ANNUAL INFORMATION FORM

Fiscal year ended August 31, 2011

Corus Entertainment Inc.

October 31, 2011

ANNUAL INFORMATION FORM - CORUS ENTERTAINMENT INC.

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FORWARD-LOOKING STATEMENTS

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements are related to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandising and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and cable networks; our ability to recoup production costs; the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

INCORPORATION OF CORUS

Organization and Name

Corus Entertainment Inc. ("Corus" or the "Company") is a diversified Canadian communications and entertainment company whose principal business activities are the operation of radio stations; and the operation of specialty, pay and conventional television networks and the Nelvana content business which consists of the production and distribution of television programs, merchandise licensing and publishing.

The Company was originally incorporated under the Canada Business Corporations Act as 3470652 Canada Inc. on March 3, 1998. Corus amended its articles to change its name to Corus Entertainment Inc. on May 28, 1999 and subsequently amended its articles on August 26, 1999 to create additional classes of shares.

On December 18, 2003, the Company amended its articles to state that no Class A Voting Shares may be issued unless the prior written consent of holders of no fewer than two-thirds of existing Class A Voting Shares is obtained. It also amended its articles on January 9, 2008 to implement a two-for-one stock split of its Class A Voting Shares and Class B Non-Voting Shares (each such term as defined below under the heading "Capital Structure"), effective February 1, 2008.

Corus Entertainment Inc. ("Corus" or the "Company") commenced operations on September 1, 1999. On that date, pursuant to a statutory plan of arrangement ("the Arrangement"), Corus was separated from Shaw Communications Inc. ("Shaw") as an independently operated, publicly traded company and assumed ownership of Shaw's radio broadcasting, specialty television, digital audio services and cable advertising services businesses, as well as certain investments held by Shaw.

Pursuant to the Arrangement, Class A shareholders of Shaw received one Class A participating share ("Shaw Class A Share") of Shaw and one-third of a Class A participating share of Corus ("Corus Class A Voting Share") for each Shaw Class A Share previously held by them. Class B non-voting shareholders of Shaw received one Class B non-voting participating share of Shaw ("Shaw Class B Share") and one-third of one Class B non-voting participating share of Corus ("Corus Class B Non-Voting Share") for each Shaw Class B Share previously held by them.

On September 3, 1999, the Corus Class B Non-Voting Shares were listed and posted for trading on the Toronto Stock Exchange (CJR.B). On May 10, 2000, Corus Class B Non-Voting Shares were listed for trading on the New York Stock Exchange (CJR). The Company was voluntarily delisted from the New York Stock Exchange on August 4, 2010. On August 16, 2011, Corus filed a Form 15F with the U.S. Securities and Exchange Commission ("SEC") with the intention of voluntarily terminating registration of its Class B Non-Voting shares. Corus expects deregistration of its Class B Shares with the SEC will become effective 90 days after the Form 15F filling date, or within such shorter period as the SEC may determine.

Corus' registered office and an executive office is located at 300, 630 – 3rd Avenue S.W., Calgary, Alberta, T2P 4L4. A second executive office is located at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

Subsidiaries

The following table describes the significant operating subsidiaries of Corus as at August 31, 2011, their jurisdiction of incorporation or organization, and the percentage of voting and non-voting securities owned by Corus directly or indirectly.

Subsidiary	Jurisdiction	Percentage of securities owned by the Company
Corus Premium Television Ltd.	Canada	100%
Corus Radio Company	Nova Scotia	100%
Country Music Television Ltd.	British Columbia	80%
Encore Avenue Ltd.	Alberta	100%
Movie Central Ltd.	Alberta	100%
Nelvana Limited	Ontario	100%
Telelatino Network Inc.	Canada	50.5%
TELETOON Canada Inc.	Canada	50%
OWN Inc.	Ontario	100%
W Network Inc.	Canada	100%
YTV Canada Inc	Canada	100%

The Corporation has other subsidiaries but they have been omitted as each represents 10% or less of total consolidated assets and 10% or less of total consolidated revenues. These omitted subsidiaries together represent less than 20% of total consolidated assets and revenues.

GENERAL DEVELOPMENT OF THE BUSINESS

Corus Entertainment is one of Canada's most successful integrated media and entertainment companies. The company was built from the media assets originally owned by Shaw Communications, and spun off as a separate, publicly-traded company on September 1, 1999. Since then, the Company's asset base has grown substantially through strategic acquisitions and a strong operating discipline. Corus Entertainment's brands deliver compelling, engaging, interactive and informative content to millions of people every day. Corus' television services include the kids brands YTV, Treehouse, Nickelodeon (Canada), TELETOON (50%) and TELETOON Retro (50%); and the women's brands W Network, Cosmopolitan TV, OWN: Oprah Winfrey Network (Canada) and W Movies. Additional assets include CMT (Canada), Sundance Channel (Canada), DUSK and Telelatino; western Canada's pay television service Movie Central, with nine multiplex channels including HBO Canada; and three conventional television stations. Corus also owns 37 radio stations. Clustered predominately in the major Canadian markets, the Company's radio portfolio includes a network of leading news-talk radio stations that provide Canadians with the best in news and talk radio, as well as classic rock, country, new rock and contemporary music formats. Corus assets include Nelvana, one of the world's leading creators, producers and distributors of children's and animated programming, and related consumer products. Nelvana is the cornerstone of the Company's content and production strategy and is renowned for such globally recognized brands as Babar, Franklin and Beyblade. Canada's leader in children's publishing – Kids Can Press – is also part of the Corus family.

Significant Acquisitions and Divestitures

Since September 1, 1999, Corus has become one of Canada's leading media and entertainment companies and one of the largest radio broadcasters and specialty and pay television operators in Canada. Corus' radio and television divisions have expanded through a number of acquisitions. As well, Corus expanded its business to include production and distribution of television programs, merchandise licensing and publishing. The most significant acquisitions and divestitures in the past three fiscal years include the following:

In the first quarter of fiscal 2009, the Company completed the acquisition of Canadian Learning Television. Canadian Learning Television was relaunched as VIVA but was subsequently rebranded in fiscal 2011 as

OWN: Oprah Winfrey Network (Canada) (“OWN”). The total cash consideration paid was approximately $75.0 million, including customary closing adjustments.

In the second quarter of fiscal 2009, the Company ceased operations of and completed the sale of certain assets of its residential audio service.

In the first quarter of fiscal 2010, the Company completed the acquisition of the specialty television services Drive-In Classics and SexTV, which were subsequently rebranded as Sundance Channel (Canada) and W Movies. The total cash consideration paid was $40.0 million.

In the second quarter of fiscal 2011, the Company completed the sale of eleven of its Corus Quebec radio stations to Cogeco Inc. The purchase price was $84 million (including a working capital adjustment of $4 million) of which $9 million is due in February 2012.

DESCRIPTION OF THE BUSINESS

Through fiscal 2011, Corus’ principal business activities were conducted through two operating segments: Radio and Television, as described below.

The breakdown of revenues from continuing operations by business for the two most recent fiscal years is as follows:

Year ended August 31	2011	2010
Radio	195,657	192,433
Television	629,556	575,097
Total revenues	**825,213**	**767,530**

Revenue streams in fiscal 2011 were derived primarily from two areas: advertising (47%) and subscriber fees (36%).

RADIO

Description of the Industry

The Canadian radio industry has historically been fragmented, with most stations being owned locally and oriented towards local advertisers and markets. In April 1998, the Canadian Radio-television and Telecommunications Commission (“CRTC”) adopted a revised radio multiple ownership policy. In any market where there are at least eight commercial radio stations in English or French, a single owner can own as many as two AM and two FM stations in that language. The net result of the 1998 decision has been a further consolidation of ownership within the radio industry.

In its most recent statistics, CRTC data states that as of August 31, 2010, there were 654 commercial radio stations in Canada of which 78% were FM stations and 22% were AM stations.

The radio industry is dependent upon airtime advertising revenues for economic performance and growth. According to the CRTC, the industry generated $1.6 billion in revenues in 2010, a 3% increase over the previous year. Radio stations compete for advertising dollars with other radio stations and many other forms of media. According to industry sources, the radio industry captures approximately 11% of all advertising spending in Canada, compared to the daily newspaper and television industries, which capture approximately 15% and 25% of the total, respectively. According to the CRTC, in 2010, local advertising and national advertising represented 73% and 27%, respectively, of total radio advertising revenues. In 2010, the top five metropolitan markets (Toronto, Montreal, Vancouver, Calgary and Edmonton) accounted for approximately 45% of total revenues in the Canadian radio industry.

Radio is an efficient, cost-effective medium for advertisers to reach specific demographic groups in specific geographical areas. Stations are typically classified by their on-air format, such as classic rock, country, adult contemporary, oldies and news/talk. A station’s format and style of presentation enables it to target certain demographics in a market. By capturing a specific share of the radio listening audience, with particular concentration in a targeted demographic, a station is able to market its audience to advertisers. Advertisers and stations utilize data published by audience measuring services, such as Bureau of Broadcast Measurement ("BBM"), to estimate how many people within particular geographical and demographic markets listen to specific stations. The number of advertisements that can be broadcast without jeopardizing listening levels, and the resulting ratings, is determined primarily by the format of a particular station and the local competitive environment. The number of advertisements that can be broadcast is not regulated.

The BBM introduced a new measurement system called the portable people meter ("PPM") in fiscal 2009. The PPM was first launched in Montreal in December 2008 and subsequently in other major metropolitan cities across Canada in June 2009. It is a passive electronic device which measures actual listening as opposed to relying on the listener to accurately record habits in a diary. The PPM device registers all radio station exposures over a period of time and in any environment. This accounts for personal listening as well as second-hand exposure i.e. in a store or dentist office. The PPM technology provides more accurate and granular audience tracking data than the paper-based recall diary method of the past and results have been positive, demonstrating that radio continues to be a growth medium. The radio industry is working with advertisers on interpreting this data and how to use it effectively with their media buying strategies.

Radio broadcasters are continuing to see the importance of new media outlets which work in tandem with traditional radio stations. Listeners want convenience and accessibility – audiences want content whenever and wherever they want on multiple platforms. There is a growing need to ensure that strong local websites exist for each station to offer advertisers an opportunity to complement on-air campaigns with an interactive element which was not previously possible through radio streaming alone. A successful combination of on-air and online streaming will lead to increased brand awareness for the radio broadcaster and the advertiser and is expected to translate into a rise in ratings and advertising revenues.

Advances in digital technology made subscription radio a reality. Subscription or Satellite radio provides a number of channels of programming to listeners for a flat monthly fee. Two licenses which distribute digital signals via satellite were awarded by the CRTC and launched in 2005. In 2011, the two licensees merged. To date, results indicate no significant impact on terrestrial radio revenues or audience tuning.

Competitive Conditions

Radio stations compete for advertising dollars with other radio stations in their respective market areas as well as with other forms of media such as conventional television, specialty television networks, daily, weekly and free-distribution newspapers, outdoor billboard advertising, magazines, other print media, direct mail marketing and the Internet. In each market, Corus' radio stations face competition from other radio stations which have substantial financial resources, including stations targeting the same demographic groups. In markets near the U.S. border, such as Kingston, Corus also competes with U.S. radio stations. On a national level, Corus generally competes with Astral Media, Rogers Media and Bell Media, each of which own and operate radio stations across Canada.

Factors that are material to having a competitive advantage include the station's rank in the most lucrative market demographics, its market share of targeted demographics, authorized power and audience characteristics.

Business Overview

Corus' radio group ("Corus Radio") is comprised of 37 radio stations situated primarily in seven of the ten largest Canadian markets by population as well as in smaller and medium-sized markets in the densely populated area of southern Ontario.

Corus Radio's primary method of distribution is over-the-air, analog radio transmission. Each radio station's content is available to audiences through traditional analog radio receivers at the particular station's licensed frequency on the AM or FM band. Corus Radio also delivers its content online and on mobile platforms.

Corus Radio is the third largest radio operator in Canada in terms of reach and the second largest in terms of audience tuning. According to BBM's Fall Survey 2010 ("FA'10" and "R4'10"), Corus had a market share of 26.0% in terms of audience reach after disposal of the Quebec stations, just behind second-place Rogers which had market share of 29.7% and behind market leader Astral Media at 41.9%. Bell Media followed with market share of 22.5% during that same period.

Corus Radio operates stations primarily in urban centres in Canada, including Toronto, Hamilton/Burlington, Winnipeg, Edmonton, Calgary and Vancouver, and in the densely populated area of southern Ontario. Corus Radio operates news/talk stations in seven out of Canada's ten largest markets by population (Toronto, Vancouver, Calgary, Edmonton, Winnipeg, Hamilton and London). Corus is well positioned in the largest Canadian market, Toronto, through its three stations that focus on Adults 18 to 54: Q107, 102.1 the Edge and Talk Radio AM640. Corus Radio's news/talk stations continue to be the most listened to AM stations in Calgary, Edmonton, Vancouver and Winnipeg, as measured by BBM.

Corus owns a 50% stake in Canadian Broadcast Sales ("CBS"), in partnership with Rogers Media. CBS is one of Canada's leading national sales representation firms in terms of total advertising revenue booked and represents over 348 stations across Canada.

Corus Radio broadcasts in fourteen radio station formats on 37 stations across Canada. The following table sets out the particulars of Corus' radio stations as at October 31, 2011:

Location	Call letter	Frequency	Format	Target	Rank	Audience Share (i)
B.C.						
Vancouver	CKNW (CKNW 980)	AM	News/Talk	A25-64	2	8.8
	CFOX (99.9 The Fox)	FM	Active rock	M18-49	2	8.9
	CFMI (Classic Rock 101)	FM	Classic rock	M25-54	8	5.4
	CHMJ (AM 730)	AM	Traffic	A25-64	18	0.8
Alberta						
Calgary	CKRY (Country 105)	FM	Country	A25-54	2	8.1
	CHQR (QR77)	AM	News/Talk	A25-64	4	7.2
	CFGQ (Q107)	FM	Classic rock	M25-54	4	8.4
Edmonton	CHED (630 CHED)	AM	News/Talk	A25-64	2	9.5
	CKNG (92.5 JOE FM)	FM	80's/90's	A18-49	9	5.0
	CISN (CISN Country 103.9)	FM	Country	A25-54	4	8.6
	CHQT (iNews880)	AM	News	A25-64	15	1.6
Manitoba						
Winnipeg	CJOB (CJOB 68)	AM	News/Talk/Sports	A25-64	2	12.2
	CJGV (99.1 Groove FM)	FM	Smooth adult jazz	A25-54	9	1.3
	CJKR (Power 97)	FM	Rock	M18-49	1	21.3
Ontario						
Barrie	CIQB (B101)	FM	Contemporary hits	F18-49	1	19.7
	CHAY (chay today @ 93 1 fm)	FM	Adult contemporary	A25-54	5	5.6
Burlington	CING (Vinyl 95.3)	FM	Greatest hits	A25-54	3	5.8

Location	Call letter	Frequency	Format	Target	Rank	Audience Share (i)
Cambridge	CJDV (107.5 DAVE FM)	FM	Variety Rock	M18-49	1	14.0
Collingwood	CKCB (95.1 The Peak FM)	FM	Adult contemporary	A25-54	N/A	N/A
Cornwall	CFLG (Variety 104.5)	FM	Adult contemporary	A25-54	1	32.3
	CJSS (CJSS-FM 101.9)	FM	Greatest hits	A25-54	3	7.7
Guelph	CJOY (1460 CJOY)	AM	Oldies	A25-54	2	4.0
	CIMJ (Magic 106.1)	FM	Adult contemporary	A25-54	1	17.1
Hamilton	CJXY (Y108)	FM	Rock hits	M25-54	1	8.4
	CHML (AM 900)	AM	News/Talk	A25-64	5	3.1
Kingston	CFMK (FM96)	FM	Classic Rock	M25-54	5	5.2
	CFFX (CKWS-FM)	FM	Greatest hits	A25-54	4	9.1
Kitchener	CKBT (91.5 The Beat)	FM	Contemporary hits	F18-49	1	16.7
London	CFPL (FM 96)	FM	Mainstream Rock	M18-49	1	27.1
	CFPL (AM 980)	AM	News/Talk	A25-64	9	3.0
	CFHK (The New 1031 Fresh FM)	FM	Hot AC	F18-49	1	23.4
Peterborough	CKWF (The WOLF 101.5)	FM	Rock	A25-54	1	18.7
	CKRU (100.5 KRUZ-FM)	FM	Greatest hits	A25-54	4	8.9
Toronto	CFNY (102.1 the Edge)	FM	New rock	M18-49	1	12.7
	CILQ (Q107)	FM	Classic rock	M25-54	1	12.5
	CFMJ (Talk Radio AM640)	AM	News/Talk	M25-64	11	2.8
Woodstock	CKDK (More 103.9 FM)	FM	Classic hits	A25-54	2	6.7

(i) Sources: SP'11 – Winnipeg, Hamilton, Kingston, Kitchener, London; R3'11 – Vancouver, Calgary, Edmonton, Toronto; FA'10 – Barrie, Cornwall, Guelph, Peterborough, Woodstock.

Corus Radio derives the majority of its revenues from advertising sales. Revenues from continuing operations for fiscal 2011 and 2010 were $195.7 million and $192.4 million, respectively.

Revenues from Corus Radio are derived mainly from two types of advertising: (a) local advertisers who are generally local merchants and who operate in the trading area encompassed by the station's signal; and (b) national businesses such as automotive manufacturers, breweries, banks, fast food chains and similar operations which develop national advertising campaigns. The extent to which Corus' advertising revenues are from local or national advertising depends on each given market.

Corus Radio's success in terms of advertising revenues comes from a number of demographically targeted groups. The group that garners the most advertiser dollars is Adults 25-54 (A24-54). From 2005 to 2010, this group represented almost half of all advertising agency ad spend each year. Corus Radio stations are competitive in the top four most sought after demographically targeted groups: A25-54, A18-49, A35-54 and Female 25-49.

In addition to advertising revenues, Corus Radio derives a smaller portion of its revenues through non-traditional revenue sources (non-airtime). Websites have proven to be extremely popular with both audiences and advertisers and are a growing source of revenue. Corus Radio has very loyal listeners that continue to be connected to the station for the music, the hosts, the events and information-entertainment that is present on Corus' websites. With over 1,000,000 people registered to Corus Radio stations' web-clubs and permission-based email, the stations are able to develop one-to-one relationships, connecting audiences with advertisers in areas that meet their needs. Other sources of non-traditional revenue include sponsorships, concerts and other events that allow Corus Radio to diversify its revenue streams and reach more potential listeners.

Corus Radio has a clustering strategy, pairing AM and FM radio stations to the limits allowed by the CRTC based on the size of the market. Such clustering improves operating performance by expanding demographic coverage of the market, thereby providing local and national advertisers with an attractive and efficient medium with which to allocating their advertising dollars. Clustering also provides opportunities to share costs among stations in the cluster, thereby improving operating margins.

Operating Strategy

Radio

At Corus Radio, we believe that radio is a business that has considerable growth potential. It's a cost effective way, as an advertiser, to reach targeted consumers. It's measurable, both in terms of metrics and actions by consumers. It's a business that's not capital intensive and has a long and successful record as a proven business model that creates substantial cash flow. Its revenue growth has, for the most part, been in step with Canada's GDP growth which holds promise for the radio industry in the years ahead.

Corus Radio seeks to lead its target demographic groups. We are competitively positioned in our local markets in terms of formats, ratings and demographic appeal. We have built a growth strategy specifically around being local in reaching large audiences in two major segments: news and information and music programming targeted to audience segments that have significant spending power. Our radio stations attract audiences that are significant in both the Female and Male demographics. Based on BBM total hours tuned from the fall 2010 survey, Corus radio stations' share of hours tuned for A12+ was 58% Male and 42% Female. Corus Radio is committed to controlling costs and delivering one of the best operating margins in the industry.

In fiscal 2010, we reorganized our radio division to build for future growth. This reorganization was designed to strengthen our ability to consolidate operational back-office costs and eliminate redundancies, while continuing to invest extensively in marketing, research and talent. In fiscal 2011, as a result of our cost control initiatives, continued investment in the business and exit from the Province of Quebec, we achieved our segment profit target margin of 30%.

New Media

At Corus Radio, we recognize that the demand for multiple platforms which are complementary to radio will fuel future growth. We believe that digital distribution and interactivity are the two key concepts for Corus Radio's future. Corus Radio will continue to leverage new media to expand our audience and provide new opportunities to advertisers through a series of strong local websites which complement Corus' radio stations.

Online audio streaming through websites affords the broadcaster and the advertiser a more personal connection with the listener which is not available through traditional radio. In early 2009, Corus Radio was the first radio broadcaster to launch an iPhone streaming application and since then, almost 400,000 users have downloaded our iPhone and BlackBerry applications. Our Corus radio applications, designed for smartphones, have proven to be very successful among our listeners. The integration it provides with tagging, playlists and other features demonstrates the future potential of digital radio. While streaming comprises a small percentage of overall tuning today, the number of individuals tuning in through streaming is growing and Corus Radio is ready with unique capabilities to meet their listening needs.

News/talk programming is available on demand through the individual station's website and social networking venues ("listener clubs") where over one million listeners across Canada are engaging with our stations and their personalities. In fiscal 2011, Corus announced a partnership with Supernova Interactive to launch the first-ever integrated social network with the mandate to recommend new independent music for play on Corus Radio's new music stations.

TELEVISION

The Television division ("Corus Television") is comprised of specialty television networks, pay television networks, three conventional television stations, and the Nelvana content business which consists of the production and distribution of television programs, merchandise licensing and publishing.

Description of the Industry

According to the CRTC Communications Monitoring Report 2010, there were approximately 11.5 million subscribers to television programming services in 2010. There were approximately 8.3 million cable and Internet protocol television ("IPTV") subscribers and 2.9 million direct-to-home ("DTH") satellite and multipoint distribution systems ("MDS") subscribers. Total digital subscribers were approximately 8.8 million, up from 7.6 million a year earlier.

Specialty and Pay Television Networks

Specialty and pay television networks, along with pay-per-view ("PPV") and video-on-demand ("VOD") generated $3.5 billion of combined advertising and subscriber revenues in 2010. Specialty and pay television networks are available to those Canadians who subscribe to the service package of a particular broadcasting distribution undertaking ("BDU") i.e. cable television, IPTV providers, DTH satellite and MDS. Specialty television networks provide special interest, news, sports, arts and entertainment programming, while pay television networks provide commercial-free movies, series and special event programming.

Specialty and pay television networks each obtain revenues by charging a monthly subscriber fee to cable, IPTV providers and DTH satellite operators. Subscriber fees are the sole source of revenues for licensed pay television services, while specialty television services can also generate advertising revenue.

The amount of the subscriber fee is specified in the network's agreement with the BDU. Since all subscribers receive at least basic service, specialty television networks that are carried on a basic tier typically have a much higher number of subscribers. The number of subscribers for a specialty network on a discretionary tier depends primarily upon pricing and subscriber preference. A specialty television network's subscriber penetration will also benefit from the extent to which it is packaged or tiered with other popular specialty television networks. As a consequence, discretionary specialty television networks that are popular, or are otherwise packaged with popular specialty television networks, can generally be priced at rates above those for specialty television networks carried on basic service.

Effective September 1, 2011, specialty and pay television services are grouped under two new categories: Category A services and Category B services. Category A services are an amalgamation of analog pay and specialty services and Category 1 digital services. Category B services were formerly defined as Category 2 digital services. Category A services have format protection, mandatory carriage while Category B services do not have protection of format and aren't mandatory to carry.

Unlike pay television networks which are prevented, by CRTC regulations, from obtaining advertising revenues, specialty television networks may obtain both subscriber and national advertising revenues. Specialty television networks appeal to advertisers seeking highly targeted markets. The CRTC limits national advertising to 12 minutes or less an hour for specialty services but does not regulate advertising rates, and specialty television networks are not required to share a portion of their advertising revenues with the cable and DTH satellite operators. According to the CRTC, television advertising in 2010 totaled approximately $3.4 billion in Canada. Specialty and pay television networks, along with PPV and VOD, received a 33% share of total television advertising revenues, or approximately $1.1 billion in 2010, compared to approximately $1 billion or a 32% share of total television advertising revenues in 2009.

Canadian specialty and pay television networks have experienced subscriber growth over the past decade due to advances in cable-based delivery systems and the growth of DTH satellite services and IPTV providers. In November 2000, a number of new digital specialty television network licenses were awarded by the CRTC for launch commencing September 2001. Of these licenses, 21 were Category 1 and 262 were Category 2. Since the initial awarding of 262 Category 2 licenses, additional Category 2 licenses have been granted. However, as of December 2010, only approximately 108 Category 2 digital networks are in operation. Effective September 1, 2011, Category 1 services are defined as Category A services and Category 2 services are defined as Category B services.

Production and Distribution

In recent years, the launch of numerous segmented networks in the North American television broadcasting industry has provided viewers with greater channel selection. There are now numerous television networks around the world that program dedicated children's blocks and other programming exclusively for children. Corus' content is seen in more than 190 countries on over-the-air, analog and digital platforms.

Over the past few years, the children's television market has fundamentally changed. Demand for production has slowed due to consolidation and vertical integration of U.S. production studios and television.

Despite the current environment, the long-term outlook for the worldwide animation business and the children's entertainment sector is favourable. Future growth in the sector is being fueled by:

- the growth of the 3D animation market;
- the shift of audiences from traditional conventional networks to specialty television networks;
- the growth of digital television services, providing a new platform for additional cable and satellite services and thereby new programming opportunities;
- the continued international expansion by all types of programming services, including major U.S. broadcasters and domestic children's services;
- the growth in demand for content featuring recognizable characters on the Internet; and
- the emerging platforms for content distribution i.e. VOD, SVOD, over the top ("OTT") services , smart phones, tablets and video games.

According to industry sources, total spending on filmed entertainment, which includes feature films, video, television shows, animation and other programming worldwide is expected to grow from an estimated US$86.2 billion in 2010 to US$114.8 billion in 2015. Growth in Blu-ray HD videos will begin to offset a declining DVD market. We should see expansion in overall physical sell-through during the next five years. Faster broadband speeds and devices that allow TV viewing will propel a digital download market.

Merchandising

According to industry sources, Global retail sales of licensed merchandise was US$146.5 billion in 2010. This was a decline of 2.2% from 2009. All of Corus' character brands fall into the entertainment/character property type category, which, according to industry sources, accounted for US$25.6 billion of retail sales globally in 2010. The entertainment/character property type category accounts for 17.5% of total licenses retail sales globally in 2010. The Toys/Interactive Games product category reached US$18.4 billion in 2010, up 3% from 2009.

Publishing

Global consumer and education book publishing was over US$108.7 billion in 2010 which was up 0.2% compared to 2009. However, the electronic book segment rose by 51.2% in 2010. Global consumer and educational electronic book sales will continue to drive growth, with forecasted compound annual growth of 34.7% from 2011 to 2015.

Conventional Television

Conventional television stations are licensed by the CRTC and provide over-the-air broadcast television signals to viewers within a local geographical market or on a network basis. In addition to receiving conventional television signals off-air, the majority of Canadian viewers have access, either directly or through a BDU, to the television signals of U.S. border stations which are generally affiliated with one of the four U.S. commercial networks (ABC, NBC, CBS and Fox) and a Public Broadcasting Service station. Canadian conventional television stations generate revenue from advertising and receive no subscription revenues. There is no limit of commercial messages that a conventional television station may broadcast. The success of conventional television is dependent on the quality of programming which results in audience ratings that, in turn, attract advertisers to a station or network. In the case of stations affiliated with the CBC, the local, private affiliated station receives a fee from the CBC to air or broadcast CBC national programming at certain designated times, in addition to being able to generate advertising revenues. Since August 31, 2011, over-the-air television stations in certain areas stopped broadcasting analog signals and started broadcasting digital signals.

Digital technology

Technology is driving more consumer change today than ever before by allowing consumers to access content anywhere, anytime. Mobile platforms, from cell phones to smart phones to tablets are growing much more quickly than the Internet did. The application market offers a real business model for new media and social networking has become a driving force in marketing, community and communication.

The trend in the television sector is the introduction of innovative products and services tailored to the digital environment. The emphasis on instant gratification for consumers is dominating the industry. New product offerings have fueled growth in the digital sector, reducing churn and contributing to incremental revenue growth. These products include: VOD; Subscription video-on-demand ("SVOD"); High Definition Television ("HDTV"), Personal Video Recorders ("PVR"), mobile television, IPTV, Internet TV and mobile devices, all of which provide greater choice in delivery to the consumer and increases the amount of digital subscriptions for the provider.

Portable People Meter ("PPM")

As with the radio industry, BBM launched a new national and regional audience measurement service using PPM technology in late 2009. The television industry is working with advertisers on interpreting this data and how to use it effectively with their media buying strategies.

Competitive Conditions

The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the expansion of audience interest through programming and promotion, in order to sell advertising at profitable rates. Corus' broadcast networks such as YTV, W Network, CMT, OWN, the conventional television stations and digital channels compete for audience, advertising revenues, and programming with other broadcast networks such as CBC, CTV, Global, Citytv, other digital channels, independent television stations and basic cable program services as well as other media, including DTH television services, DVDs, print media and the Internet.

Television stations compete for programming, audiences and advertising revenues with other stations and cable networks in their respective coverage areas and, in some cases, with respect to programming, with other station groups, and in the case of advertising revenues, with other local and national media.

OTT services like Netflix are expected to make further inroads in the Canadian media landscape in the coming years. Whether OTT becomes a substitute for traditional broadcasters will depend on their ability to secure rights to programming and to increase penetration. In order to satisfy their subscribers OTT services will need to acquire a wide range of foreign and Canadian content. The competition for content may increase programming costs for traditional broadcasters like Corus over time. Pay television will likely come under the most pressure initially in terms of subscriber growth and programming cost inflation. As a result of increasing conversion to digital television broadcasting, current and future technological and regulatory developments may affect competition within the television marketplace.

Corus Television's specialty and pay television networks compete for subscriber fees with other specialty and pay television network operators, including Bell Media, Shaw Media Inc., Rogers Broadcasting, Allarco Entertainment Inc. and Astral Media. According to the CRTC, in 2010, the Canadian specialty television and premium television network industries generated $3.5 billion of combined advertising and subscriber revenues. Corus' specialty television services also compete directly for advertising revenues with the operators of cable networks as listed above, conventional television networks, including Global, CBC and CTV, and other advertising media. Corus' conventional television stations compete principally for viewers and advertisers with other television stations that broadcast in central and eastern Ontario.

In June 2006, the CRTC licensed a national pay television service to Allarco Entertainment Inc. The pay television service was branded Super Channel and it competes directly with Corus' pay television networks. Super Channel launched in the fall of 2007 but its parent company Allarco Entertainment Inc. sought creditor protection in 2009. The parent company emerged from creditor protection in 2010.

The business of producing and distributing children's television programs is highly competitive. Corus competes with a variety of international companies, including HIT Entertainment, 4KIDS, and several U.S. studios such as the Walt Disney Company, Warner Bros., and Nickelodeon (a division of Viacom International Inc.). These U.S. studios are substantially large, and have greater financial resources. Many have their own television networks on which their in-house productions are aired. In Canada, Corus also competes with several domestic producers and distributors such as Cookie Jar and DHX Media Ltd.

The publishing industry in Canada is competitive. With more than 1,500 book publishers that operate in Canada, approximately 300 of these publishers account for roughly 95% of book publishing revenues. Canadian publishers face stiff competition from large multinational publishing houses, which represent less than 4% of the publishers operating in Canada but produce 44% of industry revenues. Corus competes with the children's book publishing market in Canada which is highly fragmented and faces competitive pressures from self publishers who leverage the Internet to distribute their books.

Business Overview

Corus has the following interests in specialty and pay television networks which we are broadcasting in Canada as at October 31, 2011:

Network	Description of programming	Category	Interest
YTV	Children/Family	Category A	100%
Treehouse	Preschool children/Parents	Category A	100%
W Network	Lifestyle and entertainment geared to women	Category A	100%
Country Music Television (Canada)	Country music/Country lifestyle	Category A	80%
OWN: Oprah Winfrey Network (Canada)	Formal and informal educational programming	Category A	100%
Telelatino	Canadian-Italian and Spanish	Category A	50.5%
TELETOON	Children/Family/Adult animation	Category A	50%
The Food Network Canada	Food related	Category A	20%
Movie Central	Premium movies and series	Pay TV	100%
Encore Avenue	Classic movies	Pay TV	100%
Nickelodeon (Canada)	Children/Family	Category B	100%
DUSK	Suspense and thriller movies and series	Category B	51%
Cosmopolitan TV	Lifestyle and entertainment geared to working women aged 18 to 34	Category B	54%
W Movies	Movies geared to women	Category B	100%
Sundance Channel (Canada)	Diverse movies, festival-selected shorts, documentaries and innovative original series	Category B	100%

Specialty Television Networks

Corus Television's group of specialty television networks appeal particularly to kids, moms and women, which are much-coveted target groups among Canadian advertisers. Our television networks exhibit tremendous reach in each of these target groups, which is demonstrated by the fact that 91% of kids, 93% of moms, and 86% of women view our networks in an average month.

YTV is a specialty television network dedicated to programming for children and teens aged 2 to 17. YTV has the highest average weekly reach of any Canadian specialty network for Kids 2-11 based on the BBM 10/11 broadcast year data. This network reaches children, beyond the television, with interactive events and initiatives including *ytv.com,* a top Canadian kids' website. YTV is predominantly carried on the basic tier.

Treehouse is a specialty service in Canada dedicated to preschoolers (aged two to five). Treehouse operates on a 24-hour basis, offering a commercial-free television environment with preschool programming that reflects the interests and developmental levels of young children. Among specialty channels, Treehouse TV broadcasts 39 of the top 40 programs for kids 2-5 in Canada, based on BBM 10/11 broadcast year data.

W Network (formally WTN) was launched by Corus on April 15, 2002. This specialty television service is dedicated to serving the needs and interests of women. W Network continues to capitalize on robust advertising demand for its highly targeted demographics, as demonstrated by the fact that it leads its competitive group in monetizing its ratings.

Country Music Television ("CMT") is a specialty television service dedicated to exhibiting country music videos, a prime-time lineup of comedy and drama series, movies and specials, music programming and daily entertainment news. In 2000, the network established the Video Advantage Program to support the development and production of original Canadian music videos for emerging artists. Corus has a 90% voting interest and an 80% equity interest in CMT. The remaining 10% voting interest and 20% equity interest is held by Country Music Television Inc., the operator of a similar service in the United States.

Telelatino, in which Corus acquired a controlling interest in November 2001, is an ethnic specialty television service that offers general interest domestic and international programming in the Italian, Spanish and English languages.

OWN: Oprah Winfrey Network (formerly VIVA) was launched by Corus on March 1, 2011. The station offers a stellar lineup of original series and specials that focus on educating, entertaining, informing and inspiring viewers to live their best lives. The service focuses on women, women 35 to 54.

Currently, Corus operates the following digital specialty television networks:

(1) DUSK (51% interest), which offers a suspense and thriller theme through a movie-rich schedule of classic and modern thrillers, cult favorites and popular series;

(2) Cosmopolitan TV (54% interest), which offers lifestyle and entertainment programming, geared towards women 18 to 34;

(3) Nickelodeon which offers children's programming featuring a lineup of award-winning Nick properties, from current live-action comedies and animated favourites to classic hits 24 hours a day, geared towards kids 6 to 11.

(4) W Movies is the "go to" destination for women looking for smart, fun and engaging films. The network showcases films for and about women, with genres ranging from romance and comedy to drama and suspense.

(5) Sundance Channel offers a lineup of award-winning, diverse and engaging titles, featuring the best in feature films, festival-selected shorts, documentaries and innovative original series.

DUSK was launched in September 2001, Cosmopolitan TV was launched in February 2008 and Nickelodeon launched on November 2, 2009. W Movies (formerly SexTV) and Sundance Channel (formerly Drive-In Classics) were launched by Corus on March 1, 2010.

Corus also holds interests in the following specialty television networks:

- A 50% interest in TELETOON, which is a Canadian specialty television service featuring a wide range of animation programming in all forms. TELETOON is available in both an English language version and a French language version. In 2007, Corus increased its ownership interest from 40% to 50%. TELETOON launched a new English language digital channel, TELETOON Retro in October 2007. TELETOON Retro French, launched in September 2008.
- A 20% equity interest in The Food Network Canada, a specialty service which provides information and entertainment programming related to food and nutrition.

On October 26, 2011, Corus announced that it had entered into an expansive licensing agreement to launch ABC Spark, a dedicated millennial-focused channel and multi-platform offering, in Canada in early 2012. The channel will build on the foundation that Disney/ABC Television Group has created with ABC Family, its incredibly successful millennial brand in the U.S. ABC Spark will be a destination for Canada's millennial viewer, telling stories that matter most to this audience while utilizing the technology millennials rely on to connect to their world in a corresponding multi-platform offering.

Revenues from Corus' specialty television networks are derived primarily from subscriber fees and advertising. In fiscal 2011, subscriber fees accounted for 44% and advertising accounted for 53% of total revenues from Corus' specialty television networks.

Pay Television Networks

Movie Central and Encore Avenue provide commercial-free television services in western Canada, featuring blockbuster movies, series and specials from diverse genres on six channels. Each channel broadcasts commercial-free 24 hours a day, seven days a week. The Movie Central brand consists of four standard definition channels including HBO Canada and three high definition channels including HBO Canada HD. The Encore brand consists of two standard definition channels and one high definition channel.

Revenues from pay television networks have experienced significant growth over the past few years as a result of increased direct-to-home satellite and digital cable subscribers. As at August 31, 2011, Movie Central service had 984,000 subscribers, a 2% increase in year-over-year subscribers, representing penetration of approximately 33% of digital cable and direct-to-home satellite subscribers in western Canada.

Production and Distribution

Nelvana Enterprises ("Nelvana") distributes programming that has been developed and produced by its Studio to broadcasters in over 190 countries, including some of the world's leading networks, such as Nickelodeon, the Disney Channel, Cartoon Network, ITV in the United Kingdom and TF1 in France. Programming is distributed through three sales and distribution offices located in Toronto, Canada, Limerick, Ireland and Paris, France.

At August 31, 2011, Nelvana's program library totaled almost 4,000 half-hour equivalent episodes, comprising 84 animated television series, 13 specials, 10 animated feature length films and 12 live action series. Children's animated programs generally have longer life spans than those of live action programs because they can typically be relicensed indefinitely to new generations of audiences around the world. The United States television market is Nelvana's largest source of revenue, accounting for 45% of production and distribution revenues in fiscal 2011, compared to 34% from the Canadian market and 21% from the international market.

Merchandising

Television's merchandising business contains some of Nelvana's most popular characters, including Bakugan, Beyblade, Franklin, Babar, and Backyardigans, which have achieved recognition and popularity worldwide and have become valuable long-term merchandising brands. Nelvana's merchandising efforts focus on marketing its most popular brands and coordinating with retailers to promote its character merchandise in North America and around the world. Nelvana becomes either the licensor or agent, on behalf of the owner of the property, for most product categories, including toys, plush, apparel, gifts, book publishing and interactive products for brands produced by the studio or acquired from third parties. Highlights in fiscal 2011 include the continued success of Bakugan, which was one of the top toy brands in its category in key markets and a "break out" year for Beyblade, which reached the #1 toy brand in its category in Germany and Spain and top three in its category in other major markets.

Publishing

Television's publishing business is conducted through its subsidiary, Kids Can Press Ltd. Kids Can Press is the largest Canadian-owned English language publisher of children's books, with a broad and growing backlist of titles. The Kids Can Press catalogue includes popular titles such as *Franklin* and *Scaredy Squirrel*.

Conventional Television

Corus owns three local conventional television stations - one in Kingston, Peterborough and Oshawa, Ontario which were acquired in April 2000. Each is an affiliate of the CBC. Revenues are almost exclusively derived from advertising. In fiscal 2011, national agency directed clients and local advertisers accounted for a combined 61% of revenues. CBC network affiliate payments amounted to 8% of revenues, with the remaining 31% originating from a variety of other sources.

The Corus local television stations are eligible to receive both the Small Market Local Programming Fund ("SMLPF") and the Local Program Improvement Fund ("LPIF").

Operating Strategy

Corus Television is focused on two strategic portfolios. The Kids' portfolio includes YTV, Treehouse TV, TELETOON, Nickelodeon, the Nelvana Studio and Nelvana Enterprises. The consolidation of the kids' assets allows for shared programming, a streamlined development process, the ability to create and maintain multi-platform rights in Canada and ensure stable output with cost certainty for the Nelvana Studio. The Specialty and Pay portfolio includes the operations of W Network, CMT, Telelatino, Movie Central, Encore Avenue, OWN, Cosmopolitan TV, DUSK, W Movies and Sundance Channel. Management is responsible for generating program buying synergies, developing strategies for integrating operations where possible, as well as consolidating cross-promotion and marketing opportunities and joint sales initiatives.

Corus Television's operating strategy remains focused on four key areas: (i) increasing its position in the kids' and women's genres, (ii) leveraging the competitive position of Corus pay television, (iii) building key relationships with BDUs and (iv) maximizing programming and operational synergies across all Corus brands.

Corus will continue to focus on managing and growing its core business. The Company will continue to explore new platform opportunities and make investments where appropriate.

Kids

Corus Television continues to lead the kids' entertainment marketplace in Canada through programming on YTV, Treehouse TV, TELETOON and Nickelodeon, which launched November 2, 2009. Corus Kids intends to drive revenue growth on our networks by building program ratings, attracting new advertisers and building revenue sources from family co-view opportunities, which attract advertisers looking for moms and dads. The integration of the kids' business (Nelvana and the specialty television networks) enables the division to maximize new platform efforts, an increasingly important segment of the kids' market. The consolidation of the development streams ensures that Corus continues to create superior content which will drive ratings both in Canada and abroad. In recent years, Corus Kids has invested in research relating the co-viewing habits occurring with parents and kids. As a result, we have been able to increase the appeal of our brands to a broader set of demographics and monetize the co-view audience, particularly on YTV.

Corus continues to be involved in qubo, a kids' channel in the United States which was initially launched in partnership with ION Networks, Classic Media, Scholastic and NBC Universal. The channel, which focuses on educational and entertaining programming, provides another outlet for Nelvana shows and is currently seen in approximately 42 million homes, with the majority of the programming schedule comprised of Corus programming.

Corus Television is also using its programming library to help launch new linear broadcast channels internationally. One such channel initiative, KidsCo, was launched in fiscal 2007 to help increase the profile of the Nelvana brands. Corus Television owns one third of the channel in partnership with NBC Universal and Cookie Jar. KidsCo is targeted to preschoolers, kids aged 6 to 11 and their families. KidsCo is in approximately 12.7 million households in 97 countries and in 18 languages across four feeds: Western Europe, Central Eastern Europe/Middle East, Asia Pacific/Africa and Australia.

This ever growing number of outlets for the distribution of children's content creates a need for Corus Television to be focused on rights management. By identifying and properly tracking the full spectrum of rights attached to Nelvana's properties, we are better able to optimize deal structures. Corus Television ensures that it licenses only those specific rights required by its current customers, and retains unrelated, ancillary rights for future exploitation. This in turn will enable us to monetize emerging distribution platforms that have yet to appear in today's marketplace.

Specialty and Pay

Corus Television has achieved a leadership position in the women's genre. Over the last eight years, we have grown our women's audience by 170%. We have grown organically through outstanding programming and scheduling strategies and by becoming experts in marketing to women. Our Women's portfolio is anchored by our flagship brand W Network, targeting women aged 25-54. The viewing audience in this demographic has increased 90% since the 2001-2002 season when Corus acquired the license, making W Network one of the leading specialty television services for women. We have also grown through the launch of highly targeted and differentiated women's brands: Cosmopolitan TV, OWN and W Movies.

Cosmopolitan TV, a channel for women 18 to 34, was launched in February 2008. The channel features content about relationships and sex and is in over 4 million households. Corus Television also added OWN (formerly VIVA) to its portfolio in September 2008. This channel is targeted to women, aged 35 to 54 and is currently in 6.2 million households. W Movies which was acquired by Corus in November 2009, is targeted to all women and is currently in 1.6 million households. These three newer channels provide a powerful flanking strategy for W Network, enabling our advertisers to reach a diverse cross section of women with their messages.

Corus' pay television services operate under two separate licenses (Movie Central and Encore Avenue). Our pay television services will continue to focus on delivering high quality programming and investing in marketing to promote customer acquisition and retention. Having established a track record of successful direct marketing campaigns, undertaken with the cooperation of key cable and satellite providers, Corus will continue to capitalize on growth in the number of digital households in western Canada as well as up-selling current digital households. Demand for movies and new original dramatic series continue to fuel strong interest in the service's programming. Movie Central has secured output agreements with major Hollywood studios for exclusive programming, such as first windows on blockbuster feature films and new HBO and Showtime products. Agreements with NBCUniversal, HBO, Showtime, Disney, Warner Brothers and Sony, provides our pay business with exceptional, exclusive content to drive subscriber increases. On October 30, 2008, HBO Canada was launched and is available through all major cable and satellite affiliates. HBO Canada is a multiplex channel offered as part of our Movie Central package in western Canada. Astral's The Movie Network offers the same HBO Canada package in eastern Canada.

Corus provides leadership in the market with innovative new digital product offerings which fuel digital growth, reduce churn and contribute incremental revenues. In this regard, Corus established the first SVOD product in Canada. Movie Central SVOD offers Movie Central subscribers more than 90 hours of unique programming each week, including feature films from five major Hollywood studios and high-profile U.S. series.

Corus Quay

Our new state-of-the art facility at Corus Quay will play a major role as a highly flexible platform enabling the delivery of our premium content to our BDU partners in whatever format they want. We have the capability and the flexibility to deploy our content in any form, on any tablet, and in numerous languages. Within our first year, we have already rolled out more than half a dozen high definition offerings including YTV, HBO Canada, W Movies and OWN, and plans are in place to launch more of our core brands in HD throughout the coming year. At Corus Quay, we are also in a position to offer extensive outsourcing services to third parties in the industry. Currently, we are originating 32 signals from the facility, but we have the capacity to distribute at least twice as many signals.

New Media

Corus is looking beyond websites as we scan the new media marketplace for emerging opportunities. Corus Television will continue to capitalize on growth in the home entertainment industry, both domestically and internationally. We will seek opportunities on new media platforms such as VOD, SVOD, mobile and interactive games to create new revenue streams. Corus Television has established strong relationships with all of the major strategic players in the On-Demand space with an ongoing focus to unlock the value of our library with the best partners as these business models evolve.

As well, we are making cautious investments and partnerships with brand-aligned new media players. These investments are small, but provide Corus access to experienced new media teams that can further refine our own future plans.

ADDITIONAL INFORMATION CONCERNING CORUS' BUSINESSES

a) Intangible Properties

Corus uses a number of trademarks, service marks and official marks for its products and services. Many of these brands and marks are owned and registered by Corus, and those trademarks that are not registered are protected by common law. Corus also licenses certain marks from third parties. Corus has taken affirmative legal steps to protect its owned and licensed trademarks, and Corus believes its trademark position is adequately protected. The exclusive rights to trademarks depend upon the Company's efforts to use and protect these and Corus does so vigorously.

Distribution rights to television programming and motion pictures as well as ancillary rights are granted legal protection under the copyright laws and other laws of Canada, the United States and most foreign countries. These laws impose substantial civil and criminal sanctions for the unauthorized duplication and exhibition of television programming. Corus believes that it takes, and plans to continue taking, all appropriate and reasonable measures to secure, protect and maintain or obtain agreements from licensees to secure, protect and maintain copyright and other legal protections for all of the television programming produced and distributed by Corus under the laws of all applicable jurisdictions.

Corus can give no assurance that its actions to establish and protect Corus' trademarks and other proprietary rights will be adequate to prevent imitation or copying of its filmed and animated entertainment by others or to prevent third parties from seeking to block sales of its filmed and animated entertainment as a violation of their trademarks and proprietary rights.

Moreover, Corus can give no assurance that others will not assert rights in, or ownership of, its trademarks and other proprietary rights, or that Corus will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States and Canada.

Corus also licenses copyright materials by way of direct contracting or through blanket licensing regimes. The tariffs for blanket licenses are established by the Copyright Board in Canada. Although the amount of a blanket license is set by this third party regulator, the system provides certainty as to cost and also a modicum of immunity from claim for innocent infringements due to the presumptions of right to use works that flow with the imposition of these tariffs.

The Company operates a comprehensive clearance and rights management system to both protect its rights and to ensure that works that Corus uses have the requisite clearances or licenses from the owners. A key element of contracts for copyright works is the term or time period of the license granted, which in the broadcasting sector can vary but usually is for a time period such as, one to three years. In some circumstances, the time period is combined with a right to only a certain number of "plays" or broadcasts.

b) Seasonality and Cycles

Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. Accordingly, one-quarter's operating results are not necessarily indicative of what a subsequent quarter's operating results will be.

For the Company's broadcasting businesses, operating results are dependent on general advertising and retail cycles associated with consumer spending activity. Accordingly, operating results for the first quarter tend to be the strongest, reflecting pre-Christmas advertising activity, and the second quarter tends to be the weakest, consistent with lower consumer spending in winter months.

For Corus' other businesses, operating results are dependent on such things as the timing and number of television programs made available for delivery in the period, as well as timing of merchandising royalties received, none of which can be predicted with certainty. Consequently, these operating results may fluctuate significantly from quarter to quarter. Cash flows may also fluctuate and are not necessarily closely related to revenue recognition.

c) Economic Dependence

Corus' operating results for the Company's broadcasting businesses are not dependent upon any single customer or upon a few customers with respect to revenues from advertisers.

Corus' broadcasting businesses are dependent upon on-air talent to provide quality, consistent programming to attract advertisers. All on-air talent is under contractual obligation to the Company.

Corus Television's pay television services are solely dependent on subscriber fees. The major BDUs are Shaw Cable, Bell TV, Shaw Direct and Telus.

The Company's regulated properties operate in a competitive environment with both regulated and unregulated competitors. Although entry by new competitors into the Company's markets is slowed by the regulatory process, new competition always poses a risk to the Company's revenue streams. The regulatory environment is more fully explained below.

d) Environmental Protection

Corus' operations do not have any significant impact on the environment. Corus has not made, and does not anticipate making, any significant capital expenditures to comply with environmental regulations.

e) Employees

As at August 31, 2011, Corus had approximately 1,500 full-time employees. The breakdown by segment is as follows: Radio – 680 employees; Television – 698; and Corporate – 122 employees.

f) Foreign Operations

Approximately 10% of Corus' consolidated revenues for the year ended August 31, 2011 were derived from foreign operations. These consist primarily of revenues from the Company's international film distribution business and merchandising.

g) Lending

Corus does not have any lending operations as a distinct or significant business. Corus has, however, provided financing through loans to its digital channels and has outstanding loans to its executive officers which were granted prior to July 31, 2002. Corus may make loan investments in companies involved in the media sector of up to $5 million with the approval of the chief executive officer ("CEO") or the chief financial officer ("CFO") and more than $5 million with the approval of the Executive Committee of the Board of Directors.

h) Bankruptcy

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

i) Reorganizations

In late 2010 and during fiscal 2011, the Company undertook a significant restructuring to streamline processes in the new Corus Quay facility. This resulted in the Company recording a charge of $12.9 million in 2010 and a charge of $3.7 million in 2011, mainly related to severance and employee related costs. The Company anticipates that these provisions will be substantially paid in fiscal 2012.

In the second quarter of fiscal 2011, the Company completed the sale of its Quebec radio stations. The CRTC approved the disposition on December 17, 2010 and the sale closed February 1, 2011 with a purchase price of $84 million (including a working capital adjustment of $4.0 million) of which $9 million is due in February 2012.

j) Social or Environmental Policies

Corus is committed to fair dealing, honesty and integrity in all aspects of its business conduct. The Company takes its responsibility to its employees, shareholders and other stakeholders very seriously. The Company's Code of Business Conduct (the "Code") aims to demonstrate to its stakeholders and the public the Company's commitment to conduct itself ethically.

The Code applies to all employees and members of the Board of Directors of Corus and its subsidiary companies. The Code is available on the Corus Entertainment website at www.corusent.com under the Investor Relations section.

k) Risk Factors

A discussion of risk affecting the Company and its business is set forth under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2011, as contained in the Company's 2011 Annual Report, which discussion is incorporated by reference herein. In addition, the Company is subject to the risks and uncertainties set forth below in the discussion of the Canadian communications industry's regulatory environment.

These descriptions of risks do not include all possible risks, and there may be other risks of which the Company is currently not aware.

l) Control of Corus by the Shaw Family

JR Shaw and members of his family and the corporations owned and controlled by JR Shaw and members of his family (the "JR Shaw Group") currently own a majority of the outstanding Class A participating shares in the capital of Corus. The Class A participating shares are the only shares entitled to vote in all circumstances. All of the Class A participating shares held by the JR Shaw Group are subject to a Voting Trust Agreement entered into by such persons. The voting rights with respect to such Class A participating shares are exercised by the representative of a committee of five trustees. Accordingly, the JR Shaw Group is, and as long as it owns a majority of the Class A participating shares will continue to be, able to elect a majority of the Board of Directors of Corus and to control the vote on matters submitted to a vote of Corus' Class A participating shareholders.

CANADIAN COMMUNICATIONS INDUSTRY - REGULATORY ENVIRONMENT

Canadian Radio-television and Telecommunications Commission

Under the *Broadcasting Act* (Canada), the CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing broadcasting policy objectives set forth in the *Broadcasting Act*. The regulations, policies and decisions of the CRTC can be found at www.crtc.gc.ca.

Changes in the regulation of Corus' business activities, including decisions by regulators affecting the Company's operations (such as the granting or renewal of licenses; decisions as to the rights to programming licenses to competitors in the Company's markets) or changes in interpretations of existing regulations by courts or regulators, could adversely affect the Company's results of operations. The Company's CRTC licenses must be renewed from time to time and cannot be transferred without regulatory approval.

Since 1996, the CRTC has been implementing a competitive policy framework and has focused its attention on strengthening the creation of Canadian content and programming.

The current objectives of the CRTC, as articulated in its 1997 Vision Statement and revised in May 1998, are to:

- promote an environment in which existing and new communications services are available to Canadians;

- ensure a strong Canadian presence in content that fosters creative talent and reflects Canadian society, including its linguistic duality and cultural diversity;
- promote choice and diversity of high-quality communications services; and
- to foster strong competitive and socially responsive communications industries.

As the introduction of digital technology is changing the technical infrastructure of entertainment and information consumption, the CRTC has adopted a new framework for regulation of specialty television.

The CRTC has also introduced policies related to vertically integrated companies that are BDUs that speak to matters such as undue preference and other carriage issues.

In 2011, the CRTC also adopted a "group based licensing" approach for the renewal of the television licenses of larger groups such as Corus. This established a framework of policy and regulation that is applied on a group basis rather than on an individual licensee.

Industry Canada

The technical aspects of the operation of radio and television stations in Canada are also subject to the licensing requirements and oversight of Industry Canada, a Ministry of the Government of Canada.

Restrictions on Non-Canadian Ownership

The legal requirements relating to Canadian ownership and control of broadcasting undertakings are embodied in a statutory order (the "Order") from the Governor in Council (i.e. Cabinet of the Canadian federal government) to the CRTC. The Order is issued pursuant to authority contained in the *Broadcasting Act*. Under the Order, non-Canadians are permitted to own and control, directly or indirectly, up to 33 1/3% of the voting shares and 33 1/3% of the votes of a holding company which has a subsidiary operating company licensed under the *Broadcasting Act*. In addition, up to 20% of the voting shares and 20% of the votes of the operating licensee company may be owned and controlled, directly or indirectly, by non-Canadians. The Order also provides that the Chief Executive Officer and 80% of the members of the board of directors of the operating company must be Canadian. In addition, where the holding company is less than 80% Canadian-owned, the holding company and its directors are prohibited from exercising any control or influence over the programming decisions of a subsidiary operating company. There are no restrictions on the number of non-voting shares that may be held by the non-Canadians at either the holding company or licensee operating company level. The CRTC, however, retains the discretion under the Order to determine as a question of fact whether a given licensee is controlled by non-Canadians.

The Company's articles currently give its Board of Directors the authority to restrict the issue, transfer and voting of its Class A participating shares and the transfer of its Class B non-voting participating shares for the purpose of ensuring that Corus remains qualified to hold or obtain licenses to carry on any broadcasting or programming business.

Broadcasting Services

Corus' radio stations and conventional television undertakings, specialty and pay television networks are subject to licensing and regulation by the CRTC. The *Broadcasting Act* gives the CRTC the power to issue and renew broadcasting licenses for a maximum term of seven years. Historically, all licenses issued by the CRTC have been consistently renewed except where there have been serious breaches of license conditions or regulations, in which case the licenses have been renewed for less than seven years, or, in a very limited number of instances, not at all. In order to conduct its business, Corus maintains its licenses in good standing and is in material compliance with conditions of license and regulatory requirements. The CRTC has never declined to renew a license held by any broadcasting undertaking in which Corus holds an ownership interest.

Licenses issued by the CRTC generally set out the terms and conditions of the broadcaster's program offering, including Canadian content expenditures, Canadian exhibition requirements and signal delivery terms for Corus' specialty and pay television networks. The CRTC also imposes restrictions on the transfer of ownership and effective control of all licensed broadcasting undertakings. Transferees of ownership or control of a licensed undertaking must demonstrate to the CRTC that the transfer is in the public interest, and the purchaser is required, in most instances, to provide a specific package of tangible benefits designed to benefit the Canadian broadcasting system. For transfer of ownership applications involving profitable radio stations, tangible benefits are required to represent a financial contribution equal to 6% of the purchase price and for acquisitions of television, or specialty or pay television network services, a financial contribution of 10% of the value of the transaction is expected.

The CRTC's regulations that apply to radio, conventional television and specialty and pay television services require these broadcasting undertakings to obtain the prior approval of the CRTC in respect of any act, agreement or transaction that, directly or indirectly, would result in (i) a change in the effective control of a broadcasting undertaking; or (ii) a person together with any associate acquiring control of 30% or more of the issued voting securities, or 50% or more of the common shares, of a broadcasting undertaking or (iii) of a person that has, directly or indirectly, effective control of that broadcasting undertaking. The Commission has augmented these tests through its "Diversity of Voice" policy which allows it to examine a transaction if certain market share thresholds are met.

Radio Undertakings

The CRTC no longer regulates the formats of commercial FM radio stations except in the case of "specialty" radio licenses which, by definition, requires that (i) the language of broadcast is neither French nor English; (ii) more than 50% of the programming is spoken word; or (iii) less than 70% of the musical selections broadcast are not pop, rock, dance, country or country-orientated selections. For non-specialty format FM stations, the CRTC continues to require that less than 50% of the musical selections broadcast each week be "hits" which are defined in English markets as any selection which, prior to December 31, 1980, achieved a Top 40 position in any of the charts recognized by the CRTC. Each commercial station is required to make a contribution to Canadian talent development initiatives ranging from an annual payment of $27,000 for major market stations to $400 for small market stations.

On April 30, 1998, the CRTC announced certain changes to its commercial radio policy. By regulation, the CRTC increased Canadian popular music content levels broadcast to 35%. For French-language radio stations, at least 65% of popular, vocal music selections must be in the French language. The CRTC also changed ownership restrictions on the number of stations that could be owned within a particular market. The ownership changes allow a single owner to operate up to three stations provided only two are in the same band, in a given language in smaller markets and, in markets with eight or more commercial stations in a given language, one owner may hold up to two AM stations and two FM stations. In assessing transactions involving a change in control or ownership, the CRTC has stated it will examine the impact on diversity of news voices, the level of competition and, if the applicant has equity holdings in other local radio stations or media, cross-media ownership levels in a given market. Under its new policy, the CRTC also stated that it would no longer apply market entry criteria in assessing applications for new radio services in a particular market. Radio broadcasters derive substantially all of their revenues from advertising revenues. There is no regulatory limit on the number of commercials that can be broadcast. In markets with more than one commercial FM station, FM licensees are required to broadcast at least 42 hours per week of local programming in order to access local advertising.

On December 15, 2006, the CRTC released its most recent review of radio policy. The new policy maintained current levels of Canadian Content music required of broadcast licensees. The contributions required of licensees to Canadian Talent Development was renamed to Canadian Content Development, the amounts payable were slightly increased, and the list of eligible recipients was amended.

Specialty and Pay Television Networks Undertakings

Specialty and pay television networks each have varying Canadian programming and expenditure requirements set by a condition of license. These requirements depend on a number of factors, including the nature of the service and the types and availability of programming offered. The Canadian content conditions of license are reviewed by the CRTC at the time that the networks renew their licenses. Licensees are also required to make financial contributions to the creation of Canadian programming which is imposed by condition of license.

Specialty television networks derive substantially all of their revenues from subscription and advertising revenues. Pay television networks derive their revenues from subscriptions and by regulation are required to be commercial free. The CRTC generally requires cable and DTH satellite distributors to carry all licensed specialty and pay television networks appropriate to the markets in which they are distributed with the exception of Category B digital services as described below. The maximum wholesale subscriber fee that can be charged to subscribers for the carriage of the service is regulated if it is carried as part of the basic service, but is not regulated if it is carried on an extended or discretionary tier. Subscriber fees payable to pay television network licensees are not regulated by the CRTC.

As of September 1, 2011, the CRTC issued specialty television licenses in five categories described as Category A, Category B, Category C, Pay and section 9(1)(h). Each category comes with certain carriage rights and obligations including exhibition and Canadian content.

For further information, please consult the CRTC web site at www.crtc.gc.ca.

Canadian Content Requirement for Broadcasters

As mentioned previously, Canadian conventional television services, specialty television networks and pay television networks are required to devote a certain amount of their programming schedules to Canadian productions. These requirements provide support for Canadian programs (such as the ones produced through Nelvana) as long as they qualify as Canadian programs for purposes of the Canadian Audio Visual Certification Office ("CAVCO"), as an officially recognized co-production or the CRTC.

CAVCO and the CRTC determine the criteria for qualification of a program as "Canadian". Generally, a program will qualify if it is produced by an individual Canadian producer with the involvement of individual Canadians in principal functions, and where a substantial portion of the budget is spent on Canadian elements. In addition, the Canadian producer must have full creative and financial control of the project.

Film and Television Tax Credits and Grants

Various federal and provincial tax credits are available for qualifying productions of television series and feature films and typically provide benefits of between 10% and 25% of the Canadian production budget. These tax credits are calculated on the basis of each individual production.

Additional funding for its productions of television series and feature films are also available from various Canadian industry funding sources including the Canadian Media Fund and Telefilm Canada in respect of feature films.

International Treaty Co-Productions

Canada is a party to co-production treaties with many countries throughout the world, excluding the United States. These international co-production treaties allow for the reduction of the risks of production by permitting the pooling of creative, technical and financial resources of Canadian producers with non-Canadian producers under prescribed conditions. Canadian co-production treaty partners include France, Great Britain, Germany, New Zealand and Australia. A production that qualifies as a co-production for treaty purposes is considered to be a domestic product in each of the participating countries and, as such, is entitled to many aspects of national treatment in each country. More specifically, the co-production usually qualifies for domestic treatment under applicable broadcasting legislation and certain government subsidies. The co-producers jointly hold the copyright in the production. Sharing of foreign revenues is based on the respective contribution of each co-producer, subject to negotiation between the co-producers and approval by the appropriate government authorities. Many of Nelvana's productions are produced through international treaty co-productions.

Competition Act Requirements

The Commissioner of Competition has the authority, pursuant to the *Competition Act* (Canada), to inquire into mergers and apply to the Competition Tribunal for remedial orders, including an order blocking a merger, where the Commissioner determines the merger is or will likely prevent or lessen competition substantially in a market. To facilitate the Commissioner's review of mergers, parties to a merger transaction are required to pre-notify the Commissioner of Competition prior to completing the transaction when specified party and transaction-size thresholds are satisfied. For example, in the case of an asset purchase, a transaction is notifiable if the parties to the transaction, together with their affiliates, have assets in Canada or annual gross revenues from sales in, from or into Canada that exceed $70 million and if the aggregate value of the Canadian assets to be acquired or annual gross revenues from sales in or from Canada generated from those assets exceed $70 million. The Commissioner can now also invoke a two stage notification and review process which can serve to prolong the approval process for a transaction.

Ownership transfers of licensed broadcasting undertakings exceeding these financial thresholds thus require the approval of both the CRTC and the Commissioner of Competition according to their respective statutory mandates. The two authorities could come to different conclusions on a given transaction. For example, the CRTC could approve a broadcasting company's acquisition of radio stations as being in accordance with its commercial radio policy whereas the Commissioner of Competition might conclude that the acquisition would substantially lessen competition in the market or markets under consideration.

For further information, please consult: http://www.cb-bc.gc.ca/eic/site/cb-bc.nsf/eng/h_00114.html

Investment Canada Act

Under the *Investment Canada Act* ("ICA"), certain transactions which involve the acquisition of control of a Canadian business by a non-Canadian require the approval of the Canadian government. The Ministry of Industry (Canada) is responsible for reviewing proposed acquisitions of control of Canadian businesses by non-Canadians. However, where the Canadian business is a "cultural business", the proposed acquisition would also be subject to review by the Minister of Canadian Heritage. Cultural businesses include those involved in the publication, distribution or sale of books, magazines, periodicals and newspapers, as well as businesses involved in the production and distribution of film and video recordings, audio and video music recordings. Radio, television and cable television broadcasting undertakings are also considered "cultural businesses" under the ICA, but they are also the subject of other, more stringent, Canadian ownership and control regulations under the *Broadcasting Act,* as discussed above.

Before an acquisition of a "cultural business" by a non-Canadian can be completed, the non-Canadian must be able to demonstrate that the proposed acquisition is likely to be of "net benefit to Canada". In determining whether this test has been met, the Minister of Canadian Heritage is required to take into account a number of factors outlined in the ICA, including compatibility with Canada's cultural policy objectives, as well as any applicable government policies and any written undertakings that may have been given by the non-Canadian investor.

Copyright Act Requirements

Corus' radio, conventional television, specialty television and pay television undertakings rely upon licenses under the *Copyright Act* (Canada) in order to make use of the music component of the programming and other uses of works used or distributed by these undertakings. Under these licenses, Corus is required to pay a range of royalties established by the Copyright Board pursuant to the requirements of the *Copyright Act* to collecting societies (which represent the copyright owners) and individual copyright owners. These royalties are paid by these undertakings in the normal course of their business.

The levels of the royalties payable by Corus are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the *Copyright Act* to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licenses.

CAPITAL STRUCTURE

Description of Capital Structure

(a) General

The authorized share capital of Corus consists of an unlimited number of Class A participating shares ("Class A Voting Shares"); an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares") (and, together with the Class A Voting Shares, the "Corus Shares"); an unlimited number of Class 1 preferred shares (the "Class 1 Preferred Shares"), issuable in series; an unlimited number of Class 2 preferred shares (the "Class 2 Preferred Shares"), issuable in series; and an unlimited number of Class A preferred shares (the "Class A Preferred Shares"). As at August 31, 2011, there were 3,439,212 Class A Voting Shares, 79,029,261 Class B Non-Voting Shares and no preferred shares outstanding.

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

(i) Authorized Number of Shares

The authorized number of Class A Voting Shares and Class B Non-Voting Shares is unlimited. No Class A Voting Shares, however, shall be issued unless the prior written consent of holders of no fewer than two-thirds of the then outstanding Class A Voting Shares is obtained.

(ii) Voting Rights

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

(iii) Dividends

In general, subject to the rights of any preferred shares outstanding from time to time, holders of Class A Voting Shares and Class B Non-Voting Shares are entitled to receive such dividends as the Board of Directors of Corus determines to declare on a share-for-share basis, as and when any such dividends are declared or paid, except that, during each Dividend Period (as defined below), the dividends (other than stock dividends) declared and paid on the Class A Voting Shares will always be $0.005 per share per annum less than the dividends declared and paid in such Dividend Period to holders of the Class B Non-Voting Shares, subject to proportionate adjustment in the event of any future consolidations or subdivisions of Corus Shares and in the event of any issue of Corus Shares by way of stock dividends. A "Dividend Period" is defined as the fiscal year of Corus or such other period not exceeding one year in respect of which the directors of Corus have an announced current policy to declare and pay or set aside for payment of regular dividends.

(iv) Rights on Liquidation

In the event of the liquidation, dissolution or winding up of Corus or other distribution of assets of Corus for the purpose of winding up its affairs, all property and assets of Corus available for distribution to the holders of Corus Shares will be paid or distributed equally, share for share, between the holders of Corus Shares without preference or distinction.

(v) Conversion Privilege

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

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

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

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

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

(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 Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Voting Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Voting Shares,

and for the purposes of this definition, if an offer to purchase Class A Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Non-Voting Shares;

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

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

"Transfer Agent" means the transfer agent for the time being of the Class A Voting Shares; and

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

Subject to certain exceptions, the foregoing conversion right shall not come into effect if:

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

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

b. make any Exclusionary Offer;

c. act jointly or in concert with any person or company that makes any Exclusionary Offer; or

d. transfer any Class A Voting Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the Transfer Agent and the Secretary of Corus written notice of such transfer or intended transfer at least seven days prior to the

Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class A Voting Shares transferred or to be transferred to each transferee; or

(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 Corus a certificate or certificates signed by or on behalf of one or more shareholders of Corus owning in the aggregate more than 50% of the then outstanding Class A Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:

a. the number of Class A Voting Shares owned by the shareholder;

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

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

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

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

(vi) Modification

Neither class of Corus Shares may be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of Corus Shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(vii) Offer to Purchase

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

(viii) Redemption

The Corus Shares are not redeemable at the option of either Corus or the holder of any such Corus Shares.

(c) Class 1 Preferred Shares

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

The holders of Class 1 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, other than a meeting of holders of Class 1 Preferred Shares, as provided by applicable law.

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

(d) Class 2 Preferred Shares

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

The holders of Class 2 Preferred Shares of any series shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, other than a meeting of holders of Class 2 Preferred Shares, as provided by applicable law.

The shares of each successive series of Class 2 Preferred Shares shall have preference over the Class A Voting Shares and Class B Non-Voting Shares as to dividends in right of payment and shall not confer upon the shares of one series a priority over the shares of any other series of Class 2 Preferred Shares in respect of voting, dividends or return of capital. If any amount of cumulative dividends or any amount payable on return of capital in respect of shares of a series of Class 2 Preferred Shares is not paid in full, the shares of such series shall participate rateably with the shares of all other series of the Class 2 Preferred Shares in respect of accumulated dividends and return of capital. The Class 2 Preferred Shares and each series thereof shall rank junior to and be subject to in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares and the Class 1 Preferred Shares.

(e) Class A Preferred Shares

In accordance with the provisions of subsection 26(3) of the *Canada Business Corporations Act* (the "CBCA"), the directors of Corus may add to the stated capital account maintained for Class A Preferred Shares the whole or any part of the amount of consideration received by Corus in an exchange for property, or shares of another class, or pursuant to an amalgamation referred to in section 182 of the CBCA or an arrangement referred to in subsection 192(1)(b) or (c) of the CBCA. The Class A Preferred Shares shall be redeemed (the "Class A Redemption Amount") at the amount of consideration received therefore as determined by the directors of Corus at the time of issuance. No Class A Preferred Shares shall be issued by Corus at any particular time if, at that time, there are Class A Preferred Shares issued and outstanding

The holders of the Class A Preferred Shares shall not be entitled to receive notice of, to attend or vote at any meeting of shareholders of Corus, subject to the CBCA.

When and if declared by the directors of Corus, the holders of Class A Preferred Shares shall be entitled to receive out of the net profits or surplus of Corus properly applicable to the payment of dividends, a non-cumulative dividend at such rate as the directors may from time to time determine. Upon the liquidation, dissolution or winding up of Corus, or other distribution of the assets of Corus or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of Class A Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class A Voting Shares and Class B Non-Voting Shares, the Class A Redemption Amount per share together with all declared but unpaid dividends thereon (the "Class A Redemption Price"). After such payment the holders of the Class A Preferred Shares shall have no right or claim to any of the remaining assets of Corus. Class 1 Preferred Shares, Class 2 Preferred Shares, Class A Voting Shares and Class B Non-Voting Shares shall rank junior to and shall be subject in all respect to the preferences, rights, conditions, restrictions, limitations and prohibitions attached to the Class A Preferred Shares. The Class A Preferred Shares are redeemable at the demand of Corus and are retractable at the demand of a holder of Class A Preferred Shares at the Class A Redemption Price.

Share constraints

The statutes which govern the provision of broadcasting services by Corus and its regulated subsidiaries impose restrictions on the ownership of shares of Corus and its regulated subsidiaries by persons that are not Canadian. (See information under the heading "Canadian Communications Industry Regulatory Environment – Restrictions on Non-Canadian Ownership"). In order to ensure that Corus and its regulated subsidiaries remain eligible or qualified to provide broadcasting services in Canada, the Articles of Incorporation of Corus require the directors of Corus to refuse to issue or register the transfer of any "Voting Shares" (defined as the Class A Voting Shares and any other shares of Corus carrying voting rights under all circumstances or by reason of an event that has occurred and is continuing, and includes a security that is convertible into such a share and a currently exercisable option or right to acquire such a share or such a convertible security) to a person that is not a Canadian if such issue or transfer would result in the total number of such shares held by non-Canadians exceeding the maximum number permitted by applicable law. In addition, the directors of Corus are required to refuse to issue or register the transfer of any Voting Shares to a person in circumstances where such issue or transfer would affect the ability of Corus and its regulated subsidiaries to obtain, maintain, amend or renew a license to carry on any business. The Articles of Incorporation of Corus further provide that if, for whatever reason, the number of Voting Shares held by non-Canadians or other such persons exceeds the maximum number permitted by applicable law or would affect the ability to carry on any licensed business, Corus may, to the extent permitted by corporate or communications statutes, sell the Voting Shares held by such non-Canadians or other persons as if it were the owner of such shares. The Articles of Incorporation of Corus also give the directors of Corus the right to refuse to issue or register the transfer of shares of any class in the capital of Corus if (i) the issue or the transfer requires the prior approval of a regulatory authority unless and until such approval has been obtained; or (ii) the person to whom the shares are to be issued or transferred has not provided Corus with such information as the directors may request for the purposes of administering these share constraints.

Ratings

The following table sets forth the ratings assigned to Corus' Senior Unsecured Guaranteed Notes by DBRS Limited ("DBRS") and Standard & Poor's Rating Services ("S&P"):

Security	DBRS (1)	S&P (2)
7.25% Senior Unsecured Guaranteed Notes due 2017	BBB(low)	BB+

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 securities that are of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable but may be vulnerable to future events. The assignment of a "(high)" or "(low)" modifier within each rating category indicates relative standing within such category. The "high" and "low" grades are not used for the AAA and D categories.

(2) 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 BB by S&P is the fifth highest of ten

major categories. According to the S&P rating system, obligations rated 'BB', 'B', 'CCC', 'CC' and 'C' are regarded as having significant speculative characteristics. An obligation rated 'BB' is less vulnerable to non-payment that other speculative issues; however, it faces 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. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The foregoing ratings should not be construed as a recommendation to buy, sell or hold the Notes, in as much as such ratings do not comment as to market price or suitability for a particular investor. Any of the foregoing ratings may be revised or withdrawn at any time by the respective rating organization if, in its judgment, circumstances so warrant.

MARKET FOR SECURITIES

Marketplace

The securities of the Company are listed and posted for trading on the exchange set forth below.

Security	Exchange	Symbol
Class B Non-Voting Shares	Toronto Stock Exchange ("TSX")	CJR.B

In fiscal 2010, the Company announced its intention to voluntarily delist its Class B Non-Voting Shares from the New York Stock Exchange (NYSE) and subsequently, its Class B Non-Voting Shares were delisted from the NYSE on August 5, 2010. On August 16, 2011, Corus filed a Form 15F with the U.S. Securities and Exchange Commission with the intention to voluntarily terminate registration of its Class B Non-Voting shares. Corus expects deregistration of its Class B Shares with the SEC will become effective 90 days after the Form 15F filling date, or within such shorter period as the SEC may determine. We should note that SEC reporting obligations ceased on filing of the form 15F.

Trading Price and Volume

The following table sets forth the monthly price range and volume traded for the Company's publicly traded securities on the TSX for the periods indicated. All price and volume information is from independent third-party sources.

TSX – CJR.B				
Month	High	Low	Close	Average Daily Volume
September 2010	21.90	19.15	21.60	87,038
October 2010	22.95	20.93	22.02	60,449
November 2010	22.46	20.56	20.95	130,050
December 2010	22.75	20.90	22.15	153,974
January 2011	23.78	22.01	22.45	131,663
February 2011	23.60	21.65	21.96	110,704
March 2011	22.18	20.21	20.66	105,770
April 2011	21.38	19.73	19.89	157,968
May 2011	20.67	19.80	20.35	119,709
June 2011	20.67	19.22	20.55	111,079
July 2011	22.33	20.05	21.44	167,759
August 2011	21.72	19.05	20.36	133,849

DIVIDEND POLICY

(a) Dividend Policy

The Company's dividend policy is reviewed on a quarterly basis by the Board of Directors. Shareholders are entitled to receive dividends only when any such dividends are declared by the Company's Board of Directors, and there is no entitlement to any dividend prior thereto.

As described above, the dividends (other than stock dividends) declared and paid on the Class A Voting Shares shall be $0.005 per share per annum less than the dividends declared and paid to holders of the Class B Non-Voting Shares. See the information under the heading "Capital Structure - Description of Capital Structure – Class Voting A Shares and Class B Non-Voting Shares" for further details.

In fiscal 2009, the Company implemented a Dividend Reinvestment Plan ("DRIP"), for registered holders of its Class A Voting Shares and Class B Non-Voting Shares who are residents of Canada ("eligible participants"). The DRIP allows eligible participants to acquire additional Class B Non-Voting Shares through reinvestment of the cash dividends paid on their respective shareholdings. See the Company's website at www.corusent.com under the Investor Relations section for further details.

On September 29, 2009, the Company announced that its Board of Directors approved the issuance of shares from treasury at a two percent discount from the average market price, pursuant to the terms of its DRIP, effective November 1, 2009.

On October 27, 2010, the Company announced that its Board of Directors had approved a $0.15 increase in its annual dividend, effective November 1, 2010. At the new rate, the expected dividend on an annual basis for the Company's Class A Voting and Class B Non-Voting Shares was $0.745 and $0.75 respectively, up from the previous rate of $0.595 and $0.60 respectively.

On July 14, 2011, the Company announced that its Board of Directors had approved a $0.12 increase in its annual dividend effective August 1, 2011. At the new rate, the expected dividend on an annual basis for the Company's Class A Voting and Class B Non-Voting Shares is $0.865 and $0.87 respectively, up from the previous rate of $0.745 and $0.75 respectively. The dividend is paid on a monthly basis.

(b) Restrictions on Payment of Dividends

Covenants under Corus' credit agreement with a syndicate of lenders, as amended and restated on February 11, 2010, may restrict Corus' ability to pay dividends should Corus fail to achieve certain financial ratios and/or financial performance or if an event of default has occurred and is continuing or would result from the payment of the dividend.

A covenant under the Trust Indenture pursuant to which Corus' 7.25% Senior Unsecured Guaranteed Notes due 2017 were issued, referred to as the "Limitation on Restricted Payments", also may restrict Corus' ability to pay dividends should Corus fail to achieve certain financial ratios and/or financial performance or if an event of default has occurred and is continuing or would result from the payment of the dividend.

(c) Distribution Rates and Payment Dates

The annual distribution rates on securities of the Company and payment dates for the fiscal year ended August 31, 2011, as well as the annual dividend payments for the past three fiscal years, are set forth in the tables below.

Fiscal 2011 dividends paid per share		
Date paid	Class A Voting Shares	Class B Non-Voting Shares
August 31, 2011	$0.072083	$0.0725
July 30, 2011	$0.062083	$0.0625
June 30, 2011	$0.062083	$0.0625
May 31, 2011	$0.062083	$0.0625
April 30, 2011	$0.062083	$0.0625
March 31, 2011	$0.062083	$0.0625
February 26, 2011	$0.062083	$0.0625
January 29, 2011	$0.062083	$0.0625
December 31, 2010	$0.062083	$0.0625
November 30, 2010	$0.062083	$0.0625
October 30, 2010	$0.049585	$0.0500
September 30, 2010	$0.049585	$0.0500

Annual dividend payments per share			
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Class A Voting Shares	$0.730	$0.59502	$0.59502
Class B Non-Voting Shares	$0.735	$0.60000	$0.60000

NORMAL COURSE ISSUER BID

On May 25, 2011, Corus announced its intention to make a Normal Course Issuer Bid (“NCIB”) for its Class B Non-Voting Shares. The TSX subsequently accepted the notice filed by Corus. Under the NCIB Corus may purchase for cancellation up to a total of 3,900,000 Class B Non-Voting Shares during the 12 month period commencing June 16, 2011 and ending June 15, 2012. To October 31, 2011, Corus acquired 377,400 shares at an average price of $20.12.

DIRECTORS

Name and municipality of residence	Director since:	Principal occupation
Catherine Roozen Edmonton, Alberta	June 2011	Corporate director
Fernand Bélisle Breckenridge, Quebec	January 2009	Independent consultant and corporate director
John M. Cassaday Toronto, Ontario	September 1999	President and Chief Executive Officer, Corus Entertainment Inc.
Dennis Erker Edmonton, Alberta	September 1999	Partner, Fairly Erker Advisory Group
Carolyn Hursh Calgary, Alberta	December 2005	Chairman, James Richardson & Sons, Limited
Wendy A. Leaney Toronto, Ontario	July 2000	President, Wyoming Associates Ltd.
Susan Mey Toronto, Ontario	January 2009	President and Chief Executive Officer, The Green Cricket Inc.
Ronald D. Rogers Calgary, Alberta	December 2003	Corporate director
Terrance Royer Calgary, Alberta	September 1999	Chairman, Royco Hotels Ltd.
Heather A. Shaw Calgary, Alberta	September 1999	Executive Chair, Corus Entertainment Inc.
Julie M. Shaw Calgary, Alberta	September 1999	Vice President, Facilities, Design and Management, Shaw Communications Inc.

Each director of Corus has been engaged for more than five years in his or her principal occupation, except as follows:

- Ms. Mey was President and Chair of the Board of Kodak Canada Inc. from 2005 to 2007. Prior to joining Kodak, Ms. Mey was General Counsel for The T. Eaton Company Ltd.;

Each director, with the exception of Catherine Roozen, named above was appointed a director on January 11, 2011. Catherine Roozen was appointed director effective June 1, 2011. Each director will hold office until the next scheduled annual meeting of shareholders. Thereafter, each director will be elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed.

To the knowledge of the Company and based upon information furnished to it by the proposed nominees for election to the Board of Directors, no such nominee is or has been, during the 10 years ending October 31, 2011, a director or executive officer of any issuer which, while that person was acting in that capacity or within a year of ceasing to act in that capacity, became bankrupt or 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, except for the following:

- Mr. Bélisle was a director, from 1997 to 2003, of Cable Satisfaction International Inc., a company which was placed under the protection of the Companies' Creditors Arrangement Act ("CCAA") in June 2003 and emerged from CCAA in February 2007.

- Mr. Rogers was a director, from February 2001 to June 2002, of G.T. Group Telecom Inc., a company which was placed under the protection of the Companies' Creditors Arrangement Act ("CCAA") and of Section 304 of the U.S. Bankruptcy Code in June 2002. The Ontario Superior Court of Justice sanctioned and approved the company's plan of arrangement and reorganization in December 2002.

To the knowledge of the Company and based upon information furnished to it by the proposed nominees for election to the Board of Directors, no such nominee is or has been, during the 10 years ending October 31, 2011, a director, chief executive officer or chief financial officer of any issuer that was subject to a cease trade order, or an order similar to a cease trade order, or an order that denied the relevant company access to exemption under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued while that director was acting in such capacity, or that was issued after the director ceased to be acting in such capacity and which resulted from an event which occurred while the director was acting in such capacity.

The Board of Directors has four committees made up of the following members:

Committee	Members
Executive Committee	Heather A. Shaw – Chair John M. Cassaday Carolyn Hursh Terrance Royer Ronald D. Rogers
Audit Committee	Ronald D. Rogers – Chair Fernand Bélisle Wendy A. Leaney
Human Resources Committee	Terrance Royer – Chair Dennis Erker Susan Mey
Corporate Governance Committee	Carolyn Hursh – Chair Terrance Royer Julie Shaw

OFFICERS

Name and municipality of residence	Position with Corus
Judy Adam, CA Oakville, Ontario	Vice President, Finance
John M. Cassaday Toronto, Ontario	President and Chief Executive Officer
D. Scott Dyer Toronto, Ontario	Executive Vice President, Chief Technology Officer and Head of Shared Services
Gary Maavara Toronto, Ontario	Executive Vice President, General Counsel
Kathleen McNair Toronto, Ontario	Executive Vice President, Human Resources and Corporate Communications
Douglas Murphy Toronto, Ontario	Executive Vice President and President of Corus Television
Chris Pandoff Toronto, Ontario	Executive Vice President and President of Corus Radio
Thomas C. Peddie, FCA Toronto, Ontario	Executive Vice President and Chief Financial Officer
John R. (Jack) Perraton Calgary, Alberta	Corporate Secretary
Heather A. Shaw Calgary, Alberta	Executive Chair

As of October 31 2011, the directors and executive officers of the Company beneficially owned, directly or indirectly, or exercised control or direction over 1,824,966 Class A Voting Shares and 3,234,550 Class B Non-Voting Shares, representing 53.1% and 4.1% of the issued and outstanding Class A Voting Shares and Class B Non-Voting Shares, respectively.

AUDIT COMMITTEE

Charter

The text of the Audit Committee's Charter is attached as Schedule A.

Composition of the Audit Committee

The Company's Audit Committee is composed of Ronald D. Rogers, Fernand Bélisle and Wendy A. Leaney, each of whom is a financially literate, independent director of the Company. The relevant education and experience of each Audit Committee member is outlined below:

Ronald D. Rogers (Chair)

Mr. Rogers retired as Senior Vice-President and Chief Financial Officer of Shaw Communications Inc. in August 2004. Mr. Rogers serves as a Director for Transforce Inc. and Parkland Fuel Corporation. Mr. Rogers is a Chartered Accountant and a member of the Alberta Institute of Chartered Accountants. Mr. Rogers has extensive experience in operations and finance, both nationally and on an international basis.

Fernand Bélisle

Mr. Bélisle holds a Bachelor of Arts degree. Mr. Bélisle is a consultant to Canadian broadcast companies. Mr. Bélisle served as Vice Chair (Broadcasting) of the Canadian Radio-television and Telecommunications Commission (CRTC). This followed a series of senior positions at the CRTC and the Department of Communications which is now known as the Department of Canadian Heritage. Mr. Bélisle's business career has included positions with Télémedia Communications Ltd. and in audit and tax specialist roles with Coopers & Lybrand.

Wendy A. Leaney

Ms. Leaney is President of Wyoming Associates Ltd., a private investment and consulting firm based in Toronto. Prior to that, Ms. Leaney was Managing Director and Co-Head Global Communications Finance for TD Securities Inc. Ms. Leaney serves on the Board of Canadian Western Bank. She holds a Bachelor of Arts (Hon.) degree from the University of Toronto and is a graduate of the Advanced Management Course at the University of Western Ontario. Ms. Leaney is also a graduate of the Canadian Securities Course and a Fellow of the Institute of Canadian Bankers.

Principal Accounting Fees and Services – Independent Auditors

Fees payable to the Registrant's independent auditor, Ernst and Young LLP, for the years ended August 31, 2011 and 2010 totaled $1,687,041 and $1,788,767, respectively, as detailed in the following table. All funds are in Canadian dollars:

	Fiscal year ended August 31,	
	2011	**2010**
Audit fees	1,133,406	1,474,357
Audit-related fees	172,800	164,488
Tax fees	180,835	29,922
All other fees	200,000	120,000
Total	**1,687,041**	**1,788,767**

The nature of the services provided by Ernst and Young LLP under each of the categories indicated in the table is described below:

Audit Fees

Audit fees were for professional services rendered by Ernst and Young LLP for the audit of the Company's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees were for assurance and related services reasonably related to the performance of the audit of the consolidated financial statements and are not reported under "Audit Fees" above. These services consisted of employee benefit plan audits, non-statutory audits of wholly-owned subsidiaries, assistance with the adoption of International Financial Reporting Standards (IFRS), and system conversion audits.

Tax Fees

Tax fees were for tax compliance, tax advice and tax-planning professional services. These services consisted of tax planning and advisory services relating to common forms of domestic and international taxation as well as assistance with various tax audit matters.

All Other Fees

Fees disclosed in the table above under the item "all other fees" represent products and services other than the audit fees, audit-related fees and tax fees described above.

The Company's Audit Committee has implemented a policy restricting the services that may be provided by the auditors and the fees paid to the auditors. Prior to the engagement of the auditors, the Audit Committee pre-approves the provision of the service. In making their determination regarding non-audit services, the Audit Committee considers the compliance with the policy and the provision of non-audit services in the context of avoiding impact on auditor independence. Each quarter, the Chief Financial Officer ("CFO") makes a presentation to the Audit Committee detailing the non-audit services performed by the auditors on a year-to-date basis, and details of any proposed assignments for consideration by the Audit Committee and pre-approval if appropriate.

LEGAL AND REGULATORY

Corus is involved, from time to time, in various claims and lawsuits incidental to the ordinary course of business, including intellectual property actions and acts for defamation. Adverse determinations in litigation could result in the loss of proprietary rights, subject the Company to significant liabilities, or require Corus to seek licenses from third parties, any one of which could have an adverse effect on the business and results of operations. Actions which are incidental to the business are typically covered by insurance and management has estimated the potential liability and provided for the amount in its financial statements. Corus does not anticipate that the damages which may be awarded in any material action of which the Company is currently aware will exceed its insurance coverage in a material way. While no assurance can be given that these proceedings will be favourably resolved, Corus does not believe that the outcome of these legal proceedings will have a material adverse impact on its financial position or results of operations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is or has been, since the incorporation of the Company, a director or executive officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (c) has, since the incorporation of the Company, 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 the director, executive officer or shareholder.

TRANSFER AGENTS

CIBC Mellon Trust Company c/o Canadian Stock Transfer Company Inc. acts as Corus' transfer agent

MATERIAL CONTRACTS

Senior Secured Credit Facility

A syndicate of lenders has provided Corus with a senior secured revolving term credit facility (the "Revolving Facility") under the Amended and Restated Credit Agreement dated as of February 11, 2010 as further amended March 11, 2011 (the "Credit Agreement").

The Revolving Facility consists of a committed credit of $500 million that matures February 11, 2015. As a revolving facility, amounts borrowed may be repaid and re-borrowed as required through the term of the Revolving Facility. The commitment expires at the maturity date and there are no mandatory reductions to the committed amount, subject to certain covenants, during the term of the facility. As at August 31, 2011, $115 million was drawn against the Revolving Facility.

Advances under the Credit Agreement are available in either Canadian or U.S. dollars at the option of Corus. Interest rates applicable to Canadian dollar advances, at Corus' option, are equal to (i) the Canadian prime rate, or (ii) Bankers Acceptance rates for terms up to six months, plus, in each case, an applicable margin. Interest rates applicable to U.S. dollar advances, at Corus' option, are equal to (i) the U.S. base rate, or (ii) the U.S. London inter-bank offered rate ("LIBOR") for terms up to six months, plus, in each case, an applicable margin. Margins will vary based on the type of advance and debt to cash flow ratios achieved.

The Credit Agreement requires that Corus comply on a quarterly basis with certain financial covenants, including maximum debt to cash flow ratio tests and a minimum interest coverage ratio test. The Credit Agreement also includes negative covenants that, subject to certain exceptions, may restrict or limit the ability of Corus (and its significant operating subsidiaries) to, among other things, incur, assume or permit to exist additional indebtedness or encumbrances, engage in mergers, consolidations, amalgamations or other reorganizations, sell or otherwise dispose of significant assets, make investments, declare dividends or repurchase equity securities, engage in activities that adversely affect the ranking or validity of the lenders' security.

The Credit Agreement contains certain customary representations and warranties, positive covenants and events of default, including payment defaults, covenant defaults, cross-defaults to other material indebtedness or other material agreements, insolvency or bankruptcy defaults, material judgments, material breach of representations and warranties and failure to maintain security. If an event of default occurs and continues, the lenders are entitled to take all actions permitted to a secured creditor including the acceleration of amounts due.

The lenders under the Credit Agreement have a first ranking charge on the present and future property of Corus, including the present and future property of its significant operating subsidiaries. Those subsidiaries have provided guarantees to the lenders and securities pledge agreements have been entered into relative to the ownership interest in most of the significant operating subsidiaries.

Trust Indenture for 7.25% Senior Unsecured Guaranteed Notes due 2017

On February 11, 2010, Corus issued $500 million in Senior Unsecured Guaranteed Notes bearing interest at 7.25% per annum and maturing on February 10, 2017 (the "Notes"). The Notes are governed under a Trust Indenture with BNY Trust Company of Canada (formerly CIBC Mellon Trust Company), as Trustee dated February 11, 2010 (the "Indenture"). Terms of the Notes include those stated in the Indenture.

The Notes are unsecured. Subsidiaries that have provided guarantees under the Credit Agreement also provide unsecured guarantees on the Notes. Interest is payable semi-annually in arrears in equal installments on February 10 and August 10 of each year that the Notes are outstanding. Interest on the Notes will be computed on the basis of a year of 365 or 366 days, as the case may be, based on the actual number of days elapsed and will accrue from day to day. The Notes are redeemable at the option of Corus, in whole or in part, at any time on or after February 10, 2013 at specified redemption prices, plus accrued and unpaid interest thereon.

The Indenture governing the Notes contains covenants that, among other things and subject to exceptions and qualifications, may limit or restrict Corus' ability to engage in transactions with affiliates, incur additional indebtedness, sell or otherwise dispose of significant assets, declare dividends or repurchase equity securities, make investments, engage in mergers, consolidations, amalgamations or other reorganizations that result in a change of control, create unrestricted subsidiaries, incur or suffer to exist liens, or, in the case of restricted subsidiaries, guarantee indebtedness.

INTERESTS OF EXPERTS

The Company's consolidated financial statements for the year ending August 31, 2011 were audited by Ernst & Young LLP ("E&Y"), independent auditors appointed by the shareholders of the Company upon the recommendation of the Board of Directors. To the knowledge of the Board of Directors, E&Y is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. A copy of the consolidated annual financial statements of the Company, including the auditors' report thereon, is available at SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

The Company's financial information is provided in the audited consolidated financial statements and notes and management's discussion and analysis for the year ended August 31, 2011. These documents and additional information relating to Corus may be found on SEDAR at www.sedar.com and may also be obtained upon request from the Director, Corporate Communications, of the Company, at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company endorses the principles that sound corporate governance practices ("Corporate Governance Practices") are important to the proper functioning of the Company and the enhancement of the interests of the shareholders.

The Company's Statement of Corporate Governance Practices as they compare to the CSA Guidelines on Corporate Governance under National Instrument 58-201, and the charter of the Board of Directors may be found in the Company's most recently filed Management Information Circular and on the Company's website at www.corusent.com in the Investor Relations section.

Schedule A

AUDIT COMMITTEE CHARTER

1. Mandate

The mandate of the Audit Committee (the "Committee") shall be to provide assistance to the Board of Directors (the "Board") of Corus Entertainment Inc. ("Corus" or the "Company") in fulfilling their oversight responsibilities relating to: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the external auditor's qualifications and independence; and, (iv) the performance of the Company's internal audit function and external auditors.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors, the internal auditors, and management of the Company, and to determine that all parties are aware of their responsibilities.

2. Composition and Operations

2.1 The Committee shall be composed of three or more directors, as determined and appointed by the Board on an annual basis. Every Committee member must be independent as defined by Multilateral Instrument 52-110 Audit Committees. In this regard, to maintain their independence, members of the Committee may not accept any consulting, advisory or other compensatory fee (other than regular Board and Committee fees) from the Company or any of its affiliates. Members also may not receive any indirect payments from the Company or any of its affiliates, including payments (whether or not material) made to spouses or family members, or payments for services to law firms, accounting firms, consulting firms and investment banks for which the Committee member serves as a partner, member, managing director or executive. The members of the Committee and the Chair will be appointed annually by the Board and each member shall serve until the next Annual General Meeting of the shareholders of the Company or until his or her earlier resignation or removal by the Board.

2.2 Every Committee member must be financially literate as defined by Multilateral Instrument 52-110 Audit Committees. The determination of whether any given member of the Committee meets such definition, will be made by the Board, in consultation with the Corporate Governance Committee, in accordance with applicable laws, policies and guidelines of securities regulatory authorities.

2.3 The Committee should meet at least quarterly. Special meetings should be authorized at the request of any member of the Committee or at the request of the external auditor, internal auditor or senior members of management. The external auditors should have the right to attend all meetings of the Committee.

2.4 The Committee has access to Corus senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.

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

2.6 The Committee may at its discretion retain the services of independent outside advisors or counsel in consultation with the Executive Chair.

2.7 The secretary to the Committee shall be either the Corporate Secretary or a person delegated by the Chair and that person will be responsible to keep minutes of all meetings.

2.8 Notice of each meeting of the Committee shall be given to each member of the Committee as far in advance of the time for the meeting as possible, but in any event, not later than 24 hours preceding the time stipulated for the meeting (unless otherwise waived by all members of the Committee). Each notice of meeting shall state the nature of the business to be transacted at the meeting in reasonable detail and to the extent practicable, be accompanied by copies of documentation to be considered at the meeting.

2.9 A quorum for the transaction of business at a meeting shall consist of not less than a majority of the members of the Committee. Members of the Committee may participate in any meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating by any such means shall be deemed to be present at that meeting. Senior management of the Company and other parties may attend meetings of the Committee, as may be deemed appropriate by the Committee.

3. Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter:

General

3.1 The Committee shall review and reassess the charter at least annually and obtain the approval of the Board.

3.2 The Committee shall perform an evaluation of its performance at least biennially to determine whether it is functioning effectively.

3.3 The Committee shall review, at least on an annual basis, and approve the Company's policies for hiring existing and former employees and partners of the external auditors.

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

Financial Statements and other Reports

3.5 The Committee shall review the Company's quarterly and annual financial statements, Management's Discussion and Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC") and annual and interim earnings press releases prior to their release and make recommendations to the Board for their approval. In addition, the Committee will review any report of management that accompanies published financial statements.

3.6 The Committee's review of the annual audited financial statements shall include but are not limited to the following: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (ii) major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies; (iii) discussions with management and the external auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iv) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (v) consideration of the judgment of both management and the external auditors about the quality and disclosure, not just the acceptability, of accounting principles; (vi) the clarity of the disclosures in the financial statements; and (vii) discussions with management and the external auditors regarding accounting adjustments that were noted or proposed by the external auditors but were "passed" (as immaterial or otherwise).

3.7 The Committee shall, on an annual basis, review and assess the adequacy of the Company's procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the information referred to in subsection 3.5.

Risk Management, Internal Controls and Information Systems

3.8 The Committee shall discuss with management, the internal auditors and the external auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in connection with its required quarterly certifications with securities regulatory authorities.

3.9 The Committee shall review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year.

3.10 The Committee shall review with management, the external auditor and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements.

3.11 The Committee shall monitor compliance with statutory and regulatory observations.

3.12 The Committee is responsible for establishing appropriate processes and procedures for the receipt, retention, and treatment of accounting, internal controls or auditing matter complaints received by the company. In addition the Committee shall ensure that the company has a mechanism to allow employees to communicate concerns regarding questionable accounting or auditing matters on a confidential, anonymous basis without fear of reprisal.

3.13 The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

External Audit Services

3.14 The external auditors will report directly to the Committee.

3.15 The Committee will recommend to the Board of Directors:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services of the Company; and
(b) the compensation of the external auditor.

3.16 The Committee will oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including but not limited to the following:

(a) objectives and scope of audit, review or attest services;

(b) reviewing the results of the external audit and any changes in accounting practices or policies and the financial statement impact thereof;

(c) reviewing any accruals, provisions or estimates that have a significant effect upon the financial statements; and

(d) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditors' activities or access to requested information, and management's response.

3.17 The Committee will pre-approve all audit and non-audit services provided to the Company or its subsidiaries by the external auditors and shall not engage the external auditors to perform non-audit services proscribed by law or regulation.

3.18 The Committee may delegate to one or more members of the Committee the authority to pre-approve any audit and non-audit services up to a pre-determined cap in satisfaction of the requirement under subsection 3.17.

3.19 The pre-approval of audit and non-audit services pursuant to subsection 3.17 must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.20 The Committee shall determine that the external audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account in accordance with applicable laws, policies and guidelines of securities regulatory authorities.

3.21 At least annually, the Committee shall obtain and review a report by the external auditors describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (iii) all relationships between the external auditors and the Company (to assess the auditor' independence).

3.22 The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

4. Committee Timetable

The Committee shall fulfill its oversight responsibilities primarily by carrying out the activities set forth in a detailed quarterly schedule, as well as all such other actions which may be incidental thereto or which may be necessary for the Committee to comply with the spirit and intent of this Charter. The items enumerated in the schedule are not intended to be exhaustive of the duties of the Committee. The schedule is reviewed annually by the Board and may be supplemented and revised from time to time as may be appropriate.

5. Committee Chair – Job Description

At the time of the annual appointment of the members of the Audit committee, the Board of Directors shall appoint a Chair of the Audit Committee. In the absence of the appointed Chair of the Committee from any meeting, the members shall elect a Chair from those in attendance to act as

Chair of the meeting. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this charter, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

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ENTERTAINMENT