017. The Order, if upheld and unvaried, will significantly reduce the amount that the Company can charge for aggregated HSA service and negatively impact its broadband wireline revenues and its ability to compete with Resellers and other facilities-based HSA providers.

On September 13, 2019, Shaw jointly with Cogeco, Eastlink, Rogers and Videotron (the "Cable Carriers") filed a motion for leave to appeal the Order with the Federal Court of Appeal, as well as a motion to stay the Order, pending the final judgment on the appeal (if leave is granted). On November 22, 2019, the motion for leave to appeal the Order, as well as the motion to stay the Order pending final judgment on the appeal was granted. As well, on November 13, 2019, the Cable Carriers filed a Petition requesting that the Cabinet order the CRTC to reconsider the Order. A decision on whether to vary, rescind or refer the Order back to the Commission must be made within one year from the date of the Order.

Any of the following developments could significantly reduce the amount that Shaw can charge for aggregated HSA service and negatively impact Shaw's broadband wireline revenues and its ability to compete with Resellers and other facilities-based HSA providers: any decision, pursuant to the granting of an appeal, to uphold the Order in a form that is substantially unvaried; a refusal by Cabinet to order a variance, rescission or reconsideration of the Order; and any variance or reconsideration that does not result in any substantial changes to the Order.

In 2015, the CRTC completed a review of the wholesale wireline 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 HSA service. The new disaggregated HSA regime is being phased-in. The CRTC approved interim disaggregated rates for Ontario and Quebec. The CRTC's process to extend the disaggregated service into Western Canada, including Shaw's territory, is on hold, but is expected to resume in 2020-2021. The final rates and the terms of implementation of disaggregated HSA service could impact broadband revenues and our ability to compete with Resellers and other facilities-based disaggregated HSA providers. The CRTC is currently planning to review the process and methodologies for setting rates of regulated wireline and wireless wholesale services in 2019-2020. The CRTC is also currently planning to review wireline wholesale services in 2020-2021.

Competition Bureau Study on the State of Competition in the Wireline Broadband Market

On August 7, 2019, the Competition Bureau released its report regarding the state of competition in the wireline broadband sector (the "Report"). The Report was the result of a year-long study that was initiated with the goal of identifying the steps that regulators and policy makers could take to enhance competition. Rather than making recommendations, the Report articulated key questions which "will be important to address in the process of crafting and refining" industry regulation going forward and "necessary to conceptualize and define competition analysis in future fora." The Report indicated that the results of the study "paint a largely positive picture" regarding the state of competition and consumer choice in Canada's broadband market and emphasized that the strength of Canada's wireline broadband networks depend on investment and innovation by facilities-based competitors. The Bureau's recommendations could influence future government and CRTC policies and regulations, including those pertaining to wholesale wireline services and the regulations for TPIA.

CRTC Wireless Review

In March 2018, the CRTC declined to extend the mandated roaming regime to include public Wi-Fi providers. The Commission subsequently undertook a consultation to investigate the availability and pricing of low cost data-only packages, including whether wireless carriers should be required to offer low-cost data-only packages. In December 2018, the CRTC determined that it would refrain from mandating specific low-cost data-only plans and instead opted to direct the three incumbent national wireless carriers to make available proposed low-cost data-only plans and to keep those plans in the market at least until a decision is issued in its upcoming review of mobile wireless services.

In February 2019, the CRTC initiated its review of the regulatory framework for mobile wireless services with a public hearing currently scheduled for February 2020. The proceeding will include assessments of: (i) competition in the retail market, including potential regulatory intervention, such as new retail policies and mandated low-cost data-only plans; (ii) wholesale wireless regulation, including wholesale access for mobile virtual network operators ("MVNOs"); and (iii) barriers to the introduction of new technologies and any regulatory interventions to support investment and competition, including as it relates to small-cell deployment. The CRTC will not be revisiting the final rates for mandated wholesale roaming on the national incumbent wireless carriers' networks set in 2018, which are lower than the interim rates set in early 2015. The Commission has conveyed its preliminary view that it would be appropriate to mandate wholesale MVNO access to the networks of the national incumbents. The Notice includes a series of questions regarding the possible eligibility requirements and other terms and conditions of a possible mandated MVNO regime. The CRTC's determinations on these questions and other questions in the Notice could affect Shaw's ability to compete in the mobile wireless market. The new Telecommunications Policy Direction to the CRTC regarding telecommunications, described below, will apply to this proceeding.

36-Month Device Financing

The CRTC is reviewing whether 36-month equipment installment plans ("EIPs") are compliant with the Wireless Code. On August 2, 2019, following the introduction by the national incumbent wireless carriers of EIPs ranging from 24- to 36-months, the Commission ordered all wireless service providers to cease offering EIPs longer than 24-months until the Commission has had an opportunity to complete a full review of the practice. If 36-month EIPs are permitted, it could impact Freedom's ability to gain market-share.

New Government Policy Direction to CRTC Regarding Telecommunications

On June 16, 2019, the Government published a finalized Policy Direction (following its publication of a proposed Policy Direction on March 9, 2019) that provides general guidance to the CRTC on all telecommunications regulatory measures, including those affecting Shaw's Consumer and Business Internet and phone services, wholesale telecommunications services, and Shaw's wireless services. The new Telecommunications Policy Direction directs the CRTC to consider how measures can promote all forms of competition and investment, as well as affordability, consumer interests and innovation. The impact of the new Policy Direction will depend on how the CRTC interprets it in the context of specific matters and proceedings.

2019 Federal Election

During the recent federal election, which resulted in a minority government, several parties expressed commitments to reduce the price of mobile and internet services. The introduction of any future regulation or policy to implement such commitments could have a material adverse impact on the Company's financial results.

CRTC Internet Service Provider Code

On November 9, 2018, the CRTC initiated a proceeding to establish a mandatory code applicable to Internet services provided by larger, facilities-based ISPs, such as Shaw. The CRTC has already enacted a Wireless Code and a Television Service Provider Code applicable to wireless and television service providers, respectively.

On July 31, 2019, the Commission published a final version of the Internet Code and indicated that it would take effect on January 31, 2020. This final version is generally consistent with Shaw's submissions as to appropriate scope and commercial terms and practices. However, implementation of the Internet Code may result in cost increases for the Company.

Retail Sales Practices

In June 2018, the GiC issued an order to the CRTC, directing it to investigate the retail sales practices used by Canada's large telecommunications carriers and report back to the GiC by February 2019 with its findings on the prevalence of such practices and how existing consumer protections could be expanded, or new protections developed, to ensure consumers are empowered and treated fairly by their service providers. Shaw was made a party to this proceeding by the CRTC and participated in the oral public hearing in October 2018.

On February 20, 2019, the CRTC published its Report on Misleading or Aggressive Communications Retail Sales Practices and found that "a significant portion of Canadians are experiencing misleading or aggressive sales practices through all types of sales channels" in connection with their purchase of telecommunications and broadcasting services. While the Report did not result in new rules or regulatory obligations, the Report's findings, coupled with a planned Commission examination of activities undertaken in 2020-2021 to address those findings, could lead to new measures implemented in the context of current or future proceedings. The introduction of any such measures could negatively impact our ability to serve our customers, result in cost increases for the Company and negatively impact the Company's revenue.

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 access such places 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.

Any changes to the Radiocommunications Act pursuant to the Joint Review (see "Government Regulations and Regulatory Developments") could impact the business practices of the Company and/or the processes governing its acquisition of new spectrum for purposes of building its wireless networks.

Wireless Spectrum Licences

The Wireless division's AWS-1 spectrum licences were renewed at three different stages, each for a term of 20 years, and prior to expiration, the licences may be renewed. The applicable terms and conditions of renewal of Shaw's and other carriers' spectrum licences, after the initial terms, were determined by ISED pursuant to public consultation processes that began in the summer of 2017. In early 2018, ISED issued its policy decision relating to the renewal of AWS-1 and other spectrum licences auctioned in 2008. As expected, ISED also imposed more onerous deployment conditions for licences issued through the renewal process.

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.

Following a consultation in 2018, ISED released a decision allowing future mobile use in the millimeter wave bands including 26 GHz, 28 GHz, and 38 GHz bands, as well as licence-exempt use in the 64-71 GHz bands. The details of these frameworks will be the subject of future proceedings.

ISED's 600 MHz auction took place in March and April 2019 following a public consultation process in 2018. The auction framework included a set-aside of 30 MHz of the total 70 MHz of spectrum available. Shaw secured spectrum in Alberta, British Columbia and Ontario.

In June 2019, ISED released its decision on revisions to the 3500 MHz (3450-3650 MHz) band, enabling existing holders to retain a portion of their 3500 MHz spectrum to convert to mobile spectrum, with the remainder to be made available for the 3500 MHz auction. In June 2019, ISED initiated a consultation on a policy and licensing framework for the 3500 MHz band (the "Consultation"). The Consultation is also seeking comments on the 3500 MHz auction format and rules, including potential pro-competitive measures, including a set-aside, a cap, or a combination of mechanisms. The 3500 MHz auction is expected to take place in 2020.

In July 2019, ISED issued a decision in response to its consultation on a new set of smaller service areas for spectrum licensing ("Tier 5 Service Areas") to complement ISED's existing service areas. ISED has created Tier 5 Service Areas with the objective of encouraging additional access to spectrum within rural areas pursuant to its licensing process. Currently, none of the Company's licences are subject to Tier 5 deployment requirements, but future licences may incorporate a requirement for deployment in such new service areas.

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 application and approval process for the sharing of towers is lengthy, and the ISED and CRTC processes that are available to enforce 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 initiated a mandated five-year review of the Copyright Act in December 2017. The Standing Committee on Industry, Science and Technology has conducted the review and produced a report making recommendations to the Government on June 3, 2019. No new rights or limitations on exceptions to copyright were recommended by this Report.

On December 17, 2018, Bill C-86, the Budget Implementation Act ("BIA"), received Royal Assent and contains several amendments to the Copyright Act which came into force on April 1, 2019. The amendments create the potential for increased fees as well as risk of copyright infringement. Changes to the Copyright Act introduced by the BIA include the elimination of the Copyright Act's mandatory tariff-setting regime for tariffs applicable to the public performance of works, providing performance rights collectives the option of negotiating payments on a user-by-user basis through direct licensing. A direct licensing approach, if undertaken by a collective to which Shaw remits tariff payments, could increase royalties as well as the transactional costs associated with clearing copyrights. The BIA also potentially increases risk of claims (and associated liability) in connection with unrepresented repertoire, by removing a provision that had prevented infringement proceedings by unrepresented rightsholders in situations where no tariff was filed. Finally, 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

In August 2017, the Copyright Board issued a decision interpreting the scope and meaning of "making available" which is defined in the Copyright Act as part of the right to communicate a work to the public by telecommunication. In the Online Music Services proceeding, SOCAN and other rights owners argued that making a musical work available for download would trigger an obligation to pay public performance royalties to SOCAN. 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. The Company, along with a number of other broadcasting and internet companies, has filed an application for judicial review, arguing that the Board's interpretation is erroneous. 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.

On December 18, 2018, the Copyright Board released a rate decision for the Distant Signal Retransmission Tariff for the past tariff period of 2014-2018, inclusive. While the decision did not contain written reasons (which were to follow), it introduced a rate increase over the last year of the previous tariff period and established an interim tariff for 2019 based on the 2018 rate set out in the December 18, 2018 decision. Both Collectives and Objectors filed a Notice of Application for judicial review with the Federal Court of Appeal and a request for an adjournment pending the issuance of the Copyright Board's written reasons for the rate decisions. Such written reasons were issued on August 2, 2019 and amended Notices of Application seeking judicial review were filed on November 4, 2019. If a Notice of Application for judicial review of the Copyright Board's decision is resumed, such a review could result in significantly increased royalty rates pursuant to either a Court determination or any redetermination of the rates by the Copyright Board.

United States, Canada and Mexico Agreement (USMCA)

On September 30, 2018, Canada announced that it had reached an agreement on a new North American free trade agreement between the US, Mexico and Canada, called the USMCA. The USMCA, once ratified by all three parties, will replace NAFTA. US demands made in the course of negotiations for changes that could have had a material impact on the Company were not included in the USMCA. Until the USMCA is formally adopted pursuant to the legal requirements of each party country, the NAFTA will remain effective. There remains a possibility that a party will decline to finalize and implement the agreement. In such a case, there is a risk that negotiations towards an amended USMCA will be reinitiated, in which case the scope of negotiations and ultimate outcomes are unknown.

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.

PIPEDA provisions requiring mandatory reporting of serious privacy breaches, introduced in 2015, came into effect on November 1, 2018. These provisions require companies to: (i) track all breaches of security safeguards that involve personal information under their control, and (ii) report to affected individuals and to the Office of the Privacy Commissioner serious breaches of personal information that create a real risk of significant harm. Any such breach and disclosure by the Company could result in fines and significant reputational harm.

New consent Guidelines issued by the Office of the Privacy Commissioner of Canada ("OPC") came into effect on January 1, 2019. These Guidelines set out principles for organizations to follow in order to obtain meaningful consent and require that organizations provide more interactive, easy-to-understand privacy disclosures to their users. The Company maintains internal practices and policies to facilitate compliance with the new consent Guidelines.

In April 2019, the OPC initiated a consultation on transfers of information for processing, based on a revised PIPEDA interpretation that would, if adopted, require Canadian organizations, including the Company, to make significant and costly changes to their privacy practices. The OPC received 87 submissions in response to the consultation. On September 23, 2019, the OPC concluded that its historical guidance on the issue of transfers for processing was maintained with no changes under current law. The OPC also indicated that it would focus its efforts on the legislative review process (described below).

The Government initiated a National Digital and Data Consultation in June 2018. This led to the Government's publication, in May 2019, of a principles-based Digital Charter and a consultation to modernize PIPEDA. These processes could lead to changes to privacy regulation that would require that organizations adjust their policies and practices in key areas including data anonymization, consent and data portability. The consultation also looks at a possible enhancement of the OPC's enforcement powers, which could expose the Company to increased penalties and claims in connection with any non-compliance.

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. The Company maintains internal practices and policies to facilitate compliance with CASL.

On November 5, 2018, the CRTC issued guidelines on the Commission's approach to enforcement of CASL provisions prohibiting a party from, among other things, aiding a violation of CASL. These guidelines suggest that "Telecommunications and Internet Service Providers" could be found liable for violating CASL by facilitating or technically enabling services that transgress CASL. While the guidance suggests that liability would be linked to the level of control and connection with the violators, and whether reasonable safeguards were in place to prevent or stop a violation, no examples of potential liability for ISPs or telecommunications service providers were provided. As well, the guidelines indicate that awareness of a violation is not necessary for a finding of liability. As such, the new Guidelines create a risk that Shaw could be fined for non-compliance in connection with the provision of network services.

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 ongoing ability to service and/or incur debt and is therefore calculated before items such as restructuring costs, equity income/loss of an associate or joint venture, 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.

(millions of Canadian dollars)	Year ended August 31, 2019	2018 (restated) [(1)]	Change %
Operating income from continuing operations	**1,125**	586	92.0
Add back (deduct):			
Restructuring costs	**(9)**	446	>(100.0)
Amortization:			
Deferred equipment revenue	**(21)**	(30)	(30.0)
Deferred equipment costs	**85**	110	(22.7)
Property, plant and equipment, intangibles and other	**974**	945	3.1
Operating income before restructuring costs and amortization	**2,154**	2,057	4.7

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

Operating margin

Operating margin is calculated by dividing operating income before restructuring costs and amortization by revenue. Operating margin is also one of the measures used by the investing community to value the business.

	Year ended August 31, 2019	2018 (restated) [(1)]	Change %
Wireline	**45.5%**	44.6%	2.0
Wireless	**19.0%**	15.8%	20.3
Combined Wireline and Wireless	**40.3%**	39.6%	1.8

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

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 return funds to shareholders through dividends and the recently announced NCIB program. Free cash flow is calculated as free cash flow from continuing operations and free cash flow from discontinued operations.

Free cash flow is comprised of operating income before restructuring costs and amortization, adding dividends from equity accounted associates, changes in receivable related balances with respect to wireline 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 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 also reported on a segmented basis. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

Free cash flow is calculated as follows:

(millions of Canadian dollars)	Year ended August 31, 2019	2018 (restated) [1]	Change %
Revenue			
Consumer	**3,707**	3,725	(0.5)
Business	**593**	567	4.6
Wireline	**4,300**	4,292	0.2
Service [2]	**694**	564	23.0
Equipment	**353**	337	4.7
Wireless	**1,047**	901	16.2
	5,347	5,193	3.0
Intersegment eliminations	**(7)**	(4)	75.0
	5,340	5,189	2.9
Operating income before restructuring costs and amortization [2][3]			
Wireline	**1,955**	1,915	2.1
Wireless	**199**	142	40.1
	2,154	2,057	4.7
Capital expenditures and equipment costs (net): [4]			
Wireline	**827**	1,018	(18.8)
Wireless	**385**	343	12.2
	1,212	1,361	(10.9)
Free cash flow from continuing operations before the following	**942**	696	35.3
Less:			
Interest	**(256)**	(247)	3.6
Cash taxes	**(160)**	(166)	(3.6)
Other adjustments:			
Dividends from equity accounted associates	**10**	92	(89.1)
Non-cash share-based compensation	**3**	2	50.0
Pension adjustment	**7**	11	(36.4)
Customer equipment financing	**1**	5	(80.0)
Preferred share dividends	**(9)**	(8)	12.5
Free cash flow	**538**	385	39.7

(1) Fiscal 2018 reported figures have been restated applying IFRS 15 and also reflect a change in accounting policy. See "New Accounting Standards" for additional details.
(2) Certain figures have been adjusted to correct an immaterial, inadvertent overstatement of previously reported wireless service revenue for the year ended August 31, 2019 of $7 million.
(3) Refer to key performance drivers.
(4) Per Note 26 to the audited Consolidated Financial Statements.

STATISTICAL MEASURES:

Subscriber counts (or Revenue Generating Units ("RGUs"))

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

In the Consumer and Business 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.

Consumer and Business 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, 2019 these combined divisions had approximately 5.5 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, 2019 the Wireless division had approximately 1.7 million RGUs.

Wireless Postpaid Churn

To assist in understanding the performance of our Wireless business, in fiscal 2019 we commenced disclosing Wireless postpaid subscriber or RGU churn ("postpaid churn"). Subscriber churn measures success in retaining subscribers. Wireless postpaid churn is a measure of the number of postpaid subscribers that deactivated during a period as a percentage of the average postpaid subscriber base during a period, calculated on a monthly basis. It is calculated by dividing the number of Wireless postpaid subscribers that deactivated (in a month) by the average number of postpaid subscribers during the month. When used or reported for a period greater than one-month, postpaid churn represents the sum of the number of subscribers deactivating for each period incurred divided by the sum of the average number of postpaid subscribers of each period incurred. Refer to "Segmented Operations Review" for postpaid churn details and description.

Postpaid churn improved 22-basis points in fiscal 2019 to 1.32% reflecting the ongoing enhancements to the wireless customer experience including our expanding and improving network and the Big Gig data-centric pricing and packaging options partially offset by the increased competitive environment experienced during the year.

Wireless average billing per subscriber unit ("ABPU")

To assist in understanding the underlying economics of our Wireless business, this fiscal year we commenced disclosing Wireless average billing per subscriber per month ("ABPU"). This measure is an industry metric that is useful in assessing the operating performance of a wireless entity. We use ABPU as a measure that approximates the average amount the Company invoices an individual subscriber unit on a monthly basis. ABPU helps us to identify trends and measures the Company's success in attracting and retaining higher lifetime value subscribers. Wireless ABPU is calculated as service revenue (excluding the allocation of the device subsidy attributable to service revenue under IFRS 15) plus the monthly repayments of the outstanding device balance owing from customers on contract, divided by the average number of subscribers on the network during the period and is expressed as a rate per month. Refer to "Segmented Operations Review" for ABPU details and description.

ABPU of $41.67 in fiscal 2019 compares to $39.19 in the prior year. ABPU growth reflects the increased number of customers that are subscribing to higher value service plans and purchasing a device through Freedom Mobile.

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 ARPU details and description.

ARPU of $37.92 in fiscal 2019 compares to $37.11 in the prior year. ARPU growth reflects the impact of changes in accounting policies upon the adoption of IFRS 15, whereby a portion of the device subsidy, previously fully allocated as a reduction to equipment revenue, is now partially allocated as a reduction to service revenue.

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

The identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts requires judgment. For bundled arrangements, we account for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own or with other readily available resources. 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 performance obligations; therefore, these revenue streams are assessed as an integrated package.

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, Digital Phone, Direct-to-Home ("DTH"), and Wireless customers includes subscriber revenue earned as services are provided. The revenue is considered earned as the period of service relating to the customer billing elapses. 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.

When a customer can modify their contract within predefined terms such that we are not able to enforce the transaction price agreed to, but can only contractually enforce a lower amount, we allocate revenue between performance obligations using the minimum enforceable rights and obligations and any excess amount is recognized as revenue as its earned.

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 as contract liabilities 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.

Costs incurred to obtain or fulfill a contract

The incremental costs to obtain or fulfill a contract with a customer are deferred and amortized into operating expenses over their expected period of benefit to the extent they are recoverable. These costs include certain commissions paid to internal and external representatives that we expect to be recoverable. Determining the deferral criteria for these costs requires us to make significant judgments.

Customer premise equipment revenue and costs

Customer premise equipment available for sale, which generally includes 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 for performance obligations satisfied at a point in time is recognized when control of the item or service transfers to the customer. 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.

For bundled arrangements (e.g. wireless handsets, and voice and data services), items are accounted for as separate performance obligations if the item meets the definition of a distinct good or service. Stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate. 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. This discount is allocated proportionately between the equipment and service revenue, with the equipment discount recognized when the handset is delivered and the corresponding service discount is classified as a contract asset. The contract asset is reduced on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to service revenue.

The Company also offers a plan allowing customers to receive larger up-front handset discount 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 but is recognized as revenue when the handset is delivered and accepted by the subscriber. The amount receivable is classified as part of other current or non-current receivables, as applicable, in the consolidated statement of financial position.

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

A significant portion 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, Operations, Products, and Supply Chain ("TOPS"):** TOPS is involved in overall planning and development of the Video/Internet/Phone/Wireless 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, TOPS 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 by reducing the number of homes fed from each node, and upgrades of plant capacity 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, 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, 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.

Asset impairment

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at February 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. 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.

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 timing or amount of the outflow is subject to estimation and judgment. The liability is subsequently increased for the passage of time and the accretion is recorded in the income statement as interest expense. 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.

Employee benefit plans

As at August 31, 2019, 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 Benefits Obligation at End of Fiscal 2019	Pension Expense Fiscal 2019
Weighted Average Discount Rate – Non-registered Plans	2.90%	3.70%
Impact of: 1% decrease – Non-registered Plans	$ 88	$ 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 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 2019, 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 Corus Class B non-voting participating shareholdings representing 38% of the total issued equity of Corus. On May 31, 2019, the Company completed its secondary offering of its 80,630,383 Class B non-voting participating shares of Corus at a price of $6.80 per share for net proceeds to the Company of approximately $526 million. (see "Equity Interest in Corus").

Shaw no longer holds any equity interest in Corus.

Burrard Landing Lot 2 Holdings Partnership

The Company has a 33.33% interest in Burrard Landing Lot 2 Holdings Partnership (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.

Sale of Real Property

On May 15, 2019, the Company completed the sale of a non-core parcel of land and the building located thereon (the "Property"), to an affiliate of Shaw Family Living Trust ("SFLT") (the "Purchaser"), for total net proceeds of approximately $45 million (for further detail about SFLT see "Known Events, Risks and Uncertainties – Control of the Company"). The Property had a net book value of approximately $4 million resulting in a gain on disposition of approximately $41 million. The purchase price was determined based on appraisals performed by two independent valuators. As part of the transaction, the Purchaser agreed to lease back the Property to the Company for a term of three years at market rental rates (which was also based on appraisals from the two independent valuators) allowing the Company to monetize a non-core asset. The transaction was approved by the independent Board members of the Company.

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 29 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 pronouncements

We adopted the following new accounting standards effective September 1, 2018.

- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and replaced 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.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The application of IFRS 15 impacted the Company's reported results, including the classification and timing of revenue recognition and the treatment of costs incurred to obtain contracts with customers.

The application of this standard most significantly affected our Wireless arrangements that bundle equipment and service together, specifically with regards to the timing of recognition and classification of revenue. The timing of recognition and classification of revenue was affected because at contract inception, IFRS 15 requires the estimation of total consideration to be received over the contract term, and the allocation of that consideration to performance obligations in the contract, typically based on the relative stand-alone selling price of each obligation. This resulted in a decrease to equipment revenue recognized at contract inception, as the discount previously recognized over 24 months is now recognized at contract inception, and a decrease to service revenue recognized over the course of the contract, as a portion of the discount previously allocated solely to equipment revenue is allocated to service revenue. The measurement of total revenue recognized over the life of a contract was unaffected by the new standard.

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 the life of a contract on a rational, systematic basis consistent with the pattern of the transfer of goods or services to which the asset relates. The Company previously expensed such costs as incurred.

The Company's financial position was also 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.

For purposes of applying the new standard on an ongoing basis, we are required to make judgments in respect of the new standard, including judgments in determining whether a promise to deliver goods or services is considered distinct, how to determine the transaction prices and how to allocate those amounts amongst the associated performance obligations. We must also exercise judgment as to whether sales-based compensation amounts are costs incurred to obtain contracts with customers that should be capitalized and subsequently amortized on a systematic basis over time.

We have made a policy choice to adopt IFRS 15 with full retrospective application, subject to certain practical expedients. As a result, all comparative information in these financial statements has been prepared as if IFRS 15 had been in effect since September 1, 2017.

Upon adoption of, and transition to, IFRS 15, we elected to utilize the following practical expedients:

- Completed contracts that begin and end within the same annual reporting period and those completed before September 1, 2017 are not restated;
- Contracts modified prior to September 1, 2017 are not restated. The aggregate effect of these modifications is reflected when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations; and
- Not disclose, on an annual basis, the unsatisfied portions of performance obligations related to contracts with a duration of one year or less or where the revenue we recognize is equal to the amount invoiced to the customer.

Impacts of IFRS 15, Revenue from Contracts with Customers

The effect of transition to IFRS 15 on impacted line items on our condensed Consolidated Statements of Income as disclosed in "Transition adjustments" for the year ended August 31, 2018, are as follows:

		Year ended August 31, 2018		
(millions of Canadian dollars)		**As reported**	**Effect of transition**	**Subsequent to transition**
Revenue	i.	5,239	(50)	5,189
Operating, general and administrative expenses	ii.	(3,150)	18	(3,132)
Other gains/(losses)		29	3	32
Income tax expense (recovery)		143	(12)	131
Net income (loss) from continuing operations		66	(17)	49

i) Allocation of transaction price

Revenue recognized at point of sale requires the estimation of total consideration over the contract term and allocation of that consideration to all performance obligations in the contract based on their relative stand-alone selling prices. For Wireless term contracts, equipment revenue recognized at contract inception, as well as service revenue recognized over the course of the contract is lower than previously recognized as noted above.

ii) Deferred commission costs

Costs incurred to obtain or fulfill a contract with a customer were previously expensed as incurred. Under IFRS 15, these costs are capitalized and subsequently amortized as an expense over the life of the customer on a rational, systematic basis consistent with the pattern of the transfer of goods and services to which the asset relates. As a result, commission costs are reduced in the period, with an offsetting increase in amortization of capitalized costs over the average life of a customer.

The effect of transition to IFRS 15 on our disaggregated revenues for the year ended August 31, 2018, are as follows:

	Year ended August 31, 2018		
(millions of Canadian dollars)	**As reported**	**Effect of transition**	**Subsequent to transition**
Services			
Wireline – Consumer	3,725	–	3,725
Wireline – Business	567	–	567
Wireless	595	(31)	564
	4,887	(31)	4,856
Equipment and other			
Wireless	356	(19)	337
	356	(19)	337
Intersegment eliminations	(4)	–	(4)
Total revenue	5,239	(50)	5,189

The effect of transition to IFRS 15 on impacted line items on our Consolidated Statements of Financial Position as at September 1, 2017 and August 31, 2018 are as follows:

		As at August 31, 2018			As at September 1, 2017		
(millions of Canadian dollars)		**As reported**	**Effect of transition**	**Subsequent to transition**	**As reported**	**Effect of transition**	**Subsequent to transition**
Current portion of contract assets	i.	–	59	59	–	15	15
Other current assets	ii.	286	(13)	273	155	24	179
Contract assets	i.	–	76	76	–	44	44
Other long-term assets	ii.	300	(102)	198	255	(39)	216
Accounts payable and accrued liabilities	i.	971	(1)	970	913	(4)	909
Unearned revenue	i.	221	(221)	–	211	(211)	–
Current portion of contract liabilities	i.	–	226	226	–	214	214
Deferred credits	i.	460	(18)	442	490	(21)	469
Deferred income tax liabilities		1,894	(7)	1,887	1,858	5	1,863
Contract liabilities	i.	–	18	18	–	21	21
Shareholders' equity		5,957	23	5,980	6,154	40	6,194

i) Contract assets and liabilities

Contract assets and liabilities are the result of the difference in timing related to revenue recognized at the beginning of a contract and cash collected. Contract assets arise primarily as a result of the difference between revenue recognized on the sale of wireless device at the onset of a term contract and the cash collected at the point of sale.

Contract liabilities are the result of receiving payment related to a customer contract before providing the related goods or services. We account for contract assets and liabilities on a contract-by-contract basis, with each contract being presented as a single net contract asset or net contract liability accordingly.

ii) Deferred commission cost asset

Under IFRS 15, we will defer commission costs paid to internal and external representatives as a result of obtaining contracts with customers as deferred commission cost assets and amortize them over the pattern of the transfer of goods and services to the customer, which is typically evenly over 24 to 36 months.

Refer to "Transition adjustments" for the impact of application of IFRS 15 on our previously reported consolidated statements of cash flows.

- IFRS 9 *Financial Instruments* was revised and issued in July 2014 and replaces IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes updated guidance on the classification and measurement of financial instruments, new guidance on measuring impairment on financial assets, and new hedge accounting guidance. We have applied IFRS 9, and the related consequential amendments to other IFRSs, on a retrospective basis except for the changes to hedge accounting as described below which were applied on a prospective basis. The adoption of IFRS 9 did not have a significant impact on our financial performance or the carrying amounts of our financial instruments as set out in "Transition adjustments" below.

  IFRS 9 replaces the classification and measurement models in IAS 39 with a single model under which financial assets are classified and measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) and eliminates the IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Investments and equity instruments are required to be measured by default at FVTPL unless an irrevocable option for each equity instrument is taken to measure at FVOCI. The classification and measurement of financial assets is based on the business model that the asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 did not change the measurement bases of our financial assets

  - Cash and derivative instruments classified as held-for-trading and measured at FVTPL under IAS 39 continue to be measured as such under IFRS 9 with an updated classification of FVTPL

  - Investments in equity securities not quoted in an active market and where fair value cannot be reliably measured that were classified as available-for-sale and recorded at cost less impairment under IAS 39 are now required to be classified and measured at FVTPL under IFRS 9. There has been no change to the measurement of these assets on transition

  - Trade and other receivables classified as loans and receivables and measured at amortized cost under IAS 39 continue to be measured as such under IFRS 9 with an updated classification of amortized cost

  For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. We did not choose the option of designating any financial liabilities at FVTPL as such, the adoption of IFRS 9 did not impact our accounting policies for financial liabilities as all liabilities continue to be measured at amortized cost.

  The impairment of financial assets under IFRS 9 is based on an expected credit loss (ECL) model, as opposed to the incurred loss model in IAS 39. IFRS 9 applies to financial assets measured at amortized cost, including contract assets under IFRS 15, and requires that we consider factors that include historical, current and forward-looking information when measuring the ECL. We use the simplified approach for measuring losses based on the lifetime ECL for trade receivables and contract assets. Amounts considered uncollectible are written off and recognized in operating, general and administrative expenses in the Consolidated Statement of Income. This change did not have a significant impact to our receivables.

  IFRS 9 does not fundamentally change the types of hedging relationships or the requirements to measure and recognize ineffectiveness; however, it requires us to ensure that the hedge accounting relationships are aligned with our risk management objective and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness. It also requires that amounts related to cash flow hedges of anticipated purchases of non-financial assets settled during the period to be reclassified from accumulated other comprehensive income to the initial cost of the non-financial asset when it is recognized. Under IAS 39, when an anticipated transaction was subsequently recorded as a non-financial asset, the amounts were reclassified from other comprehensive income (loss).

  In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application without restatement of prior period comparatives. The Company's qualifying hedging relationships in place as at August 31, 2018 also qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

Change in accounting policy

Effective September 1, 2018, the Company voluntarily changed its accounting policy related to the treatment of digital cable terminals ("DCTs") to record them as property, plant and equipment rather than inventory upon acquisition. The Company believes that the change in accounting policy will result in clearer and more relevant financial information as the Company has recently changed its offerings to customers, which has resulted in DCTs being predominantly rented rather than sold to customers. Previously, inventories included DCTs which were held pending rental or sale to the customer at cost or at a subsidized price. When the subscriber equipment was rented, it was transferred to property, plant and equipment and amortized over its useful life and then removed from capital and returned to inventory when returned by a customer. Under the new policy, all DCTs will be classified as property, plant and equipment regardless of whether or not they are currently deployed to a customer as the Company believes that this better reflects the economic substance of its operations. This change in accounting policy has been applied retrospectively. Refer to "Transition adjustments" below for the impact of this change of accounting policy on previously reported consolidated Statements of Financial Position, consolidated Statements of Income and consolidated Statements of Cash Flows.

Transition adjustments

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statements of Income for the year ended August 31, 2018.

	Year ended August 31, 2018			
(millions of Canadian dollars)	**As reported**	**IFRS 15 transition**	**Change in accounting policy**	**Subsequent to transition**
Revenue	5,239	(50)	–	5,189
Operating, general and administrative expenses	(3,150)	18	–	(3,132)
Restructuring costs	(446)	–	–	(446)
Amortization:				
Deferred equipment revenue	30	–	–	30
Deferred equipment costs	(110)	–	–	(110)
Property, plant and equipment, intangibles and other	(932)	–	(13)	(945)
Operating income from continuing operations	631	(32)	(13)	586
Amortization of financing costs – long-term debt	(3)	–	–	(3)
Interest expense	(248)	–	–	(248)
Equity income of an associate or joint venture	(200)	–	–	(200)
Other gains	29	3	–	32
Income from continuing operations before income taxes	209	(29)	(13)	167
Current income tax expense	137	–	–	137
Deferred income tax expense	6	(12)	(3)	(9)
Net income from continuing operations	66	(17)	(10)	39
Loss from discontinued operations, net of tax	(6)	–	–	(6)
Net income	60	(17)	(10)	33
Net income from continuing operations attributable to:				
Equity shareholders	66	(17)	(10)	39
Loss from discontinued operations attributable to:				
Equity shareholders	(6)	–	–	(6)
Basic earnings (loss) per share				
Continuing operations	0.11	–	–	0.06
Discontinued operations	(0.01)	–	–	(0.01)
	0.10	–	–	0.05
Diluted earnings (loss) per share				
Continuing operations	0.11	–	–	0.06
Discontinued operations	(0.01)	–	–	(0.01)
	0.10	–	–	0.05

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statement of Financial Position as at September 1, 2017 and August 31, 2018.

(millions of Canadian dollars)	As at August 31, 2018				As at September 1, 2017			
	As reported	IFRS 15 transition	Change in accounting policy	Subsequent to transition	As reported	IFRS 15 transition	Change in accounting policy	Subsequent to transition
ASSETS								
Current								
Cash	384	–	–	384	507	–	–	507
Accounts receivable	255	–	(2)	253	286	–	–	286
Inventories	101	–	(40)	61	109	–	(50)	59
Other current assets	286	(13)	–	273	155	24	–	179
Current portion of contract assets	–	59	–	59	–	15	–	15
Assets held for sale	–	–	–	–	61	–	–	61
	1,026	46	(42)	1,030	1,118	39	(50)	1,107
Investments and other assets	660	–	–	660	937	–	–	937
Property, plant and equipment	4,672	–	30	4,702	4,344	–	50	4,394
Other long-term assets	300	(102)	(1)	197	255	(39)	–	216
Deferred income tax assets	4	–	–	4	4	–	–	4
Intangibles	7,482	–	–	7,482	7,435	–	–	7,435
Goodwill	280	–	–	280	280	–	–	280
Contract assets	–	76	–	76	–	44	–	44
	14,424	20	(13)	14,431	14,373	44	–	14,417
LIABILITIES AND SHAREHOLDERS' EQUITY								
Current								
Short-term borrowings	40	–	–	40	–	–	–	–
Accounts payable and accrued liabilities	971	(1)	–	970	913	(4)	–	909
Provisions	245	–	–	245	76	–	–	76
Income taxes payable	133	–	–	133	151	–	–	151
Unearned revenue	221	(221)	–	–	211	(211)	–	–
Current portion of contract liabilities	–	226	–	226	–	214	–	214
Current portion of long-term debt	1	–	–	1	2	–	–	2
Liabilities held for sale	–	–	–	–	39	–	–	39
	1,611	4	–	1,615	1,392	(1)	–	1,391
Long-term debt	4,310	–	–	4,310	4,298	–	–	4,298
Other long-term liabilities	13	–	–	13	114	–	–	114
Provisions	179	–	–	179	67	–	–	67
Deferred credits	460	(18)	–	442	490	(21)	–	469
Contract liabilities	–	18	–	18	–	21	–	21
Deferred income tax liabilities	1,894	(7)	(3)	1,884	1,858	5	–	1,863
	8,467	(3)	(3)	8,461	8,219	4	–	8,223
Shareholders' equity								
Common and preferred shareholders	5,956	23	(10)	5,969	6,153	40	–	6,193
Non-controlling interests in subsidiaries	1	–	–	1	1	–	–	1
	5,957	23	(10)	5,970	6,154	40	–	6,194
	14,424	20	(13)	14,431	14,373	44	–	14,417

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statement of Cash Flows for the year ended August 31, 2018.

	Year ended August 31, 2018			
(millions of Canadian dollars)	**As reported**	**IFRS 15 transition**	**Change in accounting policy**	**Subsequent to transition**
OPERATING ACTIVITIES				
Funds flow from continuing operations	1,259	(82)	–	1,177
Net change in non-cash balances related to continuing operations	102	82	(6)	178
Operating activities of discontinued operations	(2)	–	–	(2)
	1,359	–	(6)	1,353
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,127)	–	6	(1,121)
Additions to equipment costs (net)	(49)	–	–	(49)
Additions to other intangibles	(131)	–	–	(131)
Proceeds on sale of spectrum licenses	35	–	–	35
Purchase of spectrum licenses	(25)	–	–	(25)
Proceeds on sale of discontinued operations, net of cash sold	18	–	–	18
Net additions to investments and other assets	88	–	–	88
Proceeds on disposal of property, plant and equipment	9	–	–	9
	(1,182)	–	6	(1,176)
FINANCING ACTIVITIES				
Increase in short-term borrowings	40	–	–	40
Increase in long-term debt	10	–	–	10
Issue of Class B Non-Voting Shares	43	–	–	43
Dividends paid on Class A Shares and Class B Non-Voting Shares	(384)	–	–	(384)
Dividends paid on Preferred Shares	(8)	–	–	(8)
Other	(1)	–	–	(1)
	(300)	–	–	(300)
Increase (decrease) in cash	(123)	–	–	(123)
Cash, beginning of the period	507	–	–	507
Cash, end of the period	384	–	–	384

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 16 *Leases* was issued on January 2016 and replaces IAS 17 *Leases*. The new standard 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, instead requiring that leases be capitalized by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) and representing the right to use the underlying leased asset. If lease payments are made over time, the Company would recognize a lease liability representing its obligation to make future lease payments. Certain short-term leases (less than 12 months) and leases of low-value may be exempted from the requirements and may continue to be treated as operating leases if certain elections are made. 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, upon adoption of IFRS 16, we will recognize a significant increase to both assets and liabilities on our Consolidated Statements of Financial Position as well as a decrease to operating costs, as a result of removing the lease expense, an increase to depreciation and amortization, due to the depreciation of the right-of-use asset, and an increase to finance costs, due to the accretion of the lease liability. Relative to the results of applying the current standard, although actual cash flows will be unaffected, the Company's statement of cash flows will reflect increases in cash flows from operating activities offset equally by decreases in cash flows from financing activities.

We do not expect significant impacts for contracts in which we are the lessor.

Implementation

We continue to make progress towards adoption of IFRS 16, including the implementation of a new lease system that enables us to comply with the requirements of the standard on a contract-by-contract basis. Changes and enhancements to business processes and systems of internal control are also being completed.

We will adopt IFRS 16 on September 1, 2019, using a modified retrospective approach whereby the financial statements of prior periods presented are not restated. The cumulative effect of the initial application of the new standard will be recognized at the date of initial application. Generally, right-of-use assets at transition will be measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent outstanding. We do not intend to elect the recognition exemptions on short-term leases or low-value leases; however, we may choose to elect these recognition exemptions on a class-by-class basis for new classes and lease-by-lease basis, respectively, in the future.

As permitted by IFRS 16, we will apply certain practical expedients to facilitate the initial adoption and ongoing application of IFRS 16 including the following:

- not separate fixed non-lease components from lease components for certain classes of underlying assets. Each lease component and any associated non-lease components will be accounted for as a single lease component
- apply a single discount rate to a portfolio of leases with similar characteristics
- exclude initial direct costs from measuring the right-of-use asset as at September 1, 2019
- use hindsight in determining the lease term where the contract contains purchase, extension, or termination options

Effect of Transition to IFRS 16

While our testing, data validation, and assessment process is ongoing, our preliminary estimated effect of transition to IFRS 16 on our Consolidated Statements of Financial Position as at September 1, 2019 is as follows:

(billions of Canadian dollars)	As reported as at August 31, 2019	Estimated effect of IFRS 16 transition	Subsequent to transition as at September 1, 2019
Current assets	0.3	**	0.3
Non-current assets	4.9	1.3	6.2
Current liabilities	1.3	0.2	1.5
Non-current liabilities	6.0	1.1	7.1
Shareholders' equity	6.3	**	6.3

** Amounts less than $0.1 billion.

Upon adoption of the Standard on September 1, 2019, actual amounts could differ from these preliminary estimates.

- 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, which for the Company will be the annual period commencing September 1, 2019. The Company is currently assessing the impact of this standard on its consolidated financial statements. The Company does not expect this standard to have a material effect on its September 1, 2019 balance sheet.

RISK MANAGEMENT

In the normal course of our business activities, the Company is subject to risks. 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. 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 short, medium and long-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, Privacy, 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 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, monitor and manage significant corporate level risks that could impact the achievement of our strategic objectives. The Company's executives meet periodically 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 latest ERM update was provided to the Board of Directors in April 2019, with updates to be provided to the Board and/or Audit Committee at least annually. The significant risks and uncertainties affecting the Company and its business are discussed under "Known Events, Trends, Risks and Uncertainties".

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 blurred 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 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 ABPU, ARPU or all of them. We expect that competition, including aggressive discounting practices by competitors to gain market share, is likely to continue to increase for all our businesses.

Consumer Internet

Shaw competes with 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, Internet-of-Things ("IOT"), interactive gaming, and cloud based services. 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 Video services also compete with illegal services including grey and black market satellite offerings as well as OTT video piracy services. As a result, we have experienced an increase in cord cutting and cord shaving as customers continue to withdraw from traditional cable services.

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 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. Freedom Mobile's ability to continue to offer and improve Wireless services and to offer new services depends on, among other factors, continued access to, and deployment of, adequate spectrum, including the ability to both renew current spectrum licences and acquire new spectrum licences (in various spectrum bands). If Freedom Mobile cannot acquire and retain needed spectrum, it may not be able to continue to offer and improve its current wireless services and deploy new services on a timely basis, including providing competitive data speeds its customers want. As a result, Freedom Mobile's ability to attract and retain customers could be adversely affected. In addition, an inability to acquire and retain needed spectrum could affect network quality and result in higher capital expenditures. 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 Wireless Review").

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.

2019 Federal Election

During the recent federal election, which resulted in a minority government, several parties expressed commitments to reduce the price of mobile and internet services. The introduction of any future regulation or policy to implement such commitments could have a material adverse impact on our financial results.

Customer Experience

Shaw's customer loyalty, retention and likelihood to recommend Shaw all depend on our ability to provide a seamless connectivity experience that meets or exceeds their expectations. As part of the digital transformation, the Company modernized several aspects of its wireline operations to better meet the needs of today's customer, including shifting customer interactions to digital platforms and driving more self-help, self-install and self-service. The Company continues to streamline and simplify manual processes that improve its customers overall connectivity experience and day-to-day operations for our employees. The failure to sustain and expand customer relationships through quality products and customer service could have a material adverse effect on our businesses, financial condition and results of operations.

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, cyber attacks, human error, 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 FibrePlus 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 HFC 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 (which was sold to a third party on August 1, 2019). 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.

Information Systems and Internal Business Processes

Many aspects of the Company's businesses depend to a large extent on various information technology (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.

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.

Satellite

Shaw uses three satellites (Anik F2, Anik F1R and Anik G1) owned by Telesat Canada ("Telesat") to provide satellite services in our Consumer division. In connection with the Company's digital network upgrade (DNU) program initiated in 2017, the Company has effectively optimized satellite traffic on the Anik F1R and Anik F2 satellites, enabling a reduction in the total number of transponders required by the Company to conduct its business. Effective October 1, 2019, the Company transferred its ownership interest in the 16 Anik F2 transponders, adjusted its satellite traffic on the Anik F1R and Anik F2 satellites, and renewed its capacity service agreements in place on both Anik F1R and Anik F2 and Anik G1 until the effective end-of-life date of such satellites. While the Company intends to negotiate and enter into new capacity service agreements to meet its long term satellite capacity requirements, there can be no assurance that replacement transponder capacity will be available or that such agreements will be entered into on favourable terms, 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.

The Company does not maintain any insurance coverage for the transponders on Anik F1R, Anik F2 and Anik G1 as it believes the costs are uneconomic relative to the benefit which could be otherwise derived through an arrangement with Telesat. 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 related to the loss of use of one or more of the transponders on the satellites as it believes that the insurance premium costs are uneconomic relative to the risk of transponder and/or satellite failure. The majority of transponder capacity is available to the Company on an unprotected, non-pre-emptible basis. The Company has the option to contract transponders with excess capacities on Anik F2, subject to availability. In the event of satellite failure, service will 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 to their video receivers 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. The Company has reserved limited access to Ku band frequencies in the 107.3 orbital location to enable the switching feature, subject to availability. 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.

Reliance on Suppliers and Third Party Service Providers

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, capital equipment, and capital builds as well as portions of its service offerings, including network, video delivery and IT functions from certain key suppliers. While the Company has alternate sources for many of these purchases, the loss of a key supplier may require us to incur additional capital expenditures for the substitution of existing products and services which could 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. In the course of fulfilling service arrangements, third-party service providers must ensure our information is appropriately protected and safeguarded. Failure to do so may affect Shaw through increased regulatory risk, reputational damage, and damage to customer experience.

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.

Programming Expenses

Expenses for video programming continue to be one of our most significant operating expenses. 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.

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.

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 through 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.

Total Business Transformation and Voluntary Departure Program

In the second quarter of fiscal 2018, the Company introduced TBT, a multi-year initiative designed to reinvent Shaw's operating model to better meet the changing tastes and expectations of consumers and businesses by optimizing the use of resources, maintaining and ultimately improving customer service, and by reducing staff. Three key elements of TBT are to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and 3) streamline the organization that builds and services our network. As part of the TBT initiative, the Company also plans to reduce input costs, consolidate functions, and streamline processes, which is expected to create operational improvements across the business allowing it to evolve into a more efficient organization.

There is an overall risk that the TBT initiative may not be completed in a timely and cost-effective manner to yield the expected results and benefits or result in a leaner, more integrated and agile company with improved efficiencies and execution to better meet its consumers' needs and expectations (including the products and services offered to its customers). Specifically, there is a risk that the Company may not be able to: (i) establish and continue to upgrade a digital platform that will effectively engage customers, (ii) successfully adopt a digital platform that will yield the expected results and benefits, including maintaining the quality of customer service, protecting the security of customer information, and coordinating the delivery of product and service offerings; (iii) deploy programs that will result in customers using the self-serve functions and electing to self-install the Company's products and services; and (iv) consolidate and streamline the functions and processes of the divisions responsible for building and servicing its networks. The realization of any of these risks may have a material adverse effect on Shaw, its operations and/or financial results.

As a first step in the TBT, the VDP was offered to eligible employees. The outcome of the program initially had approximately 3,300 Shaw employees accepting the VDP package representing approximately 25% of all employees at that time. The Company's VDP continued in fiscal 2019, which resulted in approximately 1,000 employees exiting the Company for a total of approximately 2,300 employees since inception. In fiscal 2019, approximately 90 employees either rescinded their acceptance of the VDP package with the approval of the Company or declined their package in order to expedite their departure date. As part of the program design, the majority of customer-facing employees (i.e. Customer Care, Retail, Sales) were not eligible to participate in the VDP. A large portion of employees who elected to participate in the VDP are in functions that will be addressed through the aforementioned key elements of the TBT and Shaw has control over the timing of employee departures across the Company through an actively managed, orderly transition over an 18-month period. In select functions, the Company determined that some employees will transition over a 24-month period, an extension from the 18-month period initially expected. With remaining employees expected to depart in fiscal 2020, there is a risk that the Company may not be able to: (i) complete the employee exits with minimal impact on business operations within the anticipated timeframes and for the budgeted amounts, (ii) replace or outsource the functions performed by certain key employees that have accepted the VDP package in a manner that aligns with customer expectations which may have a material adverse effect on the Company's business operations, (iii) continue to operate the business in the normal course, and maintain or improve customer services, (iv) maintain employee morale as a result of the organizational changes, staff and cost reductions; (v) ensure that the staff reductions will reduce costs, and achieve the financial goals, cost competitiveness and profitability required to be attractive to investors. In addition, there can be no assurance that restructuring costs of the VDP will be limited to the budgeted amounts or that the expected annualized cost reductions from the VDP (including reductions in operating and capital expenditures will be realized within the expected time frames or at all). The realization of any of these risks may have a material adverse effect on Shaw, its operations and/or financial results.

Labour Relations

As of August 31, 2019, approximately 5.5% of our employees are represented by unions under collective bargaining agreements. While the Company strives to maintain positive labour relations, 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 the Company does 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.

There has been a significant amount of change across the organization in connection with the VDP and our TBT initiative. To support all leaders and employees, we continually listen to remove barriers and respond in real-time to needs and concerns. We also continue to provide support for leaders on how to manage change and maintain positive employee engagement and relations.

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 14 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, 2019, 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 and the recently implemented accounts receivable securitization program 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. 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 30 to the Consolidated Financial Statements.

Inventory

Our Wireless division's inventory balance consists of devices which generally have short product lifecycles due to frequent new device introductions. The failure to effectively manage inventory levels based on product demand may increase the risk of inventory obsolescence, which may have a material adverse effect on Shaw's operations and/or financial results.

Similar to other wireless service providers, Shaw substantially subsidizes the cost of subscriber devices to attract customers to sign a term contract with Freedom Mobile. Shaw also commits to a minimum subsidy per unit with certain suppliers of devices. There is a risk that Shaw may be unable to recover the costs of subsidies over the term of the customer contract which could have a material adverse effect on our business, operations or financial results.

Impacts of Climate Change

Global climate change is an important consideration for Shaw. Climate change may increase the severity and frequency of natural threats on our business, including weather-related events, which may require us to protect, test, maintain, repair and replace our networks, IT systems, equipment and other infrastructure. For example:

- increased temperatures could impact our networks, IT systems, equipment and other infrastructure which could require the installation of additional cooling devices;
- ice storms or extreme precipitations could have a negative impact on our physical network, equipment and other infrastructure which could affect our delivery of service;
- flooding, hurricanes, tornados, and tsunamis could impact or destroy our facilities or network, equipment, and other infrastructure and will increase our insurance related expenses;
- climate change related impacts to our key suppliers could adversely affect their ability to supply us with required products and services; and
- We may be required to incur additional capital expenditures from substitution of existing products and services with lower emissions options.

The occurrence of any of these events could have a material adverse effect on our operations and/or financial results. See also "Network Failure" risks below which could increase in severity and/or frequency as a result of climate change related natural disasters.

Although we have business continuity and disaster recovery plans and strategies in place, the failure of any of our climate change mitigation and adaptation efforts (including response strategies and business continuity protocols) may affect our business through potential disruption of our operations, damage to our facilities and infrastructure, and affect the communities that we serve (which may have a material adverse effect on Shaw and its reputation, as well as its operations, prospects and/or financial results).

Global climate change is drawing more attention through evolving public interest. Many aspects of our operations are subject to evolving and increasingly stringent federal, provincial, and local environmental, health, and safety laws and regulations. These laws and regulations impose requirements with respect to matters such as fuel storage, the recovery and recycling of end-of-life electronic products, greenhouse gas emissions, the release of substances into the environment, corrective and remedial action concerning such releases, and the proper handling, management and disposal of substances. These evolving considerations and more stringent laws and regulations could lead to increased costs for compliance and utilities, which could be material. Failure to recognize and adequately respond to changing environmental matters and expectations, or to comply with environmental laws and regulations, could result in fines, new regulatory obligations and associated costs, or damage to our reputation or brand any of which could have a material adverse effect on our operations and/or financial results. As we self-insure our FibrePlus network, we have limited insurance coverage against the losses resulting from natural disasters affecting our networks which covers our network equipment and data centres (for further detail see "Network Failure" above).

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.

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.

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 participating shares ("Class A Shares") are the only shares entitled to vote on all shareholder matters. Voting control of the Company is held by SFLT and its subsidiaries, which hold, for the benefit of descendants of JR and Carol Shaw, 17,562,400 Class A Shares, being approximately 79% of the issued and outstanding shares of such class as at August 31, 2019. 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), Bradley S. Shaw, four other members of JR Shaw's family, and one independent director. Accordingly, JR Shaw, through SFLT, its subsidiaries 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.

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, 2019 (the "**2019 Fourth Quarter MD&A**") are incorporated by reference herein. The 2019 Fourth Quarter MD&A can be found on SEDAR at www.sedar.com. Certain figures included within this Annual Report have been adjusted to correct an immaterial, inadvertent overstatement of previously reported wireless service revenue for the year ended August 31, 2019 of $7 million (Q1 $1 million; Q2 $1 million; Q3 $2 million; Q4 $3 million).

SUMMARY OF QUARTERLY RESULTS

Quarter	Revenue	Operating income before restructuring costs and amortization[2]	Net income from continuing operations attributable to equity shareholders	Net income attributable to equity shareholders	Net income[3]	Basic earnings per share from continuing operations	Diluted earnings per share from continuing operations	Basic earnings per share	Diluted earnings per share
(millions of Canadian dollars except per share amounts)									
2019									
Fourth	**1,349**	**534**	**165**	**165**	**165**	**0.31**	**0.31**	**0.31**	**0.31**
Third	**1,322**	**528**	**226**	**226**	**228**	**0.44**	**0.44**	**0.44**	**0.44**
Second	**1,315**	**548**	**154**	**154**	**154**	**0.30**	**0.30**	**0.30**	**0.30**
First	**1,354**	**544**	**186**	**186**	**186**	**0.36**	**0.36**	**0.36**	**0.36**
Total	**5,340**	**2,154**	**731**	**731**	**733**	**1.41**	**1.41**	**1.41**	**1.41**
2018									
Fourth [1]	1,326	556	196	196	196	0.38	0.38	0.38	0.38
Third [1]	1,289	538	(99)	(99)	(99)	(0.20)	(0.20)	(0.20)	(0.20)
Second [1]	1,329	483	(175)	(175)	(175)	(0.35)	(0.35)	(0.35)	(0.35)
First [1]	1,245	480	117	111	111	0.23	0.23	0.22	0.22
Total	5,189	2,057	39	33	33	0.06	0.06	0.05	0.05

(1) Fiscal 2018 reported figures have been restated applying IFRS 15 and also reflect a change in accounting policy. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.
(2) See definition and discussion under "Non-IFRS and additional GAAP measures."
(3) Net income attributable to both equity shareholders and non-controlling interests.

F19 Q4 **vs** F19 Q3	In the fourth quarter of fiscal 2019, net income decreased $63 million compared to the third quarter of fiscal 2019 mainly due to a $21 million increase in current taxes in the fourth quarter, a $41 million gain on the disposal of property, plant and equipment to a related party, a $15 million gain on the sale of a portfolio investment, and the $102 million impact of a tax rate change on deferred taxes partially offset by a $109 million loss on the disposal of the Company's entire equity investment in Corus all recorded in the third quarter.
F19 Q3 **vs** F19 Q2	In the third quarter of fiscal 2019, net income increased $74 million compared to the second quarter of fiscal 2019 mainly due to a $41 million gain on the disposal of property, plant and equipment to a related party, a $15 million gain on the sale of a portfolio investment and the $102 million impact of a tax rate change on deferred taxes partially offset by a $109 million loss on the disposal of the Company's investment in Corus all recorded in the third quarter.
F19 Q2 **vs** F19 Q1	In the second quarter of fiscal 2019, net income decreased $32 million compared to the first quarter of fiscal 2019 mainly due to a $20 million decrease in equity income related to the Company's investment in Corus in the quarter and higher income taxes.
F19 Q1 **vs** F18 Q4	In the first quarter of fiscal 2019, net income decreased $10 million compared to the fourth quarter of fiscal 2018 mainly due to a $12 million decrease in operating income before restructuring costs and amortization and a decrease in other gains mainly related to a $16 million gain on the sale of certain wireless spectrum licenses in the fourth quarter of fiscal 2018. These decreases were partially offset by a $10 million increase in equity income related to the Company's investment in Corus in the first quarter.
F18 Q4 **vs** F18 Q3	In the fourth quarter of fiscal 2018, net income improved by $293 million compared to the third quarter of fiscal 2018 primarily due to an impairment charge of $284 million related to the Company's investment in Corus recorded in the prior quarter.
F18 Q3 **vs** F18 Q2	In the third quarter of fiscal 2018, the net loss decreased $76 million compared to the second quarter of fiscal 2018 mainly due to a decrease in the third quarter restructuring costs of $404 million and an increase in operating income before restructuring costs and amortization. The increase was partially offset by impairment charge of $284 million in the third quarter related to the Company's investment in Corus and higher income taxes.
F18 Q2 **vs** F18 Q1	In the second quarter of fiscal 2018, net income decreased $286 million compared to the first quarter of fiscal 2018 mainly due to $417 million of restructuring costs recorded during the quarter related to the Company's TBT initiative which is composed primarily of the costs associated with the VDP, including severance and other employee related costs. The decrease was partially offset by increased wireless revenues of $93 million.
F18 Q1 **vs** F17 Q4	In the first quarter of fiscal 2018, net income decreased $370 million compared to the fourth quarter of fiscal 2017 mainly due to the $330 million gain on divestiture, net of tax, of ViaWest, as well as an $11 million non-operating provision recovery in the prior quarter.

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. Our Video subscriber activity is influenced by cord shaving and cord cutting trends, which has resulted in fewer subscribers watching traditional cable TV, as well as a lower number of TV subscribers. In addition, trends in the use of wireless products and Internet or social media as substitutes for traditional home phone products have resulted in fewer Phone subscribers. Satellite subscriber activity is modestly higher around the summertime when more subscribers have second homes in use. Wireless subscriber activity is influenced by the launch of popular new mobile devices, seasonal promotional periods, and the level of competitive intensity. Our first and fourth quarters typically experience higher volumes of Wireless competitive activity as a result of back to school and holiday season-related consumer behavior. Aggressive promotional offers are often advertised during these periods which can impact our Wireless subscriber metrics. Shaw's Wireline, Satellite, Wireless or Data Centre businesses do not depend on any single customer or concentration of customers.

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:

	2019					
Subscriber Statistics	**Opening**	**First**	**Second**	**Third**	**Fourth**	**Ending**
Video – Cable	**1,585,232**	**(23,768)**	**(28,953)**	**(24,303)**	**(29,837)**	**1,478,371**
Video – Satellite	**750,403**	**(28,893)**	**(9,627)**	**3,134**	**(11,794)**	**703,223**
Internet	**1,876,944**	**5,606**	**11,105**	**6,647**	**11,401**	**1,911,703**
Phone	**853,847**	**(15,957)**	**(20,916)**	**(21,517)**	**(27,712)**	**767,745**
Total Consumer	**5,066,426**	**(63,012)**	**(48,391)**	**(36,039)**	**(57,942)**	**4,861,042**
Video – Cable	**49,606**	**(254)**	**(1,465)**	**(4,301)**	**(1,743)**	**41,843**
Video – Satellite	**34,831**	**558**	**830**	**(626)**	**63**	**35,656**
Internet	**172,859**	**1,248**	**(1,440)**	**427**	**592**	**173,686**
Phone	**354,912**	**8,649**	**5,836**	**5,368**	**4,669**	**379,434**
Total Business	**612,208**	**10,201**	**3,761**	**868**	**3,581**	**630,619**
Total Wireline	**5,678,634**	**(52,811)**	**(44,630)**	**(35,171)**	**(54,361)**	**5,491,661**
Wireless – Postpaid [(1)]	**1,029,720**	**86,067**	**64,670**	**61,279**	**75,913**	**1,313,828**
Wireless – Prepaid [(1)]	**373,138**	**(20,452)**	**(16,887)**	**820**	**14,831**	**344,357**
Total Wireless	**1,402,858**	**65,615**	**47,783**	**62,099**	**90,744**	**1,658,185**
Total Subscribers	**7,081,492**	**12,804**	**3,153**	**26,928**	**36,383**	**7,149,846**

	2018					
Subscriber Statistics	**Opening**	**First**	**Second**	**Third**	**Fourth**	**Ending**
Video – Cable	1,671,277	(18,008)	(17,715)	(16,332)	(33,990)	1,585,232
Video – Satellite	773,542	(20,505)	(4,301)	9,066	(7,399)	750,403
Internet	1,861,009	17,694	5,476	(3,754)	(3,481)	1,876,944
Phone	925,531	(17,418)	(14,842)	(13,264)	(26,160)	853,847
Total Consumer	5,231,359	(38,237)	(31,382)	(24,284)	(71,030)	5,066,426
Video – Cable	51,039	(705)	(400)	(251)	(77)	49,606
Video – Satellite	31,535	(512)	1,330	531	1,947	34,831
Internet	170,644	(494)	162	813	1,734	172,859
Phone	327,199	6,097	4,655	8,766	8,195	354,912
Total Business	580,417	4,386	5,747	9,859	11,799	612,208
Total Wireline	5,811,776	(33,851)	(25,635)	(14,425)	(59,231)	5,678,634
Wireless – Postpaid	764,091	33,050	93,508	54,189	84,882	1,029,720
Wireless – Prepaid	383,082	1,260	(3,806)	(7,530)	132	373,138
Total Wireless	1,147,173	34,310	89,702	46,659	85,014	1,402,858
Total Subscribers	**6,958,949**	**459**	**64,067**	**32,234**	**25,783**	**7,081,492**

(1) The Company reduced the August 31, 2019 ending balance by 10,914 due to account cancellations dating back to 2016 previously not reported. The cancellations were comprised of 3,821 postpaid and 7,093 prepaid subscribers. In the Company's view, the cancellations were not significant in relation to previously reported amounts.

RESULTS OF OPERATIONS

OVERVIEW OF FISCAL 2019 CONSOLIDATED RESULTS

(millions of Canadian dollars except per share amounts)	2019	2018 (restated)[1]	Change %	2018 (as reported)	2017	Change %
Operations:						
Revenue	**5,340**	5,189	2.9	5,239	4,882	7.3
Operating income before restructuring costs and amortization [2]	**2,154**	2,057	4.7	2,089	1,997	4.6
Operating margin [2]	**40.3%**	39.6%	1.8	39.9%	40.9%	(2.5)
Funds flow from continuing operations [3]	**1,777**	1,177	51.0	1,259	1,530	(17.7)
Net income from continuing operations	**733**	39	>100.0	66	557	(88.2)
Income (loss) from discontinued operations, net of tax	**–**	(6)	(100.0)	(6)	294	>(100.0)
Net income	**733**	33	>100.0	60	851	(92.9)
Free cash flow [2]	**538**	385	39.7	411	438	(6.2)
Balance sheet:						
Total assets	**15,646**	14,431		14,424	14,373	
Long-term financial liabilities						
Long-term debt (including current portion)	**5,308**	4,311		4,311	4,300	
Other financial liabilities	**–**	–		–	1	
Per share data:						
Basic earnings per share						
Continuing operations	**1.41**	0.06		0.11	1.12	
Discontinued operations	–	(0.01)		(0.01)	0.60	
	1.41	0.05		0.10	1.72	
Diluted earnings per share						
Continuing operations	**1.41**	0.06		0.11	1.11	
Discontinued operations	**–**	(0.01)		(0.01)	0.60	
	1.41	0.05		0.10	1.71	
Weighted average number of participating shares outstanding during period (millions)	**511**	502		502	491	
Cash dividends declared per share						
Class A	**1.1825**	1.1825		1.1825	1.1825	
Class B	**1.1850**	1.1850		1.1850	1.1850	

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Comparative fiscal 2017 results have not been restated. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.
(2) Refer to key performance drivers.
(3) Funds flow from operations is presented before changes in non-cash working capital as presented in the Consolidated Statements of Cash Flows.

Fiscal 2019 Developments

- Revenue for fiscal 2019 increased 2.9% to $5.34 billion from $5.19 billion in fiscal 2018.
- Operating income before restructuring costs and amortization of $2.15 billion in fiscal 2019 was up 4.7% over the prior year's $2.06 billion.
- Net income was $733 million for fiscal 2019 compared to $33 million in fiscal 2018.
- Earnings per share were $1.41 in fiscal 2019 compared to $0.05 in fiscal 2018.
- Consolidated free cash flow in fiscal 2019 was $538 million compared to $385 million in fiscal 2018.

- During 2019, the Company's dividend rates on Shaw's Class A Shares and Class B Non-Voting Shares were $1.1825 and $1.1850, respectively. Dividends paid in fiscal 2019 were $606 million gross of amounts attributed to the dividend reinvestment plan.

Corporate

- The Company's voluntary departure program, or VDP, continued in fiscal 2019, resulting in approximately 1,000 employees exiting the Company in fiscal 2019 bringing the total to approximately 2,300 employees since the program commenced in March 2018. As of November 15, 2019, approximately 2,700 employees had departed the Company pursuant to the VDP, which is approximately 84% complete.
- As the VDP approaches completion, the total restructuring charge is now expected to total approximately $437 million as approximately 90 employees either rescinded their acceptance of the VDP package with the approval of the Company or declined their package in order to expedite their departure date resulting in a $10 million recovery in fiscal 2019.
- The anticipated annualized savings related to the VDP to be fully realized in fiscal 2020 are expected to be approximately $200 million (with approximately $125 million attributable to operating expenses and approximately $75 million attributable to capital expenditures) which is materially in line with the original estimate of $215 million. In fiscal 2019, VDP related cost savings totaled $135 million, of which $98 million were attributed to operating expenses and $37 million were attributed to capital expenditures. (For further detail, see "Total Business Transformation").
- On May 31, 2019, the Company completed its secondary offering of 80,630,383 Corus Class B non-voting participating shares of Corus at a price of $6.80 per share, representing approximately 39% of the outstanding Corus Class B non-voting participating shares for net proceeds to the Company of approximately $526 million. Shaw no longer holds any equity interest in Corus.

Financing Activities

- On November 2, 2018, the Company closed its offering of $1 billion of senior notes, comprised of $500 million principal amount of 3.80% senior notes due 2023 and $500 million principal amount of 4.40% senior notes due 2028.
- On November 21, 2018, the Company amended its $1.5 billion credit facility to extend the maturity date by two years, to December 22, 2023. The credit facility can be used for working capital and general corporate purposes.
- Effective May 29, 2019, the Company amended the terms of its accounts receivable securitization program with a Canadian financial institution to extend the term to May 29, 2022 and increase sales committed up to a maximum of $200 million. As at August 31, 2019, $40 million was drawn under the program. On November 1, 2019, the Company drew an additional $80 million bringing the total amount drawn under the program to $120 million.
- On October 1, 2019, the Company repaid $1.25 billion 5.65% senior notes.
- On October 25, 2019, in accordance with the terms of its DRIP, the Company announced that in lieu of issuing shares from treasury, it will satisfy its share delivery obligations under the DRIP by purchasing Class B Non-Voting Shares on the open market. In addition, the Company will reduce the DRIP discount from 2% to 0% for the Class B Non-Voting Shares delivered under the DRIP. These changes to DRIP will apply to the dividends payable on November 28, 2019 to shareholders of record on November 15, 2019.
- On October 29, 2019, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. The program commenced on November 1, 2019 and will remain in effect until October 31, 2020. As approved by the TSX, the Company has the ability to purchase for cancellation up to 24,758,127 Class B Non-Voting Shares, representing 5% of all of the issued and outstanding Class B Non-Voting Shares. As of November 15, 2019, the Company has purchased 483,428 Class B Non-Voting Shares for cancellation for a total cost of approximately $13 million under the NCIB.
- On November 21, 2019, the Company extended the term of its five-year $1.5 billion bank credit facility from December 2023 to December 2024. This credit facility is used for working capital and general corporate purposes.

Wireless – Freedom Mobile

- In fiscal 2019, Freedom Mobile added over 266,000 subscribers which was complemented, on an annual basis, by ABPU improvement of 6.3% (to $41.67) and service revenue growth of 23% (to $694 million) compared to fiscal 2018. The performance reflects the increased number of customers subscribing to higher value service plans and purchasing devices from Freedom Mobile.

- During 2019, Freedom Mobile continued to roll-out of its Extended Range LTE in Calgary, Edmonton, Vancouver, and the GTA, which leverages our 700 MHz spectrum, to provide customers with improved in-building service as well as extending service at the edge of the coverage service area. The Company continues to focus on improving its customer experience through the deployment of the 700 MHz spectrum which is expected to continue throughout fiscal 2020, resulting in a 22-basis point reduction year-over-year in post-paid customer churn to 1.32%.
- On February 28, 2019, the CRTC issued the Notice of Consultation (the "Notice") for its anticipated review of the regulatory framework for mobile wireless services in Canada. The Notice conveys the CRTC's preliminary view that it would be appropriate to mandate wholesale mobile virtual network operators ("MVNOs") access to the networks of the national incumbents. The CRTC's determinations on these and other questions in the Notice could affect Shaw's ability to compete in the mobile wireless market. (For further details see "Government Regulations and Regulatory Developments – CRTC Wireless Review").
- In the third quarter of fiscal 2019, Freedom Mobile introduced new prepaid service plans that better aligned with current market offers resulting in a significant year-over-year improvement in prepaid market performance. Freedom Mobile also finalized an agreement with a third national retail partner, Mobilinq, to launch prepaid services in approximately 50 of its stores. At the end of fiscal 2019, Freedom had over 650 points of retail distribution.
- On April 10, 2019, Freedom Mobile successfully acquired 11 paired blocks of 20-year 600 MHz spectrum, across its wireless operating footprint, for a total purchase price of $492 million, or $0.78 per MHz-Pop. The spectrum acquisition rights secured through the 600 MHz auction include 30 MHz across each of British Columbia, Alberta, and Southern Ontario as well as 20 MHz in Eastern Ontario. These licences were issued for a 20-year term, expiring in 2039.
- In fiscal 2019, Freedom Mobile expanded its network through the launch of 19 new communities in Alberta, British Columbia, and Ontario.

Wireline – Consumer & Business

- In fiscal 2019, the Company completed the activation of the next generation of cable access technology known as DOCSIS 3.1. Powered by our latest generation of DOCSIS 3.1 enabled Cable modem, the XB6, the upgrade allowed us to launch our Internet 600 consumer speed tier and our 1 Gbps business speed tier across virtually all of our Western Canadian cable footprint.
- In November 2018, the Company doubled internet speeds of its top residential tiers, Internet 150 and Internet 300 to Internet 300 to Internet 600, respectively.
- In April 2019, the Company unveiled Shaw BlueCurve, a technology that provides customers greater control over their home Wi-Fi experience through the BlueCurve Home App and Pods. Shaw Blue Curve is a simple and powerful new technology that gives customers more coverage and greater control over their home Wi-Fi experience while at the same time helping redefine their relationship with in-home connected devices. The Shaw Blue Curve app is the latest innovative product that the Company has introduced to the market, through its partnership with Comcast Corporation, and it is available with Shaw's BlueCurve modem – the hub of our customers' in-home content and connectivity experience. Shaw BlueCurve Pods expand in-home coverage by creating a mesh Wi-Fi network which blankets our customer's home with wireless coverage and reduces the challenges of Wi-Fi deadspots.
- Building on the BlueCurve gateway modem, the Company launched internet protocol television, or IPTV in Calgary in May and continues to expand this service, which is available across 70% of its Western Canadian cable footprint. The Company expects to complete the roll-out over the next several months.
- In January 2019, Shaw Business launched 100 Mbps symmetrical private data connections to over 300,000 business locations in western Canada with the next generation Ethernet over DOCSIS technology.
- In March 2019, Shaw Business:
  - launched its fastest Internet tier in select areas – with download speeds of up to 1 Gbps paired with upload speeds of up to 125 Mbps allowing businesses of all sizes to get the bandwidth they need and ensure their employees and guests can get the most out of their connectivity experience; and
  - doubled the speeds of eligible Shaw Business Internet and Smart WiFi 150 and 300 customers to Shaw Business Internet and Smart WiFi 300 and 600, respectively.

- On August 1, 2019, the Company completed the sale of the assets of the Shaw Calgary1 data center, including all of the contractual relationships residing in the facility and the existing operational and sales teams, to a third party.
- On August 15, 2019, the CRTC issued Telecom Order 2019-288 (the "Order"), which set the Company's final wholesale high speed service ("HSA") rates. The final rates were significantly lower than the interim rates set in October 2016, and retroactive to January 31, 2017. On September 13, 2019, the Company jointly with Cogeco, Eastlink, Rogers, and Videotron (the "Cable Carriers") filed a motion for leave to appeal the Order with the Federal Court of Appeal, as well as a motion to stay the Order, pending the final Judgment on the appeal (if leave is granted). On November 22, 2019, the motion for leave to appeal the order, as well as the motion to stay the order pending final judgement on the appeal was granted. As well, on November 13, 2019, the Cable Carriers filed a petition requesting that the Cabinet order the CRTC to rescind the Order. A decision on whether to vary, rescind or refer the Order back to the Commission must be made within one year from the date of the Order. (For further detail, see "Government Regulations and Regulatory Developments – Third Party Internet Access").

Fiscal 2018 Highlights

- Revenue for fiscal 2018 improved 7.3% to $5.24 billion from $4.88 billion in fiscal 2017.
- Operating income before restructuring costs and amortization of $2.09 billion in fiscal 2018 was up 4.6% over fiscal 2017's $2.0 billion.
- Net income was $60 million for fiscal 2018 compared to $851 million in fiscal 2017.
- Earnings per share were $0.10 in fiscal 2018 compared to $1.72 in fiscal 2017.
- Consolidated free cash flow in fiscal 2018 was $411 million compared to $438 million in fiscal 2017.
- During 2018, the Company's dividend rates on Shaw's Class A Shares and Class B Non-Voting Shares were $1.1825 and $1.1850, respectively. Dividends paid in fiscal 2018 were $605 million gross of amounts attributed to the dividend reinvestment plan.

Corporate

- In the first quarter of fiscal 2018, Shaw changed the structure of its operating divisions to improve overall efficiency while enhancing its ability to grow as a leading Canadian connectivity company. Shaw's previously existing Consumer and Business Network Services divisions were combined to form a new Wireline division with no changes to the existing Wireless division.
- In the second quarter of fiscal 2018, the Company introduced TBT, a multi-year initiative designed to reinvent Shaw's operating model to better meet the evolving needs and expectations of consumers and businesses by optimizing the use of resources, maintaining and ultimately improving customer service, and by reducing staff. Three key elements of the transformation are to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and, 3) streamline the organization that builds and services the networks.
- As a first step in the TBT, a voluntary departure program, or VDP, was offered to eligible employees resulting in approximately 1,300 employees departing the Company in fiscal 2018.
- In fiscal 2018, the Company incurred a total restructuring charge of $446 million related to severance and other employee related costs, as well as additional costs directly associated with the TBT initiative. VDP related cost reductions in fiscal 2018 totaled $47 million, of which $39 million were attributed to operating expenses and $8 million attributed to capital expenditures. (For further detail see "Total Business Transformation").
- In the third quarter of fiscal 2018, the Company incurred an impairment charge of $284 million related to its investment in Corus.

Financing Activities

- On June 19, 2018, the Company established an accounts receivable securitization program with a Canadian financial institution which allows it to sell certain trade receivables into the program up to a maximum of $100 million. As at August 31, 2018, $40 million had been drawn under the program.

Wireless – Freedom Mobile

- In fiscal 2018, Freedom Mobile added over 255,000 subscribers which was complemented, on an annual basis, by an ABPU improvement of 6.1% (to $39.26) over fiscal 2017, reflecting the appeal of its differentiated value proposition.
- In October 2017, Freedom Mobile launched the Big Gig data plans, targeting a data-centric customer with 10 GB of data for only $50 per month – unlike any other plan offered in Canada at that time.
- In November 2017, Freedom Mobile began pre-selling iPhone X, iPhone 8 and 8 Plus at all Freedom Mobile retail locations across Canada.
- In the second quarter of fiscal 2018, the Company completed the re-farm of 10 MHz of AWS-1 spectrum across Freedom Mobile's footprint, significantly expanding Freedom Mobile's addressable market as the AWS-1 spectrum supports nearly all LTE devices currently in use in Canada.
- In May 2018, the Company completed its first successful 5G trials in Calgary by leveraging 28GHz mm wave and 3.5GHz spectrum in collaboration with Nokia, CableLabs and Rode & Schwarz.
- In fiscal 2018, the Company successfully upgraded and deployed 2500 MHz spectrum in high traffic sites in the GTA, Calgary, Edmonton, and Vancouver and commenced the deployment of 700 MHz spectrum later in the year. This step, the deployment of the 2500 MHz spectrum, along with the completion of the re-farming of 10 MHz of the Company's existing AWS-1 spectrum to LTE in the second quarter of fiscal 2018, resulted in a large majority of the Company's existing customers migrating from 3G to LTE service using their existing devices.
- In the fourth quarter of fiscal 2018, the Company launched voice over LTE, or VoLTE, nationwide across all three of its LTE spectrum bands – AWS-1, AWS-3, and 2500 MHz – offering customers with compatible devices a significant improvement in voice quality and a reduction in call set-up time.
- During 2018, Freedom Mobile continued to expand its retail network by entering into distribution agreements with Loblaws and Walmart. Freedom Mobile products and services are currently being distributed in approximately 100 Loblaws' "The Mobile Shop" locations and approximately 140 Walmart locations throughout Ontario, Alberta and British Columbia.

Wireline – Consumer & Business

- On September 15, 2017, the Company sold a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation, to Omnitracs LLC for proceeds of approximately US$20 million.
- In December 2017, Shaw Business launched SmartSurveillance, an enterprise-grade managed video surveillance solution designed to help owners monitor and protect their businesses while providing valuable analytical insights.
- In the third quarter of fiscal 2018, the Company deployed the latest DOCSIS 3.1 advanced XB6 Wi-Fi modem, powered by Comcast, which enabled faster internet speeds, supported more devices and ensured a stronger in-home internet connection. 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.
- During fiscal 2018, the Company continued to improve its BlueSky platform, powered by Comcast's next generation X1 platform, which features a voice controlled remote and advanced search, by integrating both Netflix and YouTube seamlessly with live TV, video-on-demand and recorded content.
- In July 2018, the Company launched Internet 300 with download speeds of up to 300 Mbps:
  - The Consumer division launched Internet 300 with unlimited data available across virtually all of Shaw's Western Canadian footprint.
  - Shaw Business launched:
    - Internet 300 with unlimited data, which made it easier for Shaw Business customers to share files through cloud storage services, video conference with colleagues, and operate point of sale systems more efficiently; and
    - SmartWiFi 300, an enterprise-grade WiFi solution, that provides simultaneous device connections, instant analytics, 3 separate networks, and bandwidth allocation (to monitor and limit usage for heavy data users).

Fiscal 2017 Highlights

- Revenue for fiscal 2017 improved 8.1% to $4.88 billion from $4.52 billion in fiscal 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.
- Net income was $851 million for fiscal 2017 compared to $1.24 billion in fiscal 2016.
- Earnings per share were $1.72 in fiscal 2017 compared to $2.51 in fiscal 2016.
- Consolidated free cash flow in fiscal 2017 was $438 million compared to $482 million in fiscal 2016.
- During 2017, the Company's dividend rates on Shaw's Class A Shares and Class B Non-Voting Shares were $1.1825 and $1.1850, respectively. Dividends paid in 2017 were $595 million gross of amounts attributed to the dividend reinvestment plan.

Corporate

- On August 1, 2017, the Company sold 100% of its wholly-owned subsidiary ViaWest, Inc. and its subsidiaries (collectively, "ViaWest") for approximately US$1.675 billion in cash.
- 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 Activities

- 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 Shares and Class B Non-Voting 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;
  - the repayment of $400 million senior unsecured notes due March 2, 2017; and
  - the repayment of US$846 million in borrowings under the Company's and ViaWest's credit facilities related to the sale of ViaWest.
- The Company participated in Corus' dividend reinvestment program for its initial investment in Corus Class B non-voting participating shares until September 1, 2017.

Wireless – Freedom Mobile

- The Company continued to improve its network performance with the rollout of Freedom Mobile's LTE-Advanced network to all its existing markets, on schedule and on budget, as of the end of fiscal 2017.
- Freedom Mobile's handset lineup continued to expand in fiscal 2017, with Apple, LG, Samsung, Sony and ZTE all being compatible with its AWS-3 LTE network.

- In fiscal 2017, the Company began to deploy its newest generation of cable modem termination system equipment referred to as the Converged Cable Access Platform ("CCAP") into its serving hubs. CCAP significantly enhances the capabilities of Shaw's cable network and enabling it to leverage the next generation of cable access technology known as DOCSIS 3.1.
- 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.
- The Company launched the market leading BlueSky TV, which is based on Comcast's X1 video platform. BlueSky TV was launched in phases, with the initial launch in Calgary followed by the Vancouver launch in February and the national launch in April 2017.
- 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 Wi-Fi access points to improve network coverage for Freedom Mobile customers which represents an important step in Shaw's converged network strategy.

Revenue and operating income before restructuring costs and amortization

Shaw delivered full year fiscal 2019 financial results that met its guidance. Operating income before restructuring costs and amortization of $2,154 million in fiscal 2019 increased 4.7% over fiscal 2018 and was in line with the targeted increase of 4% to 6%. For further discussion of divisional performance see "Segmented Operations Review."

Consolidated revenue of $5.34 billion for fiscal 2019 improved 2.9% over $5.19 billion for fiscal 2018. Revenue improved primarily due to the Wireless division contributing revenues of $1,047 million in fiscal 2019 as compared to $901 million in the prior year. The year-over-year improvement in Wireless revenue of $146 million or 16.2% reflects higher service revenues of $130 million and higher equipment revenues of $16 million driven primarily by added postpaid RGUs, higher ARPU, and higher ABPU. Excluding the results of the Wireless division, revenue for the twelve-month period for the Wireline division was up $8 million or 0.2%. Customer acquisition and rate increases were the primary driver of the $26 million in revenue growth from the Business division while Consumer division revenues decreased $18 million or 0.5% compared to the twelve-month period of fiscal 2018 as contributions from rate adjustments and growth in Internet revenue were offset by declines in Video, Satellite and Phone subscribers and revenue.

Operating income before restructuring costs and amortization of $2.15 billion for the twelve-month period improved 4.7% compared to $2.06 billion for fiscal 2018. The improvement was primarily due to the Wireless division contributing $199 million over the twelve-month period as compared to $142 million in fiscal 2018 and the Wireline division increase of $40 million year-over-year. Wireless increased $57 million or 40.1% over the comparable period driven primarily by subscriber growth, higher equipment margins and ABPU growth, partially offset by higher distribution channel costs and the impact of the $13 million credit for a retroactive domestic roaming rate adjustment in the prior year. Wireline increased $40 million or 2.1% over the comparable period primarily as a result of lower operating costs mainly related to VDP partially offset by the $10 million provision related primarily to the CRTC decision to reduce wholesale broadband rates available to third party internet providers from 2016 onward and the impact of the $15 million payment to address certain IP licensing matters.

Restructuring costs

Restructuring costs generally include severance, employee related costs and other costs directly associated with a restructuring program. As a first step in the TBT, the VDP was offered to eligible employees in the second quarter of fiscal 2018. The outcome of the program had approximately 3,300 Shaw employees accepting the VDP package, representing approximately 25% of all employees at that time. For the year ended August 31, 2019, the category included a $10 million reversal in restructuring charges related to the Company's TBT initiative as a result of approximately 90 employees either rescinding their acceptance of the VDP package with the approval of the Company or forgoing their package to expedite their departure date. See "About our Business" for further details on the TBT and the VDP.

Amortization

(millions of Canadian dollars)	2019	2018 (restated)[1]	Change %
Amortization revenue (expense)			
Deferred equipment revenue	**21**	30	(30.0)
Deferred equipment costs	**(85)**	(110)	(22.7)
Property, plant and equipment, intangibles and other	**(974)**	(945)	3.1

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

Amortization of property, plant and equipment, intangibles and other increased 3.1% for the year ended August 31, 2019 over the comparable period due to amortization of new expenditures exceeding the amortization of assets that became fully amortized during the year.

Amortization of financing costs and Interest expense

(millions of Canadian dollars)	2019	2018	Change %
Amortization of financing costs – long-term debt	**3**	3	–
Interest expense	**258**	248	4.0

Interest expense for the twelve-month period ended August 31, 2018 increased over the comparable period primarily due to higher average outstanding debt balances in the current year.

Other income and expenses

(millions of Canadian dollars)	2019	2018 (restated)[1]	Increase / (decrease)
Equity income (loss) of an associate or joint venture	**46**	(200)	246
Loss on disposal of an associate or joint venture	**(109)**	–	(109)
Other gains	**50**	32	18
	(13)	(168)	155

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

In fiscal 2018, the Company recorded equity income of $46 million related to its investment in Corus compared to an equity loss of $200 million in the prior year. The increase substantially reflects a $284 million impairment from the Company's investment in Corus recorded in the third quarter of fiscal 2018.

On May 31, 2019, the Company sold all of its 80,630,383 Corus Class B non-voting participating shares at a price of $6.80 per share. Proceeds, net of transaction costs, were $526 million, which resulted in a loss of $109 million for the twelve months ended August 31, 2019.

Other gains (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 includes a net $32 million gain on the disposal of property, plant and equipment, a $6 million gain on the disposal of a non-core business, as well as a $15 million gain on the disposal of a minor portfolio investment. In the prior year, the category includes a $16 million gain on the sale of certain wireless spectrum licenses as well as a $5 million provision recovery.

Earnings per share

(millions of Canadian dollars except per share amounts)	2019	2018 (restated)[1]	Change %
Net income	**733**	33	>100.0
Weighted average number of participating shares outstanding during period (millions)	**511**	502	
Earnings per share			
Basic	**1.41**	0.05	
Diluted	**1.41**	0.05	

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

Net income

Net income was $733 million in 2019 compared to $33 million in 2018[1]. The year-over-year changes are summarized in the table below[1].

(millions of Canadian dollars)	
Increased operating income before restructuring costs and amortization [2]	**97**
Decreased restructuring costs	**455**
Increased amortization	**(13)**
Increased interest expense	**(10)**
Increased equity income of an associate or joint venture	**246**
Change in other net costs and revenue [3]	**(91)**
Decreased income taxes	**10**
Increased income from discontinued operations, net of tax	**6**
	700

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

(2) See definitions and discussion under "Non-IFRS and additional GAAP measures"

(3) Net other costs and revenue include gains and losses on disposals of fixed assets and intangibles, business acquisition costs, accretion of long-term liabilities and provisions, debt retirement costs, realized and unrealized foreign exchange differences and other losses as detailed in the unaudited Consolidated Statements of Income

Net other costs and revenues had a $91 million unfavourable impact on net income primarily due to a $109 million loss related to the Company's disposal of its investment in Corus Class B non-voting participating shares partially offset by a $15 million gain on the disposal of a minor portfolio investment in the current year.

SEGMENTED OPERATIONS REVIEW

WIRELINE

(millions of Canadian dollars)	2019	2018 (restated)[1]	Change %
Consumer	**3,707**	3,725	(0.5)
Business	**593**	567	4.6
Wireline revenue	**4,300**	4,292	0.2
Operating income before restructuring costs and amortization [2]	**1,955**	1,915	2.1
Operating margin [2]	**45.5%**	44.6%	2.0

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

(2) Refer to key performance drivers.

Wireline RGUs decreased by 186,973 in the current year, compared to net losses of 133,142 RGUs in fiscal 2018. Total Business RGU gains of 18,411 were more than fully offset by total Consumer RGU losses of 205,384 in the year which included net losses in cable Video of 106,861, Phone of 86,102 and satellite Video of 47,180 partially offset by the addition of approximately 34,759 Internet RGUs.

Consumer revenue for the year of $3.7 billion was comparable to last year. Higher revenue generated by annual rate adjustments and incremental Internet RGUs were fully offset by the impact of reductions to Video, Satellite and Phone RGUs. Business revenue for the year of $593 million was 4.6% higher over the prior year primarily due to customer growth as well as the impact of annual rate adjustments.

Operating income before restructuring costs and amortization of $2.2 billion increased 4.7% over the comparable period primarily as a result of lower operating costs mainly related to VDP partially offset by the $10 million provision related primarily to the CRTC decision to reduce wholesale broadband rates available to third party internet providers from 2016 onward and the impact of the $15 million payment to address certain IP licensing matters.

WIRELESS

(millions of Canadian dollars)	2019	2018 (restated)[1]	Change %
Service	**694**	564	23.0
Equipment and other	**353**	337	4.7
Wireless revenue	**1,047**	901	16.2
Operating income before restructuring costs and amortization [2]	**199**	142	40.1
Operating margin [2]	**19.0%**	15.8%	20.3

(1) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

(2) Refer to key performance drivers.

In Wireless, the Company continued to grow postpaid and prepaid wireless subscribers, gaining a combined 266,241 RGUs in the year. The increase in the customer base reflects continued customer demand for the Big Gig data-centric pricing and packaging options, including Absolute Zero, the success of the new prepaid plans that were launched in April 2019, and the ongoing execution of the wireless growth strategy to improve the network and customer experience.

Wireless revenue for the year of $1,047 million increased $146 million or 16.2% over the prior year. The increase in revenue was driven primarily by year-over-year growth in both service and equipment revenue. The increase in service revenue was driven by RGU and ARPU growth in which a net

287,929 postpaid subscribers were added, representing a 28% increase, and ARPU of $37.92 in fiscal 2019 compared to $37.11 in the prior year. The higher equipment revenues were driven by a large share of new postpaid subscribers purchasing handsets. ABPU of $41.67 for the full fiscal year compared to $39.19 for fiscal 2018 and reflects a higher proportionate share of postpaid subscribers.

Operating income before restructuring costs and amortization of $199 million increased $57 million or 40.1% over the comparable period driven primarily by subscriber growth, higher equipment margins and ABPU growth, partially offset by higher distribution channel costs and the impact of the $13 million credit for a retroactive domestic roaming rate adjustment in the prior year.

CAPITAL EXPENDITURES AND EQUIPMENT COSTS

	Year ended August 31,		
(millions of Canadian dollars)	2019	2018 (restated)(1)	Change %
Wireline			
New housing development	**138**	124	11.3
Success based	**256**	278	(7.9)
Upgrades and enhancements	**346**	493	(29.8)
Replacement	**28**	31	(9.7)
Buildings and other	**59**	92	(35.9)
Total as per Note 26 to the audited annual consolidated financial statements	**827**	1,018	(18.8)
Wireless			
Total as per Note 26 to the audited annual consolidated financial statements	**385**	343	12.2
Consolidated total as per Note 26 to the audited annual consolidated financial statements	**1,212**	1,361	(10.9)

(1) Fiscal 2018 reported figures have been restated. Refer to "Change in Accounting Policy" for additional details on the changes for fiscal 2018.

Capital investment was $1,212 million in the current year compared to $1,361 million in fiscal 2018. The decrease was driven primarily by a $191 million decrease in Wireline primarily due to lower system network infrastructure spending partially offset by incremental capital investment in the Wireless division relating primarily to investment for the continued deployment of 700 MHz spectrum and the expansion of the wireless network into 19 new markets.

Wireline

Success-based capital for fiscal 2019 of $256 million was moderately lower than fiscal 2018. The current year decrease in success-based capital was due primarily to lower Video equipment purchases in the year.

Capital spend on the combined upgrades and enhancement, and replacement categories was $374 million for the current year, a $150 million decrease over fiscal 2018 driven primarily by lower planned Wireline spend on system network infrastructure.

Capital spend on new housing development of $138 million was $14 million higher than the prior year driven by residential and commercial customer network growth and acquisition.

Investment in buildings and other of $59 million for the twelve-month period was down $33 million over the comparable period primarily due to the impact of proceeds received on the disposition of non-core assets.

Wireless

Capital investment in the Wireless division of $385 million for the twelve-month period was up $42 million over the prior year. In fiscal 2019, the Company continued to focus on investment in the Wireless network and infrastructure, specifically the deployment of 700 MHz spectrum, LTE and small cells as well as retail expansion in new and existing markets and enhancements to the back-office systems.

DISCONTINUED OPERATIONS

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. Accordingly, the assets and liabilities of the Shaw Tracking business were 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 was expected to be completed 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.

	2019	2018
Revenue	–	1
Operating, general and administrative expenses		
Employee salaries and benefits	–	–
Purchases of goods and services	–	1
Loss from discontinued operations before tax	–	–
Income taxes	–	–
Loss from discontinued operations, net of tax, before divestiture	–	–
Loss on divestiture, net of tax	–	(6)
Loss from discontinued operations, net of tax	–	(6)

FINANCIAL POSITION

Total assets were $15.6 billion at August 31, 2019 compared to $14.4 billion at August 31, 2018. The following is a discussion of significant changes in the Consolidated Statement of Financial Position since August 31, 2018.

Current assets increased $1.14 billion primarily due to increases in cash of $1.06 billion, receivables of $34 million, inventory of $25 million, other current assets of $18 million, and current portion of contract assets of $3 million. Cash increased primarily due to the issuance of $1 billion of senior notes, netting proceeds of $993 million, proceeds of $551 million collected from the sale of its investment in Corus and other portfolio investments, proceeds of $59 million on the disposal of property, plant and equipment as well as funds provided by continuing operations. This was partially offset by cash outlays for the spectrum acquisition of $492 million and other capital additions.

Accounts receivable increased $34 million year-over-year primarily due to the increase in Wireless subscribers and the impact of rate changes in Wireline while inventory increased $25 million as a result of higher handset and satellite purchases towards the end of fiscal 2019 relative to the end of fiscal 2018.

Other current assets increased over the period mainly due to an increase in Wireless subscribers participating in the Company's MyTab Boost, a plan that allows customers to pay less for their handset upfront if they pay a predetermined incremental amount on a monthly basis. This increase continues to be driven by growth in handset sales.

Investments and other assets decreased by $623 million due to the disposal of the Company's investment in Corus and another minor portfolio investment. Property, plant and equipment increased $181 million due to capital investments in excess of amortization. Intangible assets increased $497 million primarily due to the acquisition of spectrum for $492 million.

Contract assets increased $20 million over the period mainly due to an increase in Wireless subscribers participating in the Company's discretionary wireless handset discount program, MyTab. Under IFRS 15, the portion of this discount relating to the handset is applied against equipment revenue at the point in time that the handset is transferred to the customer while the portion relating to service revenue is recorded as a contract asset and amortized over the life of the contract against future service revenues.

Current liabilities increased $1.21 billion during the period primarily due to an increase in the current portion of long-term debt of $1.25 billion due to the reclassification of a $1.25 billion senior note due in October 2019, and an increase in accounts payable and accrued liabilities of $45 million, partially offset by decreases in provisions of $21 million, income taxes payable of $51 million and current portion of contract liabilities of $3 million.

Accounts payable and accruals increased due to the timing of payment and fluctuations in various payables including capital expenditures, interest and programming costs. The decrease in current provisions was mainly due to the payment of restructuring costs related to the TBT. In connection with the VDP, the Company recorded a total of $437 million in restructuring charges in fiscal 2018 and 2019 primarily related to severance and other related costs, of which $292 million has been paid, $142 million is included in current provisions and $1 million is included in long-term provisions. Income taxes payable decreased due to normal course tax installment payments and a lower current period provision.

Long-term debt decreased $253 million primarily due to the change in classification of the $1.25 billion senior note to current liabilities, partially offset by the issuance of $1 billion in senior notes, with $500 million due in 2023 and $500 million due in 2028.

Shareholders' equity increased $315 million mainly due to an increase in share capital of $256 million and retained earnings of $113 million partially offset by an increase in accumulated other comprehensive loss of $55 million. Share capital increased due to the issuance of 10,147,427 Class B Non-Voting Shares under the Company's stock option plan and DRIP.

As at November 15, 2019, share capital is as reported at August 31, 2019 with the exception of the issuance of a total of 1,169,500 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 as well as the cancellation of 396,982 Class B Non-Voting Shares in relation to the Company's NCIB program which commenced on November 1, 2019. Retained earnings increased due to current year income of $733 million partially offset by dividends of $618 million. Accumulated other comprehensive loss increased primarily due to the re-measurement recorded on employee benefit plans and the reclassification of the Company's share of other comprehensive income of associates to income as a result of the sale of our investment in Corus in the fiscal year.

CONSOLIDATED CASH FLOW ANALYSIS

Operating activities

(millions of Canadian dollars)	2019	2018 (restated) [1]	Change %
Funds flow from continuing operations	**1,777**	1,177	51.0
Net change in non-cash working capital balances related to continuing	**(209)**	178	>(100.0)
Operating activities of discontinued operations	–	(2)	100.0
	1,568	1,353	15.9

[1] Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

Funds flow from operations in fiscal 2019 increased over the comparable period primarily due to lower restructuring costs, higher operating income before restructuring costs and amortization and lower current income taxes partially offset by higher interest costs. The net change in non-cash working capital balances related to continuing operations fluctuated over the comparative period due to changes in the accounts receivable, other current asset, and other long-term asset balances and the timing of payment of current income taxes payable and accounts payable and accrued liabilities.

Investing activities

(millions of Canadian dollars)	2019	2018 (restated)[1]	Increase
Cash flow used in investing activities	(1,133)	(1,176)	(43)

[1] Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

In fiscal 2019, cash used in investing activities decreased over the comparable period primarily due to proceeds of $551 million received from the sale of our investment in Corus and other investments, $90 million more proceeds generated from the disposal of a non-core business and property, plant and equipment and lower outlays for capital expenditures in the current year as compared to the prior year. The increased cash from disposal activities was partially offset by a $467 million increase year over year in spectrum purchases and an $82 million decrease in cash dividends received from Corus in the current year.

Financing activities

The changes in financing activities during 2019 and 2018 were as follows:

(millions of Canadian dollars)	2019	2018
Senior notes – net borrowings (repayments)	**1,000**	10
Bank loans – net borrowings	–	40
Bank facility arrangement costs	**(9)**	–
Dividends	**(398)**	(392)
Issuance of Class B Non-Voting Shares	**35**	43
Other	**(1)**	(1)
	627	(300)

LIQUIDITY AND CAPITAL RESOURCES

In fiscal 2019, the Company generated $538 million of free cash flow. Shaw used its free cash flow along with $551 million net proceeds from the sale of its investment in Corus and another minor portfolio investment, $993 million net proceeds from senior note issuances, and proceeds on issuance of Class B Non-Voting Shares of $35 million to fund the net working capital change of $113 million, pay common share dividends of $389 million, purchase $492 million in spectrum licenses, pay $124 million in restructuring costs, and increase the cash on hand balance by $1 billion.

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 $217 million during fiscal 2019.

Debt structure and financial policy

Shaw structures its borrowings generally on an unsecured and standalone basis. 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.

On November 2, 2018, the Company solidified its balance sheet through the issuance of $1 billion in senior notes, comprised of $500 million at a rate of 3.80% due November 2, 2023 and $500 million at a rate of 4.40% due November 2, 2028. The funds will be used for general corporate purposes which may include the repayment of indebtedness. On November 21, 2018, the Company amended the terms of its $1.5 billion bank credit facility to extend the maturity date to December 2023. The facility can be used for working capital and general corporate purposes, including to issue letters of credit.

On June 19, 2018, the Company established an accounts receivable securitization program with a Canadian financial institution which allows it to sell certain trade receivables into the program. Effective May 29, 2019, the Company amended the terms of its accounts receivable securitization program to extend the term of the program to May 29, 2022 and increase the sales committed up to a maximum of $200 million. As at August 31, 2019 $40 million was drawn under the program. Subsequent to year-end, on November 1, 2019, the Company increased the amount drawn by an additional $80 million under the program for total of $120 million drawn to date. The Company continues to service and retain substantially all of the risks and rewards relating to the trade receivables sold, and therefore, the trade receivables remain recognized on the Company's Consolidated Statement of Financial Position and the funding received is recorded as a current liability (revolving floating rate loans) secured by the trade receivables. The buyer's interest in the accounts receivable ranks ahead of the Company's interest and the program restricts it from using the trade receivables as collateral for any other purpose. The buyer of the trade receivable has no claim on any of our other assets.

As at August 31, 2019, the net debt leverage ratio for the Company is 1.9x which is consistent with August 31, 2018. Considering the 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)	2019	2018 (restated)[(3)]
Short-term borrowings	**40**	40
Current portion of long-term debt	**1,251**	1
Long-term debt	**4,057**	4,310
50% of outstanding preferred shares	**147**	147
Cash	**(1,446)**	(384)
(A) Net debt [(2)]	**4,049**	4,114
Operating income before restructuring costs and amortization [(2)]	**2,154**	2,056
Corus dividends	**10**	92
(B) Adjusted operating income before restructuring costs and amortization [(2)]	**2,164**	2,148
(A/B) Net debt leverage ratio [(2)]	**1.9x**	1.9x

(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) 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.

(3) Fiscal 2018 reported figures have been restated applying IFRS 15. Refer to "New Accounting Standards" for additional details on the changes for fiscal 2018.

In November 2019, the Board of Directors updated its target net debt leverage ratio to 2.5x to 3.0x based on the expected impact of IFRS 16.

Shaw's credit facilities are subject to customary covenants which include maintaining minimum or maximum financial ratios. At August 31, 2019, 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.

Subsequent to year-end:

- on October 1, 2019, the Company repaid the $1.25 billion of 5.65% senior notes.
- on October 25, 2019, and in accordance with the terms of our DRIP, the Company announced that in lieu of issuing shares from treasury, it will satisfy its share delivery obligations under the DRIP by purchasing Class B Non-Voting Shares on the open market. In addition, the Company will reduce its discount from 2% to 0% for the Class B Non-Voting Shares delivered under the DRIP. These changes to the DRIP will apply to the dividends payable commencing on November 28, 2019 to shareholders of record on November 15, 2019.
- On November 1, 2019, the Company increased the amount drawn under its accounts receivable securitization program by $80 million for a total of $120 million currently drawn under the program.
- On October 29, 2019, the Company announced that it received approval from the TSX to establish a normal course issuer bid program. The program commenced on November 1, and will remain in effect until October 31, 2020. As approved by the TSX, the Company has the ability to purchase for cancellation up to 24,758,127 Class B Non-Voting Shares, representing 5% of all of the issued and outstanding Class B Non-Voting Shares. As of November 15, 2019, the Company has purchased 483,428 Class B Non-Voting Shares for cancellation for a total cost of approximately $13 million under the NCIB.
- On November 21, 2019, the Company extended the term of its five-year $1.5 billion bank credit facility from December 2023 to December 2024. This credit facility is used for working capital and general corporate purposes.

Preferred Share Dividends

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 29, 2017	2.480%
June 30, 2017 to September 29, 2017	2.529%
September 30, 2017 to December 30, 2017	2.742%
December 31, 2017 to March 30, 2018	2.872%
March 31, 2018 to June 29, 2018	3.171%
June 30, 2018 to September 29, 2018	3.300%
September 30, 2018 to December 30, 2018	3.509%
December 31, 2018 to March 30, 2019	3.713%
March 31, 2019 to June 29, 2019	3.682%
June 30, 2019 to September 29, 2019	3.687%
September 30, 2019 to December 30, 2019	3.638%

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 27 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, 2019 are detailed in the following table.

		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)	5,350	1,251	802	1,002	2,295
Lease and maintenance obligations (2)	919	170	286	228	235
Purchase obligations (3)	983	510	242	102	129
Property, plant and equipment	181	140	21	15	5
	7,433	2,071	1,351	1,347	2,664

(1) Includes principal repayments and interest payments.
(2) Includes maintenance and lease of satellite transponders, and lease of transmission facilities and premises.
(3) Includes contractual obligations under service, product, and wireless device contracts, program related agreements and exclusive rights to use intellectual property in Canada.

Share Capital and Listings

The Company is authorized to issue a limited number of Class A Shares; an unlimited number of 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, 2019, there were 495,559,271 Class B Non-Voting Shares, 10,012,393 Series A Shares, and 1,987,607 Series B Shares and 22,372,064 Class A Shares issued and outstanding. There were also 8,174,093 options to purchase Class B Non-Voting Shares and 13,271 RSUs that will settle in Class B Non-Voting Shares issued from Treasury 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, 2019, the monthly price range and volume traded for the Class A Shares on the TSX Venture Exchange (TSXV) and for the Class B Non-Voting Shares, Series A Shares and Series B Shares on the Toronto Stock Exchange (TSX).

	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 2018	28.02	26.40	9,209	26.43	24.92	15,303,960	18.90	18.31	50,449	19.71	19.34	12,211
Oct 2018	27.25	25.55	19,112	25.42	24.02	20,729,347	18.70	16.50	176,821	19.77	18.74	31,525
Nov 2018	26.50	24.01	8,640	25.71	23.82	23,256,640	17.90	15.79	149,303	19.13	17.05	19,221
Dec 2018	27.98	24.20	4,733	25.48	24.06	29,971,999	16.30	14.34	183,278	17.50	15.21	22,950
Jan 2019	28.20	23.70	13,245	27.24	24.44	36,446,462	16.37	15.00	164,440	16.91	15.57	19,517
Feb 2019	29.00	27.00	7,200	27.49	26.57	19,891,497	15.80	14.46	608,924	16.50	15.50	10,534
Mar 2019	29.00	27.10	9,057	27.99	26.99	26,060,534	15.55	14.26	386,164	16.28	14.79	22,269
Apr 2019	28.75	27.00	2,878	28.10	26.61	25,624,801	14.87	14.05	245,575	15.40	14.80	12,306
May 2019	28.80	27.04	5,297	27.85	26.72	20,181,594	14.70	13.75	180,593	15.20	14.75	27,999
Jun 2019	28.80	26.22	9,208	27.91	25.51	22,563,357	13.93	12.80	292,743	14.50	13.00	30,093
Jul 2019	27.99	25.89	8,210	27.02	25.42	18,854,826	14.65	13.55	244,783	14.96	13.55	53,554
Aug 2019	27.50	25.25	13,700	26.27	24.87	13,365,254	14.45	12.35	144,884	14.60	12.86	23,350

(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 Non-Voting 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 2019 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 Executive Vice President, Chief Financial & Corporate Development Officer have filed certifications regarding Shaw's disclosure controls and procedures and internal control over financial reporting ("ICFR").

As at August 31, 2019, the Company's management, together with its Chief Executive Officer and Executive Vice President, Chief Financial & Corporate Development Officer, has evaluated the effectiveness of the design and operation of each of the Company's disclosure controls and procedures and ICFR. Based on these evaluations, the Chief Executive Officer and Executive Vice President, Chief Financial & Corporate Development Officer have concluded that the Company's disclosure controls and procedures and the Company's ICFR are effective.

Other than the items described below, there have been no changes in the Company's ICFR during the fiscal year that have materially affected, or are reasonably likely to materially affect, Shaw's ICFR.

On September 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers* and implemented a new revenue recognition accounting system that enabled it to comply with the IFRS 15 requirements. As a result, significant additions and modifications have been made to the Company's ICFR for the Wireless segment. Notably, the Company has:

- updated its policies and procedures related to how revenue is recognized;
- implemented controls surrounding the recently implemented revenue recognition system to ensure the inputs, processes, and outputs are accurate; and
- implemented controls designed to address risks associated with the five-step revenue recognition model.

On December 4, 2018, the Company implemented a new Enterprise Resource Planning ("ERP") system for its Wireline operations that comprises both accounting and supply chain modules. In connection with the implementation, the Company updated its ICFR, as necessary, to accommodate related changes to its business processes and accounting procedures. Management will continue to monitor the effectiveness of these processes going forward.

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.

Contents

Reports

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

November 27, 2019

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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that the Company's system of internal control over financial reporting was effective as at August 31, 2019.

[Signed]

Brad Shaw
Chief Executive Officer

[Signed]

Trevor English
Executive Vice President, Chief Financial & Corporate Development Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Shaw Communications Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Shaw Communications Inc. (the "Company") as of August 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

Report on internal control over financial reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of August 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission framework (2013) and our report dated November 27, 2019 expressed an unqualified opinion thereon.

Adoption of IFRS 15 Revenue from Contracts with Customers

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for Revenue which has been given retrospective application, due to the adoption of IFRS 15, *Revenue from Contracts with Customers*, which included the disclosure of the September 1, 2017 statement of financial position.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of the Wireless cash generating unit's indefinite-life intangibles

Description of the Matter	As more fully described in Note 10 to the consolidated financial statements, the Company conducted its annual impairment test on goodwill and indefinite-life intangibles as at February 1, 2019 and the recoverable amount of the cash generating units exceeds their carrying value. Auditing management's impairment test is complex and judgmental due to the estimation required in determining the recoverable amount of the cash generating units. The recoverable amount was estimated using a discounted cash flow and is sensitive to assumptions such as revenue growth rate, earnings growth rate, earnings before interest tax and amortization margin, terminal operating discount rate, terminal growth rate and terminal operating income before restructuring costs and amortization multiple.
How We Addressed the Matter in Our Audit	We obtained an understanding of management's process for identifying indicators of impairment and for performing their impairment assessment. We evaluated the design and tested the operating effectiveness of controls over the Company's impairment indicators assessment and processes to determine the recoverable amount. For example, we tested controls over the Company's strategic planning process as well as controls over the review of the significant assumptions in estimating the recoverable amount of the cash generating units. To test the estimated recoverable amount of the goodwill and indefinite-life intangible assets, our audit procedures included, among others, assessing the methodology used and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We also involved an EY valuation specialist to assist us. We compared the significant assumptions used by management to historical and current trends and evaluated the reasonability of revenue streams and margins. We audited the forecasted revenue by evaluating future subscriber growth, expected customer churn, and average rate per subscriber unit. We assessed the historical accuracy of management's estimates and performed sensitivity analyses on significant assumptions to evaluate changes in the recoverable amount of the cash generating units that would result from changes in the assumptions. We assessed the adequacy of the Company's disclosure in the consolidated financial statements.

Ernst & Young LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1966.

Calgary, Canada
November 27, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Shaw Communications Inc.:

Opinion on Internal Control over Financial Reporting

We have audited Shaw Communications Inc.'s internal control over financial reporting as of August 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, Shaw Communications Inc. (the "Company") maintained, in all material respects, effective internal control over financial reporting as of August 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position as at August 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes and our report dated November 27, 2019 expressed an unqualified opinion thereon.

Basis of Opinion

The Company'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's Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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 generally accepted accounting principles. 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 generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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.

Ernst & Young LLP

Chartered Professional Accountants
Calgary, Canada

November 27, 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of Canadian dollars)	August 31, 2019	August 31, 2018 (restated, note 2)	September 1, 2017 (restated, note 2)
ASSETS			
Current			
Cash	**1,446**	384	507
Accounts receivable (note 4)	**287**	253	286
Inventories (note 5)	**86**	61	59
Other current assets (note 6)	**291**	273	179
Current portion of contract assets (note 22)	**106**	103	31
Assets held for sale (note 3)	**–**	–	61
	2,216	1,074	1,123
Investments and other assets (notes 7 and 30)	**37**	660	937
Property, plant and equipment (note 8)	**4,883**	4,702	4,394
Other long-term assets (note 9)	**195**	197	216
Deferred income tax assets (note 25)	**4**	4	4
Intangibles (note 10)	**7,979**	7,482	7,435
Goodwill (note 10)	**280**	280	280
Contract assets (note 22)	**52**	32	28
	15,646	14,431	14,417
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Short-term borrowings (note 11)	**40**	40	–
Accounts payable and accrued liabilities (note 12)	**1,015**	970	909
Provisions (note 13)	**224**	245	76
Income taxes payable	**82**	133	151
Current portion of contract liabilities (note 22)	**223**	226	214
Current portion of long-term debt (notes 14 and 30)	**1,251**	1	2
Liabilities held for sale (note 3)	**–**	–	39
	2,835	1,615	1,391
Long-term debt (notes 14 and 30)	**4,057**	4,310	4,298
Other long-term liabilities (notes 15 and 28)	**75**	13	114
Provisions (note 13)	**79**	179	67
Deferred credits (note 16)	**425**	442	469
Contract liabilities (note 22)	**15**	18	21
Deferred income tax liabilities (note 25)	**1,875**	1,884	1,863
	9,361	8,461	8,223
Commitments and contingencies (notes 14, 27 and 28)			
Shareholders' equity			
Common and preferred shareholders	**6,282**	5,969	6,193
Non-controlling interests in subsidiaries	**3**	1	1
	6,285	5,970	6,194
	15,646	14,431	14,417

See accompanying notes

On behalf of the Board:

[Signed]
JR Shaw
Director

[Signed]
Michael O'Brien
Director

CONSOLIDATED STATEMENTS OF INCOME

Years ended August 31, (millions of Canadian dollars except per share amounts)	2019 $	2018 (restated, note 2) $
Revenue (notes 22 and 26)	**5,340**	5,189
Operating, general and administrative expenses (note 23)	**(3,186)**	(3,132)
Restructuring costs (notes 13 and 23)	**9**	(446)
Amortization:		
Deferred equipment revenue (note 16)	**21**	30
Deferred equipment costs (note 9)	**(85)**	(110)
Property, plant and equipment, intangibles and other (notes 8,9,10 and 16)	**(974)**	(945)
Operating income from continuing operations	**1,125**	586
Amortization of financing costs – long-term debt (note 14)	**(3)**	(3)
Interest expense (notes 14 and 26)	**(258)**	(248)
Equity income (loss) of an associate or joint venture (note 7)	**46**	(200)
Loss on disposal of an associate or joint venture (note 7)	**(109)**	–
Other gains (losses) (note 24)	**50**	32
Income from continuing operations before income taxes	**851**	167
Current income tax expense (note 25)	**114**	137
Deferred income tax expense (note 25)	**4**	(9)
Net income from continuing operations	**733**	39
Loss from discontinued operations, net of tax (note 3)	**–**	(6)
Net income	**733**	33
Net income from continuing operations attributable to:		
Equity shareholders	**731**	39
Non-controlling interests	**2**	–
	733	39
Loss from discontinued operations attributable to:		
Equity shareholders	**–**	(6)
Basic earnings (loss) per share (note 19)		
Continuing operations	**1.41**	0.06
Discontinued operations	**–**	(0.01)
	1.41	0.05
Diluted earnings (loss) per share (note 19)		
Continuing operations	**1.41**	0.06
Discontinued operations	**–**	(0.01)
	1.41	0.05

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended August 31, (millions of Canadian dollars)	2019 $	2018 (restated, note 2) $
Net income	**733**	33
Other comprehensive income (loss) (note 21)		
Items that may subsequently be reclassified to income:		
Change in unrealized fair value of derivatives designated as cash flow hedges	**2**	5
Adjustment for hedged items recognized in the period	**(2)**	3
Share of other comprehensive income of associates	**(13)**	10
Reclassification of accumulated gain to income related to the sale of an associate	**(3)**	–
	(16)	18
Items that will not be subsequently reclassified to income:		
Remeasurements on employee benefit plans	**(39)**	74
	(55)	92
Comprehensive income	**678**	125
Comprehensive income attributable to:		
Equity shareholders	**678**	125

See accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended August 31, 2019

(millions of Canadian dollars)	Attributable to equity shareholders					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
September 1, 2018, as previously reported	**4,349**	**27**	**1,619**	**(39)**	**5,956**	**1**	**5,957**
Transition adjustments – IFRS 15 (note 2)	**–**	**–**	**22**	**–**	**22**	**–**	**22**
Restated balance at September 1, 2018	**4,349**	**27**	**1,641**	**(39)**	**5,978**	**1**	**5,979**
Change in accounting policy adjustments (note 2)	**–**	**–**	**(9)**	**–**	**(9)**	**–**	**(9)**
Restated balance as at September 1, 2018	**4,349**	**27**	**1,632**	**(39)**	**5,969**	**1**	**5,970**
Net income	**–**	**–**	**731**	**–**	**731**	**2**	**733**
Other comprehensive loss	**–**	**–**	**–**	**(55)**	**(55)**	**–**	**(55)**
Comprehensive income (loss)	**–**	**–**	**731**	**(55)**	**676**	**2**	**678**
Dividends	**–**	**–**	**(401)**	**–**	**(401)**	**–**	**(401)**
Dividend reinvestment plan	**217**	**–**	**(217)**	**–**	**–**	**–**	**–**
Shares issued under stock option plan	**39**	**(4)**	**–**	**–**	**35**	**–**	**35**
Share-based compensation	**–**	**3**	**–**	**–**	**3**	**–**	**3**
Balance as at August 31, 2019	**4,605**	**26**	**1,745**	**(94)**	**6,282**	**3**	**6,285**

Year ended August 31, 2018

(millions of Canadian dollars)	Attributable to equity shareholders					Equity attributable to non-controlling interests	Total equity
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total		
September 1, 2017, as previously reported	4,090	30	2,164	(131)	6,153	1	6,154
Transition adjustments – IFRS 15 (note 2)	–	–	40	–	40	–	40
Restated balance as at September 1, 2017	4,090	30	2,204	(131)	6,193	1	6,194
Net income (restated, note 2)	–	–	33	–	33	–	33
Other comprehensive income	–	–	–	92	92	–	92
Comprehensive income	–	–	33	92	125	–	125
Dividends	–	–	(394)	–	(394)	–	(394)
Dividend reinvestment plan	211	–	(211)	–	–	–	–
Shares issued under stock option plan	48	(6)	–	–	42	–	42
Share-based compensation	–	3	–	–	3	–	3
Restated balance as at August 31, 2018	4,349	27	1,632	(39)	5,969	1	5,970

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31, (millions of Canadian dollars)	2019 $	2018 (restated, note 2) $
OPERATING ACTIVITIES		
Funds flow from operations (note 31)	**1,777**	1,177
Net change in non-cash balances related to continuing operations	**(209)**	178
Operating activities from discontinued operations	**–**	(2)
	1,568	1,353
INVESTING ACTIVITIES		
Additions to property, plant and equipment (note 26)	**(1,109)**	(1,121)
Additions to equipment costs (net) (note 26)	**(42)**	(49)
Additions to other intangibles (note 26)	**(147)**	(131)
Proceeds on sale of non-core business	**40**	–
Proceeds on sale of spectrum licences	**–**	35
Spectrum acquisitions	**(492)**	(25)
Proceeds on sale of discontinued operations, net of cash sold	**–**	18
Proceeds on sale of investments	**551**	–
Net additions to investments and other assets	**7**	88
Proceeds on disposal of property, plant and equipment (notes 26 and 31)	**59**	9
	(1,133)	(1,176)
FINANCING ACTIVITIES		
Increase in short-term borrowings (note 11)	**–**	40
Increase in long-term debt	**1,000**	10
Bank credit facility arrangement costs	**(9)**	–
Issue of Class B Non-Voting Shares	**35**	43
Dividends paid on Class A Shares and Class B Non-Voting Shares	**(389)**	(384)
Dividends paid on Series A Preferred Shares	**(9)**	(8)
Other	**(1)**	(1)
	627	(300)
Increase (decrease) in cash	**1,062**	(123)
Cash, beginning of year	**384**	507
Cash, end of year	**1,446**	384

See accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in millions of Canadian dollars except share and per share amounts)

1. CORPORATE INFORMATION

Shaw Communications Inc. (the "Company") is a diversified Canadian connectivity company whose core operating business is providing: Cable telecommunications, Satellite video services and data networking to residential customers, business and public-sector entities ("Wireline"); 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 Stock Exchange ("TSX"), TSX Venture Exchange and New York Stock Exchange ("NYSE") (Symbol: TSX – SJR.B, SJR.PR.A, SJR.PR.B, NYSE – SJR, and TSXV – SJR.A). 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, 2019 and 2018, were approved by the Board of Directors and authorized for issue on November 27, 2019.

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.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Certain figures included within these consolidated financial statements have been adjusted to correct an immaterial, inadvertent overstatement of previously reported wireless service revenue for the year ended August 31, 2019 of $7 million.

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 consist of 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 classified its approximate 38% participating interest in Corus Entertainment Inc. ("Corus") as an investment in an associate after considering both companies are subject to common control and the ability of the Company to appoint directors to Corus' Board of Directors. On May 31, 2019, the Company sold all of its interest in Corus.

The Company 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. In September 2016, Shaw and Rogers Communications Inc., announced the decision to wind down its operations with service ending November 30, 2016. In December 2017, the remaining assets associated with shomi were transferred to their respective partners and the partnership was officially wound up.

Revenue and expenses

The Company has multiple deliverable arrangements comprised of upfront fees (subscriber connection and installation fee revenue, customer premise equipment revenue, handset 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

The Company records revenue from contracts with customers in accordance with 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) we satisfy a performance obligation.

Revenue for each performance obligation is recognized either over time or at a point in time. For performance obligations satisfied over time, revenue is recognized as the services are provided. Revenues on certain long-term contracts are recognized using output methods based on products delivered, performance completed to date and time elapsed. Revenue from Cable, Internet, Digital 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 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.

Revenue for performance obligations satisfied at a point in time is recognized when control of the item or service transfers to the customer. 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.

For bundled arrangements (e.g. wireless handsets, and voice and data services), items are accounted for as separate performance obligations if the item meets the definition of a distinct good or service. Stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate. 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. This discount is allocated proportionately between the equipment and service revenue, with the equipment discount recognized when the handset is delivered and the corresponding service discount is classified as a contract asset. The contract asset is reduced on a straight-line basis over the period which the discount is forgiven to a maximum of two years with an offsetting reduction to service revenue. The Company also offers a plan allowing customers to receive a larger up-front handset discount 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 but is recognized as revenue when the handset is delivered and accepted by the subscriber. The amount receivable is classified as part of other current or other long-term assets, as applicable, in the consolidated statement of financial position.

When a customer can modify their contract within predefined terms such that we are not able to enforce the transaction price agreed to, but can only contractually enforce a lower amount, we allocate revenue between performance obligations using the minimum enforceable rights and obligations and any excess amount is recognized as revenue as its earned.

(ii) Contract assets and liabilities

We record a contract asset when we have provided goods and services to our customer but our right to related consideration for the performance obligation is conditional on satisfying other performance obligations. Contract assets are transferred to trade receivables when our right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when we receive consideration in advance of the transfer of products or services to the customer. We account for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

Subscriber connection fees received from Cable, Internet, and Digital Phone customers are deferred as contract liabilities and recognized as revenue on a straight-line basis over three years. 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 as contract liabilities and recognized as revenue on a straight-line basis over the related service contract, which generally span two to ten years. Direct and incremental costs associated with the installation of services or service contract, in an amount not exceeding the upfront revenue, are deferred as contract assets and recognized as an operating expense on a straight-line basis over the same period.

(iii) Deferred commission cost assets

We defer the incremental cost to obtain or fulfill a contract with a customer over their expected period of benefit to the extent they are recoverable. These costs include certain commissions paid to internal and external representatives. We defer them as deferred commission cost assets in other assets and amortize them to operating costs over the pattern of the transfer of goods and services to the customer, which is typically evenly over either 24 or 36 consecutive months.

Direct and incremental initial selling, administrative and connection costs, including commissions related to subscriber acquisitions are deferred and recognized as an operating expense on a straight-line basis over three years.

(iv) Deferred equipment revenue and deferred equipment costs

Revenue from sales of DTH equipment 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 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.

(v) 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.

Securitization of trade receivables

Sales of trade receivables in securitization transactions are recognized as collateralized short-term borrowings as we do not transfer control and substantially all the risks and rewards of ownership to another entity and thus do not result in our de-recognition of the trade receivables sold.

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 DTH receivers, which are held pending rental or sale at cost or at a subsidized price and wireless handsets, accessories and SIM cards. 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	**3 – 5 years**
Satellite audio, video and data network equipment and DTH receiving equipment	**3 – 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) the non-current portion of wireless handset discounts receivable as described in the revenue and expenses accounting policy, (iii) credit facility arrangement fees amortized on a straight-line basis over the term of the facility, (iv) long-term receivables, (v) network capacity leases, (vi) the non-current portion of prepaid maintenance and support contracts and (vii) direct costs in connection with initial setup fees and installation of services, as described in the revenue and expenses accounting policy, deferred and amortized on a straight-line basis over two to ten years.

Intangibles

The excess of the cost of acquiring cable, satellite, media, data centre and wireless businesses over the fair value of related net identifiable tangible and intangible assets acquired is allocated to goodwill. Net identifiable intangible assets acquired consist of amounts allocated to broadcast rights and 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.

Borrowing costs

The Company capitalizes borrowing costs on qualifying assets that take more than one year to construct or develop using the Company's weighted average cost of borrowing which approximated 5% (2018 – 6%).

Impairment

(i) Goodwill and indefinite-life intangibles

The Company tests goodwill and indefinite-life intangibles for impairment annually (as at February 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. 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.

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) 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 interest 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 $5 (2018 – $1) and is included in other gains/(losses).

Financial instruments other than derivatives

Financial instruments have been classified and measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Cash and derivative instruments have been classified as FVTPL and are recorded at fair value with any change in fair value immediately recognized in income (loss). Investments in equity securities are classified and measured at FVTPL. Loans and receivables and financial liabilities are carried at amortized cost. None of the Company's financial liabilities are classified as FVTPL.

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.

Fair value measurements

Fair value estimates are made at a specific point in time, based on relevant market information and information about the underlying asset or liability. 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, 2019 and the next actuarial valuations for funding purposes are effective August 31, 2020.

Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants to the Company. The strike price of 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") and performance share unit ("PSU") plan which provides that RSUs may be granted to officers, employees and directors of the Company, and PSUs may be granted to officers and employees of the Company. RSUs vest on either the first, second and third anniversary of the grant date or 100% on the third anniversary of the grant date and compensation is recognized on a straight-line basis over the three-year vesting period. PSUs vest 100% on the third anniversary of the grant date. RSUs and PSUs will be settled in either cash or Class B Non-Voting Shares as determined by the Human Resources and Compensation Committee at the time of the grant and the obligation for RSUs and PSUs is measured at the end of each period at fair value using the Black-Scholes option pricing model and the number of outstanding RSUs and PSUs. For PSUs, the performance criteria is set by the Human Resources and Compensation Committee at the time of the grant, and typically requires the achievement of a minimum level of performance, otherwise the payment is zero, while maximum performance is capped at 150%. On settlement of vested PSUs, the number of Class B Non-Voting Shares issued or delivered, or the amount of cash payment will be multiplied by the applicable performance factor.

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.

Directors may elect to receive their compensation in cash, RSUs, DSUs or a combination thereof. Any director who has not met their share ownership guidelines is generally required to elect to receive at least 50% of their annual compensation in DSUs and/or RSUs.

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.

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 judgments

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

(ii) Contractual service revenue

The Company is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates of the stand-alone selling prices of wireless products and services, the identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts.

Determining the deferral criteria for the costs incurred to obtain or fulfill a contract requires us to make significant judgments. We expect incremental commission fees paid to internal and external representatives as a result of obtaining contracts with customers to be recoverable.

(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 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. Management's judgment 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 judgments 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 or a VIU calculation based on a DCF analysis. Where a DCF analysis is used, significant judgments 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 intangible asset for five years and determines a terminal value. The future cash flows are based on the Company's estimates of future operating results, economic conditions and the competitive environment. The terminal value is estimated using both a perpetuity growth assumption and a multiple of operating income before restructuring costs and amortization. The discount rates used in the analysis are based on the Company's weighted average cost of capital and an assessment of the risk inherent in the projected cash flows. In analyzing the FVLCS determined by a DCF analysis, the Company also considers a market approach determining a recoverable amount for each unit and total entity value determined using a market capitalization approach. Recent market transactions are taken into account, when available. The key assumptions used to determine the recoverable amounts, including a sensitivity analysis, are included in note 10. A DCF analysis uses significant unobservable inputs and is therefore considered a level 3 fair value measurement.

(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 probable weighted average methodology. Realization of deferred income tax assets is dependent on generating sufficient taxable income during the period in which the temporary differences are deductible. Although realization is not assured, management believes it is more likely than not that all recognized deferred income tax assets will be realized based on reversals of deferred income tax liabilities, projected operating results and tax planning strategies available to the Company and its subsidiaries.

(viii) Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under regulatory, 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 (CGU) 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.

(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 pronouncements

We adopted the following new accounting standards effective September 1, 2018.

- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and replaced 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.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The application of IFRS 15 impacted the Company's reported results, including the classification and timing of revenue recognition and the treatment of costs incurred to obtain contracts with customers.

The application of this standard most significantly affected our Wireless arrangements that bundle equipment and service together, specifically with regards to the timing of recognition and classification of revenue. The timing of recognition and classification of revenue was affected because at contract inception, IFRS 15 requires the estimation of total consideration to be received over the contract term, and the allocation of that consideration to performance obligations in the contract, typically based on the relative stand-alone selling price of each obligation. This resulted in a decrease to equipment revenue recognized at contract inception, as the discount previously recognized over 24 months is now recognized at contract inception, and a decrease to service revenue recognized over the course of the contract, as a portion of the discount previously allocated solely to equipment revenue is allocated to service revenue. The measurement of total revenue recognized over the life of a contract was unaffected by the new standard.

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 the life of a contract on a rational, systematic basis consistent with the pattern of the transfer of goods or services to which the asset relates. The Company previously expensed such costs as incurred.

The Company's financial position was also 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.

For purposes of applying the new standard on an ongoing basis, we are required to make judgments in respect of the new standard, including judgments in determining whether a promise to deliver goods or services is considered distinct, how to determine the transaction prices and how to allocate those amounts amongst the associated performance obligations. We must also exercise judgment as to whether sales-based compensation amounts are costs incurred to obtain contracts with customers that should be capitalized and subsequently amortized on a systematic basis over time.

We have made a policy choice to adopt IFRS 15 with full retrospective application, subject to certain practical expedients. As a result, all comparative information in these financial statements has been prepared as if IFRS 15 had been in effect since September 1, 2017. The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements as at and for the year ended August 31, 2019, the comparative information presented for the year ended August 31, 2018, and for the consolidated statements of financial position as at September 1, 2017 and August 31, 2018.

Upon adoption of, and transition to, IFRS 15, we elected to utilize the following practical expedients:

- Completed contracts that begin and end within the same annual reporting period and those completed before September 1, 2017 are not restated;

- Contracts modified prior to September 1, 2017 are not restated. The aggregate effect of these modifications is reflected when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price to the satisfied and unsatisfied performance obligations; and

- Not disclose, on an annual basis, the unsatisfied portions of performance obligations related to contracts with a duration of one year or less or where the revenue we recognize is equal to the amount invoiced to the customer.

Impacts of IFRS 15, Revenue from Contracts with Customers

The effect of transition to IFRS 15 on impacted line items on our condensed Consolidated Statements of Income as disclosed in "Transition adjustments" for the year ended August 31, 2018, are as follows:

		Year ended August 31, 2018		
(millions of Canadian dollars)		**As reported**	**Effect of transition**	**Subsequent to transition**
Revenue	i.	5,239	(50)	5,189
Operating, general and administrative expenses	ii.	(3,150)	18	(3,132)
Other revenue (expense)		29	3	32
Income tax expense (recovery)		143	(12)	131
Net income (loss) from continuing operations		66	(17)	49

i) Allocation of transaction price

Revenue recognized at point of sale requires the estimation of total consideration over the contract term and allocation of that consideration to all performance obligations in the contract based on their relative stand-alone selling prices. For Wireless term contracts, equipment revenue recognized at contract inception, as well as service revenue recognized over the course of the contract is lower than previously recognized as noted above.

ii) Deferred commission costs

Costs incurred to obtain or fulfill a contract with a customer were previously expensed as incurred. Under IFRS 15, these costs are capitalized and subsequently amortized as an expense over the life of the customer on a rational, systematic basis consistent with the pattern of the transfer of goods and services to which the asset relates. As a result, commission costs are reduced in the period, with an offsetting increase in amortization of capitalized costs over the average life of a customer.

The effect of transition to IFRS 15 on our disaggregated revenues for the year ended August 31, 2018, are as follows:

	Year ended August 31, 2018		
(millions of Canadian dollars)	**As reported**	**Effect of transition**	**Subsequent to transition**
Services			
Wireline – Consumer	3,725	–	3,725
Wireline – Business	567	–	567
Wireless	595	(31)	564
	4,887	(31)	4,856
Equipment and other			
Wireless	356	(19)	337
	356	(19)	337
Intersegment eliminations	(4)	–	(4)
Total revenue	5,239	(50)	5,189

The effect of transition to IFRS 15 on impacted line items on our Consolidated Statements of Financial Position as at September 1, 2017 and August 31, 2018 are as follows:

		As at August 31, 2018			As at September 1, 2017		
(millions of Canadian dollars)		**As reported**	**Effect of transition**	**Subsequent to transition**	**As reported**	**Effect of transition**	**Subsequent to transition**
Current portion of contract assets	i.	**–**	**59**	**59**	–	15	15
Other current assets	ii.	**286**	**(13)**	**273**	155	24	179
Contract assets	i.	**–**	**76**	**76**	–	44	44
Other long-term assets	ii.	**300**	**(102)**	**198**	255	(39)	216
Accounts payable and accrued liabilities	i.	**971**	**(1)**	**970**	913	(4)	909
Unearned revenue	i.	**221**	**(221)**	**–**	211	(211)	–
Current portion of contract liabilities	i.	**–**	**226**	**226**	–	214	214
Deferred credits	i.	**460**	**(18)**	**442**	490	(21)	469
Deferred income tax liabilities		**1,894**	**(7)**	**1,887**	1,858	5	1,863
Contract liabilities	i.	**–**	**18**	**18**	–	21	21
Shareholders' equity		**5,957**	**23**	**5,980**	6,154	40	6,194

i) Contract assets and liabilities
Contract assets and liabilities are the result of the difference in timing related to revenue recognized at the beginning of a contract and cash collected. Contract assets arise primarily as a result of the difference between revenue recognized on the sale of wireless device at the onset of a term contract and the cash collected at the point of sale.

Contract liabilities are the result of receiving payment related to a customer contract before providing the related goods or services. We account for contract assets and liabilities on a contract-by-contract basis, with each contract being presented as a single net contract asset or net contract liability accordingly.

ii) Deferred commission cost asset
Under IFRS 15, we will defer commission costs paid to internal and external representatives as a result of obtaining contracts with customers as deferred commission cost assets and amortize them over the pattern of the transfer of goods and services to the customer, which is typically evenly over 24 to 36 months.

Refer to "Transition adjustments" for the impact of application of IFRS 15 on our previously reported consolidated statements of cash flows.

- IFRS 9 *Financial Instruments* was revised and issued in July 2014 and replaces IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes updated guidance on the classification and measurement of financial instruments, new guidance on measuring impairment on financial assets, and new hedge accounting guidance. We have applied IFRS 9, and the related consequential amendments to other IFRSs, on a retrospective basis except for the changes to hedge accounting as described below which were applied on a prospective basis. The adoption of IFRS 9 did not have a significant impact on our financial performance or the carrying amounts of our financial instruments as set out in "Transition adjustments" below.

  IFRS 9 replaces the classification and measurement models in IAS 39 with a single model under which financial assets are classified and measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) and eliminates the IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Investments and equity instruments are required to be measured by default at FVTPL unless an irrevocable option for each equity instrument is taken to measure at FVOCI. The classification and measurement of financial assets is based on the business model that the asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 did not change the measurement bases of our financial assets

  - Cash and derivative instruments classified as held-for-trading and measured at FVTPL under IAS 39 continue to be measured as such under IFRS 9 with an updated classification of FVTPL
  - Investments in equity securities not quoted in an active market and where fair value cannot be reliably measured that were classified as available-for-sale and recorded at cost less impairment under IAS 39 are now required to be classified and measured at FVTPL under IFRS 9. There has been no change to the measurement of these assets on transition
  - Trade and other receivables classified as loans and receivables and measured at amortized cost under IAS 39 continue to be measured as such under IFRS 9 with an updated classification of amortized cost

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. We did not choose the option of designating any financial liabilities at FVTPL as such, the adoption of IFRS 9 did not impact our accounting policies for financial liabilities as all liabilities continue to be measured at amortized cost.

The impairment of financial assets under IFRS 9 is based on an expected credit loss (ECL) model, as opposed to the incurred loss model in IAS 39. IFRS 9 applies to financial assets measured at amortized cost, including contract assets under IFRS 15, and requires that we consider factors that include historical, current and forward-looking information when measuring the ECL. We use the simplified approach for measuring losses based on the lifetime ECL for trade receivables and contract assets. Amounts considered uncollectible are written off and recognized in operating, general and administrative expenses in the Consolidated Statement of Income. This change did not have a significant impact to our receivables.

IFRS 9 does not fundamentally change the types of hedging relationships or the requirements to measure and recognize ineffectiveness; however, it requires us to ensure that the hedge accounting relationships are aligned with our risk management objective and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness. It also requires that amounts related to cash flow hedges of anticipated purchases of non-financial assets settled during the period to be reclassified from accumulated other comprehensive income to the initial cost of the non-financial asset when it is recognized. Under IAS 39, when an anticipated transaction was subsequently recorded as a non-financial asset, the amounts were reclassified from other comprehensive income (loss).

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application without restatement of prior period comparatives. The Company's qualifying hedging relationships in place as at August 31, 2018 also qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

Change in accounting policy

Effective September 1, 2018, the Company voluntarily changed its accounting policy related to the treatment of digital cable terminals ("DCTs") to record them as property, plant and equipment rather than inventory upon acquisition. The Company believes that the change in accounting policy will result in clearer and more relevant financial information as the Company has recently changed its offerings to customers, which has resulted in DCTs being predominantly rented rather than sold to customers. Previously, inventories included DCTs which were held pending rental or sale to the customer at cost or at a subsidized price. When the subscriber equipment was rented, it was transferred to property, plant and equipment and amortized over its useful life and then removed from capital and returned to inventory when returned by a customer. Under the new policy, all DCTs will be classified as property, plant and equipment regardless of whether or not they are currently deployed to a customer as the Company believes that this better reflects the economic substance of its operations. This change in accounting policy has been applied retrospectively. Refer to "Transition adjustments" below for the impact of this change of accounting policy on previously reported consolidated Statements of Financial Position, consolidated Statements of Income and consolidated Statements of Cash Flows.

Transition adjustments

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statements of Income for the year ended August 31, 2018.

	Year ended August 31, 2018			
(millions of Canadian dollars)	**As reported**	**IFRS 15 transition**	**Change in accounting policy**	**Subsequent to transition**
Revenue	5,239	(50)	–	5,189
Operating, general and administrative expenses	(3,150)	18	–	(3,132)
Restructuring costs	(446)	–	–	(446)
Amortization:				
Deferred equipment revenue	30	–	–	30
Deferred equipment costs	(110)	–	–	(110)
Property, plant and equipment, intangibles and other	(932)	–	(13)	(945)
Operating income from continuing operations	631	(32)	(13)	586
Amortization of financing costs – long-term debt	(3)	–	–	(3)
Interest expense	(248)	–	–	(248)
Equity income of an associate or joint venture	(200)	–	–	(200)
Other gains	29	3	–	32
Income from continuing operations before income taxes	209	(29)	(13)	167
Current income tax expense	137	–	–	137
Deferred income tax expense	6	(12)	(3)	(9)
Net income from continuing operations	66	(17)	(10)	39
Loss from discontinued operations, net of tax	(6)	–	–	(6)
Net income	60	(17)	(10)	33
Net income from continuing operations attributable to:				
Equity shareholders	66	(17)	(10)	39
Loss from discontinued operations attributable to:				
Equity shareholders	(6)	–	–	(6)
Basic earnings (loss) per share				
Continuing operations	0.11	–	–	0.06
Discontinued operations	(0.01)	–	–	(0.01)
	0.10	–	–	0.05
Diluted earnings (loss) per share				
Continuing operations	0.11	–	–	0.06
Discontinued operations	(0.01)	–	–	(0.01)
	0.10	–	–	0.05

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statement of Financial Position as at September 1, 2017 and August 31, 2018.

	As at August 31, 2018				As at September 1, 2017			
(millions of Canadian dollars)	As reported	IFRS 15 transition	Change in accounting policy	Subsequent to transition	As reported	IFRS 15 transition	Change in accounting policy	Subsequent to transition
ASSETS								
Current								
Cash	384	–	–	384	507	–	–	507
Accounts receivable	255	–	(2)	253	286	–	–	286
Inventories	101	–	(40)	61	109	–	(50)	59
Other current assets	286	(13)	–	273	155	24	–	179
Current portion of contract assets	–	59	–	59	–	15	–	15
Assets held for sale	–	–	–	–	61	–	–	61
	1,026	46	(42)	1,030	1,118	39	(50)	1,107
Investments and other assets	660	–	–	660	937	–	–	937
Property, plant and equipment	4,672	–	30	4,702	4,344	–	50	4,394
Other long-term assets	300	(102)	(1)	197	255	(39)	–	216
Deferred income tax assets	4	–	–	4	4	–	–	4
Intangibles	7,482	–	–	7,482	7,435	–	–	7,435
Goodwill	280	–	–	280	280	–	–	280
Contract assets	–	76	–	76	–	44	–	44
	14,424	20	(13)	14,431	14,373	44	–	14,417
LIABILITIES AND SHAREHOLDERS' EQUITY								
Current								
Short-term borrowings	40	–	–	40	–	–	–	–
Accounts payable and accrued liabilities	971	(1)	–	970	913	(4)	–	909
Provisions	245	–	–	245	76	–	–	76
Income taxes payable	133	–	–	133	151	–	–	151
Unearned revenue	221	(221)	–	–	211	(211)	–	–
Current portion of contract liabilities	–	226	–	226	–	214	–	214
Current portion of long-term debt	1	–	–	1	2	–	–	2
Liabilities held for sale	–	–	–	–	39	–	–	39
	1,611	4	–	1,615	1,392	(1)	–	1,391
Long-term debt	4,310	–	–	4,310	4,298	–	–	4,298
Other long-term liabilities	13	–	–	13	114	–	–	114
Provisions	179	–	–	179	67	–	–	67
Deferred credits	460	(18)	–	442	490	(21)	–	469
Contract liabilities	–	18	–	18	–	21	–	21
Deferred income tax liabilities	1,894	(7)	(3)	1,884	1,858	5	–	1,863
	8,467	(3)	(3)	8,461	8,219	4	–	8,223
Shareholders' equity								
Common and preferred shareholders	5,956	23	(10)	5,969	6,153	40	–	6,193
Non-controlling interests in subsidiaries	1	–	–	1	1	–	–	1
	5,957	23	(10)	5,970	6,154	40	–	6,194
	14,424	20	(13)	14,431	14,373	44	–	14,417

Below is the effect of transition to IFRS 15 and adoption of our new accounting policy described above on our consolidated Statement of Cash Flows for the year ended August 31, 2018.

	Year ended August 31, 2018			
(millions of Canadian dollars)	**As reported**	**IFRS 15 transition**	**Change in accounting policy**	**Subsequent to transition**
OPERATING ACTIVITIES				
Funds flow from continuing operations	1,259	(82)	–	1,177
Net change in non-cash balances related to continuing operations	102	82	(6)	178
Operating activities of discontinued operations	(2)	–	–	(2)
	1,359	–	(6)	1,353
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,127)	–	6	(1,121)
Additions to equipment costs (net)	(49)	–	–	(49)
Additions to other intangibles	(131)	–	–	(131)
Proceeds on sale of spectrum licenses	35	–	–	35
Purchase of spectrum licenses	(25)	–	–	(25)
Proceeds on sale of discontinued operations, net of cash sold	18	–	–	18
Net additions to investments and other assets	88	–	–	88
Proceeds on disposal of property, plant and equipment	9	–	–	9
	(1,182)	–	6	(1,176)
FINANCING ACTIVITIES				
Increase in short-term borrowings	40	–	–	40
Increase in long-term debt	10	–	–	10
Issue of Class B Non-Voting Shares	43	–	–	43
Dividends paid on Class A Shares and Class B Non-Voting Shares	(384)	–	–	(384)
Dividends paid on Preferred Shares	(8)	–	–	(8)
Other	(1)	–	–	(1)
	(300)	–	–	(300)
Increase (decrease) in cash	(123)	–	–	(123)
Cash, beginning of the period	507	–	–	507
Cash, end of the period	384	–	–	384

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 16 *Leases* was issued on January 2016 and replaces IAS 17 *Leases*. The new standard 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, instead requiring that leases be capitalized by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) and representing the right to use the underlying leased asset. If lease payments are made over time, the Company would recognize a lease liability representing its obligation to make future lease payments. Certain short-term leases (less than 12 months) and leases of low-value may be exempted from the requirements and may continue to be treated as operating leases if certain elections are made. 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, upon adoption of IFRS 16, we will recognize a significant increase to both assets and liabilities on our Consolidated Statements of Financial Position as well as a decrease to operating costs, as a result of removing the lease expense, an increase to depreciation and amortization, due to the depreciation of the right-of-use asset, and an increase to finance costs, due to the accretion of the lease liability. Relative to the results of applying the current standard, although actual cash flows will be unaffected, the Company's statement of cash flows will reflect increases in cash flows from operating activities offset equally by decreases in cash flows from financing activities.

  We do not expect significant impacts for contracts in which we are the lessor.

  Implementation

  We continue to make progress towards adoption of IFRS 16, including the implementation of a new lease system that enables us to comply with the requirements of the standard on a contract-by-contract basis. Changes and enhancements to business processes and systems of internal control are also being completed.

  We will adopt IFRS 16 on September 1, 2019, using a modified retrospective approach whereby the financial statements of prior periods presented are not restated. The cumulative effect of the initial application of the new standard will be recognized at the date of initial application. Generally, right-of-use assets at transition will be measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent outstanding. We do not intend to elect the recognition exemptions on short-term leases or low-value leases; however, we may choose to elect these recognition exemptions on a class-by-class basis for new classes and lease-by-lease basis, respectively, in the future.

  As permitted by IFRS 16, we will apply certain practical expedients to facilitate the initial adoption and ongoing application of IFRS 16 including the following:

  - not separate fixed non-lease components from lease components for certain classes of underlying assets. Each lease component and any associated non-lease components will be accounted for as a single lease component
  - apply a single discount rate to a portfolio of leases with similar characteristics
  - exclude initial direct costs from measuring the right-of-use asset as at September 1, 2019
  - use hindsight in determining the lease term where the contract contains purchase, extension, or termination options

Effect of Transition to IFRS 16

While our testing, data validation, and assessment process is ongoing, our preliminary estimated effect of transition to IFRS 16 on our Consolidated Statements of Financial Position as at September 1, 2019 is as follows:

(billions of Canadian dollars)	As reported as at August 31, 2019	Estimated effect of IFRS 16 transition	Subsequent to transition as at September 1, 2019
Current assets	0.3	**	0.3
Non-current assets	4.9	1.3	6.2
Current liabilities	1.3	0.2	1.5
Non-current liabilities	6.0	1.1	7.1
Shareholders' equity	6.3	**	6.3

** Amounts less than $0.1 billion.

Upon adoption of the Standard on September 1, 2019, actual amounts could differ from these preliminary estimates.

- 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, which for the Company will be the annual period commencing September 1, 2019. The Company is currently assessing the impact of this standard on its consolidated financial statements. The Company does not expect this standard to have a material effect on its September 1, 2019 balance sheet.

3. ASSET DISPOSITION AND ASSET HELD FOR SALE

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 Wireline segment, for proceeds of approximately US $20 million, net of working capital adjustments. Accordingly, the operating results and operating cash flows of the Tracking business are presented as discontinued operations separate from the Company's continuing operations.

The transaction closed on September 15, 2017 and the Company recognized a loss on the divestiture within income from discontinued operations as follows:

	August 31, 2018
Proceeds on disposal, net of transaction costs of $nil	18
Net assets disposed	(22)
	(4)
Income taxes	2
Loss on divestiture, net of tax	**(6)**

The assets and liabilities disposed of were as follows:

	$
Accounts receivable	6
Inventories	5
Other current assets	1
Other long-term assets	25
Goodwill	24
	61
Accounts payable and accrued liabilities	8
Deferred credits	33
Deferred income tax liabilities	(2)
	22

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, 2018
Revenue	1
Operating, general and administrative expenses	–
Purchases of goods and services	1
	1
Income from discontinued operations before loss on divestiture	–
Loss on divestiture, net of tax	(6)
Loss from discontinued operations, net of tax	(6)

4. ACCOUNTS RECEIVABLE

	2019 $	2018 (restated, note 2) $
Subscriber and trade receivables	**370**	305
Due from related parties (note 29)	**–**	–
Miscellaneous receivables	**15**	7
	385	312
Less allowance for doubtful accounts	**(98)**	(59)
	287	253

Included in operating, general and administrative expenses is a provision for doubtful accounts of $40 (2018 – $38).

5. INVENTORIES

	2019 $	2018 (restated, note 2) $
Wireless devices and accessories	**53**	40
DTH subscriber equipment	**33**	21
	86	61

6. OTHER CURRENT ASSETS

	2019 $	2018 (restated, note 2) $
Prepaid expenses	**108**	104
Costs incurred to obtain or fulfill a contract with a customer	**59**	48
Wireless handset receivables	**124**	121
	291	273

7. INVESTMENTS AND OTHER ASSETS

	2019 $	2018 $
Publicly traded companies	–	615
Investments in private entities	**37**	45
	37	660

The Company has a portfolio of minor investments in various private entities. In the third quarter of fiscal 2019, the Company disposed of one of these investments with a book value of $10 for proceeds of $25.

Corus Entertainment Inc.

Corus is a leading media and content company that creates and delivers high quality brands and content across platforms for audiences around the world. Corus' portfolio of multimedia offerings encompasses 35 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 (the "Corus B Consideration Shares") representing approximately 37% of Corus' total issued equity of Class A and Class B shares. Although the Class B Corus shares did not have voting rights, the Company was 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, a second one third for 18 months post-closing, and the final one third for 24 months post-closing, until March 31, 2018.

On May 31, 2019, the Company sold all of its 80,630,383 Class B non-voting participating shares of Corus at a price of $6.80 per share. Proceeds, net of transaction costs were $526, which resulted in a loss of $109. The Company's weighted average ownership of Corus for the nine months ended May 31, 2019 was 38% (2018 – 39%). For the year ended August 31, 2019, the Company received dividends of $10 (2018 – $92) from Corus. At August 31, 2019, the Company owned nil (2018 – 80,630,383) Corus Class B shares having a fair value of $nil (2018 – $298) and representing nil% (2018 – 38%) of the total issued equity of Corus.

Summary financial information for Corus through the disposal date is as follows:

	Nine months ended May 31, 2019	Year ended August 31, 2018
Revenue	**1,310**	1,647
Net income (loss) attributable to:		
Shareholders	**133**	(784)
Non-controlling interest	**19**	26
	152	(758)
Other comprehensive income, attributable to shareholders	**(40)**	25
Comprehensive income (loss)	**112**	(733)
Equity income from associates, excluding goodwill impairment	**46**	84
Impairment of investment in associate (1)	–	(284)
Equity income (loss) from associates (2)	**46**	(200)
Other comprehensive income from equity accounted associates (2)	**(13)**	10
	33	(190)

(1) The Company assessed its investment in Corus for indicators of impairment, which included a significant and sustained decrease in the share price as well as the recording by Corus of an impairment charge against their goodwill and broadcast license intangibles, and found that there was evidence that impairment had occurred. The Company compared the recoverable amount to the carrying value and determined that an impairment charge of $284 was required. The recoverable amount was determined based on the value in use of the investment.

(2) 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 nine-month period ended May 31, 2019 and year ended August 31, 2018.

Carrying amount at August 31, 2018	**615**
Share of equity at disposition date	**46**
Share of other comprehensive loss of associate	**(13)**
Dividends received to disposition date	**(10)**
Carrying value at disposition date	**638**
Proceeds on disposal, net of transaction costs	**526**
Reclassification of accumulated gain from other comprehensive income related to the sale of an associate	**(3)**
Loss on sale of investment	**109**

8. PROPERTY, PLANT AND EQUIPMENT

	August 31, 2019			**August 31, 2018**		
	Cost $	**Accumulated amortization $**	**Net book value $**	**Cost $**	**Accumulated amortization $**	**Net book value $**
Cable and telecommunications distribution system	**6,876**	**3,456**	**3,420**	6,506	3,142	3,364
Digital cable terminals and modems	**980**	**612**	**368**	927	541	386
Satellite audio, video and data network and DTH receiving equipment	**116**	**56**	**60**	111	46	65
Land and buildings	**640**	**265**	**375**	641	238	403
Data centre infrastructure, data processing and other	**597**	**398**	**199**	679	410	269
Assets under construction	**461**	**–**	**461**	215	–	215
	9,670	**4,787**	**4,883**	9,079	4,377	4,702

Changes in the net carrying amounts of property, plant and equipment for 2019 and 2018 are summarized as follows:

	August 31, 2018						**August 31, 2019**
	Net book value $	**Additions $**	**Transfers $**	**Amortization $**	**Disposals and writedown $**	**Divestment $**	**Net book value $**
Cable and telecommunications distribution system	**3,364**	**306**	**295**	**(540)**	**(1)**	**(4)**	**3,420**
Digital cable terminals and modems	**386**	**218**	**–**	**(236)**	**–**	**–**	**368**
Satellite audio, video and data network and DTH receiving equipment	**65**	**11**	**–**	**(16)**	**–**	**–**	**60**
Land and buildings	**403**	**2**	**4**	**(30)**	**(4)**	**–**	**375**
Data centre infrastructure, data processing and other	**269**	**9**	**18**	**(50)**	**(17)**	**(30)**	**199**
Assets under construction	**215**	**563**	**(317)**	**–**	**–**	**–**	**461**
	4,702	**1,109**	**–**	**(872)**	**(22)**	**(34)**	**4,883**

	August 31, 2017						August 31, 2018
	Net book value $	Additions $	Transfers $	Amortization $	Disposals and writedown $	Divestment $	Net book value $
Cable and telecommunications distribution system	3,112	578	208	(524)	(10)	–	3,364
Digital cable terminals and modems	408	246	–	(268)	–	–	386
Satellite audio, video and data network and DTH receiving equipment	60	19	–	(14)	–	–	65
Land and buildings	428	4	–	(29)	–	–	403
Data centre infrastructure, data processing and other	285	27	11	(54)	–	–	269
Assets under construction	101	333	(219)	–	–	–	215
	4,394	1,207	–	(889)	(10)	–	4,702

In 2019, the Company recognized a gain of $43 (2018 – gain of $1) on the disposal of property, plant and equipment.

9. OTHER LONG-TERM ASSETS

	2019 $	2018 (restated, note 2) $
Equipment costs subject to a deferred revenue arrangement	**93**	121
Long-term Wireless handset receivables	**45**	27
Costs incurred to obtain or fulfill a contract with a customer	**35**	26
Credit facility arrangement fees	**4**	4
Other	**18**	19
	195	197

Amortization provided in the accounts for 2019 amounted to $88 (2018 – $112) and was recorded as amortization of deferred equipment costs and other amortization.

10. INTANGIBLES AND GOODWILL

	2019 $	2018 $
Broadcast rights and licences		
Cable systems	**4,016**	4,016
DTH and satellite services	**1,013**	1,013
	5,029	5,029
Wireless spectrum licences	**2,445**	1,953
Other intangibles		
Software	**451**	434
Customer relationships	**54**	66
	7,979	7,482
Goodwill		
Cable and telecommunications systems	**79**	79
Wireless	**201**	201
	280	280
Net book value	**8,259**	7,762

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 $	Goodwill $	Wireless spectrum licences $
September 1, 2017	5,029	280	1,947
Additions	–	–	25
Disposition	–	–	(19)
August 31, 2018	**5,029**	**280**	**1,953**
Additions	**–**	**–**	**492**
Disposition	**–**	**–**	**–**
August 31, 2019	**5,029**	**280**	**2,445**

Intangibles subject to amortization are as follows:

	August 31, 2019			August 31, 2018		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Software	**697**	**257**	**440**	595	183	412
Software under construction	**11**	**–**	**11**	22	–	22
Customer relationships	**114**	**60**	**54**	114	48	66
	822	**317**	**505**	731	231	500

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

	Software $	Software under construction $	Customer relationships $	Total $
September 1, 2017	377	3	79	459
Additions	121	17	–	138
Transfers	(2)	2	–	–
Amortization	(84)	–	(13)	(97)
August 31, 2018	**412**	**22**	**66**	**500**
Additions	**112**	**11**	**–**	**123**
Transfers	**22**	**(22)**	**–**	**–**
Dispositions	**(6)**	**–**	**–**	**(6)**
Amortization	**(100)**	**–**	**(12)**	**(112)**
August 31, 2019	**440**	**11**	**54**	**505**

Impairment testing of indefinite-life intangibles and goodwill

The Company conducted its annual impairment test on goodwill and indefinite-life intangibles as at February 1, 2019 and the recoverable amount of the cash generating units exceeded their carrying value.

A hypothetical decline of 10% in the recoverable amount of the Cable cash generating unit as at February 1, 2019 would not result in any impairment loss. A hypothetical decline of 10% in the recoverable amount of the Satellite cash generating unit as at February 1, 2019 would not result in an impairment loss. 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 February 1, 2019 would not result in any impairment loss.

Any changes in economic conditions since the impairment testing conducted as at February 1, 2019 do not represent events or changes in circumstance that would be indicative of impairment at August 31, 2019.

Significant estimates inherent to this analysis include discount rates and the terminal value. At February 1, 2019, 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	6.5%	1.5%	7.4X
Satellite	7.5%	-3.0%	5.4X
Wireless	9.3%	1.0%	4.5X

A sensitivity analysis of significant estimates is conducted as part of every impairment test. With respect to the impairment tests performed in the second 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	16.4%	14.2%	4.8%
Satellite	8.1%	5.6%	5.6%
Wireless	15.2%	7.7%	8.0%

11. SHORT-TERM BORROWINGS

On June 19, 2018 the Company established an accounts receivable securitization program with a Canadian financial institution which will allow it to sell certain trade receivables into the program up to a maximum of $100. The Company continues to service and retain substantially all of the risks and rewards relating to the trade receivables sold, and therefore, the trade receivables are recognized on the Company's Consolidated Statement of Financial Position and the funding received is recorded as a current liability (revolving floating rate loans) secured by the trade receivables. The buyer's interest in the accounts receivable ranks ahead of the Company's interest and the program restricts it from using the trade receivables as collateral for any other purpose. The buyer of the trade receivables has no claim on any of the Company's other assets. Sale proceeds in respect of the new securitization program of approximately $40 were received on June 19, 2018. The term of this revolving-period agreement was to end on June 19, 2019.

On May 29, 2019, the Company amended the terms of its accounts receivable securitization program to extend the term of the program to May 29, 2022 and increase the sales committed up to a maximum of $200. Under the terms of the amendment, the Company was also required to draw an additional $40 under the program by November 1, 2019. Accordingly, subsequent to year-end on November 1, 2019 the Company increased the amount drawn by $80 to bring the total short-term borrowings from the buyer to $120.

A summary of our accounts receivable securitization program as at August 31 is as follows:

	2019 $	**2018 $**
Trade accounts receivable sold to buyer as security	**434**	429
Short-term borrowings from buyer	**(40)**	(40)
Overcollateralization	**394**	389

	2019 $	**2018 $**
Accounts receivable securitization program, beginning of period	**40**	–
Proceeds received from accounts receivable securitization	**–**	40
Repayment of accounts receivable securitization	**–**	–
Accounts receivable securitization program, end of period	**40**	40

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019 $	**2018 (restated, note 2) $**
Trade	**114**	97
Program rights	**5**	8
Accrued liabilities	**482**	496
Accrued network fees	**155**	125
Interest and dividends	**244**	227
Related parties (note 29)	**15**	17
	1,015	970

13. PROVISIONS

	Asset retirement obligations	Restructuring[1][2]	Other	Total
September 1, 2017	60	7	76	143
Additions	6	446	25	477
Accretion	1	–	–	1
Reversal	–	–	(13)	(13)
Payments	–	(177)	(7)	(184)
August 31, 2018	67	276	81	424
Additions	**10**	**1**	**28**	**39**
Accretion	**1**	**–**	**–**	**1**
Reversal [3]	**–**	**(10)**	**–**	**(10)**
Payments	**–**	**(124)**	**(27)**	**(151)**
August 31, 2019	**78**	**143**	**82**	**303**
Current	–	166	79	245
Long-term	67	110	2	179
August 31, 2018	67	276	81	424
Current	**–**	**142**	**82**	**224**
Long-term	**78**	**1**	**–**	**79**
August 31, 2019	**78**	**143**	**82**	**303**

(1) During 2017, the Company restructured certain operations within the Wireline segment and announced a realignment to integrate certain Consumer/Business operations and Freedom Mobile. In fiscal 2019, a total of $3 has been paid (2018 – $5).

(2) During the second quarter of fiscal 2018, the Company offered a voluntary departure program to a group of eligible employees and in the second half of 2018 additional changes to its organizational structure as part of a total business transformation initiative. In connection with the restructuring, the Company recorded $446 in 2018 primarily related to severance and employee related costs in respect of the approximate 3,300 affected employees. In fiscal 2019, a total of $121 has been paid (2018 – $172). The remaining costs are expected to be paid within the next 17 months.

(3) During the year, certain employees and the Company agreed to rescind earlier elections under the voluntary departure program.

14. LONG-TERM DEBT

	Effective interest rates %	2019 Long-term debt at amortized cost(1) $	2019 Adjustment for finance costs(1) $	2019 Long-term debt repayable at maturity $	2018 Long-term debt at amortized cost(1) $	2018 Adjustment for finance costs(1) $	2018 Long-term debt repayable at maturity $
Corporate							
Cdn fixed rate senior notes-							
5.65% due October 1, 2019	5.69	**1,250**	**–**	**1,250**	1,248	2	1,250
5.50% due December 7, 2020	5.55	**499**	**1**	**500**	499	1	500
3.15% due February 19, 2021	3.17	**299**	**1**	**300**	299	1	300
3.80% due November 2, 2023	3.80	**498**	**2**	**500**	–	–	–
4.35% due January 31, 2024	4.35	**498**	**2**	**500**	498	2	500
3.80% due March 1, 2027	3.84	**298**	**2**	**300**	298	2	300
4.40% due November 2, 2028	4.40	**496**	**4**	**500**	–	–	–
6.75% due November 9, 2039	6.89	**1,420**	**30**	**1,450**	1,419	31	1,450
		5,258	**42**	**5,300**	4,261	39	4,300
Other							
Burrard Landing Lot 2 Holdings Partnership	Various	**50**	**–**	**50**	50	–	50
Total consolidated debt		**5,308**	**42**	**5,350**	4,311	39	4,350
Less current portion		**1,251**	**1**	**1,252**	1	–	1
		4,057	**41**	**4,098**	4,310	39	4,349

(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. On November 21, 2018, the Company amended the terms of its bank credit facility to extend the maturity date to December 2023. Subsequent to year-end, on November 21, 2019, the Company further extended the term from December 2023 to December 2024. This credit facility can be used for working capital and general corporate purposes.

Funds are available to the Company in both Canadian and US dollars. At August 31, 2019, $3 (2018 – $2) 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 2019 was nil (2018 – nil). The effective interest rate on the revolving term facility for 2019 was nil (2018 – nil).

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 November 2, 2018, the Company issued $500 senior notes at a rate of 3.80% due November 2, 2023 and $500 senior notes at a rate of 4.40% due November 2, 2028.

Subsequent to year-end, on October 1, 2019, the Company repaid $1,250 of 5.65% senior notes at their maturity.

Other

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.

In February 2018, the Partnership received an additional mortgage loan of $30 and used the proceeds to loan excess funds to each of its partners, of which the Company received $10. The additional loan matures on November 1, 2024 and bears interest at 4.14% compounded semi-annually.

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, 2019.

Long-term debt repayments

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

	$
2020	1,251
2021	801
2022	1
2023	501
2024	501
Thereafter	2,295
	5,350

Interest expense

	2019 $	2018 $
Interest expense – long-term debt	**280**	245
Amortization of senior notes discounts	**1**	1
Interest income – short-term (net)	**(29)**	(6)
Interest expense – other	**6**	8
	258	248

15. OTHER LONG-TERM LIABILITIES

	2019 $	2018 $
Pension liabilities (note 28)	**69**	10
Post retirement liabilities (note 28)	**4**	3
Other	**2**	–
	75	13

16. DEFERRED CREDITS

	2019 $	2018 (restated, note 2) $
IRU prepayments	**400**	411
Equipment revenue	**23**	29
Deposit on future fibre sale	**2**	2
	425	442

Amortization of deferred credits for 2019 amounted to $34 (2018 – $42) 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 2019 amounted to $13 (2018 – $13) and was recorded as other amortization. Amortization of equipment revenue for 2019 amounted to $21 (2018 – $30).

17. 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

2019	2018		2019 $	2018 $
Number of securities				
22,372,064	22,420,064	Class A Shares	**2**	2
494,389,771	484,194,344	Class B Non-Voting Shares	**4,310**	4,054
10,012,393	10,012,393	Series A Preferred Shares	**245**	245
1,987,607	1,987,607	Series B Preferred Shares	**48**	48
528,761,835	518,614,408		**4,605**	4,349

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 2019 and 2018 are as follows:

	Class A Shares		Class B Non-Voting Shares	
	Number	$	Number	$
September 1, 2017	22,420,064	2	474,350,861	3,795
Stock option exercises	–	–	1,854,594	48
Dividend reinvestment plan	–	–	7,988,889	211
August 31, 2018	22,420,064	2	484,194,344	4,054
Stock option exercises	**–**	**–**	**1,658,465**	**39**
Dividend reinvestment plan	**–**	**–**	**8,488,962**	**217**
Class A conversion to Class B	**(48,000)**	**–**	**48,000**	**–**
August 31, 2019	**22,372,064**	**2**	**494,389,771**	**4,310**

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).

Normal Course Issuer Bid Program

Subsequent to year-end, on October 29, 2019, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. The program commenced on November 1, 2019 and will remain in effect until October 31, 2020. As approved by the TSX, the Company has the ability to purchase for cancellation up to 24,758,127 Class B Shares representing 5% of all of the issued and outstanding Class B Shares as at October 18, 2019. As of November 15, 2019, the Company has purchased 483,428 Class B Non-Voting Shares for cancellation for a total cost of approximately $13 million under the NCIB.

18. 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, 2019 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 62,000,000. As at August 31, 2019, 39,229,679 Class B Non-Voting Shares have been issued under the plan.

The changes in options are as follows:

	2019		2018	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding, beginning of year	**9,378,966**	**25.18**	10,158,005	24.45
Granted	**1,540,000**	**26.36**	2,790,000	27.17
Forfeited	**(897,470)**	**26.66**	(1,714,445)	26.45
Exercised [(1)]	**(1,658,465)**	**20.76**	(1,854,594)	23.05
Outstanding, end of year	**8,363,031**	**26.11**	9,378,966	25.18

(1) The weighted average Class B Non-Voting Share price for the options exercised was $26.91.

The following table summarizes information about the options outstanding at August 31, 2019:

	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	309,891	1.12	19.59	309,891	19.59
$20.81 - $24.21	1,235,010	5.40	23.49	842,460	23.37
$24.22 - $26.22	1,086,750	6.67	25.18	620,100	25.08
$26.23 - $27.19	2,906,225	8.10	26.43	692,325	26.49
$27.20 - $30.87	2,825,155	7.14	28.01	1,315,205	28.12

The weighted average estimated fair value at the date of the grant for common share options granted for the year ended August 31, 2019 was $2.07 (2018 – $2.11) 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:

	2019	2018
Dividend yield	**4.50%**	4.37%
Risk-free interest rate	**2.08%**	1.88%
Expected life of options	**7 years**	6 years
Expected volatility factor of the future expected market price of Class B Non-Voting Shares	**16.30%**	16.30%

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

Restricted share unit and Performance share unit plan

The Company has an RSU/PSU plan which provides that RSUs may be granted to directors, officers and employees of the Company and PSUs may be granted to officers and employees of the Company. Vested RSUs and PSUs will be settled in either cash or Class B Non-Voting Shares as determined by the Human Resources and Compensation Committee at the time of the grant. The cash payout will be based on the market value of a Class B Non-Voting Share at the time of the payout. When cash dividends are paid on Class B Non-Voting Shares, holders are credited with additional RSUs or PSUs, as applicable, equal to the dividend.

For PSUs, the performance criteria is set by the Human Resources and Compensation Committee at the time of the grant, and typically requires the achievement of a minimum level of performance, otherwise the payout is zero, while maximum performance is capped at 150%. On settlement of vested PSUs, the number of Class B Non-Voting Shares issued or delivered, or the amount of cash payment will be multiplied by the applicable performance factor.

During 2019, $5 was recognized as compensation expense (2018 – $3). The carrying value and intrinsic value of RSUs at August 31, 2019 was $7 and $7, respectively (August 31, 2018 – $3 and $3, 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 2019, $nil was recognized as compensation expense (2018 – $2). The carrying value and intrinsic value of DSUs at August 31, 2019 was $24 and $20, respectively (August 31, 2018 – $24 and $20, 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 2019, $6 was recorded as compensation expense (2018 – $7).

19. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share calculations are as follows:

	2019	2018 (restated, note 2)
Numerator for basic and diluted earnings per share ($)		
Net income from continuing operations	**733**	39
Deduct: net income attributable to non-controlling interests in subsidiaries	**(2)**	–
Deduct: dividends on Preferred Shares	**(9)**	(8)
Net income attributable to common shareholders from continuing operations	**722**	31
Loss from discontinued operations attributable to common shareholders	**–**	(6)
Net income attributable to common shareholders	**722**	25
Denominator (millions of shares)		
Weighted average number of Class A Shares and Class B Non-Voting Shares for basic earnings per share	**511**	502
Effect of dilutive securities [1]	**–**	1
Weighted average number of Class A Shares and Class B Non-Voting Shares for diluted earnings per share	**511**	503
Basic earnings (loss) per share ($)		
Continuing operations	**1.41**	0.06
Discontinued operations	**–**	(0.01)
Attributable to common shareholders	**1.41**	0.05
Diluted earnings (loss) per share ($)		
Continuing operations	**1.41**	0.06
Discontinued operations	**–**	(0.01)
Attributable to common shareholders	**1.41**	0.05

(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, 2019, 6,126,210 options were excluded from the diluted earnings per share calculation (2018 – 4,263,940).

20. 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 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. 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%
December 31, 2017 to March 30, 2018	2.872%
March 31, 2018 to June 29, 2018	3.171%
June 30, 2018 to September 29, 2018	3.300%
September 30, 2018 to December 30, 2018	3.509%
December 31, 2018 to March 30, 2019	3.713%
March 31, 2019 to June 29, 2019	3.682%
June 30, 2019 to September 29, 2019	3.687%
September 30, 2019 to December 30, 2019	3.638%

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. As at and for the years ended August 31, 2019 and August 31, 2018, Class B Non-Voting Shares distributed under the Company's DRIP were new shares issued from treasury at a 2% discount from the 5 day weighted average market price immediately preceding the applicable dividend payment date.

Subsequent to year-end, on October 24, 2019, and in accordance with the terms of our Dividend Reinvestment Plan (the "DRIP"), the Company's Board of Directors approved changes to the Company's DRIP program. In lieu of issuing shares from treasury, it will satisfy its share delivery obligations under the DRIP by purchasing Class B Shares on the open market. In addition, the Company will reduce its discount from 2% to 0% for the Class B Shares delivered under the DRIP. These changes to the DRIP will apply to the dividends payable on November 28, 2019 to shareholders of record on November 15, 2019.

Dividends declared

The dividends per share recognized as distributions to common shareholders for dividends declared during the year ended August 31, 2019 and 2018 are as follows:

2019		2018	
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, 2018 and 2017 are as follows:

2019		2018	
Series A Preferred Share	**Series B Preferred Share**	**Series A Preferred Share**	**Series B Preferred Share**
0.6978	0.9119	0.6978	0.7553

On June 27, 2019, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.23044 per Series B Preferred Share which were paid on September 30, 2019. The total amount paid was $2 of which $1 was not recognized as at August 31, 2019.

On October 25, 2019, 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 30, 2019, January 30, 2020 and February 27, 2020 to shareholders of record at the close of business on December 13, 2019, January 15, 2020 and February 14, 2020, respectively.

On October 25, 2019, the Company declared dividends of $0.17444 per Series A Preferred Share and $0.22738 per Series B Preferred Share payable on December 31, 2019 to holders of record at the close of business on December 13, 2019.

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

Components of other comprehensive income and the related income tax effects for 2019 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	**3**	**(1)**	**2**
Adjustment for hedged items recognized in the period	**(3)**	**1**	**(2)**
Share of other comprehensive income of associates	**(13)**	**–**	**(13)**
Reclassification of accumulated loss to income related to the sale of an associate	**(3)**	**–**	**(3)**
	(16)	**–**	**(16)**
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans:	**(52)**	**13**	**(39)**
	(68)	**13**	**(55)**

Components of other comprehensive income and the related income tax effects for 2018 are as follows:

	Amount $	Income taxes $	Net $
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges	7	(2)	5
Adjustment for hedged items recognized in the period	4	(1)	3
Share of other comprehensive income of associates	10	–	10
	21	(3)	18
Items that will not be subsequently reclassified to income			
Remeasurements on employee benefit plans	101	(27)	74
	122	(30)	92

Accumulated other comprehensive loss is comprised of the following:

	2019 $	2018 $
Items that may subsequently be reclassified to income		
Change in unrealized fair value of derivatives designated as cash flow hedges	**1**	–
Share of other comprehensive income of associates	**18**	18
Reclassification of accumulated loss to income related to the sale of an associate	**(18)**	–
Items that will not be subsequently reclassified to income		
Remeasurements on employee benefit plans:	**(95)**	(57)
	(94)	(39)

22. REVENUE

Contract assets and liabilities

The table below provides a reconciliation of the significant changes to the current and long-term portion of contract assets and liabilities balances during the year.

	Contract Assets	Contract Liabilities
September 1, 2017	59	235
Increase in contract assets from revenue recognized during the period	198	–
Contract assets transferred to trade receivables	(118)	–
Contract terminations transferred to trade receivables	(4)	–
Revenue recognized included in contract liabilities at the beginning of the year	–	(225)
Increase in contract liabilities during the period	–	234
August 31, 2018	135	244
Increase in contract assets from revenue recognized during the period	**179**	**–**
Contract assets transferred to trade receivables	**(145)**	**–**
Contract terminations transferred to trade receivables	**(11)**	**–**
Revenue recognized included in contract liabilities at the beginning of the year	**–**	**(236)**
Increase in contract liabilities during the period	**–**	**230**
August 31, 2019	**158**	**238**

	Contract Assets	Contract Liabilities
Current	103	226
Long-term	32	18
Balance as at September 1, 2018	135	244
Current	**106**	**223**
Long-term	**52**	**15**
Balance as at August 31, 2019	**158**	**238**

Deferred commission cost assets

The table below provides a summary of the changes in the deferred commission cost assets recognized from the incremental costs incurred to obtain contracts with customers during the year ended August 31, 2019 and 2018. We believe these amounts to be recoverable through the revenue earned from the related contracts. The deferred commission cost assets are presented within other current assets (when they will be amortized into net income within twelve months of the date of the financial statements) or other long-term assets.

September 1, 2017	57
Additions to deferred commission cost assets	70
Amortization recognized on deferred commission cost assets	(52)
August 31, 2018	75
Additions to deferred commission cost assets	**85**
Amortization recognized on deferred commission cost assets	**(66)**
August 31, 2019	**94**
Current	50
Long-term	25
Balance as at September 1, 2018	75
Current	**59**
Long-term	**35**
Balance as at August 31, 2019	**94**

Commission costs are amortized over a period ranging from 24 to 36 months.

Disaggregation of revenue

	2019 $	2018 (restated, note 2) $
Services		
Wireline – Consumer	**3,707**	3,725
Wireline – Business	**593**	567
Wireless	**694**	564
	4,994	4,856
Equipment and other		
Wireless	**353**	337
	353	337
Intersegment eliminations	**(7)**	(4)
Total revenue	**5,340**	5,189

Remaining performance obligations

The following table includes revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at August 31, 2019:

	Within 1 year $	Within 2 years $	Total $
Wireline	2,747	1,211	3,958
Wireless	362	145	507
Total	**3,109**	**1,356**	**4,465**

When estimating minimum transaction prices allocated to the remaining unfilled, or partially unfulfilled, performance obligations, Shaw applied the practical expedient to not disclose information about remaining performance obligations that have original expected duration of one year or less and for those contracts where we bill the same value as that which is transferred to the customer.

23. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING COSTS

	2019 $	2018 (restated, note 2) $
Employee salaries and benefits (1)	**663**	1,158
Purchases of goods and services	**2,514**	2,420
	3,177	3,578

(1) For the year ended August 31, 2019, employee salaries and benefits include a recovery of $9 in employee-related restructuring costs compared to $423 in restructuring costs for the year ended August 31, 2018.

24. OTHER GAINS (LOSSES)

	2019 $	2018 (restated, note 2) $
Gain on disposal of fixed assets and intangibles	**32**	15
Gain on disposal of non-core business	**6**	–
Gain on disposal of investment	**15**	–
Other (1)	**(3)**	17
	50	32

(1) Other gains (losses) generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, and the Company's share of the operations of Burrard Landing Lot 2 Holdings Partnership.

25. 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:

	2019 $	2018 (restated, note 2) $
Deferred tax assets	**4**	4
Deferred tax liabilities	**(1,875)**	(1,884)
Net deferred tax liability	**(1,871)**	(1,880)

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, 2017 (restated, note 2)	(265)	(1,680)	39	51	(4)	(1,859)
Recognized in statement of income	(22)	(53)	(10)	17	77	9
Recognized in other comprehensive income	–	–	–	–	(30)	(30)
Balance at August 31, 2018	(287)	(1,733)	29	68	43	(1,880)
Recognized in statement of income	**(12)**	**107**	**(61)**	**25**	**(63)**	**(4)**
Recognized in other comprehensive income	**–**	**–**	**–**	**–**	**13**	**13**
Balance at August 31, 2019	**(299)**	**(1,626)**	**(32)**	**93**	**(7)**	**(1,871)**

The Company has capital loss carryforwards of approximately $44 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 $446 for which no deferred income tax asset has been recognized in the accounts. The balance expires in varying annual amounts from 2034 to 2036.

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

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

	2019	2018 (restated, note 2)
Current statutory income tax rate	**26.8%**	26.9%
Income tax expense at current statutory rates	**228**	45
Net increase (decrease) in taxes resulting from:		
Effect of tax rate changes	**(102)**	28
Equity (income) loss of an associate not recognized	**(12)**	54
Other	**4**	1
Income tax expense	**118**	128

The statutory income tax rate for the Company decreased from 26.9% in 2018 to 26.8% in 2019 as a result of provincial tax rate changes.

The components of income tax expense are as follows:

	2019 $	2018 (restated, note 2) $
Current income tax expense	**114**	137
Deferred tax expense (recovery) related to temporary differences	**106**	(37)
Deferred tax expense (recovery) from tax rate changes	**(102)**	28
Income tax expense	**118**	128

26. BUSINESS SEGMENT INFORMATION

The Company's chief operating decision makers are the Chief Executive Officer, President and Executive Vice President, Chief Financial & Corporate Development Officer and they review the operating performance of the Company by segments, which are comprised of Wireline and Wireless. As a result of the restructuring undertaken in 2017, the Company reorganized and integrated its management structure, previously separated in the Consumer and Business Network Services segments, into a combined Wireline segment, as costs were becoming increasingly inseparable between these segments. There was no change to the Wireless operating segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The chief operating decision makers utilize operating income before restructuring costs and amortization for each segment as a key measure in making operating decisions and assessing performance.

The Wireline segment provides Cable telecommunications services including Video, Internet, Wi-Fi, Phone, Satellite Video and data networking through a national fibre-optic backbone network to Canadian consumers, North American businesses and public-sector entities. The Wireless segment provides wireless services for voice and data communications serving customers in Ontario, British Columbia and Alberta.

Both of the Company's reportable segments are substantially located in Canada. Information on operations by segment is as follows:

	2019 $	2018 (restated, note 2) $
Revenue		
Wireline	**4,300**	4,292
Wireless	**1,047**	901
	5,347	5,193
Intersegment eliminations	**(7)**	(4)
	5,340	5,189
Operating income before restructuring costs and amortization		
Wireline	**1,955**	1,915
Wireless	**199**	142
	2,154	2,057
Restructuring costs [1]	**9**	(446)
Amortization [1]	**(1,038)**	(1,025)
Operating income	**1,125**	586
Interest [1]		
Operating	**255**	247
Other/non-operating	**2**	1
	257	248
Current taxes [1]		
Operating	**114**	166
Other/non-operating	**–**	(29)
	114	137

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

Capital expenditures

	2019 $	2018 (restated, note 2) $
Capital expenditures accrual basis		
Wireline	**784**	965
Wireless	**385**	343
	1,169	1,308
Equipment costs (net of revenue)		
Wireline	**43**	53
Capital expenditures and equipment costs (net)		
Wireline	**827**	1,018
Wireless	**385**	343
	1,212	1,361
Reconciliation to Consolidated Statements of Cash Flows		
Additions to property, plant and equipment	**1,109**	1,121
Additions to equipment costs (net)	**42**	49
Additions to other intangibles	**147**	131
Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows	**1,298**	1,301
Increase (decrease) in working capital and other liabilities related to capital expenditures	**(28)**	65
Decrease in customer equipment financing receivables	**1**	4
Less: Proceeds on disposal of property, plant and equipment	**(59)**	(9)
Total capital expenditures and equipment costs (net) reported by segments	**1,212**	1,361

27. COMMITMENTS AND CONTINGENCIES

Commitments

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

	$
2020	681
2021 – 2024	859
Thereafter	362
	1,902

Comprised of:	$
Lease of transmission facilities and premises	474
Lease and maintenance of transponders	445
Purchase obligations	983
	1,902

(ii) 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.

Included in operating, general and administrative expenses are transponder maintenance expenses of $84 (2018 – $84) and rental expenses of $164 (2018 – $153).

(iii) At August 31, 2019, the Company had capital expenditure commitments in the normal course of business of $181 in respect of fiscal 2020 to 2025.

Contingencies

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

Guarantees

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

Indemnities

Many agreements related to acquisitions and dispositions of business assets include indemnification provisions where the Company may be required to make payment to a vendor or purchaser for breach of contractual terms of the agreement with respect to matters such as litigation, income taxes payable or refundable or other ongoing disputes. The indemnification period usually covers a period of two to four years. Also, in the normal course of business, the Company has provided indemnifications in various commercial agreements, customary for the telecommunications industry, which may require payment by the Company for breach of contractual terms of the agreement. Counterparties to these agreements provide the Company with comparable indemnifications. The indemnification period generally covers, at maximum, the period of the applicable agreement plus the applicable limitations period under law.

The maximum potential amount of future payments that the Company would be required to make under these indemnification agreements is not reasonably quantifiable as certain indemnifications are not subject to limitation. However, the Company enters into indemnification agreements only when an assessment of the business circumstances would indicate that the risk of loss is remote. At August 31, 2019, 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, 2019, the guarantee instruments amounted to $6. 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 2020 to fiscal 2022.

28. 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. Effective January 1, 2019, the Company introduced a voluntary pension contribution matching program whereby, in addition to the 5% of Company contributions, employees who make voluntary contributions will receive a 25% match on contributions up to 5% of their eligible earnings. 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 $31 (2018 – $32) of which $23 (2018 – $21) was expensed and the remainder capitalized.

Defined benefit pension plans

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

	2019	2018
Non-registered plans		
Accrued benefit obligation	**505**	446
Fair value of plan assets	**436**	436
Accrued benefit liabilities and deficit	**69**	10

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 deficiency. Changing market conditions in conjunction with discount rate volatility will result in volatility of the accrued benefit liabilities. To mitigate 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 $	2019 Total $	SERP $	ERP $	2018 Total $
Accrued benefit obligation, beginning of year	**429**	**17**	**446**	518	14	532
Current service cost	**5**	**6**	**11**	6	8	14
Interest cost	**16**	**1**	**17**	17	1	18
Payment of benefits to employees	**(17)**	**(1)**	**(18)**	(18)	(7)	(25)
Transfer from DC plan	**–**	**1**	**1**	–	3	3
Remeasurements:						
Effect of changes in demographic assumptions	**(4)**	**–**	**(4)**	(5)	–	(5)
Effect of changes in financial assumptions	**53**	**3**	**56**	–	–	–
Effect of experience adjustments [(1)]	**(4)**	–	**(4)**	(89)	(2)	(91)
Accrued benefit obligation, end of year	**478**	**27**	**505**	429	17	446
Fair value of plan assets, beginning of year	**421**	**15**	**436**	420	13	433
Employer contributions	**–**	**5**	**5**	–	5	5
Interest income	**15**	**1**	**16**	15	1	16
Transfer from DC plan	**–**	**1**	**1**	–	3	3
Payment of benefits	**(17)**	**(2)**	**(19)**	(18)	(7)	(25)
Return on plan assets, excluding interest income	**(2)**	**(1)**	**(3)**	4	–	4
Fair value of plan assets, end of year	**417**	**19**	**436**	421	15	436
Accrued benefit liability and plan deficit, end of year	**61**	**8**	**69**	8	2	10

(1) In the second quarter of fiscal 2018, a remeasurement related to the effect of experience adjustments of $85 was recognized to reflect the decrease in the accrued benefit obligation due to demographic experience in the quarter.

The weighted average duration of the defined benefit obligation of the SERP and ERP at August 31, 2019 is 17.2 years and 20.0 years, respectively.

The underlying plan assets of the SERP and ERP at August 31, 2019 are invested in the following:

	SERP	ERP
Cash and cash equivalents	**206**	**14**
Fixed income securities	**72**	**2**
Equity securities – Canadian	**43**	**1**
Equity securities – Foreign	**96**	**2**
	417	**19**

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

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

Accrued benefit obligation	2019 SERP %	2019 ERP %	2018 SERP %	2018 ERP %
Discount rate	**2.90**	**2.90**	3.70	3.70
Rate of compensation increase	**3.00**[(1)]	**3.00**	3.00[(1)]	3.00

Benefit cost for the year	2019 SERP %	2019 ERP %	2018 SERP %	2018 ERP %
Discount rate	**3.70**	**3.70**	3.70	3.70
Rate of compensation increase	**3.00**[(1)]	**3.00**	3.00[(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, 2019 by $88. A one percentage point increase in the rate of compensation increase would have increased the accrued benefit obligation by $14.

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

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

	SERP	ERP	2019 Total	SERP	ERP	2018 Total
Current service cost	**5**	**6**	**11**	6	8	14
Interest cost	**16**	**1**	**17**	17	1	18
Interest income	**(15)**	**(1)**	**(16)**	(15)	(1)	(16)
Pension expense	**6**	**6**	**12**	8	8	16

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 table below shows the change in the accrued post-retirement obligation which is recognized in the statement of financial position.

	2019	2018
Accrued benefit obligation and plan deficit, beginning of year	**3**	4
Current service cost	**–**	–
Interest cost	**–**	–
Payment of benefits to employees	**–**	–
Remeasurements:		
Effect of changes in demographic assumptions	**1**	(1)
Accrued benefit obligation and plan deficit, end of year	**4**	3

The weighted average duration of the benefit obligation at August 31, 2019 is 17.2 years.

The post-retirement benefit plan expense, which is included in employee salaries and benefits expense, is $nil (2018 – $nil) 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, 2019 were 3.70% and 2.90%, respectively (2018 – 3.80% and 3.70%, respectively). A one percentage point decrease in the discount rate would have increased the accrued benefit obligation at August 31, 2019 by $1.

Employer contributions

The Company's estimated contributions to the defined benefit plans in fiscal 2020 is $6.

29. RELATED PARTY TRANSACTIONS

Controlling shareholder

The majority of the Class A Shares are held by the Shaw Family Living Trust ("SFLT"). The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including JR Shaw as chair, Bradley S. Shaw, four 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.

	Ownership Interest	
	August 31, 2019	**August 31, 2018**
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%
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:

	2019 $	**2018 $**
Short-term employee benefits	**29**	25
Post-employment pension benefits	**9**	8
Termination benefits	**–**	7
Share-based compensation	**2**	4
	40	44

Transactions

The Company paid $2 (2018 – $2) for collection, installation and maintenance services to a company controlled by a Director of the Company.

During the year, the Company paid $12 (2018 – $12) 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 $27 (2018 – $26) were paid to a programmer where a Director of the Company holds a position on the programmer's board of directors.

At August 31, 2019, the Company had $4 owing in respect of these transactions (2018 – $4).

On May 15, 2019, the Company completed the sale of a non-core parcel of land and the building located thereon (the "Property"), to an affiliate of Shaw Family Living Trust ("SFLT") (the "Purchaser"), for total net proceeds of approximately $45. The Property had a net book value of approximately $4 resulting in a gain on disposition of approximately $41. The purchase price was determined based on appraisals performed by two independent valuators. As part of the transaction, the Purchaser agreed to lease back the Property to the Company for a term of three years at market rental rates (which was also based on appraisals from the two independent valuators) allowing the Company to monetize a non-core asset. The transaction was approved by the independent Board members of the Company.

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 $124 (2018 – $133), advertising fees of $2 (2018 – $4), programming fees of $16 (2018 – $16), and administrative fees of $4 (2018 – $2) were paid to various Corus subsidiaries and entities subject to significant influence. In addition, the Company provided administrative, advertising and other services for $5 (2018 – $5), uplink of television signals for $8 (2018 – $8), and Internet services and lease of circuits for $1 (2018 – $1). At August 31, 2019, the Company had a net of $11 owing in respect of these transactions (2018 – $13).

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 $10 (2018 – $12) to the Partnership for lease of office space in Shaw Tower. Shaw Tower, located in Vancouver, BC, is the Company's headquarters for its lower mainland operations. At August 31, 2019, the Company had a remaining commitment of $55 in respect of the office space lease which is included in the amounts disclosed in note 27.

30. 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 approximate fair value. 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) 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 of an investment in a publicly traded company and long-term debt are as follows:

	August 31, 2019		August 31, 2018	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Assets				
Investment in publicly traded company (1)	–	–	615	298
Liabilities				
Long-term debt (including current portion) (2)	**5,308**	**6,014**	4,311	4,788

(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.

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 2019, the Company entered into forward contracts to purchase US $96 over a period of 12 months commencing in September 2018 at an average exchange rate of 1.2915 Cdn. At August 31, 2019 the Company had forward contracts to purchase US $72 over a period of 12 months commencing September 2019 at an average exchange rate of 1.3115 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 14.

Interest on the Company's unsecured banking facility and AR securitization program are based on floating rates, while the senior notes are fixed-rate obligations. When drawn, 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, 2019, 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 $7 net of tax (2018 – $9). 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, 2019 there is no significant market risk arising from interest rate fluctuations within a reasonably contemplated range from their actual amounts.

At August 31, 2019, a one dollar change in the Company's Class B Non-Voting Shares would have had an impact on net income of $1 (August 31, 2018 – $1) in respect of the Company's DSU, RSU, and PSU plans.

Credit risk

Accounts receivable in respect of the Consumer, Business 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, 2019, the Company had accounts receivable of $287 (August 31, 2018 – $255), net of the allowance for doubtful accounts of $98 (August 31, 2018 – $57). 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, 2019, $158 (August 31, 2018 – $123) 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, 2019 are as follows:

	Short-term borrowings	Accounts payable and accrued liabilities[1]	Other Long-Term Liabilities	Long-term debt repayable at maturity	Interest payments
Within one year	40	1,015	–	1,251	217
1 to 3 years	–	–	1	802	360
3 to 5 years	–	–	1	1,002	320
Over 5 years	–	–	1	2,295	1,608
	40	1,015	3	5,350	2,505

[1] Includes accrued interest and dividends of $244.

31. CONSOLIDATED STATEMENTS OF CASH FLOWS

(i) Funds flow from continuing operations

	2019 $	2018 (restated, note 2) $
Net income from continuing operations	**733**	39
Adjustments to reconcile net income to funds flow from operations:		
Amortization	**1,041**	1,028
Deferred income tax expense (recovery)	**4**	(9)
Share-based compensation	**3**	3
Defined benefit pension plans	**7**	11
Equity (income)/ loss of an associate or joint venture	**(46)**	200
Loss on disposal of an associate or joint venture	**109**	–
Gain on disposal of investments	**(15)**	–
Net change in contract asset balances	**(23)**	(76)
Gain on disposal of fixed assets and intangibles	**(32)**	(15)
Other	**(4)**	(4)
Funds flow from continuing operations	**1,777**	1,177

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

	2019 $	2018 $
Interest paid	**230**	239
Income taxes paid (net of refunds)	**166**	155
Interest received	**29**	4

(iii) Non-cash transactions

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

	2019 $	2018 $
Issuance of Class B Non-Voting Shares:		
Dividend reinvestment plan (note 20)	**217**	211

32. 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), short-term borrowings and bank indebtedness less cash and cash equivalents.

	2019 $	2018 (restated, note 2) $
Cash	**(1,446)**	(384)
Short-term borrowings	**40**	40
Long-term debt repayable at maturity	**5,350**	4,350
Share capital	**4,605**	4,349
Contributed surplus	**26**	27
Retained earnings	**1,745**	1,632
	10,320	10,014

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, 2019, 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.

33. SUBSEQUENT EVENTS

On October 1, 2019, the Company repaid $1,250 of 5.65% senior notes at their maturity.

Subsequent to year-end, on October 24, 2019, in accordance with the terms of our Dividend Reinvestment Plan (the "DRIP"), the Company announced that in lieu of issuing shares from treasury, it will satisfy its share delivery obligations under the DRIP by purchasing Class B Shares on the open market. In addition, the Company will reduce its discount from 2% to 0% for the Class B Shares delivered under the DRIP. These changes to the DRIP will apply to the dividends payable on November 28, 2019 to shareholders of record on November 15, 2019.

Subsequent to year-end, on October 29, 2019, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. The program commenced on November 1, 2019 and will remain in effect until October 31, 2020. As approved by the TSX, the Company has the ability to purchase for cancellation up to 24,758,127 Class B Shares representing 5% of all of the issued and outstanding Class B Shares as at October 18, 2019. As of November 15, 2019, the Company has purchased 483,428 Class B Non-Voting Shares for cancellation for a total cost of approximately $13 million under the NCIB.

On November 21, 2019, the Company extended the term of its $1.5 billion bank credit facility from December 2023 to December 2024. This credit facility is used for working capital and general corporate purposes.

Table of Contents

Corporate Structure

Shaw Communications Inc. ("**Shaw**" or the "**Company**") is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, Video and digital Phone. Business provides business customers with Internet, data, WiFi, digital Phone, and Video services. The Wireless division provides wireless voice and LTE data services through an expanding and improving mobile wireless network infrastructure.

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. Shaw was reorganized pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) effective September 1, 1999, and amended its articles on January 28, 2004 to limit the number of Class A Voting Participating Shares that may be issued and on May 26, 2011 to create the Series A Shares and Series B Shares (each as hereinafter defined). See "Capital Structure, Dividends and Related Matters – Description of Capital Structure".

The head and registered office of the Company is located at Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4, telephone (403) 750-4500.

The following table lists certain subsidiaries and entities owned or controlled by Shaw, their jurisdictions of incorporation or organization and the nature of their operations. All of such entities are wholly-owned, directly or indirectly, by Shaw.

Entity	Jurisdiction	Nature of Operations
Shaw Cablesystems Limited	Alberta	Television Distribution Services
Shaw Cablesystems G.P.	Alberta	Television Distribution and Internet Services
Shaw Cablesystems (VCI) Ltd.	Alberta	Television Distribution Services
Shaw Envision Inc.	Alberta	Telecommunications Services
Shaw Telecom Inc.	Alberta	Telecommunications Services
Shaw Telecom G.P.	Alberta	Telecommunications Services
Shaw Satellite Services Inc.	Federal	Satellite Services
Star Choice Television Network Incorporated	Federal	Satellite Services
Shaw Satellite G.P.	Alberta	Satellite Services
Freedom Mobile Inc.	Alberta	Wireless Services

Unless the context otherwise indicates, a reference to "Shaw" or the "Company" in this Annual Information Form means Shaw Communications Inc. and its subsidiaries and other entities owned or controlled, directly or indirectly, by Shaw Communications Inc.

General Developments and Description of the Business

Shaw's three-year history is set out below:

Fiscal 2019 Developments

Corporate

- The Company's voluntary departure program, or VDP, continued in fiscal 2019, resulting in approximately 1,000 employees exiting the Company in fiscal 2019 bringing the total to approximately 2,300 employees since the program commenced in March 2018. As of November 15, 2019, approximately 2,700 employees had departed the Company pursuant to the VDP, which is approximately 84% complete.
- As the VDP approaches completion, the total restructuring charge is how expected to total approximately $437 million as approximately 90 employees either rescinded their acceptance of the VDP package with the approval of the Company or declined their package in order to expedite their departure date resulting in a $10 million recovery in fiscal 2019.
- The anticipated annualized savings related to the VDP to be fully realized in fiscal 2020 are expected to be approximately $200 million (approximately $125 million attributable to operating expenses and approximately $75 million attributable to capital expenditures) which is materially in line with the original estimate of $215 million. In fiscal 2019, VDP related cost savings totaled $135 million, of which $98 million were attributed to operating expenses and $37 million were attributed to capital expenditures. (For further detail see "Total Business Transformation" in the Company's Management's Discussion and Analysis for the year ended August 31, 2019 (the "2019 Annual MD&A")).
- On May 31, 2019, the Company completed its secondary offering of 80,630,383 Class B non-voting participating shares ("Corus Class B Shares") of Corus Entertainment Inc. ("Corus") at a price of $6.80 per share, representing approximately 39% of the outstanding Corus Class B Shares for net proceeds to the Company of approximately $526 million. Shaw no longer holds any equity interest in Corus.

Financing Activities

- On November 2, 2018, the Company closed its offering of $1 billion of senior notes, comprised of $500 million principal amount of 3.80% senior notes due 2023 and $500 million principal amount of 4.40% senior notes due 2028.
- On November 21, 2018, the Company amended its $1.5 billion credit facility to extend the maturity date by two years, to December 22, 2023. The credit facility can be used for working capital and general corporate purposes.
- Effective May 29, 2019, the Company amended the terms of its accounts receivable securitization program with a Canadian financial institution to extend the term to May 29, 2022 and increase sales committed up to a maximum of $200 million. On November 1, 2019, the Company drew an additional $80 million bring the total amount drawn under the program to $120 million.
- On October 1, 2019, the Company repaid $1.25 billion 5.65% senior notes.
- On October 25, 2019, in accordance with the terms of its Dividend Reinvestment Plan (the "DRIP"), the Company announced that in lieu of issuing shares from treasury, it will satisfy its share delivery obligations under the DRIP by purchasing class B non-voting participating shares ("Class B Non-Voting Shares") on the open market. In addition, the Company will reduce the DRIP discount from 2% to 0% for the Class B Non-Voting Shares delivered under the DRIP. These changes to the DRIP will apply to the dividends payable on November 28, 2019 to shareholders of record on November 15, 2019.
- On October 29, 2019, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. The program commenced on November 1, 2019 and will remain in effect until October 31, 2020. As approved by the TSX, the Company has the ability to purchase for cancellation up to 24,758,127 Class B Non-Voting Shares, representing 5% of all of the issued and outstanding Class B Non-Voting Shares. As of November 15, 2019, the Company has purchased 483,428 Class B Non-Voting Shares for cancellation for a total cost of approximately $13 million under the NCIB.
- On November 21, 2019, the Company extended the term of its five-year $1.5 billion bank credit facility from December 2023 to December 2024. This credit facility is used for working capital and general corporate purposes.

Wireless – Freedom Mobile

- In fiscal 2019, Freedom Mobile added over 266,000 subscribers which was complemented, on an annual basis, by ABPU improvement of 6.3% (to $41.67) and service revenue growth of approximately 23% (to $694 million) compared to fiscal 2018. The performance reflects the increased number of customers subscribing to higher value service plans and purchasing devices from Freedom Mobile.
- During 2019, Freedom Mobile continued to roll out its Extended Range LTE in Calgary, Edmonton, Vancouver and the greater Toronto area ("GTA"), which leverages our 700 MHz spectrum, to provides customers with improved in-building service as well as extending service at the edge of the coverage service area. The Company continues to focus in improving its customer experience through the deployment of the 700 MHz spectrum which is expected to continue throughout fiscal 2020, resulting in a 22-basis point reduction year-over-year in postpaid churn to 1.32%.
- On February 28, 2019, the CRTC issued the Notice of Consultation (the "Notice") for its anticipated review of the regulatory framework for mobile wireless services in Canada. The Notice conveys the CRTC's preliminary view that it would be appropriate to mandate wholesale mobile virtual network operators ("MVNOs") access to the networks of the national incumbents. The CRTC's determinations on these and other questions in the Notice could affect Shaw's ability to compete in the mobile wireless market. (for further details see "Government Regulation and Regulatory Developments – CRTC Wireless Review" in the Company's 2019 Annual MD&A).
- In the third quarter of fiscal 2019, Freedom Mobile introduced new prepaid service plans that better aligned with current market offers resulting in a significant year-over-year improvement in prepaid market performance. Freedom Mobile also finalized an agreement with a third national retail partner, Mobilinq, to launch prepaid services in approximately 50 of its stores. At the end of fiscal 2019, Freedom had over 650 points of retail distribution.
- On April 10, 2019, Freedom Mobile successfully acquired 11 paired blocks of 20-year 600 MHz spectrum, across its wireless operating footprint, for a total purchase price of $492 million, or $0.78 per MHz-Pop. The spectrum acquisition rights secured through the 600 MHz auction include 30 MHz across each of British Columbia, Alberta, and Southern Ontario as well as 20 MHz in eastern Ontario. These licences were issued for a 20-year term, expiring in 2039.
- In fiscal 2019, Freedom Mobile expanded its network through the launch of 19 new communities in Alberta, British Columbia, and Ontario.

Wireline – Consumer & Business

- In fiscal 2019, the Company completed the activation of the next generation of cable access technology known as Data over Cable Interface Specification version 3.1 ("DOCSIS 3.1"). Powered by our latest generation of DOCSIS 3.1 enabled Cable modem, the XB6, the upgrade allowed us to launch our Internet 600 consumer speed tier and our 1 Gbps business speed tier across virtually all of our Western Canadian cable footprint.
- In November 2018, the Company doubled internet speeds of its top residential tiers, Internet 150 and Internet 300 to Internet 300 to Internet 600, respectively.
- In April 2019 the Company unveiled Shaw BlueCurve, a technology that provides customers greater control over their home Wi-Fi experience through the BlueCurve Home App and Pods. Shaw Blue Curve is a simple and powerful new technology that gives customers more coverage and greater control over their home Wi-Fi experience while at the same time helping redefine their relationship with in-home connected devices. The Shaw Blue Curve Home App is the latest innovative product that the Company has introduced to the market, through its partnership with Comcast Corporation, and it is available with Shaw's BlueCurve modem – the hub of our customers' in-home content and connectivity experience. Shaw BlueCurve Pods expand in-home coverage by creating a mesh Wi-Fi network which blankets customers' home with wireless coverage and reduces the challenges of Wi-Fi deadspots.
- Building on the BlueCurve gateway modem, the Company launched internet protocol television, or IPTV in Calgary in May and continues to expand this service, which is available across 70% of its Western Canadian cable footprint. The Company expects to complete the roll-out over the next several months.
- In January, 2019, Shaw Business launched 100 Mbps symmetrical private data connections to over 300,000 business locations in Western Canada with the next generation Ethernet over DOCSIS technology.
- In March 2019, Shaw Business:
  - launched its fastest Internet tier in select areas – with download speeds of up to 1 Gbps paired with upload speeds of up to 125 Mbps allowing businesses of all sizes to get the bandwidth they need and ensure their employees and guests can get the most out of their connectivity experience; and

  - doubled the speeds of eligible Shaw Business Internet and Smart WiFi 150 and 300 customers to Shaw Business Internet and Smart WiFi 300 and 600, respectively.
- On August 1, 2019, the Company completed the sale of the assets of the Shaw Calgary1 data center, including all of the contractual relationships residing in the facility and the existing operational and sales teams, to a third party.
- On August 15, 2019, the CRTC issued Telecom Order 2019-288 (the "Order"), which set the Company's final wholesale high speed service ("HSA") rates. The final rates were significantly lower than the interim rates set in October 2016, and retroactive to January 31, 2017. On September 13, 2019, the Company, jointly with Cogeco, Eastlink, Rogers, and Videotron (the "Cable Carriers") filed a motion for leave to appeal the Order with the Federal Court of Appeal, as well as a motion to stay the Order, pending the final judgment on the appeal (if leave is granted). On November 22, 2019, the motion for leave to appeal the Order, as well as the motion to stay the Order pending final judgment on the appeal, were granted. As well, on November 13, 2019, the Cable Carriers filed a Petition requesting that the Cabinet order the CRTC to reconsider the Order. A decision on whether to vary, rescind or refer the Order back to the Commission must be made within one year from the date of the Order. (for further details see "Government Regulation and Regulatory Developments – CRTC Wireless Review" in the Company's "2019 Annual MD&A")

Fiscal 2018 Developments

Corporate

- In the first quarter of fiscal 2018, Shaw changed the structure of its operating divisions to improve overall efficiency while enhancing its ability to grow as a leading Canadian connectivity company. Shaw's previously existing Consumer and Business divisions were combined to form a new Wireline division with no changes to the existing Wireless division.
- In the second quarter of fiscal 2018, the Company introduced Total Business Transformation ("TBT"), a multi-year initiative designed to reinvent Shaw's operating model to better meet the evolving needs and expectations of consumers and businesses by optimizing the use of resources, maintaining and ultimately improving customer service, and by reducing staff. Three key elements of the transformation are to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and, 3) streamline the organization that builds and services the networks.
- As a first step in the TBT, a voluntary departure program, or VDP, was offered to eligible employees resulting in approximately 1,300 employees departing the Company in fiscal 2018. (For further detail see "Total Business Transformation" in the 2019 Annual MD&A)
- In fiscal 2018, the Company incurred a total restructuring charge of $446 million related to severance and other employee related costs, as well as additional costs directly associated with the TBT initiative. VDP related cost reductions in fiscal 2018 totaled $47 million, of which $39 million were attributed to operating expenses and $8 million attributed to capital expenditures.
- In the third quarter of fiscal 2018, the Company incurred an impairment charge of $284M related to its investment in Corus.

Financing Activities

- On June 19, 2018, the Company established an accounts receivable securitization program with a Canadian financial institution which allows it to sell certain trade receivables into the program up to a maximum of $100 million.

Wireless – Freedom Mobile

- In fiscal 2018, Freedom Mobile added over 255,000 subscribers which was complemented, on an annual basis, by ABPU improvement of 6.1% (to $39.26) over fiscal 2017, reflecting the appeal of its differentiated value proposition.
- In October 2017, Freedom Mobile launched the Big Gig data plans, targeting a data-centric customer with 10 GB of data for only $50 per month – unlike any other plan offered in Canada at that time.
- In November 2017 Freedom Mobile began pre-selling iPhone X, iPhone 8 and 8 Plus at all Freedom Mobile retail locations across Canada.

- In the second quarter of fiscal 2018, the Company completed the re-farm of 10 MHz of AWS-1 spectrum across Freedom Mobile's footprint, significantly expanding Freedom Mobile's addressable market as the AWS-1 spectrum supports nearly all LTE devices currently in use in Canada.
- In May 2018, the Company completed its first successful 5G trials in Calgary by leveraging 28GHz mm Wave and 3.5GHz spectrum in collaboration with Nokia, CableLabs and Rohde & Schwarz.
- In fiscal 2018, the Company successfully upgraded and deployed 2500 MHz spectrum in high traffic sites in the GTA, Calgary, Edmonton and Vancouver and commenced the deployment of the 700 MHz spectrum later in the year. This step, the deployment of the 2500 MHz spectrum, along with completion of the re-farming of 10 MHz of the Company's existing AWS-1 spectrum to LTE in the second quarter of fiscal 2018 resulted in a large majority of the Company's existing customers migrating from 3G to LTE service using their existing devices.
- In the fourth quarter of fiscal 2018, the Company launched Voice Over LTE, or VoLTE nationwide across all three of its LTE spectrum bands – AWS-1, AWS-3 and 2500 MHz – offering customers with compatible devices a significant improvement in voice quality and a reduction in call set-up time.
- During 2018, Freedom Mobile continued to expand its retail network by entering into distribution agreements with Loblaws and Walmart. Freedom Mobile products and services are currently being distributed in approximately 100 Loblaws' "The Mobile Shop" locations and approximately 140 Walmart locations throughout Ontario, Alberta and British Columbia.

Wireline – Consumer & Business

- On September 15, 2017, the Company sold a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation, to Omnitracs LLC for proceeds of approximately US$20 million.
- In December 2017, Shaw Business launched SmartSurveillance, an enterprise-grade managed video surveillance solution designed to help owners monitor and protect their businesses while providing valuable analytical insights.
- In the third quarter of fiscal 2018, the Company deployed the latest DOCSIS 3.1 advanced XB6 Wi-Fi modem, powered by Comcast Corporation ("Comcast"), which enabled faster internet speeds, supported more devices and ensured a stronger in-home internet connection. 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.
- During fiscal 2018, the Company continued to improve its BlueSky platform, powered by Comcast's next generation X1 platform, which features a voice controlled remote and advanced search, by integrating both Netflix and YouTube seamlessly with live TV, video-on-demand and recorded content.
- In July 2018, the Company launched Internet 300 with download speeds of up to 300 Mbps:
  - The Consumer division launched Internet 300 with unlimited data available across virtually all of Shaw's Western Canadian footprint.
  - Shaw Business launched:
    - Internet 300 with unlimited data, which made it easier for Shaw Business customers to share files through cloud storage services, video conference with colleagues, and operate point of sale systems more efficiently; and
    - SmartWiFi 300, an enterprise-grade Wi-Fi solution, that provides simultaneous device connections, instant analytics, 3 separate networks, and bandwidth allocation (to monitor and limit usage for heavy data users).

Fiscal 2017 Developments

Corporate

- On August 1, 2017, the Company sold 100% of its wholly-owned subsidiary ViaWest, Inc. and its subsidiaries (collectively, "ViaWest") for approximately US$1.675 billion in cash.
- 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 Activities

- 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;
  - the repayment of $400 million senior unsecured notes due March 2, 2017; and
  - the repayment of US$846 million in borrowings under the Company's and ViaWest's credit facilities related to the sale of ViaWest.
- The Company participated in Corus' dividend reinvestment program for its initial investment in Corus Class B non-voting participating shares until September 1, 2017.

Wireless – Freedom Mobile

- The Company continued to improve its network performance with the rollout of Freedom Mobile's LTE network to all our existing markets, on schedule and on budget, as of the end of fiscal 2017.
- Freedom Mobile's handset lineup continued to expand in fiscal 2017, with Apple, LG, Samsung, Sony and ZTE all being compatible with its AWS-3 LTE network.

Wireline – Consumer & Business

- 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 hubs. CCAP significantly enhances the capabilities of our cable network and enables Shaw to leverage the next generation of cable access technology known as DOCSIS 3.1.
- 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.
- The Company launched the market leading. BlueSky TV which is based on Comcast's X1 video platform. BlueSky TV was launched in phases, with the initial launch in Calgary followed by the Vancouver launch in February and the national launch in April 2017.
- 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 Wi-Fi access points to improve network coverage for Freedom Mobile customers which represents an important step in our converged network strategy.

To comply with the other requirements of Item 4.1 (General Development of the Business) and Items 4.2 (Significant Acquisitions), 5.1 (Description of the Business) and 5.2 (Risk Factors) of Form 51-102F2 of NI-51-102, the sections titled "About Our Business" and "Known Events, Trends, Risks and Uncertainties" in the 2019 Annual MD&A are incorporated by reference herein. The 2019 Annual MD&A is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com.

Capital Structure, Dividends and Related Matters

1. Description of Capital Structure

(a) General

The authorized share capital of the Company consists of a limited number of Class A Participating Shares (the "**Class A Shares**"), which are voting, as described below; an unlimited number of Class B Non-Voting Shares; an unlimited number of Class 1 Preferred Shares (the "**Class 1 Preferred Shares**") issuable in series; and an unlimited number of Class 2 Preferred Shares (the "**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**"). As at August 31, 2019, there were 22,372,064 Class A Shares, 494,389,771 Class B Non-Voting Shares, 10,012,393 Series A Shares, and 1,987,607 Series B Shares issued and outstanding.

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

(i) Authorized Number of Class A Shares

The authorized number of Class A Shares is limited to the lesser of that number of such shares (i) that are currently issued and outstanding; and (ii) that may be outstanding after any conversion of Class A Shares into Class B Non-Voting Shares (subject to certain conversion rights as described below under the heading "Conversion Privileges").

(ii) Voting Rights

The holders of Class A Shares are entitled to one vote per share at all meetings of shareholders. The holders of Class B Non-Voting Shares are entitled to receive notice of, to attend and to speak at all meetings of shareholders but are not entitled to vote thereat except as required by law and except upon any resolution to authorize the liquidation, dissolution and winding-up of Shaw or the distribution of assets among the shareholders of Shaw for the purpose of winding up its affairs, in which event each holder of Class B Non-Voting Shares will be entitled to one vote per share.

(iii) Dividends

In general, subject to the rights of any preferred shares outstanding from time-to-time (such as the Series A Shares and Series B Shares), holders of Class A Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors of Shaw determines to declare on a share-for-share basis, as and when any such dividends are declared or paid, except that, for each Dividend Period (as defined below), the aggregate of the dividends (other than stock dividends) declared and paid on each Class A Share shall be $0.0025 per share per annum less than the aggregate of the dividends declared and paid on each Class B Non-Voting Share, subject to proportionate adjustment in the event of any future consolidations or subdivisions of Class A Shares and Class B Non-Voting Shares and in the event of any issue of Class B Non-Voting Shares by way of stock dividends. A "**Dividend Period**" is defined as the fiscal year of Shaw or such other period, not to exceed one year, in respect of which the directors of Shaw have announced a current policy to declare and pay, or set aside for payment, regular dividends on the Class A Shares and Class B Non-Voting Shares.

(iv) Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Shaw or other distribution of assets of Shaw for the purpose of winding up its affairs, all property and assets of Shaw available for distribution to the holders of Class A Shares and Class B Non-Voting Shares will be paid or distributed equally, share-for-share, to the holders of Class A Shares and Class B Non-Voting Shares without preference or distinction.

(v) Conversion Privileges

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

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

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

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

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

(A) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all holders of Class A Shares who are residents of a province of Canada to which the requirement applies; and

(B) is not made concurrently with an offer to purchase Class B Non-Voting Shares that is identical to the offer to purchase Class A Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Class A Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares, and for the purposes of this definition if an offer to purchase Class A Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for this sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;

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

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

"**Transfer Agent**" means the transfer agent for the time being of the Class A Shares.

Subject to the exception below, the conversion right of a holder of Class B Non-Voting Shares shall not come into effect if:

(A) prior to the time at which the offer is made there is delivered to the Transfer Agent and to the Secretary of Shaw a certificate or certificates signed by or on behalf of one or more shareholders of Shaw owning in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:

(i) tender any shares in acceptance of any Exclusionary Offer without giving the Transfer Agent and the Secretary of Shaw written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;

(ii) make any Exclusionary Offer;

(iii) act jointly or in concert with any person or company that makes any Exclusionary Offer; or

(iv) transfer any Class A Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the Transfer Agent and the Secretary of Shaw written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or

(B) as of the end of the seventh day after the Offer Date there has been delivered to the Transfer Agent and to the Secretary of Shaw a certificate or certificates signed by or on behalf of one or more shareholders of Shaw owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:

(i) the number of Class A Shares owned by the shareholder;

(ii) that such shareholder is not making the offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the offer;

(iii) that such shareholder shall not tender any shares in acceptance of the offer, including any varied form of the offer, without giving the Transfer Agent and the Secretary of Shaw written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and

(iv) that such shareholder shall not transfer any Class A Shares, directly or indirectly, prior to the Expiry Date without giving the Transfer Agent and the Secretary of Shaw written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Shares transferred or to be transferred to each transferee; or

(C) as of the end of the seventh day after the Offer Date, a combination of certificates that comply with (A) and (B) from shareholders of Shaw owning in the aggregate more than 50% of the then outstanding Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Class A Offeror, has been delivered to the Transfer Agent and to the Secretary of Shaw.

If a notice referred to in sub-clause (A)(i), (A)(iv), (B)(iii) or (B)(iv) is given and the conversion right has not come into effect, the Transfer Agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class A Shares in respect of which there are subsisting certificates that comply with either clause (A) or (B). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class A Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in sub-clause (A)(iv) or (B)(iv) shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred to in sub-clause (A)(iv) or (B)(iv) shall be deemed to be a person or company from whom the Transfer Agent does not have a subsisting certificate unless the Transfer Agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the Transfer Agent has a subsisting certificate. If the number of Class A Shares so determined does not exceed 50% of the number of then outstanding Class A Shares, exclusive of shares owned immediately prior to the offer by the Offeror, clauses (A) and (B) shall cease to apply and the conversion right shall be in effect for the remainder of the Conversion Period.

(vi) Modification

Neither the Class A Shares nor the Class B Non-Voting Shares may be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class is also subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(vii) Offer to Purchase

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

(viii) Redemption

Neither the Class A Shares nor the Class B Non-Voting Shares are redeemable at the option of either Shaw or the holder thereof.

(c) Preferred Shares

(i) Class 1 Preferred Shares

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

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

(ii) Class 2 Preferred Shares

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

The shares of each successive series of Class 2 Preferred Shares shall have preference over the Class A Shares and Class B Non-Voting Shares (but shall rank junior to the Class 1 Preferred Shares) as to dividends and shall not confer upon the shares of one series a priority over the shares of any other series of Class 2 Preferred Shares in respect of voting, dividends or return of capital. If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital.

(iii) Series A Shares and Series B Shares

The Series A Shares and the Series B Shares are each a series of Class 2 Preferred Shares. On May 31, 2011, the Company issued 12,000,000 Series A Shares. On June 30, 2016, 1,987,607 of the Series A Shares were converted into an equal number of 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 are 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.

Holders of the Series A Shares are entitled to receive fixed cumulative preferential cash dividends that will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 2.00%, as and when declared by the Board of Directors of the Company, payable quarterly on the last day of each March, June, September and December (or if such date is not a business day, the next succeeding business day).

The annual fixed dividend rate for the Series A Preferred Shares were set as follows:

Period	Annual Dividend Rate
June 30, 2011 to June 29, 2016	4.500%
June 30, 2016 to June 29, 2021	3.509%

The annual fixed dividend rate will be reset every five years.

Holders of the Series B Shares are entitled to receive quarterly floating rate cumulative preferred cash dividends, as and when declared by the Board of Directors of the Company, payable on the last day of each March, June, September and December (each three month period ending on such a day, a "**Quarterly Floating Rate Period**") in the amount per Series B Share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by $25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending on the actual number of days in the applicable year. The "**Floating Quarterly Dividend Rate**" for a Quarterly Floating Rate Period equals the sum of 2.00% and the average yield expressed as an annual rate on three-month Government of Canada treasury bills for the most recent treasury bills auction that precedes by at least 30 days the first day of such Quarterly Floating Rate Period.

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%
December 31, 2017 to March 30, 2018	2.872%
March 31, 2018 to June 29, 2018	3.171%
June 30, 2018 to September 29, 2018	3.300%
September 30, 2018 to December 30, 2018	3.509%
December 31, 2018 to March 30, 2019	3.713%
March 31, 2019 to June 29, 2019	3.682%
June 30, 2019 to September 29, 2019	3.687%
September 30, 2019 to December 30, 2019	3.638%

The floating quarterly dividend rate will be reset quarterly.

On June 30, 2021 and on June 30 of every fifth year thereafter (each such date a "**Conversion Date**"), the Company may, at its option, redeem the Series A Shares in whole or in part by the payment of $25.00 in cash per Series A Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. The Series A Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series A Shares. Holders of Series A Shares have the right, at their option, to convert all or any of their Series A Shares into Series B Shares, on the basis of one Series B Share for each Series A Share, subject to certain conditions, on a Conversion Date.

On a Conversion Date, the Company may, at its option, redeem the Series B Shares in whole or in part by the payment of $25.00 in cash per Series B Share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption. On any date that is not a Conversion Date, the Company may, at its option, redeem all or any part of the outstanding Series B Shares by the payment of an amount in cash of $25.50 per Series B Share together with all declared and unpaid dividends to but excluding the redemption date. The Series B Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series B Shares. Holders of Series B Shares will have the right, at their option, on a Conversion Date, to convert, subject to certain conditions, all or any of their Series B Shares, into Series A Shares, on the basis of one Series A Share for each Series B Share.

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series A Shares and the Series B Shares, the holders of Series A Shares and Series B Shares will be entitled to payment of $25.00 per share, and all accrued and unpaid dividends up to, but excluding, the date fixed for payment or distribution, before any amount may be paid or any assets of the Company are distributed to the registered holders of any shares ranking junior to the Series A Shares and the Series B Shares. After payment of such amounts, the holders of Series A Shares and Series B Shares will not be entitled to share in any further distribution of the assets of the Company.

Subject to applicable law, holders of the Series A Shares and Series B Shares will not be entitled to receive notice of, attend, speak or vote at any meeting of shareholders of the Company. In the event that, at any time, the Company has failed to pay eight quarterly dividends on the Series A Shares or the Series B Shares, which, at such time, have not been paid in full, whether or not such dividends are consecutive and whether or not such dividends have been declared, the Company shall take all necessary steps to nominate for election to the Board of Directors one independent candidate proposed by the holders of the Series A Shares, the Series B Shares and the holders of any other preferred shares in the capital of the Company in whose favour any right to nominate upon failure of the Company to pay dividends is then in force, all of such holders to be considered one class for the purpose of proposing such candidate. Such candidate shall be nominated for election at the next scheduled annual shareholders' meeting following the Company's failure to pay such dividends, such election to be pursuant to the vote of all shareholders eligible to vote in respect thereof in accordance with the articles and by-laws of the Company. Until all such dividends are paid in full, such a nominee shall be nominated for election at each annual shareholders' meeting. When such dividends are paid in full, this right shall be extinguished and the nominee shall immediately resign. This right shall become effective again at such time as the Company may again so fail to pay dividends.

(d) Share Constraints

The statutes which govern the provision of broadcasting and telecommunications services by Shaw and its regulated subsidiaries impose restrictions on the ownership of shares of the Company and its regulated subsidiaries by persons that are not Canadian. In order to ensure that the Company and its regulated subsidiaries remain eligible or qualified to provide broadcasting and telecommunications services in Canada, the articles of the Company require its directors to refuse to issue or register the transfer of any Class A Shares to a person that is not a Canadian if such issue or transfer would result in the total number of such shares held by non-Canadians exceeding the maximum number permitted by applicable law. In addition, the directors of Shaw are required to refuse to issue or register the transfer of any Class A Shares to a person in circumstances where such issue or transfer would affect the ability of the Company and its regulated subsidiaries to obtain, maintain, amend or renew a license to carry on any business. The articles of the Company further provide that if, for whatever reason, the number of Class A Shares held by non-Canadians or other such persons exceeds the maximum number permitted by applicable law or would affect the ability to carry on any licensed business, Shaw may, to the extent permitted by corporate or communications statutes, sell the Class A Shares held by such non-Canadians or other persons as if it were the owner of such shares. The articles of the Company also give its directors the right to refuse to issue or register the transfer of shares of any class in the capital of the Company if (i) the issue or the transfer requires the prior approval of a regulatory authority unless and until such approval has been obtained; or (ii) the person to whom the shares are to be issued or transferred has not provided Shaw with such information as the directors may request for the purposes of administering these share constraints.

2. Dividends

(a) Dividend Policy

The Company's dividend policy for Class A Shares and Class B Non-Voting Shares is reviewed on a quarterly basis by Shaw's Board of Directors. In general, subject to the rights of any preferred shares outstanding from time-to-time, 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, if, as and when any such dividends are declared and paid. In addition to the standard legislated solvency and liquidity tests that must be met, the Company will 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.

In accordance with the terms and conditions of such shares, for each Dividend Period (which runs from September 1 to August 31 of each year) the aggregate of the dividends (other than stock dividends) declared and paid on each Class A Share shall be $0.0025 per share per annum less than the aggregate of the dividends declared and paid on each Class B Non-Voting Share. See the information under the heading "Capital Structure, Dividends and Related Matters –Description of Capital Structure – Class A Shares and Class B Non-Voting Shares – Dividends".

Dividends on the Series A Shares and the Series B Shares are described under the heading "Capital Structure, Dividends and Related Matters – Description of Capital Structure – Preferred Shares – Series A Shares and Series B Shares".

(b) Dividend Rates and Payment Dates

The tables below sets out dividend amounts and payment dates for the Class A Shares, the Class B Non-Voting Shares, Series A Shares and Series B Shares for the fiscal year ended August 31, 2019 and the aggregate annual cash dividends declared per Class A Share, Class B Non-Voting Share, Series A Share and Series B Share for each of the past three fiscal years.

Payment Dates	Dividends on Class A Shares	Dividends on Class B Non-Voting Shares	Payment Dates	Dividends on Series A Shares	Dividends on Series B Shares
Sept. 27, 2018	$0.098542	$0.09875	Oct. 1, 2018	$0.17444	$0.20625
Oct. 30, 2018	$0.098542	$0.09875			
Nov. 29, 2018	$0.098542	$0.09875			
Dec. 28, 2018	$0.098542	$0.09875	Dec. 31, 2018	$0.17444	$ 0.21931
Jan. 30, 2019	$0.098542	$0.09875			
Feb. 27, 2019	$0.098542	$0.09875			
Mar. 28, 2019	$0.098542	$0.09875	Apr. 1, 2019	$0.17444	$0.23206
Apr. 29, 2019	$0.098542	$0.09875			
May 30, 2019	$0.098542	$0.09875			
Jun. 27, 2019	$0.098542	$0.09875	Jul. 2, 2019	$0.17444	$ 0.23013
Jul. 30, 2019	$0.098542	$0.09875			
Aug. 29, 2019	$0.098542	$0.09875			

Payment Period	Dividends on Class A Shares	Dividends on Class B Non-Voting Shares	Dividends on Series A Shares	Dividends on Series B Shares[(1)]
Fiscal 2017	$ 1.182504	$ 1.185	$ 0.69776	$0.62750
Fiscal 2018	$ 1.182504	$ 1.185	$ 0.69776	$ 0.70713
Fiscal 2019	$ 1.182504	$ 1.185	$ 0.69776	$0.88775

3. Ratings

The following information relating to the Company's credit and preferred share ratings is provided as it relates to the Company's financing costs, liquidity and operations. Specifically, credit ratings affect the Company's ability to obtain short-term and long-term financing and the cost of such financing. Additionally, the ability of the Company to engage in certain business activities on a cost-effective basis may depend on these ratings. A reduction in the current ratings, particularly a downgrade below investment grade ratings or a negative change in the Company's ratings outlook, could adversely affect the Company's cost of financing and its access to sources of liquidity and capital. In addition, changes in these ratings may affect the Company's ability to, and the associated costs of, entering into and maintaining ordinary course contracts with customers or suppliers on acceptable terms.

The following table sets forth the ratings assigned to the Company's senior note obligations by DBRS Limited ("**DBRS**"), Standard & Poor's, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Services, Inc. ("**Moody's**") as at November 27, 2019.

Security	DBRS[(1)]	Moody's[(2)]	S&P[(3)]
Senior Notes	BBB (low)(Stable)	Baa2 (Stable)	BBB- (Stable)

Notes:

(1) DBRS' credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BBB by DBRS is the fourth highest of ten categories and is assigned to debt securities considered to be of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable, but the entity may be vulnerable to future events. The assignment of a "(high)" or "(low)" modifier within certain rating categories indicates relative standing within such category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

(2) Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. A rating of Baa by Moody's is the fourth highest of nine categories and denotes obligations judged to be medium grade and subject to moderate credit risk. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

(3) S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BBB by S&P is the fourth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

The following table sets forth the ratings assigned to the Series A Shares by DBRS and S&P as at November 27, 2019.

Security	DBRS(1)(3)	S&P(2)(3)
Series A Shares	Pfd-3 (low)	P-3 (Stable)

Notes:

(1) DBRS ratings for preferred shares range from a high of Pfd-1 to a low of D. A Pfd-3 rating by DBRS is the third highest of six categories granted by DBRS. According to the DBRS rating system, securities rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. "High" or "low" grades are used to indicate the relative standing within a rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

(2) S&P's ratings for preferred shares range from a high of P-1 to a low of D. A P-3 rating by S&P is the third highest of eight categories granted by S&P. According to the S&P rating system, while securities rated P-3 are regarded as having significant speculative characteristics, they are less vulnerable to non-payment than other speculative issues, however, they face major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by "high" and "low" grades which indicate relative standing within the major rating categories. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

(3) As of November 27, 2019, the Series B shares have not been rated.

Each rating agency has several categories of long-term ratings that may be assigned to a particular security. Prospective purchasers of such securities should consult the rating organization with respect to the interpretation and implication of the foregoing ratings and outlooks.

Ratings are intended to provide investors with an independent measure of the quality of the relevant securities. Ratings accorded by a rating agency are not recommendations to purchase, hold or sell the relevant securities in as much as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating may negatively affect the quoted market price, if any, of the relevant securities.

The Company made payments to each of DBRS, Moody's and S&P in connection with obtaining the above ratings and to each of DBRS and Moody's related to ratings assigned in connection with its accounts receivable securitization program, but has not made any other payments to DBRS, Moody's or S&P over the past two years.

As of November 27, 2019, the Series B Shares have not been rated.

4. Market for Securities

(a) Marketplaces

The securities of the Company are listed and posted for trading on the exchanges set forth below.

Security	Exchange	Symbol	CUSIP Number
Class A Shares	TSX Venture Exchange	SJR.A	82028K101
Class B Non-Voting Shares	Toronto Stock Exchange	SJR.B	82028K200
	New York Stock Exchange	SJR	82028K200
Series A Shares	Toronto Stock Exchange	SJR.PR.A	82028K879
Series B Shares	Toronto Stock Exchange	SJR.PR.B	82028K887

(b) Trading Price and Volume

The following table sets forth, for each month during the fiscal year ending August 31, 2019, the monthly price range and volume traded for the Class A Shares on the TSX Venture Exchange (TSXV) and for the Class B Non-Voting Shares, Series A Shares and Series B Shares on the Toronto Stock Exchange (TSX).

	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 2018	28.02	26.40	9,209	26.43	24.92	15,303,960	18.90	18.31	50,449	19.71	19.34	12,211
Oct 2018	27.25	25.55	19,112	25.42	24.02	20,729,347	18.70	16.50	176,821	19.77	18.74	31,525
Nov 2018	26.50	24.01	8,640	25.71	23.82	23,256,640	17.90	15.79	149,303	19.13	17.05	19,221
Dec 2018	27.98	24.20	4,733	25.48	24.06	29,971,999	16.30	14.34	183,278	17.50	15.21	22,950
Jan 2019	28.20	23.70	13,245	27.24	24.44	36,446,462	16.37	15.00	164,440	16.91	15.57	19,517
Feb 2019	29.00	27.00	7,200	27.49	26.57	19,891,497	15.80	14.46	608,924	16.50	15.50	10,534
Mar 2019	29.00	27.10	9,057	27.99	26.99	26,060,534	15.55	14.26	386,164	16.28	14.79	22,269
Apr 2019	28.75	27.00	2,878	28.10	26.61	25,624,801	14.87	14.05	245,575	15.40	14.80	12,306
May 2019	28.80	27.04	5,297	27.85	26.72	20,181,594	14.70	13.75	180,583	15.20	14.75	27,999
Jun 2019	28.80	26.22	9,208	27.91	25.51	22,563,357	13.93	12.80	292,743	14.50	13.00	30,093
Jul 2019	27.99	25.89	8,210	27.02	25.42	18,854,826	14.65	13.55	244,783	14.96	13.55	53,554
Aug 2019	27.50	25.25	13,700	26.27	24.87	13,365,254	14.45	12.35	144,884	14.60	12.86	23,350

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

(c) Prior Sales

During the year ended August 31, 2019, the Company issued an aggregate of $1 billion of senior notes, comprised of $500 million principal amount of 3.80% senior notes due 2023 and $500 million principal amount of 4.40% senior notes due 2028.

Directors and Officers

1. Directors

Set forth below is a list of the directors of the Company as of November 27, 2019, indicating their municipality, province or state and country of residence, their principal occupations during the five preceding years and the year in which they became a director of the Company. Directors are typically elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed.

Name and Municipality of Residence(2)	Principal Occupation During the Five Preceding Years	Director Since
Peter J. Bissonnette Calgary, Alberta, Canada	Corporate Director; President of the Company until August 2015	2009
Adrian I. Burns Ottawa, Ontario, Canada	Corporate Director; President and CEO of Western Limited, a Saskatchewan real estate company; Chair of the National Arts Centre; former Member of the Copyright Board of Canada; former Commissioner of the CRTC	2001
Hon. Christina J. Clark Vancouver, British Columbia Canada	Corporate Director; Senior Advisor of Bennett Jones LLP; 35th Premier of British Columbia, Canada	2018
Dr. Richard R. Green Boulder, Colorado U.S.A.	Corporate Director; former President and CEO of Cable Television Laboratories Inc. (CableLabs®), a non-profit research development consortium dedicated to pursuing new cable telecommunications technologies	2010
Gregg Keating Porters Lake, Nova Scotia Canada	Chairman and Chief Executive Officer, Altimax Venture Capital, parent company of the Keating Group which comprises a diverse portfolio of business interests	2007
Michael W. O'Brien Toronto, Ontario Canada	Corporate Director; former Executive Vice-President, Corporate Development and Chief Financial Officer of Suncor Energy Inc., an integrated energy company	2003
Paul K. Pew, Toronto, Ontario, Canada	Co-Founder and Co-Chief Executive Officer of G3 Capital Corp., a Toronto-based alternative asset manager; Corporate Director and Private Investor; former Vice Chairman, Investment Banking, GMP Securities Ltd., an independent investment dealer	2008
Jeffrey C. Royer Toronto, Ontario, Canada	Private Investor	1995
Bradley S. Shaw(1) Calgary, Alberta, Canada	Chief Executive Officer of the Company	1999
JR Shaw(1) Calgary, Alberta, Canada	Founder and Executive Chair of the Company	1966
Mike Sievert Kirkland, Washington U.S.A.	President, Chief Operating Officer and Director of T-Mobile USA Inc., a wireless services provider; former Executive Vice President and Chief Marketing Officer of T-Mobile USA Inc.	2018
JC Sparkman Lakewood, Colorado U.S.A.	Corporate Director; former Executive Vice President and Executive Officer of Telecommunications Inc., one of the largest cable television operators in the United States	1994
Carl E. Vogel Cherry Hills Village, Colorado U.S.A.	Private Investor; Senior Advisor of DISH Network Corporation; Industry Advisor focused on media and communications for Kohlberg Kravis Roberts & Co. L.P.; former Vice Chairman of DISH Network Corporation (formerly EchoStar Communications Corporation, a satellite-delivered digital television services provider in the United States) and EchoStar Corp. (a developer of set-top boxes and other electronic technology); former President and Vice Chairman of EchoStar Communications Corporation; former President, Chief Executive Officer and a director of Charter Communications, a broadband service provider in the United States	2006
Sheila C. Weatherill Edmonton, Alberta Canada	Corporate Director; former President and Chief Executive Officer of the Capital Health Authority, the Edmonton region health administrative authority	2009
Willard H. Yuill Medicine Hat, Alberta, Canada	Chair and Chief Executive Officer of The Monarch Corporation, a private investment company and CSH International, Inc., a United States private equity company.	1999

Note:
(1) JR Shaw is the father of Bradley S. Shaw.
(2) Lynda Haverstock did not stand for re-election at the January 17, 2019 Annual General Meeting.

2. Board Committee Members

The Board of Directors of the Company has established four standing committees: Executive, Audit, Corporate Governance and Nominating, and Human Resources and Compensation. The membership of each committee as of November 27, 2019, is set forth below.

The Executive Committee consists of JR Shaw (Chair), Adrian Burns, Michael W. O'Brien, Paul Pew, Bradley S. Shaw and JC Sparkman.

The Audit Committee consists of Michael W. O'Brien (Chair), Richard Green, Jeffrey C. Royer, and Carl Vogel.

For further details concerning the Audit Committee, see the information under the heading "Audit Committee".

The Corporate Governance and Nominating Committee consists of Paul K. Pew (Chair), Christy Clark, Gregory J. Keating, and Sheila C. Weatherill.

The Human Resources and Compensation Committee consists of Willard H. Yuill (Chair), Peter Bissonnette, Adrian I. Burns, and JC Sparkman.

3. Executive Officers

Set forth below is a list of the executive officers of the Company as of November 27, 2019, indicating their municipality, province or state and country of residence and their respective positions with the Company. Officers are appointed annually and serve at the discretion of the Board of Directors of the Company.

Name and Municipality of Residence	Principal Position with the Company
JR Shaw(1) Calgary, Alberta, Canada	Executive Chair
Bradley Shaw(1) Calgary, Alberta, Canada	Chief Executive Officer
Jay Mehr Calgary, Alberta, Canada	President
Trevor English Calgary, Alberta, Canada	Executive Vice President, Chief Financial & Corporate Development Officer
Zoran Stakic Calgary, Alberta, Canada	Chief Operating Officer & Chief Technology Officer
Peter Johnson Calgary, Alberta, Canada	Executive Vice President, Chief Legal and Regulatory Officer
Katherine Emberly Calgary, Alberta, Canada	President, Business, Brand Marketing & Communications
Paul McAleese Toronto, Ontario, Canada	President, Wireless
Dan Markou Toronto, Ontario, Canada	Executive Vice President, Chief People and Culture Officer

Notes:
(1) JR Shaw is the father of Bradley Shaw.

All of the above officers have been employed in various capacities by the Company during the past five years except Paul McAleese who was CEO of i-wireless LLC until April 2017.

4. Voting Shares held by Directors and Executive Officers

To the knowledge of the Company, the directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 17,795,000 Class A Shares, representing, as of November 27, 2019, approximately 80% of the issued and outstanding shares of such class. Of such number, 17,562,400 Class A Shares, representing approximately 79% of the issued and outstanding shares of such class, are held by Shaw Family Living Trust ("**SFLT**") and its subsidiaries for the benefit of the descendants of JR and Carol Shaw. The sole trustee of SFLT is a private company owned by JR Shaw and having a board comprised of seven directors, including as at November 27, 2019, JR Shaw as Chair, Bradley S. Shaw, four other members of JR Shaw's family, and one independent director. JR Shaw controls the shares held by SFLT and its subsidiaries and 77,000 additional Class A Shares.

5. Conflicts of Interest

Certain directors and officers of the Company are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. Directors and officers of Shaw and its subsidiaries are required to disclose existing and potential conflicts in accordance with Shaw's Business Conduct Standards governing directors and officers and in accordance with applicable laws. The Corporate Governance and Nominating Committee closely monitors relationships among directors to ensure that business associations do not affect the Board's performance. In a circumstance where a director declares an interest in any material contract or material transaction being considered at a meeting, the director generally recuses himself or herself from the meeting during the consideration of the matter, and does not vote on the matter.

6. Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Company's knowledge, based on information supplied by the directors and executive officers, no director, executive officer or controlling shareholder of the Company: (i) has, within the 10 years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or controlling shareholder, or (ii) is, at the date of this Annual Information Form, or has been within the 10 years preceding the date of this Annual Information Form, a director or executive officer of any company that, while the person was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, save and except for JR Shaw who was a director of Darian Resources Ltd. ("**Darian**") prior to its filing for creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") on February 12, 2010. Darian successfully completed its restructuring proceedings under the CCAA on July 2, 2010. Further, to the Company's knowledge, and based upon information provided to it by the directors and executive officers, no director or executive officer is, at the date of this Annual Information Form, or was within the 10 years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of a company that, during the time the director or executive officer was acting in such capacity or as a result of events that occurred while the director or executive officer was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

Audit Committee

1. Audit Committee Charter

The Audit Committee of the Board of Directors is responsible for overseeing the integrity of the Company's financial reporting process.

A copy of the charter of the Audit Committee is attached as Schedule A to this Annual Information Form.

2. Audit Committee Composition, Education and Experience

As of November 27, 2019, the Audit Committee consisted of Michael W. O'Brien (Chair), Richard Green, Jeffrey C. Royer, and Carl Vogel. Each member of the Audit Committee is independent and financially literate, as such terms are defined in National Instrument 52-110 – Audit Committees. In addition, each of Messrs. O'Brien, Royer, and Vogel, qualify as a "financial expert" under the Sarbanes-Oxley Act of 2002 and other applicable regulatory requirements.

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set forth below.

Michael W. O'Brien (Chair) held a number of senior executive management positions during his 27-year tenure with integrated energy company, Suncor Energy Inc. (TSX and NYSE listed), including various positions with responsibility for planning, business development, refining and marketing, finance, and mining and extraction, retiring as Executive Vice President, Corporate Development and Chief Financial Officer in 2002. Mr. O'Brien served as a member of the Board of Directors of Suncor from 2002 to 2018 and was a member of both its audit and governance committee. Mr. O'Brien holds a Bachelor of Arts from the University of Toronto and an MBA from York University.

Richard Green was President and CEO of Cable Television Laboratories, Inc. from 1988 to 2008 and formerly Senior Vice President at PBS and director of CBS's Advanced Television Technology Laboratory. Dr. Green is a director and member of the nominating and corporate governance committee of Liberty Global, Inc. (NASDAQ listed), the largest international cable company with operations in 14 countries, a director and member of the audit, compensation and nominating and governance committees of Liberty Broadband Corporation (NASDAQ listed) and is a director of Jones/NCTI, a workforce performance solutions company for individuals and broadband companies. Dr. Green holds a Bachelor of Science from the Colorado College, a Master of Physics from the State University of New York in Albany and a PhD from the University of Washington.

Jeffrey Royer is a private investor. Mr. Royer serves as Chairman of Baylin Technologies Inc. (TSX listed) and (BY) Medimor Ltd. and is a director of RFA Capital Holdings, Inc. and Massuah Hotels in Jerusalem, Israel. Mr. Royer has served as director of over thirty private companies and not-for-profit organizations. Mr. Royer is a General Partner of the Arizona Diamondbacks Baseball Club. He served as Chair (from 1997 to 2003) and was a member (from 1996 to 2003 and since 2009) of Shaw's Audit Committee. Mr. Royer received his BA in Economics from Lawrence University in Wisconsin.

Carl Vogel is a private investor and an industry advisor focused on media and communications for Kohlberg Kravis Roberts & Co. L.P., an alternative asset management firm. He is also a senior advisor of DISH Network Corporation. From February 2008 until March 2009 Mr. Vogel served as Vice Chairman of DISH Network Corporation and Echostar Corp. Mr. Vogel was the President of EchoStar Communications Corporation from September 2006 and Vice Chairman from June 2005 until February 2008. Prior to that, Mr. Vogel was President, Chief Executive Officer and a director of Charter Communications, a broadband service provider in the U.S. He is a director of AMC Networks Inc. (audit committee chair), DISH Network Corporation, Sirius/XM Corporation (compensation committee chair) and Universal Electronics Inc. (audit committee member) (each NASDAQ listed). Mr. Vogel was a member of the Shaw's Audit Committee from 2007 to 2015 and in 2019. Mr. Vogel holds a Bachelor of Science Degree in Finance and Accounting from St. Norbert College in Wisconsin and was formerly an active Certified Public Accountant.

3. Audit Fees

The aggregate amounts paid or accrued by the Company with respect to fees payable to Ernst & Young LLP, the auditors of the Company, for audit (including separate audits of wholly-owned and non-wholly owned entities, and Sarbanes-Oxley Act-related services), audit-related (including financings and regulatory reporting requirements), tax and other services in the fiscal years ended August 31, 2019 and 2018 were as follows:

Type of Service	Fiscal 2019	Fiscal 2018
Audit Fees	$ 3,356,175	$ 3,374,000
Audit-Related Fees	$ 127,020	$ 94,000
Tax Fees	$ 145,554	$ 72,000
Total	**$3,628,749**	**$3,540,000**

Audit-related fees for fiscal 2019 and 2018 relate to assurance services in respect of an environmental and regulatory report, and services performed in conjunction with senior note and securities offerings. The tax fees for fiscal 2019 and 2018 relate to general tax advisory services.

The Audit Committee considered and agreed that the above fees are compatible with maintaining the independence of the Company's auditors. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditors, only limited non-audit services will be provided to the Company by Ernst & Young LLP and in such case, only with the prior approval of the Audit Committee. The Chair of the Audit Committee has been delegated authority to approve the retainer of Ernst & Young LLP to provide non-audit services in extraordinary circumstances where it is not feasible or practical to convene a meeting of the Audit Committee, subject to an aggregate limit of $150,000 in fees payable to Ernst & Young LLP for such services at any time until ratified by the Audit Committee. The Chair of the Audit Committee is required to report any such services approved by him to the Audit Committee.

Legal Proceedings and Regulatory Actions

The Company is involved in litigation matters and regulatory actions arising in the ordinary course and conduct of its business. Although such legal proceedings and regulatory actions cannot be predicted with certainty, other than any legal proceedings disclosed in "Government Regulation and Regulatory Developments" in the Company's Annual MD&A which is incorporated by reference herein, management of the Company does not expect that the outcome of these matters will have a material adverse effect on the Company. The Company is not a party to any legal proceeding that involves a claim for damages, exclusive of interest and costs, in excess of 10% of the current assets of the Company. As of the date hereof, no penalties or sanctions have been imposed by a court relating to securities legislation or by a securities regulatory authority, no other penalties or sanctions material to the Company have been imposed by a court or regulatory body, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

Other than the Corporation's secondary offering of 80,630,383 Corus Class B Shares that closed on May 31, 2019, no director or executive officer of the Company or of any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Class A Shares and of any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company. (See "Equity Interest in Corus" in the Company's 2019 Annual MD&A and "General Developments and Description of The Business – Fiscal 2019 Developments – Corporate" herein).

Registrar and Transfer Agent

The registrar and transfer agent for the Class A Shares, Class B Non-Voting Shares, Series A Shares and Series B Shares is AST Trust Company (Canada) at its principal offices in Vancouver, British Columbia; Calgary, Alberta; and Toronto, Ontario. The co-registrar and co-transfer agent in the United States for the Class B Non-Voting Shares is American Stock Transfer & Trust Company, LLC at its principal office in Brooklyn, New York.

Interests of Experts

The Company's auditors are Ernst & Young LLP. The Company's audited consolidated financial statements for the year ended August 31, 2019 have been filed in accordance with NI 51-102 – Continuous Disclosure Obligations. Ernst & Young LLP has communicated to the Company that, in their opinion, they are independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta and the applicable rules and regulations adopted by the U.S Securities and Exchange Commission and Public Company Accounting Oversight Board (United States).

Additional Information

Additional information concerning the Company is available through the Internet on SEDAR at www.sedar.com. Copies of such information may also be obtained on the Company's website at www.shaw.ca, or on request without charge from the Corporate Secretary of the Company, Suite 900, 630 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4L4, telephone (403) 750-4500.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans will be contained in the Company's Proxy Circular for its January 14, 2020 Annual General Meeting. Additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year, and management's discussion and analysis thereon. Copies of such documents may be obtained in the manner set forth above.

Caution Concerning Forward Looking Statements

Statements included in this Annual Information Form, including from documents incorporated by reference herein, that are not historic constitute "forward-looking statements" within the meaning of applicable securities laws. Such statements 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). Forward looking statements in this Annual Information Form include, but are not limited to statements related to:

- future capital expenditures;
- proposed asset acquisitions and dispositions;
- expected cost efficiencies;
- financial guidance and expectations about for future performance;
- business and technology strategies and measures to implement strategies;
- the Company's equity investments, joint ventures and partnership arrangements;
- expected growth in subscribers and the services to which they subscribe;
- competitive strengths;
- expected project schedules, regulatory timelines, completion/in-service dates for the Company's capital and other projects;
- expected number of retail outlets;
- timing of new product and service launches;
- expected number of customers using voice over LTE or VoLTE;
- the deployment of: (i) network infrastructure to improve capacity and coverage and (ii) new technologies, including next generation wireless and wireline technologies such as 5G and IPTV;
- the cost of acquiring and retaining subscribers and deployment of new services;
- the total restructuring charges (related primarily to severance and employee related costs as well as additional costs directly associated with the Company's TBT initiative) expected to be incurred in connection with the TBT initiative;
- the anticipated annual cost reductions related to the VDP (including reductions in operating and capital expenditures) and the timing of realization thereof;
- the impact that the employee exits will have on Shaw's business operations;

- outcome of the TBT initiative, including the timing thereof and the total savings at completion; and
- expansion and growth of Shaw's business and operations and other goals and plans.

All of the forward-looking statements made in this Annual Information Form 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 Annual Information Form are reasonable and 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;
- future interest rates;
- previous performance being indicative of future performance;
- future income tax and exchange rates;
- technology deployment;
- future expectations and demands of the Company's customers;
- subscriber growth;
- incremental costs associated with growth in Wireless handset sales;
- pricing, usage, and churn rates;
- availability of devices;
- content and equipment costs;
- completion of proposed transactions;
- industry structure, conditions and stability;
- government regulation (and its impact or potential impact on the Company's business);
- access to key suppliers and third-party service providers required to execute on its current and long term strategic initiatives on commercially reasonable terms;
- retention of key employees;
- completion of proposed transactions;
- the TBT initiative being completed in a timely and cost-effective manner yielding the expected results and benefits, including: (i) resulting in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw's consumers' needs and expectations (including the productions and services offered to its customers) and (ii) realizing the expected cost reductions;
- the Company being able to complete the employee exits pursuant to the VDP with minimal impact on business operations within the anticipated timeframes and for the budgeted amount;
- the cost estimates for any outsourcing requirements and new roles in connection with the VDP;
- the Company can gain access to sufficient retail distribution channels;
- the Company can access the spectrum resources required to execute on its current and long-term strategic initiatives; 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:

- changes in general economic, market and business conditions;
- changing interest rates, income taxes, and exchange rates;
- changes in the competitive environment in the markets in which the Company operates and from the development of new markets for emerging technologies;
- changing industry trends, technological developments, and other changing conditions in the entertainment, information and communications industries;
- changes in the value of the Company's equity investments, joint ventures and partnership arrangements;
- the Company's ability to execute its strategic plans and complete its capital and other projects by the completion date;
- the Company's ability to grow subscribers;
- the Company's ability to close any transactions;
- the Company's ability to have the spectrum resources required to execute on its current and long-term strategic initiatives;
- the Company's ability to gain sufficient access to retail distribution channels;
- the Company's ability to achieve cost efficiencies;
- the Company ability to retain key employees;
- the Company's ability to access to key suppliers and third-party service providers required to executed on its current and long term strategic initiatives on commercially reasonable terms;
- the Company's ability to implement the TBT initiative as planned and realize the anticipated benefits therefrom, including: (i) TBT resulting in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw's

consumers' needs and expectations (including the products and services offered to its customers) and (ii) the ability to realize the expected cost reductions;

- the Company's ability to complete employee exits pursuant to the VDP with minimal impact on operations;
- technology, privacy, cyber security and reputational risks;
- opportunities that may be presented to and pursued by the Company;
- the Company's ability to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters;
- 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 the MD&A for the year ended August 31, 2019 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 return cash to shareholders. The Company's financial guidance may not be appropriate for this or other purposes.

Any forward-looking statement speaks only as of the date on which it was originally made and, except as required by law, 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 Annual Information Form are expressly qualified by this statement.

Material Contracts

Shaw has not entered into any material contracts, other than those contracts entered into in the ordinary course of business, within the last financial year, or before the last financial year and since January 1, 2002 that is still in effect.

Schedule A

Shaw Communications Inc
Audit Committee Charter

This Charter of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Shaw Communications Inc. (the "Corporation") was adopted and approved November 2, 2016.

I. Mandate

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the integrity of the Corporation's financial reporting process. The primary duties of the Committee involve:

- oversight of the integrity of the Corporation's financial statements and related information,
- oversight of management's assessing and reporting on the effectiveness of internal controls,
- oversight of the external and internal auditors and evaluation of the qualification, effectiveness and independence of the external and internal auditors,
- oversight of the Corporation's compliance with legal and regulatory requirements relating to public disclosure and financial reporting, and
- oversight of the Corporation's processes for identifying, assessing and managing risks and the Corporation's financing strategy.

The Committee will fulfill this mandate primarily by carrying out the duties and responsibilities set forth in Section IV of this Charter.

II. Composition

The Committee will be comprised of three or more directors that meet the independence, financial literacy, financial expertise, and other membership requirements under applicable laws, policies and guidelines of securities regulatory authorities and any other applicable policies established by the Board.

The members and the Chair of the Committee shall be appointed by the Board annually. Each such appointment shall continue until reappointment, resignation or removal by the Board.

III. Meetings

The Committee shall meet at least quarterly and more frequently as circumstances require or as requested by the Board, a member of the Committee, the Corporation's external auditors or a senior officer of the Corporation.

Each member of the Committee shall be given written notice of each meeting of the Committee as far in advance as practicable and, in any event, not later than 24 hours in advance unless otherwise waived by all members of the Committee. Each notice of meeting shall state the nature of the business to be transacted at the meeting in reasonable detail and, to the extent practicable, be accompanied by copies of documentation to be considered at the meeting. The Chair of the Committee shall consult with senior management as to the agenda for each meeting of the Committee.

A quorum for the transaction of business at a meeting of the Committee is not less than a majority of the members of the Committee. Members of the Committee may participate in any meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other.

The internal and external auditors, senior management and other parties may attend meetings of the Committee as required by this Charter and as considered appropriate by the Committee.

Minutes shall be kept of all meetings of the Committee (other than *in camera* sessions) and shall be signed by the Chair and Secretary of the meeting.

IV. Responsibilities and Duties of the Committee

The Corporation's management is responsible for preparing the Corporation's financial statements and the external auditors are responsible for, as applicable, reviewing and auditing those financial statements. The Committee is responsible for overseeing the conduct of those activities. The Corporation's external auditors and, in respect of such activities, the Corporation's management are accountable to the Committee.

The Committee shall fulfill its oversight responsibilities primarily by carrying out the activities set forth below. The items enumerated below are not intended to be exhaustive of the duties of the Committee and may be supplemented and revised from time to time as considered appropriate.

Financial Reporting

1. Review with management and the internal and external auditors the Corporation's annual and interim financial statements and related management's discussion and analysis ("**MD&A**"), annual information forms, earnings news releases and earnings guidance.

2. Make recommendations to the Board as to approval of the Corporation's annual and interim financial statements and related MD&A and news releases prior to public disclosure provided that the Committee may approve interim financial statements and related MD&A and news releases for disclosure to the public (provided that such disclosure is subsequently tabled before the Board for ratification, confirmation and approval).

3. On a periodic basis, review with management and the external auditors:

    a) any material issues as to accounting principles and financial statement presentation, including changes in accounting policies (whether elective or mandated) and the implications of selecting from among available accounting policy alternatives,

    b) any significant financial reporting issues made in connection with the preparation of the financial statements,

    c) the effects of regulatory and accounting developments on the Corporation's financial reporting,

    d) all comments, reports and other correspondence from regulatory agencies concerning the Corporation's financial disclosure and related matters along with all responses thereto of the Corporation,

    e) the effects of key estimates and judgments on the Corporation's financial reporting,

    f) the effects of off-balance sheet arrangements on the Corporation's financial reporting, and

    g) any material written correspondence and disagreements between management and the external auditors.

4. Obtain assurance that financial statement certifications and attestations from management of the Corporation will be completed and filed with applicable securities regulatory authorities as required.

Internal Controls and Disclosure Controls

5. Oversee management's design and implementation of, and reporting on, the Corporation's internal controls.

6. Review with management, the external auditors and internal auditor compliance by the Corporation's directors and management with the Corporation's disclosure policy.

7. Review reports from management, the internal auditors and the external auditors as to the reliability and effective operation of the Corporation's accounting system and internal controls.

8. Review disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information required to be disclosed by the Corporation in the reports that it files under applicable law.

9. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal control or auditing matters, including a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and consider reports on the investigation and resolution of such complaints.

10. Review reports of any fraud that involves management or other employees, particularly where such individuals have a significant role in the Corporation's internal controls.

Internal Audit

11. Review the appointment, removal, independence, objectivity and performance of the Corporation's internal auditors.

12. Review the internal audit plan with the external auditors, the internal auditors and with senior management of the Corporation.

13. Review all reports issued by the internal auditors relating to internal control weaknesses and management's response and action.

14. Regularly review, and amend as considered appropriate, the charter of the internal auditors.

15. Meet *in camera* with the internal auditors to discuss any matters that the Committee or the internal auditors believe should be discussed privately.

External Audit

16. Review the qualifications and performance of the external auditors, who shall report directly to, and be accountable to, the Committee, and approve any proposed discharge or change of the external auditors, or of the lead audit partner and approve decisions as to the terms of engagement (including estimated fees) of the external auditors.

17. Review in advance (or review subsequent to approval by the Chair of the Committee within approval limits set by the Committee) any engagements (including estimated fees) for non-audit services to be provided by the external auditors' firm or its affiliates, along with any other significant relationships which the external auditors have with the Corporation, to confirm that such non-audit services and other relationships do not impair the independence or objectivity of the external auditor and compliance with applicable laws.

18. Review reports by the external auditors as to the audit firm's relationship with the Corporation, any material issues raised by internal quality-control reviews or peer reviews of the auditing firm, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

19. Review the audit plan with the external auditors and with senior management of the Corporation.

20. Review all correspondence of the external auditor relating to internal control weaknesses and management's written response and action and any mitigating procedures or controls relied upon in respect of any such deficiencies.

21. Resolve any disputes that arise between the external auditors and management regarding financial reporting.

22. Meet *in camera* with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.

Finance & Risk Management

23. Review the Corporation's long term financing strategy, annual financing plan and specific proposed financings not otherwise considered in such plan.

24. Review management's processes for identifying, assessing and managing the principal risks to the Corporation and its businesses.

25. Review the major risk exposures and trends identified by management and its implementation of risk policies and procedures to monitor and manage such exposures.

26. Review the Corporation's risk disclosure in its annual and interim materials.

Other

27. The Committee shall report to the Board at least quarterly as to its activities.

28. Review the appointment of the Chief Financial Officer and any key financial executives of the Corporation involved in the financial reporting process, and set policies for the hiring by the Corporation of employees or former employees of the Corporation's external auditors.

29. Review the succession plans for the Chair of the Committee and for Committee's financial experts.

30. Provide orientation and training for new members of the Committee and continuing education initiatives for existing members.

31. Review this charter on an annual basis and suggest to the Corporate Governance and Nominating Committee of the Board such revisions as the Committee may believe to be required by new laws or to be prudent.

32. The Committee shall have the right for the purposes of performing its duties to full and unrestricted access to the books and records of the Corporation, the external and internal auditors of the Corporation and management of the Corporation.

33. Engage and set the remuneration of such independent external advisors, including independent legal counsel, at the Corporation's expense, as the Committee may deem necessary or desirable to carry out its duties.

34. Conduct all such investigations, or authorize others to conduct such investigations, as may be necessary or desirable with respect to matters within the Committee's mandate.

35. Perform such other activities consistent with this Charter, the Corporation's constating documents and governing law, as the Committee or the Board considers necessary or appropriate.

V. Responsibilities and Duties of the Chair of the Committee

To fulfill his or her responsibilities and duties, the Chair of the Committee shall:

- Facilitate the effective operation and management of, and provide leadership to, the Committee.
- Act as chair of meetings of the Committee.
- Assist in setting the agenda for each meeting of the Committee and in otherwise bringing forward for consideration matters within the mandate of the Committee.
- Facilitate the Committee's interaction with management of the Corporation, the Board and other committees of the Board.
- Act as a resource and mentor for other members of the Committee.
- Perform such other duties and responsibilities as may be delegated to the Chair by the Committee from time to time.

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Annual Report on Form 40-F of our reports dated November 27, 2019 on the consolidated financial statements of Shaw Communications Inc. as at August 31, 2019 and 2018 and for the two years ended August 31, 2019, and the effectiveness of internal control over financial reporting as of August 31, 2019 of Shaw Communications Inc. filed with the Securities and Exchange Commission.

We also consent to the incorporation by reference in the Registration Statement (Form F-10 No. 333-222653) of Shaw Communications Inc. pertaining to the base shelf prospectus of our report dated November 27, 2019, with respect to the consolidated financial statements of Shaw Communications Inc., and the effectiveness of internal control over financial reporting of Shaw Communications Inc., incorporated by reference in this Annual Report (Form 40-F) for the year ended August 31, 2019.

Calgary, Canada	/s/ Ernst & Young LLP
November 27, 2019	Chartered Professional Accountants

Exhibit 99.5

SHAW COMMUNICATIONS INC.
CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

I, Brad Shaw, Chief Executive Officer of Shaw Communications Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Shaw Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 27, 2019

/s/ Brad Shaw
Brad Shaw
Chief Executive Officer
Shaw Communications Inc.

SHAW COMMUNICATIONS INC.
CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

I, Trevor English, Executive Vice President, Chief Financial & Corporate Development Officer of Shaw Communications Inc., certify that:

1. I have reviewed this annual report on Form 40-F of Shaw Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 27, 2019

/s/ Trevor English
Trevor English
Executive Vice President,
Chief Financial & Corporate Development Officer
Shaw Communications Inc.

SHAW COMMUNICATIONS INC.
CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Shaw Communications Inc. (the “Company”) on Form 40-F for the fiscal year ending August 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brad Shaw, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated at Calgary, Alberta, Canada, this 27th day of November 2019.

/s/ Brad Shaw
Brad Shaw
Chief Executive Officer
Shaw Communications Inc.

SHAW COMMUNICATIONS INC.
CERTIFICATE OF THE CHIEF FINANCIAL OFFICER

Pursuant to Section 906(a) of the Sarbanes-Oxley Act of 2002
Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18 of the United States Code

In connection with the annual report of Shaw Communications Inc. (the "Company") on Form 40-F for the fiscal year ending August 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Trevor English, Executive Vice President, Chief Financial & Corporate Development Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated at Calgary, Alberta, Canada, this 27th day of November 2019.

/s/ Trevor English
Trevor English
Executive Vice President,
Chief Financial & Corporate Development Officer
Shaw Communications Inc.