ANNUAL INFORMATION FORM

Fiscal year ended August 31, 2013

Corus Entertainment Inc.

November 29, 2013

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, merchandising 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; the operation of specialty television networks, pay television services and conventional television stations; and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, publishing and animation software.

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 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 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") to voluntarily terminate registration of its Class B Non-Voting Shares, with the deregistration being effective 90 days after the Form 15F filing date.

Corus' registered office is located at 1500, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8 and its executive office is located at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

Subsidiaries

The following table describes the significant operating subsidiaries and joint ventures of Corus as at August 31, 2013, their jurisdiction of incorporation or organization, and the combined 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%
Cosmopolitan Television Canada	Canada	54%
ABC Spark	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[1]

Corus is one of Canada's leading integrated media and entertainment companies. Since its creation in 1999, the Company's asset base has grown substantially through strategic acquisitions and a strong operating discipline. Corus' brands deliver compelling, engaging, interactive and informative content to millions of people every day. The Television division is comprised of: YTV; Treehouse; Nickelodeon (Canada); W Network; OWN: Oprah Winfrey Network (Canada); W Movies; Sundance Channel (Canada); Corus' western Canadian pay television services (Movie Central, including HBO Canada, and Encore Avenue); three conventional television stations serving Peterborough, Kingston and Durham; the Corus content business including Nelvana (production and distribution of films and television programs, and merchandise licensing), Kids Can Press (publishing) and Toon Boom (animation software); the Company's majority interest in CMT (Canada); Telelatino (TLN, EuroWorld Sport, Mediaset Italia, Sky TG24 (Canada), TeleNiños, TLN en Español, Telebimbi, Cinelatino); DUSK (discontinued March 23, 2012); ABC Spark (launched March 26, 2012); and Cosmopolitan TV; and a 50% interest in TELETOON; TELETOON Retro (English and French); and Cartoon Network (Canada). The Radio division is comprised of 37 radio stations situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario.

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 has also expanded its business to include production and distribution of films and television programs, merchandising, publishing and animation software.

[1] The industry and the nature of Corus' business is evolving rapidly. We therefore suggest that the reader verify the content herein with our quarterly Reports to Shareholders which are available at www.corusent.com in the Investor Relations section.

In the second quarter of fiscal 2011, the Company completed the sale of eleven of its Corus Quebec radio stations to Cogeco Inc. for a purchase price of $84 million.

On March 4, 2013, the Company announced that it had entered into agreements (the "Bell Agreements") with Bell Media Inc. ("Bell") to acquire the 50% interest in TELETOON that it does not already own, two Ottawa-based radio stations, CKQB-FM and CJOT-FM, and a 50% interest in the French-language specialty channels, Historia and Séries+ s.e.nc. ("H&S"), each of which would be acquired by Bell as part of its acquisition of Astral Media Inc. ("Astral") prior to the sale to Corus. In addition, the Company announced that it had entered into a separate agreement with Shaw to acquire the remaining 50% interest in H&S. These transactions have received Competition Bureau clearance, but are still subject to conditions, including approval by the CRTC. The total purchase price to be paid by Corus pursuant to the transactions contemplated by the Bell Agreements is $400.6 million, subject to certain working capital adjustments. The cash considerations to be paid by Corus to Shaw, net of promissory notes from Shaw, is $93.6 million, subject to certain working capital adjustments. On June 27, 2013, the CRTC approved Bell's acquisition of Astral. This event has satisfied one of the conditions of the Bell Agreements. The Company is in the process of seeking CRTC approval of the above mentioned acquisitions; however, if Corus is unable to consummate one or more of the transactions contemplated by the Bell Agreements under certain circumstances (including not being able to obtain CRTC approval), Corus has agreed to indemnify Bell for any net loss, up to a maximum of $400.6 million, that is suffered upon a subsequent sale of the applicable assets to a third-party purchaser relative to the respective purchase prices agreed to in the Bell Agreements.

On April 30, 2013, the Company disposed of its 20% interest in Food Network Canada to Shaw Media, a division of Shaw, for $66.8 million, resulting in a gain of $55.4 million. Contemporaneously, on April 30, 2013, the Company acquired the remaining 49% interest in the voting shares of ABC Spark from Shaw, increasing Corus' ownership interest to 100%. The carrying value of the non-controlling interest of ABC Spark at the acquisition date was $1.9 million. The $17.2 million difference between the consideration and the carrying value of the interest acquired has been recognized in retained earnings within shareholders' equity. The Company received non-interest bearing promissory notes from Shaw of $47.8 million to satisfy the net consideration in respect of these transactions.

DESCRIPTION OF THE BUSINESS

In fiscal 2013, 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	**2013**	**2012**
Television	619,850	650,949
Radio	183,691	191,327
Total revenues	**803,541**	**842,276**

Revenue streams in fiscal 2013 were derived primarily from three areas: advertising, subscriber fees and merchandising, distribution and other, which represented 47%, 37% and 15%, respectively, of total revenues. In fiscal 2012, advertising, subscriber fees and merchandising, distribution and other, represented 46%, 35% and 19%, respectively, of total revenues.

RADIO

Description of the Industry

In April 1998, the 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.

In its most recent statistics, CRTC data states that as of August 31, 2012, there were 707 private commercial radio stations in Canada, of which 81% were FM stations and 19% were AM stations.

The commercial 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 2012, a 0.4% 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 14% and 25% of the total, respectively. According to the CRTC, in 2012, local advertising and national advertising represented 70% and 28%, respectively, of total radio advertising revenues. In 2012, the top five metropolitan markets (Toronto, Montreal, Vancouver, Calgary and Edmonton) accounted for approximately 46% 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 rock, country, greatest hits, hot adult contemporary/classic hit radio and news talk. A stations' 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 geographic 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 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 and results have been positive, demonstrating that radio continues to be a growth medium. The PPM measurement system is currently used in the Toronto, Montreal, Vancouver, Calgary and Edmonton radio markets.

Radio broadcasters are continuing to see the importance of new media platforms which work in tandem with traditional radio stations. Listeners want convenience and accessibility i.e. content whenever and wherever they want it on multiple platforms. Strong local websites exist for each station to offer advertisers an opportunity to complement on-air campaigns with an interactive element. A successful combination of on-air, online and on-site will lead to increased brand awareness for the radio broadcaster and the advertiser, translating 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 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

The financial success of each of Corus' radio stations is dependent principally upon its share of the overall advertising revenues within its geographic market, its promotional and other expenses incurred to obtain the revenues and the economic strength of its geographic market. Radio advertising revenues are highly dependent upon audience share. Audience share is derived from listener interest in on-air talent, music formats, and other intangible factors. This can be influenced by the competition. Other stations may change programming formats to compete directly with Corus' stations for listeners and advertisers or launch aggressive promotional campaigns in support of already existing competitive formats. If a competitor, particularly one with substantial financial resources, were to attempt to compete in either of these fashions, ratings at Corus' affected stations could be negatively impacted, resulting in lower net revenues.

Radio broadcasting is also subject to competition from other broadcast, online and print media. Potential advertisers can substitute advertising through the broadcast television system (which can offer concurrent exposure on a number of networks to enlarge the potential audience), daily, weekly and free-distribution newspapers, outdoor billboard advertising, magazines, other print media, direct mail marketing, the Internet and mobile advertising. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars from radio to these competing media and vice versa. In markets near the U.S. border, such as Kingston, Corus also competes with U.S. radio stations. Effective July 4 2013, Bell Media acquired 77 Astral Radio stations. In order to comply with the CRTC's Common Ownership Policy, which limits the number of stations a company can own in a single market, Bell will divest of 10 Bell Media and Astral English-language radio stations as a condition of that transaction. Jim Pattison Broadcast Group, Corus and Newfoundland Capital Corporation have entered into agreement with Bell Media to acquire 3, 2 and 5 radio stations, respectively. These transactions are subject to CRTC approval.

Business Overview

The Radio segment is comprised of 37 radio stations situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Corus is one of Canada's leading radio operators in terms of audience reach. 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 audience tuning. According to the BBM's Fall Survey 2012, Corus had a 16% share of tuning, behind Astral Media which had a 31% share of tuning. Rogers had the second highest share of tuning at 18%.

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) and is the largest news/talk operator in Canada. Corus is well positioned in the largest Canadian market, Toronto, through its three stations that focus on Adults 18-64: 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 revenues booked, and represents over 470 stations across Canada.

Corus Radio derives the majority of its revenues from advertising sales. Revenues for fiscals 2013 and 2012 were $183.7 million and $191.3 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, retail, 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 (A25-54). 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 (F25-49).

Corus Radio broadcasts in six key formats on 37 stations across Canada. The formats are news/talk, classic rock, modern/mainstream rock, country, greatest hits and hot adult contemporary ("Hot AC")/classic hit radio ("CHR"). The following table sets out the particulars of Corus' radio stations as at October 31 2013:

Location	Call letter	Frequency	Format	Target	Rank	Audience Share (i)
British Columbia						
Vancouver	CKNW AM 980	AM	Talk (News)	A25-64	7	5.9
	CFOX (99.3 The FOX)	FM	Rock (Modern)	M18-49	4	8.1
	CFMI (Classic Rock 101)	FM	Rock (Classic)	M25-54	6	7.4
	CHMJ (AM730)	AM	Talk (Traffic)	A25-64	15	0.8
Alberta						
Calgary	CKRY (Country 105)	FM	Country	A25-54	2	9.6
	CHQR (QR 77)	AM	Talk (News)	A25-64	9	5.5
	CFGQ (Q107)	FM	Rock (Classic)	M25-54	3	7.4
Edmonton	CHED (630 CHED)	AM	Talk (News)	A25-64	4	8.8
	CKNG (The New 925 Fresh FM)	FM	Hot AC	F18-49	10	3.9
	CISN (CISN COUNTRY 103.9)	FM	Country	A25-54	4	7.7
	CHQT (iNews880)	AM	Talk (News)	A25-64	16	1.0
Manitoba						
Winnipeg	CJOB (680 CJOB)	AM	Talk (News)	A25-64	1	9.8
	CJGV (The New 991 Fresh FM)	FM	Hot AC	F18-49	6	6.2
	CJKR (Power 97)	FM	Rock (Active)	M18-49	2	11.0
Ontario						
Barrie	CIQB (B101)	FM	Hot AC (CHR)	F18-49	1	18.5
	CHAY (chay today @ 93 1 fm)	FM	Hot AC	A25-54	4	8.8
Cambridge	CJDV (107.5 DAVE FM)	FM	Rock (Mainstream)	M18-49	1	17.9
Collingwood	CKCB (95.1 The Peak FM)	FM	Hot AC	A25-54	N/A	N/A
Cornwall	CFLG (Variety 104.5)	FM	Hot AC	A25-54	1	18.4
	CJSS (101.9 CJSS-FM)	FM	Greatest hits	A25-54	2	12.6
Guelph	CJOY (1460 CJOY)	AM	Greatest hits	A25-54	2	3.4
	CIMJ (Magic 106.1)	FM	Hot AC	A25-54	1	17.1

Location	Call letter	Frequency	Format	Target	Rank	Audience Share (i)
Hamilton	CJXY (Y108)	FM	Rock (Mainstream)	M25-54	1	9.6
	AM 900 (CHML)	AM	Talk (News)	A25-64	6	2.5
	CING (The New 953 Fresh FM)	FM	Hot AC	F18-49	3 (ii)	3.4 (ii)
Kingston	CFMK (FM96)	FM	Rock (Classic)	M25-54	2	17.2
	CKWS (CKWS-FM)	FM	Greatest hits	A25-54	6	4.5
Kitchener	CKBT (91.5 The Beat)	FM	Hot AC (CHR)	F18-49	1	18.0
London	CFPL (FM96)	FM	Rock (Mainstream)	M18-49	1	20.1
	CFPL (AM980)	AM	Talk (News)	A25-64	8	3.8
	CFHK (The New 1031 Fresh FM)	FM	Hot AC	F18-49	2	12.8
Peterborough	CKWF (The WOLF 101.5)	FM	Rock (Classic)	A25-54	1	17.6
	CKRU (100.5 KRUZ FM)	FM	Greatest hits	A25-54	5	4.8
Toronto	CFNY (102.1 the Edge)	FM	Rock (Modern)	M18-49	1	12.1
	CILQ (Q107)	FM	Rock (Classic)	M25-54	4	9.2
	CFMJ (Talk Radio AM640)	AM	Talk (News)	M25-64	11	3.6
Woodstock	CKDK (More 103.9 FM)	FM	Greatest hits	A25-54	2	7.2

(i) Sources: BBM SP'13 – Winnipeg, Hamilton, Kingston, Kitchener, London; R3'13 – Vancouver, Calgary, Edmonton, Toronto; FA'12 – Barrie, Cornwall, Guelph, Peterborough, Woodstock.

(ii) For CING in Burlington, the first ratings under the new Fresh-FM format will be released in December 2013. The ratings presented are related to the previous Vinyl Greatest Hits format.

In addition to advertising revenues, Corus Radio derives a smaller portion of its revenues through non-traditional revenue sources (non-airtime). Websites have become an essential component of Corus Radio's brand awareness strategy. They 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, on-air hosts, events and information-entertainment that is present on Corus Radio's websites. With over 1.25 million 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.

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. 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 allocate their advertising dollars. Clustering also provides opportunities to share costs among stations in the cluster, thereby improving operating margins.

Operating Strategy

Radio

Corus believes that radio is a business that has growth potential. It's a cost effective way for advertisers 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 free cash flow. It's 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 in the market for its target demographic groups. Corus Radio is competitively positioned in local markets in terms of formats, ratings and demographic appeal. It has built a growth strategy based on its strength in reaching large, local audiences in two major segments: news and information, and music programming targeted to audience segments that have significant spending power. Corus Radio's stations attract audiences that are significant in both the female and male demographics. Corus Radio is committed to controlling costs and delivering one of the best operating margins in the industry.

Digital Media

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

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. Corus Radio's applications, designed for smartphones, have proven to be very attractive to listeners. Since the launch of Corus Radio's first application, approximately 700,000 users have downloaded the Company's iPhone, BlackBerry and Android apps. 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 to meet their listening needs.

Driving greater brand loyalty by investing in digital and interactive media that provides more contact points with our audiences is a key strategy for Radio. Corus is an investor in SoCast Inc. ("SoCast"). SoCast is a developer of social relationship management (SRM) tools. SoCast's SRM tools help Corus Radio drive audience engagement and community interaction. The SoCast platform also provides powerful sales tools that enable Corus Radio to make deeper connections with its listeners. Corus Radio is actively engaged on key social media platforms. On Facebook, more than 400,000 fans are engaged with Corus Radio's stations and more than 260,000 people follow Corus Radio's station feeds on Twitter. Corus was one of the first to launch "fully responsive design" websites that render automatically to whatever device you are using, making it even easier for listeners to access Corus Radio's stations on mobile devices.

TELEVISION

Corus Television is comprised of specialty television networks, pay television services, three conventional television stations, and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, publishing and animation software.

Description of the Industry

Specialty and Pay Television Networks

According to the CRTC Communications Monitoring Report 2013 (The report is available at: http://www.crtc.gc.ca/eng/publications/reports/PolicyMonitoring/2013/cmr.htm), broadcasting distribution undertakings ("BDUs") reported that there were approximately 12.0 million subscribers to television programming services in 2012. There were approximately 8.7 million cable and Internet protocol television ("IPTV") subscribers and 2.8 million direct-to-home ("DTH") satellite and multipoint distribution systems ("MDS") subscribers. In 2012, digital subscribers represented over 80% of BDU subscribers.

Specialty and pay television networks, along with pay-per-view ("PPV") and video-on-demand ("VOD"), generated $3.9 billion of combined advertising and subscriber revenues in 2012. Specialty and pay television networks are available to those Canadians who subscribe to the service package of a particular BDU (i.e. cable television, IPTV, DTH satellite or 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 television providers, IPTV providers and DTH satellite operators. Subscriber fees are the sole source of revenues for licensed pay television services, while specialty television networks can also generate advertising revenues unless prohibited under their CRTC conditions of license.

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.

Specialty and pay television services are grouped under five categories: Category A, Category B, Category C, Pay and section 9(1)(h). Services that are ethnic and with small subscription levels operate exempt from licensing. Each category comes with certain carriage rights and obligations, including exhibition and Canadian content. Category A services are an amalgamation of analog pay and specialty services, and digital services formerly defined as Category 1 digital services. Category B services were formerly defined as Category 2 digital services. Category A services have format protection and mandatory carriage while Category B services do not have protection of format and are not mandatory to carry. Category C services provide programming in genres that are exempt from the CRTC's format protection rules. This applies to all national news and mainstream sports broadcasting services. Pay services do not have format protection, but have carriage rights. Foreign services such as CNN and AMC are non-Canadian programming services authorized for distribution by the CRTC. Foreign services are exempt from exhibition and Canadian content obligations.

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 BDUs. According to the CRTC, television advertising in 2012 totaled approximately $3.5 billion in Canada. Specialty and pay television networks, along with PPV and VOD, received a 36% share of total television advertising revenues, or approximately $1.3 billion in 2012, compared to approximately $1.2 billion or a 35% share of total television advertising revenues in 2011.

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. Subscriber revenue for specialty and pay television services reached $2.3 billion in 2012, up 10% from 2011.

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 to 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. Since August 31, 2011, over-the-air television stations in certain areas stopped broadcasting analog signals and started broadcasting digital signals.

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 broadcast dedicated children's programming 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 networks.

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 platform for additional cable, DTH satellite, MDS and IPTV 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 multiple platforms; and
- the emerging platforms for content distribution i.e. video-on-demand ("VOD"), Subscription video-on-demand ("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$88.6 billion in 2012 to US$106.0 billion in 2017. Consumer spending on filmed entertainment is moving away from physical purchases to purchases through digital distribution.

Merchandising

According to industry sources, global retail sales of licensed merchandise were US$153.2 billion in 2012. This was an increase of 1.6% from 2011. All of Corus' character brands fall into the entertainment/character property type category which, according to industry sources, accounted for US$25.4 billion of the US$153.2 billion in global retail sales.

Publishing

According to industry sources, global consumer and education book publishing sales were over US$101.6 billion in 2012, which was consistent to 2011. However, the electronic book segment rose by 44.6% in

2012. Global electronic book sales are expected to see compound annual growth of 21.3% between 2013 and 2017.

Animation Software

Concurrent with advancements in technology, animation software is now available to everyone, from home users to creative professionals. Demand for animated content and therefore, animation software, has increased with growth in the number of television networks dedicated to animated content as well as growth in digital platforms such as the Internet.

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 quickly. The applications market offers a viable business model for new media, and social networking has become a driving force in marketing, community and communications.

A trend in the television sector is the introduction of innovative products and services tailored to the digital environment. The emphasis on viewing content anywhere, anytime, on multiple platforms is dominating the industry. Product offerings have fueled growth in the digital sector, reducing churn and contributing to incremental revenue growth. These products include: VOD; SVOD; High Definition Television (“HDTV”), Personal Video Recorders (“PVRs”), mobile television, IPTV, and mobile devices, all of which provide greater choice in delivery to the consumer and represent increased digital subscriptions for the service provider.

Competitive Conditions

Advertising and subscriber revenues

According to the CRTC, in 2012, the Canadian specialty television and pay television network industries generated $3.5 billion of combined advertising and subscriber revenues. Numerous broadcast and specialty television networks compete with Corus for advertising revenues. According to industry sources, the specialty TV industry captures approximately 9% of all advertising spending in Canada. The CRTC continues to grant new specialty television licenses which further increases competition. Corus’ services also compete with a number of foreign programming networks which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN. Corus’ pay television networks in western Canada are providers of premium movies and series, also offering classic movies to subscribers. These networks compete with pay-per-view movie offerings as well as video-on-demand offerings. Moreover, increasingly, Corus’ specialty, pay and conventional television networks are competing with alternative forms of entertainment that are not regulated by the CRTC. This takes the form of competition for the supply of programming and also for audiences, which can affect both the costs and revenues of a network. In addition, competition among specialty television services in Canada is highly dependent upon the offering of prices, marketing and advertising support, and other incentives to cable operators and other distributors for carriage. These offers and incentives are designed to favourably position and package the services to subscribers so as to ultimately achieve higher distribution levels. As a result of an increase in conversion to digital television broadcasting, current and future technological and regulatory developments may affect competition within the television marketplace. Corus’ conventional television stations compete principally for viewers and advertisers with other television stations that broadcast in central and eastern Ontario.

Programming expenditures

Programming costs are one of the most significant expenses in the Television segment. Although the Company has processes to effectively manage these costs, increased competition in the television broadcasting industry due to factors mentioned above, changes in viewer preferences and other developments could impact the availability of programming content and/or adversely impact Corus’ results of operations.

Content business

The production and distribution of children's television, books and other media content is very competitive. There are numerous domestic and international suppliers of media content, including vertically integrated major motion picture studios, television networks, independent television production companies, toy companies and children's book publishers. Many of these competitors are significantly larger than Corus and have substantially greater resources, including easier access to capital. Corus competes with other television and motion picture production companies for ideas and storylines created by third parties, as well as for actors, directors and other personnel required for a production.

Further, vertical integration of the television broadcast industry worldwide, and the creation and expansion of new networks which create a substantial portion of their own programming, have decreased the number of available timeslots for programs produced by third-party production companies.

Publishing

Canadian publishers face difficult market conditions. The rapid acceptance of electronic publishing, such as e-books, is transforming the industry. Electronic publishing tends to favour large multinational corporations that have the financial capacity to exploit new technology. Canadian publishers must also compete with large multinational publishers on price. Large multinationals have lower costs due to significant economies of scale. Also, the consolidation of retail outlets in Canada has meant less shelf space for Canadian books.

Business Overview

Corus has the following interests in specialty and pay television networks, which are broadcasting in Canada as at October 31, 2013:

Network	Nature of Service	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 (including: TLN, EuroWorld Sport, Mediaset Italia, Sky TG24 (Canada), TeleNiños, TLN en Español, Telebimbi, Cinelatino)	Canadian-Italian and Spanish	Category A/Category B	50.5%
TELETOON	Children/Family/Adult animation	Category A	50%
Movie Central	Premium movies and series	Pay	100%
Encore Avenue	Classic movies	Pay	100%
Nickelodeon (Canada)	Children/Family	Category B	100%
TELETOON Retro/TÉLÉTOON Retro	Children/Family/Adult animation	Category B	50%
Cartoon Network (Canada)	Children/Family/Adult animation	Category B	50%
ABC Spark	Millennials/Family	Category B	100%
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

Corus' specialty television networks appeal particularly to kids, moms and women, which are much-coveted target groups among Canadian advertisers. Corus' television networks exhibit tremendous reach in each of these target groups, which is demonstrated by the fact that 90% of kids, 90% of moms, and 85% of women in English Canada view Corus' networks in an average month.

Kids

YTV is dedicated to programming for children and teens aged 2-17 and their families. YTV has the highest average weekly reach of any Canadian English specialty network for Kids 2-11, capturing an average of 1.4 million English Canadian Kids 2-11 weekly according to 2012/2013 broadcast year data (BBM Canada TV Meter). This network reaches children, even beyond the television, with interactive events and initiatives including ytv.com, a top Canadian kids' website.

Treehouse is dedicated to preschoolers aged 2-5. Treehouse operates on a 24-hour basis, offering a commercial-free television environment with preschool programming that reflects the interests and developmental stages of young children. Among Canadian English specialty channels, Treehouse broadcasts all of the top 30 programs for kids 2-5 in Canada, according to 2012/2013 broadcast year data (BBM Canada TV Meter).

Nickelodeon (Canada) 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 6-11. Nickelodeon (Canada) launched on November 2, 2009.

Women & Family

W Network (formally WTN) was launched by Corus on April 15, 2002. This specialty television network is dedicated to serving the needs and interests of women. W Network continues to capitalize on the robust advertising demand for its highly targeted female demographics.

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

Country Music Television (Canada) ("CMT") is 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.

Cosmopolitan TV offers lifestyle and entertainment programming, geared towards women 18-34. Cosmopolitan TV was launched in February 2008.

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. W Movies was launched by Corus on March 1, 2010.

Sundance Channel (Canada) offers a lineup of award-winning, diverse and engaging titles, featuring the best in feature films, festival-selected shorts, documentaries and innovative original series. Sundance Channel was launched by Corus on March 1, 2010.

ABC Spark is a millennial-focused channel built on the success of the Disney/ABC Television Group network ABC Family. ABC Spark was launched on March 26, 2012. In fiscal 2013, Corus acquired the remaining 49% interest in ABC Spark from Shaw Media.

Other

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

Corus currently holds a 50% interest in TELETOON, a Canadian specialty television network featuring a wide range of animation programming in all forms. TELETOON is available in both an English language version and a French language version. TELETOON launched an English language Category B channel, TELETOON Retro in October 2007 and TÉLÉTOON Retro French was launched in September 2008. In July 2012, TELETOON launched Cartoon Network (Canada), a network which offers a unique and diverse slate of entertainment experiences through hilarious animated and live-action content for kids and families. As described earlier in the "Significant Acquisitions and Divestitures" section, the Company is awaiting CRTC approval for its acquisition of the remaining 50% interest in these networks.

In fiscal 2013, the Company disposed of its 20% interest in Food Network Canada to Shaw Media.

As described earlier in the "Significant Acquisitions and Divestitures" section, the Company is awaiting CRTC approval of its acquisition of 100% interest in H&S+.

Revenues from Corus' specialty television networks are derived primarily from subscriber fees and advertising. In fiscal 2013, subscriber fees and advertising accounted for 43% and 54%, respectively, of total revenues from Corus' specialty television networks. This revenue mix of subscriber fees and advertising was 44% and 53%, respectively, in fiscal 2012.

Pay Television

Movie Central and Encore Avenue provide commercial-free television services in western Canada, featuring blockbuster movies, series and specials. Each channel broadcasts commercial-free, 24 hours a day, seven days a week. As at August 31, 2013, Movie Central's service had 996,000 subscribers, a 2% increase in year-over-year subscribers.

Conventional Television

Corus owns three local conventional television stations in Ontario - one in each of Kingston, Peterborough and Durham, which were acquired in April 2000. Each is an affiliate of the CBC. Corus' local conventional television stations are eligible to receive both the Small Market Local Programming Fund ("SMLPF") and the Local Program Improvement Fund ("LPIF"). Following a public hearing, the CRTC ruled that the LPIF had fulfilled its purpose and it will be gradually phased out by August 31, 2014.

Production and Distribution

Corus Television's production and distribution business is operated by its subsidiary Nelvana Enterprises ("Nelvana"). 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, 2013, Nelvana's program library totaled over 4,100 half-hour equivalent episodes, comprising 85 animated television series, 14 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 Canadian television market is Nelvana's largest source of revenue, accounting for 40% of production and distribution revenues in fiscal 2013, compared to 13% from the US market and 47% from the international market.

Merchandising

Corus Television's merchandising business contains some of Nelvana's most popular characters, including, *Beyblade*, *Franklin* and *Babar*, 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 domestically and internationally. 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.

Publishing

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*.

Animation Software

Toon Boom is a leader in digital content and animation creation solutions, with a worldwide sales, distribution and support network, selling its products in more than 120 countries. Toon Boom carries user-friendly applications for all, catering to children, home users, creative professionals as well as students, educators and schools.

Operating Strategy

Commencing September 1, 2013 Corus Television operates with four strategic portfolios – Kids, Women & Family, Pay TV and Corus Média & Convetional TV.

Kids

The Corus' Kids portfolio includes the specialty television networks YTV, Treehouse, Nickelodeon (Canada), TELETOON (English), TELETOON Retro (English), Cartoon Network (Canada) and Corus' children's animation production and distribution business, Nelvana.

The Kids specialty television networks target a broad range of genres, including preschoolers aged 2-5, children and teens aged 6-17 and their families, and millennials aged 18-34. The networks offer a robust lineup of original Canadian series and exclusive US content which drive its successful "co-view" strategy (kids and their families watching TV together).

The integration of Corus Kids' specialty television networks with Corus' Nelvana business has allowed the Company to build its leading position in the kids' entertainment marketplace. The ever expanding number of outlets for the distribution of children's content creates an opportunity for Corus Television to monetize emerging distribution platforms as they appear in the marketplace. By focusing on rights management and licensing only those specific rights required by its current customers, Corus retains the ancillary rights for further exploitation opportunities.

Women & Family

Corus' Women & Family portfolio includes the specialty television networks W Network, Cosmopolitan TV, OWN: Oprah Winfrey Network (Canada), W Movies, CMT, ABC Spark and the Sundance Channel (Canada). Each of these channels targets a specific audience, from women looking to be entertained (W Network) to moms (CMT). This highly targeted and differentiated strategy has resulted in Corus achieving a leadership position in the women's genre over the past eight years. Corus is well known as the expert for marketing to women in Canada.

Corus has launched more new channels than any other broadcaster in Canada. The Women & Family portfolio, in particular, has grown from 2 channels to 7 channels. By launching new channels targeted at specific, well defined genres, and employing our outstanding programming and scheduling strategies, the Company can continue to grow the overall portfolio and avoid cannibalizing Corus' existing networks.

Cosmopolitan TV, a channel for women 18-34, was launched in February 2008. The channel features content about relationships and sex and is in over 4.3 million households. OWN, launched in March 2011, is targeted to women, aged 35-54 and is currently seen in 5.9 million households. W Movies, which was launched in March 2010, is targeted to all women and is currently seen in over 2.8 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.

In addition, Corus launched ABC Spark in March 2012, building from Disney's highly successful ABC Family channel in the U.S. This channel targets the highly coveted "millennial" generation, the largest population segment since the baby boomers.

Pay Television

Corus' pay television services operate under two separate licenses, Movie Central and Encore Avenue. Corus' pay television services will continue to focus on delivering high quality programming on multiple platforms 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 DTH satellite providers, Corus will continue to capitalize on the growing demand for original dramatic series and movies.

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 Bros., eOne, and Sony provide Corus' pay business with exceptional, exclusive content to drive subscriber growth and retention.

On October 30, 2008, HBO Canada was launched as a multiplex channel of Movie Central and is available through all major cable and satellite affiliates in western Canada.

Corus' innovative digital product offerings help fuel digital growth and reduce churn. In this regard, Corus established the first SVOD product in Canada; Movie Central SVOD offers Movie Central subscribers unique programming each week, including feature films from major Hollywood studios and high-profile U.S. series, all in stunning High Definition format.

Corus Média and Conventional TV

The Corus Média and Conventional TV portfolio includes the French language specialty channels Historia, Séries+, Teletoon (French) and Teletoon Retro (French) (all pending CRTC approval) and our three local conventional television stations serving Peterborough, Kingston, and Durham, Ontario.

Historia, a channel dedicated to Quebec and world history, and Series+, Quebec's fiction channel, are each distributed in over 2 million homes and are leading channels in their demos. In fact, Series+ was a top rated French language specialty channel for women 25-54 in 2013.

Teletoon (French) and Teletoon Retro (French) are extensions of their highly successful English channel versions and are each distributed in close to 2 million homes. Teletoon (French) was a top rated specialty channel for adults 18-49 in 2013.

The Conventional stations are committed to being a reflection of the local community they serve through the coverage of news, weather, sports and community events. Each is an affiliate of the CBC so they offer a variety of popular programming, including Hockey Night in Canada, The National and Dragon's Den.

Publishing

Kids Can Press is the largest Canadian owned publisher of children's books, with an award-winning list of over 500 picture books, non-fiction and fiction titles for toddlers to young adults. The Kids Can Press list includes beloved characters such as Franklin the Turtle -- the single most successful publishing franchise in the history of Canadian publishing, which has sold over 65 million books in over 30 languages around the world. Also, Kids Can Press has a growing library of e-books.

Kids Can Press books have received critical acclaim and numerous nominations and awards. Highlights include:

- Winning the Governor General's Literary Award for Children's Illustration in 2011 for Cybèle Young's Ten Birds.
- Franklin the Turtle series of stamps issued by Canada Post in May 2012, on the 25th Anniversary of the publication of the first Franklin book.
- Winning both Governor General's Literary Awards for children's literature in 2008 for John Ibbitson's The Landing (English-language text) and Stéphane Jorisch's The Owl and the Pussycat (illustration)
- Mélanie Watt's multiple award-winning Scaredy Squirrel series
- The Independent Publisher Book Award for If the World Were A Village by David J. Smith
- Ryan and Jimmy And the Well in Africa That Brought Them Together by Herb Shoveller, a featured selection on Oprah.com.

Animation Software

Toon Boom Animation Inc. is a leader in digital content and animation creation software, delivering products and services online to its global community. Toon Boom carries user-friendly applications, catering to children, home users, creative professionals as well as students, educators and schools. Toon Boom is an influential advocate of bringing industry and education together, while partnering with value-added partners to help students achieve their goals. At the commercial studio level, Toon Boom offers a wide range of products, from powerful pre-production tools to leading-edge animation production solutions.

Corus Quay

The Company's state-of-the art facility at Corus Quay is playing a major role as a highly flexible platform, enabling the delivery of Corus' premium content to its BDU partners in whatever format they want. Corus has the capability and the flexibility to deploy its content in any form, on any platform, and in numerous languages. In the past year, Corus has made all of its signals available in High Definition and they continue to aggressively roll out more of our content on VOD platforms. With Corus Quay, Corus is also in a position to offer extensive outsourcing services to third parties in the industry.

New Media

Corus is looking beyond websites as it scans the new media marketplace for emerging opportunities. Corus Television will continue to capitalize on growth in the home entertainment industry, both domestically and internationally. Corus will seek opportunities on new media platforms such as VOD, SVOD, mobile, OTT and interactive gaming 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 its library with the best partners as these business models evolve.

As well, Corus is 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 its own future plans.

ADDITIONAL INFORMATION CONCERNING CORUS' BUSINESSES

a) Intangible Properties

Corus uses a number of trade marks, service marks and official marks for its products and services. Many of these brands and marks are owned and registered by Corus, and those trade marks 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 trade marks, and Corus believes its trademark position is adequately protected. The exclusive rights to trade marks 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' trade marks 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 trade marks and proprietary rights.

Moreover, Corus can give no assurance that others will not assert rights in, or ownership of, its trade marks 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. Rights management in a digital business environment is becoming increasingly complex due to challenges with definitions, semantics and taxonomic issues related to contractual rights.

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 fiscal quarter tend to be the strongest, reflecting pre-Christmas advertising activity.

For the Company's production and distribution business, 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 Television's pay television services are solely dependent on subscriber fees. The major BDU partners for these services 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, 2013, Corus had approximately 1,523 full-time employees. The Company operates in a non-union environment except for: 84 employees in specialty and conventional television and radio who are members of the Unifor Union.

Corus' 1,523 full time employees consist of 117 Corporate employees, 694 Radio employees, 652 TV employees and 60 Content employees.

f) Foreign Operations

Approximately 7% of Corus' consolidated revenues for the year ended August 31, 2013 were derived from foreign operations. These consist primarily of revenues from the Company's international content 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 an outstanding loan to one of its executive officers which was 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 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 the third quarter of fiscal 2012, the Company undertook a restructuring of certain functions within its operations as a continuation of its efforts to streamline processes. This resulted in the Company recording a charge of $2.3 million in the third quarter of fiscal 2012.

In the fourth quarter of fiscal 2013, the Company undertook a restructuring to realign the organizational structure. This resulted in the Company recording a charge of $4.4 million in the fourth quarter of fiscal 2013, primarily related to severance and employee related costs.

j) Social or Environmental Factors

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, officers 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 risks 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, 2013, as contained in the Company's 2013 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 ("CRTC")

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.

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. More information can be found at www.crtc.gc.ca.

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. More information can be found at www.ic.gc.ca/eic/site/icgc.nsf/eng/home.

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 resident Canadians. 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 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. 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 conventional television, or specialty or pay television network services, a financial contribution of 10% of the value of the transaction is expected. In recent decisions, the CRTC has taken a broad definition of what the "purchase price" is. A purchaser is also required to demonstrate how the purchase is considered to be in the public interest.

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 Voices" policy which allows it to examine a transaction if certain market share thresholds are met. (Please refer to Broadcasting Public Notice CRTC 2008-4 January 15, 2008.)

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, require 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. 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 are related to prior year revenues, and the list of eligible recipients was amended. (Please see Commercial Radio Policy 2006, BPN 2006-158.)

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 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, Television, and Interactive Digital Media 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 as much as 40% of the Canadian production budget. These tax credits are calculated on the basis of each individual production.

Additionally, provincial tax credits are available for the development and production of various interactive digital media products such as websites and games and generally provide benefits of 40% of the qualifying expenditures by a qualifying corporation. These tax credits are also calculated on the basis of each individual product.

Additional funding for its productions of television series, feature films and interactive digital products 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 $77 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 $77 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: 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, 2013, there were 3,430,292 Class A Voting Shares, 81,049,146 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)
4.25% Senior Unsecured Guaranteed Notes due 2020	BBB(low)	BB+

On March 4, 2013 DBRS placed Corus’ Issuer Rating of BBB and Senior Unsecured Notes rating of BBB (low) Under Review with Negative Implications following the Company’s announcement that it would acquire certain television and radio assets from Bell and Shaw Media.

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

Corus' Class B Non-Voting Shares (CJR.B) are listed and posted for trading on the Toronto Stock Exchange ("TSX"). 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 to voluntarily terminate registration of its Class B Non-Voting Shares, with the deregistration being effective 90 days after the Form 15F filing date. SEC reporting obligations ceased on the date of filing.

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 fiscal year ended August 31, 2013. All price and volume information is from independent third-party sources.

TSX – CJR.B				
Month	High	Low	Close	Average Daily Volume
September 2012	23.68	21.97	22.87	202,326
October 2012	23.47	21.67	22.61	194,000
November 2012	23.49	22.36	22.86	194,394
December 2012	24.78	22.79	24.58	221,586
January 2013	25.58	23.82	24.94	153,014
February 2013	25.55	24.39	25.42	99,760
March 2013	26.49	24.78	26.16	121,144
April 2013	26.16	23.86	24.74	117,501
May 2013	25.29	23.42	24.01	65,842
June 2013	24.70	22.55	24.10	147,704
July 2013	25.50	22.91	24.85	214,037
August 2013	25.50	24.27	25.25	116,067

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 A Voting Shares and Class B Non-Voting Shares" for further details.

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 Shares and Class B Non-Voting Shares was $0.865 and $0.87, respectively, up from the previous rate of $0.745 and $0.75, respectively.

On January 10, 2012, the Company announced that its Board of Directors had approved a $0.09 increase in its annual dividend, effective February 1, 2012. At the new rate, the expected dividend on an annual basis for the Company's Class A Voting Shares and Class B Non-Voting Shares is $0.955 and $0.96, respectively, up from the previous rate of $0.865 and $0.87, respectively. The dividend is paid on a monthly basis.

On January 14, 2013, the Company announced that its Board of Directors had approved a $0.06 increase in its annual dividend, effective February 1, 2013. At the new rate, the expected dividend on an annual basis for the Company's Class A Voting Shares and Class B Non-Voting Shares is $1.015 and $1.02, respectively, up from the previous rate of $0.955 and $0.96, 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 and further amended March 11, 2011, March 5, 2012 and February 27, 2013, 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' 4.25% Senior Unsecured Guaranteed Notes due 2020 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, 2013, as well as the annual dividend payments for the past three fiscal years, are set forth in the tables below:

Fiscal 2013 dividends paid per share		
Date paid	Class A Voting Shares	Class B Non-Voting Shares
August 30, 2013	$0.084583	$0.0850
July 31, 2013	$0.084583	$0.0850
June 28, 2013	$0.084583	$0.0850
May 31, 2013	$0.084583	$0.0850
April 30, 2013	$0.084583	$0.0850
March 28, 2013	$0.084583	$0.0850
February 28, 2013	$0.084583	$0.0850
January 31, 2013	$0.079583	$0.0800
December 31, 2012	$0.079583	$0.0800
November 30, 2012	$0.079583	$0.0800
October 31, 2012	$0.079583	$0.0800
September 28, 2012	$0.079583	$0.0800

Annual dividend payments per share			
	Fiscal 2013	Fiscal 2012	Fiscal 2011
Class A Voting Shares	$0.9900	$0.9175	$0.7300
Class B Non-Voting Shares	$0.9950	$0.9225	$0.7350

NORMAL COURSE ISSUER BID

On May 25, 2011, Corus announced its intention to make a Normal Course Issuer Bid ("NCIB") for its Class B Shares. The TSX subsequently accepted the notice filed by Corus. Under this NCIB, Corus was authorized to purchase for cancellation up to a total of 3,900,000 Class B Non-Voting Shares, which represented approximately 5% of the issued and outstanding Class B Non-Voting Shares as at May 31, 2011, during the 12 month period commencing June 16, 2011 and ending June 15, 2012 through the facilities of the TSX, or any other alternative Canadian trading system. Corus acquired 377,400 Class B Non-Voting Shares at an average price of $20.12 under this NCIB.

On June 20, 2012, Corus announced that the Toronto Stock Exchange had accepted the notice filed by Corus of its intention to renew its NCIB for its Class B Non-Voting Shares. Under the NCIB, Corus may purchase for cancellation up to a total of 4,000,000 Class B Non-Voting Shares, which represent approximately 5% of the issued and outstanding Class B Non-Voting Shares as at June 14, 2012, during the 12 month period commencing June 22, 2012 and ending June 21, 2013 through the facilities of the TSX, or any other alternative Canadian trading system. In fiscal 2013, Corus acquired 64,104 Class B Non-Voting shares at an average price of $22.84 under this NCIB.

DIRECTORS

Name and municipality of residence	Director since:	Principal occupation
Fernand Bélisle Breckenridge, Quebec	January 2009 (and previously December 2003 – February 2005)	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.
Ronald D. Rogers Calgary, Alberta	December 2003	Corporate director
Catherine Roozen Edmonton, Alberta	June 2011 (and previously July 2001 – January 2010)	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.

Each director named above was appointed a director at the Company's annual meeting of shareholders held on January 15, 2013. 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, 2013, 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.

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, 2013, 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 standing committees made up of the following members:

Committee	Members
Executive Committee	Heather A. Shaw – Chair John M. Cassaday Carolyn Hursh Ronald D. Rogers Terrance Royer
Audit Committee	Ronald D. Rogers – Chair Fernand Bélisle Wendy A. Leaney
Human Resources and Compensation Committee	Terrance Royer – Chair Dennis Erker Catherine Roozen
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, Strategic Planning and Chief Technology Officer
Gary Maavara Toronto, Ontario	Executive Vice President, General Counsel and Corporate Secretary
Kathleen McNair Toronto, Ontario	Executive Vice President, Human Resources, Corporate Communications and Chief Integration Officer
Douglas Murphy Toronto, Ontario	Executive Vice President and Chief Operating Officer
Chris Pandoff Toronto, Ontario	Executive Vice President and President of Corus Radio
Thomas C. Peddie, FCPA, FCA Toronto, Ontario	Executive Vice President and Chief Financial Officer
Heather A. Shaw Calgary, Alberta	Executive Chair

As of October 31, 2013, 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 3,999,676 Class B Non-Voting Shares, representing 53.2% and 4.9% 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 as per the requirements of National Instruments 52-110 Audit Committees. 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. He is a Director for Transforce Inc., Parkland Fuel Corporation and a member of the Alberta Institute of Chartered Accountants. Mr. Rogers also has extensive experience as a senior executive in operations and finance, on both a national and international basis.

Fernand Bélisle

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. Mr. Bélisle holds a Bachelor of Arts degree.

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, 2013 and 2012 totaled $1,738,920 and $1,669,336, respectively, as detailed in the following table. All funds are in Canadian dollars:

	Fiscal year ended August 31,	
	2013	2012
Audit fees	1,244,000	1,248,000
Audit-related fees	277,000	318,700
Tax fees	41,920	102,636
All other fees	176,000	-
Total	1,738,920	1,669,336

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, assistance with adoption of International Financial Reporting Standards (IFRS), non-statutory audits of wholly-owned subsidiaries, fees in relation to the prospectus 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 Audit Committee reviews the non-audit services performed by the auditors on a year-to-date basis, and any proposed assignments for 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

CST Trust Company, P.O. Box 700, Station B, Montreal, Quebec H3B 3K3, acts as Corus' transfer agent and can be reached by telephone at 1.800.387.0825 or via their website www.canstockta.com.

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 February 11, 2010 as further amended March 11, 2011, March 5, 2012 and February 27, 2013 (the "Credit Agreement").

The Revolving Facility consists of a committed credit of $500 million that matures February 11, 2017. 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, 2013, the Revolving Facility was undrawn.

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 4.25% Senior Unsecured Guaranteed Notes due 2020

On February 11, 2013, Corus issued $550 million in Senior Unsecured Guaranteed Notes bearing interest at 4.25% per annum and maturing on February 11, 2020 (the "Notes"). Proceeds from the Notes were used primarily to redeem Corus' previously issued $500 million, 7.25% Senior Unsecured Guaranteed Notes due 2017 effective March 16, 2013. The Notes are governed under a Trust Indenture with BNY Trust Company of Canada as Trustee dated February 11, 2013 (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 11 and August 11 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 at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed; or (b) the Canada Yield Price (as defined in the Indenture), 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 and notes for the year ended August 31, 2013 were audited by Ernst & Young LLP ("EY"), independent auditors appointed by the shareholders of the Company upon the recommendation of the Board of Directors at its Annual General Meeting held on January 15, 2013. To the knowledge of the Board of Directors, EY 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 audited consolidated annual financial statements and notes 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, 2013. 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 58-101 *Disclosure of Corporate Governance Practices*, and the charters of the Board of Directors and Human Resources and Compensation Committee 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 National 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 National 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 and internal 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 has the authority to engage the services of independent outside advisors or counsel in consultation with the Executive Chair and to set and pay the compensation for these advisors.

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 meet separately, periodically, as it deems appropriate, with management, with internal auditors and with external auditors.

Financial Statements and other Reports

3.4 The Committee has the authority to communicate directly with the internal and external auditors and 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.

3.5 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).

3.6 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

3.7 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.

3.8 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.

3.9 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.

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

3.11 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.

3.12 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

3.13 The external auditors will report directly to the Committee.

3.14 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.

3.15 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) reviewing 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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).

3.21 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.

Internal Audit

3.22 The internal auditors will report directly to the Committee.

3.23 The Committee will oversee the work of the internal auditor including but not limited to the following:

(a) reviewing the objectives and scope of internal audit plans;
(b) reviewing the quarterly reports summarizing audit activities for the quarter;
(c) reviewing the audit findings of internal audits; and
(d) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the internal auditors' activities or access to requested information, and management's response.

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