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Sara Pelletier for / pour
REGISTRAR / REGISTRAIRE

THE COMPETITION TRIBUNAL

OTTAWA, ONT.

Doc. # 325

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34;

AND IN THE MATTER OF the proposed acquisition by Rogers Communications Inc. of Shaw Communications Inc.; and

AND IN THE MATTER OF an application by the Commissioner of Competition for one or more orders pursuant to section 92 of the *Competition Act*.

B E T W E E N:

COMMISSIONER OF COMPETITION

Applicant

- and -

ROGERS COMMUNICATIONS INC. AND SHAW COMMUNICATIONS INC.

Respondents

- and -

THE ATTORNEY GENERAL OF ALBERTA AND VIDEOTRON LTD.

Intervenors

WITNESS STATEMENT OF DEAN PREVOST

I, Dean Prevost, from the City of Calgary in the Province of Alberta, STATE AS FOLLOWS:

1. I am the President of Integration at Rogers Communications Inc. (“**Rogers**”), and make this witness statement in support of Rogers’ response to an application commenced by the Commissioner of Competition (the “**Commissioner**”) under s. 92 of the *Competition Act* in connection with a proposed transaction (the “**Proposed Transaction**”) between Rogers, Shaw Communications Inc. (“**Shaw**”) and Videotron Ltd (“**Videotron**”). I have personal knowledge of the matters set out in this witness statement.

2. In preparing this witness statement, I have obtained and relied upon information from Rogers’ business records, and a number of other Rogers employees. All of this information is typical of and consistent with the type of information I would utilize on a routine and regular

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basis to make decisions in the normal course of my duties with Rogers. In addition, I have relied upon my own knowledge of Rogers and its business and affairs.

I. PROFESSIONAL BACKGROUND

A. Leadership Roles with Rogers (2017-present)

3. I joined Rogers in September 2017 as the President of the ‘Rogers for Business’ division (known within Rogers as “**R4B**”), which provides wireless and wireline services to corporate enterprises and public-sector clients. As the President of R4B between 2017 and 2021, I oversaw a team of over 2,000 employees that generated approximately \$3 billion in annual revenues.

4. In June 2021, my role expanded to include the presidency of Rogers’ “Connected Home” division. Connected Home provides high-speed internet, television and smart-home monitoring services to residential customers in Ontario, New Brunswick and Newfoundland.

5. While I was President of R4B and Connected Home, I was involved in strategic and business decisions relating to Rogers’ acquisition of Shaw specifically, and Rogers’ business more generally.

6. I became Rogers’ President of Integration, in January 2022. In that capacity, I am responsible for overseeing the planning of post-closing activities to integrate Shaw and Rogers in the event that the Proposed Transaction closes.

B. Background in the Telecommunications Industry

7. I received a Bachelor’s Degree in Commerce from the University of Calgary in 1990, and a Masters in Business Administration from the Harvard Business School in 1995. A copy of my Curriculum Vitae is attached as [Exhibit 1](#).

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8. I have over 20 years' experience in the telecommunications sector. Prior to joining Rogers, I held various senior leadership roles at MTS Allstream, including as President of the enterprise division, between December 2008 and January 2014. Before that, I was the Senior Vice President of Strategy and Corporate Development at AT&T Canada Inc.

9. During my time as President of Allstream, I was directly involved in the negotiation and execution of several mergers in the telecommunications industry.

10. The largest transaction that I was involved in prior to the Proposed Transaction was the acquisition by Manitoba Telephone Service ("MTS") of Allstream in 2005. The acquisition expanded MTS's services and geographic reach. Through the acquisition, I gained extensive experience in planning synergy and cost saving opportunities. At the time of the MTS/Allstream acquisition, I was the head of Allstream's IT Professional Services and Executive Vice President of Customer & Managed Operations. This acquisition gave me first-hand exposure to the process of planning and the capture of synergies.

11. I was also the Head of Strategy and Corporate Development for AT&T Canada when it unsuccessfully attempted to combine with Telus.

II. ROGERS COMMUNICATIONS INC.

A. Corporate Background

12. Rogers was founded in 1960 and has become one of Canada's largest communications companies, providing wireless, internet, telephone, media and other services to millions of Canadians and Canadian businesses. In 2021 Rogers had a total workforce of approximately 23,000 employees. Attached as [Exhibit 2](#) is Rogers' 2021 Annual Report. Attached as [Exhibit 3](#)

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is Rogers's 2021 Management Discussion & Analysis. Attached as [Exhibit 4](#) is Rogers's 2021 Annual Information Form.

13. Rogers has a dual-class share structure. The Rogers Control Trust, instituted for the benefit of family members of the company's founder, Ted Rogers, owns or controls more than 97.5% of the Class A voting shares, and approximately 10% of its Class B non-voting shares. The remaining Rogers Class A and B shares are widely held, trading publicly on the Toronto Stock Exchange (TSX:RCL.A and RCL.B) and on the New York Stock Exchange (NYSE: RCI).

14. Rogers' business operates primarily through three segments: wireless, wireline and media. The wireless segment offers mobile cellular services to subscribers across Canada. The wireline segment primarily offers fibre- and cable-based services—including internet, telephony, cable television, and smart home monitoring services to subscribers in Southern and Eastern Ontario, New Brunswick and Newfoundland. Rogers' media segment offers a diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping and digital media.

B. Rogers' Wireless Network

15. Rogers serves over 11 million wireless subscribers across Canada through a network comprised of approximately 9,000 cell sites (including partner sites). In 2021, the wireless division generated nearly 60% of Rogers' total annual revenues.

16. Rogers' advanced 4G LTE network is available to all subscribers and provides coverage to approximately 96% of Canadians. In January 2020, Rogers became the first wireless services provider to launch a 5G network in Canada, and in December 2020, began rolling out the

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country's first 5G "standalone" core network (*i.e.* a 5G core network with dedicated equipment and network functions, separate from its 4G LTE network).

17. 5G is the latest generation of wireless networks with higher speeds, lower latency and the capacity to handle exponentially more traffic. Rogers expects that 5G will enable new applications for businesses in the Canadian economy and make faster services available to consumers.

18. Rogers' 5G network currently covers over 1,600 communities, comprising over 70% of the Canadian population. It is capable of supporting up to 10 times more capacity per square kilometre, and with peak data rates of up to 100 times faster as compared to Rogers' 4G LTE network. A visual depiction of the geographic coverage of Rogers' LTE and 5G networks is below at Figure 1:

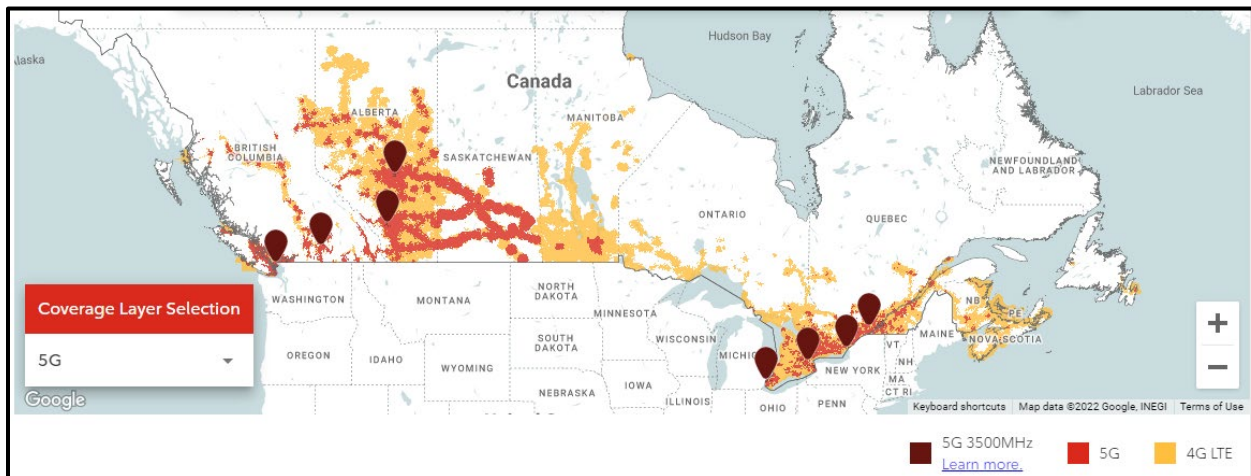


Figure 1- Rogers' 4G LTE and 5G Coverage Map

19. Rogers offers wireless services in all provinces under four brands: Rogers Wireless, Fido, chatr and Cityfone:

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- (a) “*Rogers Wireless*” is Rogers’ main brand. Rogers Wireless subscribers with “Infinite” plans have access to the recently-launched 5G network.



- (b) “*Fido*” is Rogers’ flanker brand. Fido’s rate plans are generally less expensive than Rogers Wireless, and Fido customers do not have access to Rogers’ 5G network.



- (c) “*chatr*” is Rogers’ discount brand. chatr only offers pre-paid wireless plans where customers are not on term contracts and instead pay a fee at the beginning of the month to use data and talk-and-text services.



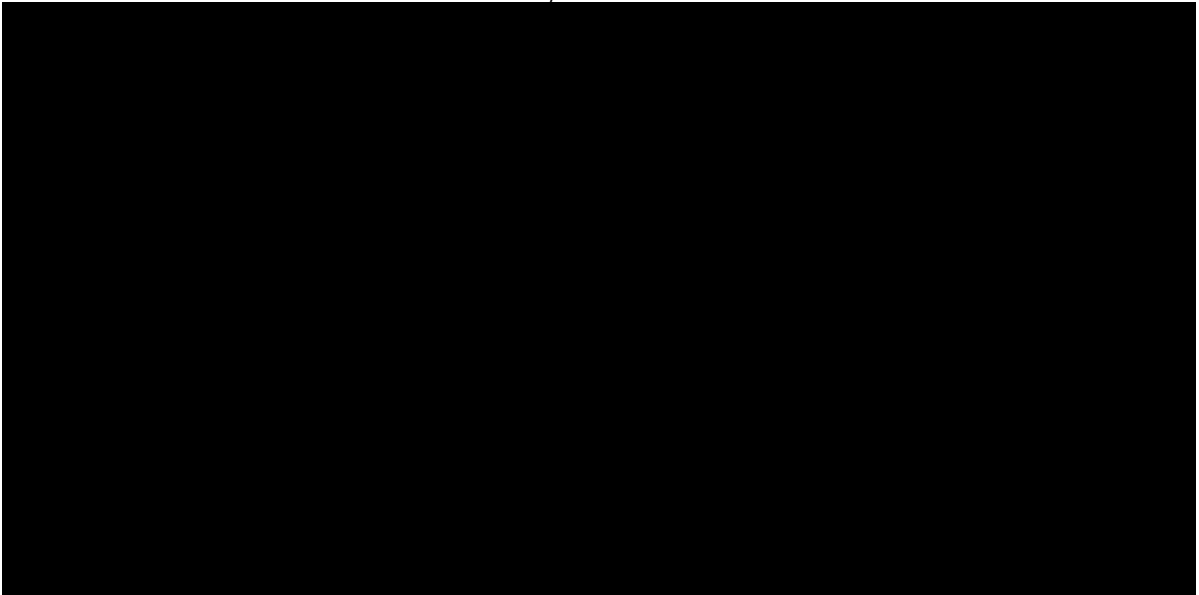
- (d) “*Cityfone*” is Rogers’ “white label” brand. Rogers permits third parties (such as lifestyle brands) to market wireless services under their own brands (i.e., Primus and Zoomer). A consumer who contracts for wireless service through these brands actually contracts directly with Rogers through the Cityfone subsidiary.



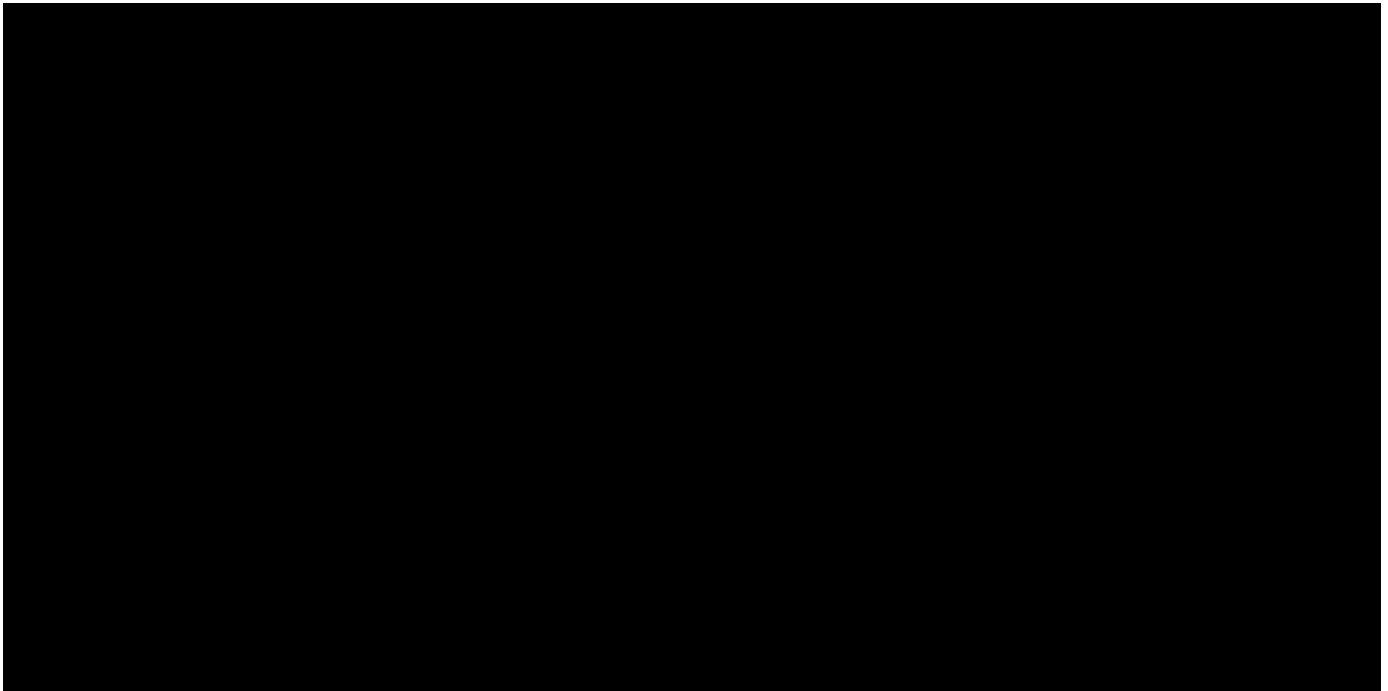
20. The chart at Figure 2, below, provides a breakdown of Rogers’ post-paid consumer wireless subscribers (excluding business subscribers) by brand and by province as of June 2022.

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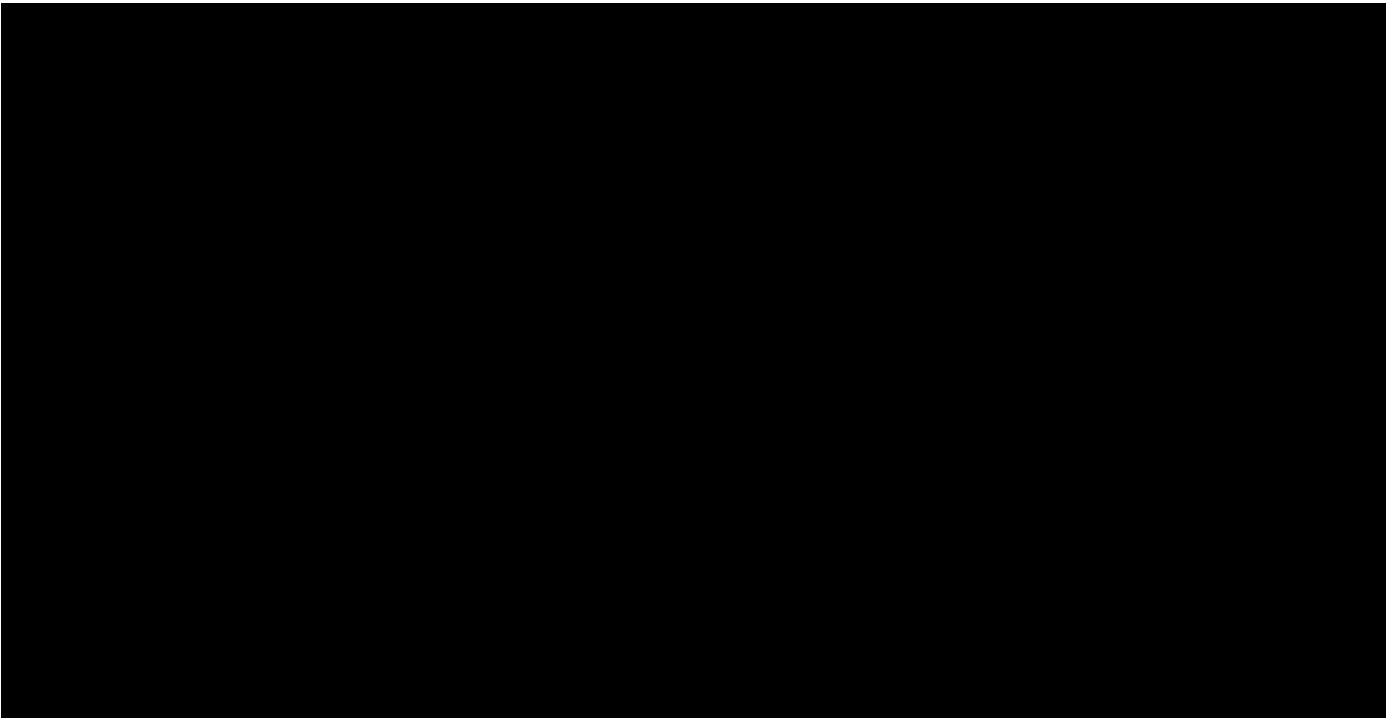


21. Rogers is a “facilities-based” wireless network operator, meaning that it provides wireless services primarily through physical network infrastructure that it owns, operates and maintains. Rogers’ facilities-based wireless network includes [REDACTED] large cell towers (sometimes called “macro-base” sites), and [REDACTED] wireless transmitters and receivers (often called “small-cell” or “picocell” sites), as depicted in Figure 3 below. The chart at Figure 4 provides a geographic breakdown of these macro- and small-cell sites by province.



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22. These macro-base and small-cell sites connect to Rogers’ core network using a mix of physical fibre-optic cables and microwave radio transmitters.

23. Mobile devices connect to Rogers’ wireless network by transmitting and receiving data through radio waves at specific frequencies on the electromagnetic spectrum.

24. The right to transmit data over these portions of spectrum is regulated by the Ministry of Innovation, Science and Economic Development (“ISED”) pursuant to a licencing regime under the *Radiocommunications Act*. Since 1999, Rogers has invested more than [REDACTED] in spectrum licences. [REDACTED]

25. In 2021, ISED held an auction for licenses of spectrum in the 3500 MHz range. These bands of spectrum are “mid-band” frequencies, and essential for the development of an effective

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5G network because they can transmit large amounts of data and have a relatively wide geographic reach.

26. Rogers invested over \$3.3 billion in the 3500 MHz auction and acquired licenses in 169 out of 172 “Tier Four” regions across Canada, including in Toronto, Montreal, Vancouver, Calgary and Ottawa. The chart at Figure 5 provides a complete list of Rogers’ spectrum licence holdings as of December 31, 2021.

Type of Spectrum	Rogers Licence	Who the Licences Support
600 MHz	20 to 40 MHz across Canada, covering 100% of the Canadian population.	4G / 4.5G LTE, and 5G subscribers.
700 MHz	12-24 MHz in Canada’s major geographic markets, covering 95% of the Canadian population.	4G / 4.5G LTE subscribers; future 5G subscribers.
850 MHz	25 MHz across Canada.	2G GSM, 3G HSPA, 4G / 4.5G LTE subscribers; future 5G subscribers.
1900 MHz	60 MHz in all areas of Canada except 40 MHz in northern Quebec, 50 MHz in Southern Ontario, and 40 MHz in the Yukon, Northwest Territories, and Nunavut.	4G / 4.5G LTE, and 5G subscribers.
AWS 1700/2100 MHz	40 MHz in British Columbia and Alberta, 30 MHz in Southern Ontario, an additional 10 MHz in the Greater Toronto Area, and 20 MHz in the rest of Canada.	4G / 4.5G LTE, and 5G subscribers.

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2500 MHz	40 MHz FDD (paired spectrum) across the majority of Canada except 20 MHz in parts of Quebec and no holdings in Nunavut and the Northwest Territories. Rogers also holds an additional 25 MHz TDD (unpaired spectrum) in key population areas in Quebec, Ontario, and British Columbia.	4G / 4.5G LTE, and 5G subscribers.
3500 MHz	Between 20 MHz and 90 MHz across 172 regions covering the majority of the Canadian population.	4G / 4.5G LTE, and 5G subscribers.

Figure 5 – Rogers’ Spectrum Licence Holdings as of December 31, 2021

C. Rogers’ Wireline Network

27. Rogers offers wireline services, including internet access, television distribution, telephony and smart home monitoring for customers and businesses in Southern and Eastern Ontario, New Brunswick and Newfoundland. Rogers also provides wholesale access to reseller internet Service Providers that offer broadband and voice-over-internet-protocol services.

28. Rogers’ wireline business is smaller than its wireless business. In 2021, Rogers’ wireline revenue was \$4.072 billion, which was less than half of Rogers’ wireless revenue.

29. Rogers’ wireline network has two components: the first is the fibre “backbone” and the second is the “last-mile” wireline network (which could be a combination of fibre, co-axial cable and other technologies).

1. The Fibre Backbone Network

30. The fibre backbone is essentially a “highway” of fibre optic cables that connect a number of local access networks. There are several components to the fibre backbone:

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- (a) the “long-haul” portion of the backbone network, which is a large collection of fibre strands that runs across Canada and into the United States, typically along railway networks and major highways; and
- (b) the “inter-provincial” or “intra-provincial” portions of the backbone network, which provides fibre connectivity from the long-haul network to specific local markets.

31. In this fibre backbone network, Rogers:

- (a) owns portions the fibre outright—although this is usually only the case for intra-provincial backbone routes that Rogers has constructed itself. Neither Rogers nor any other carrier owns all of the fibres in the long-haul backbone network outright;
- (b) holds indefeasible rights of use (or “**IRUs**”) in specific strands of fibre within networks constructed by others. This is typically the case for long-haul, trans-Canadian fibre routes that have been constructed by railway companies or utilities. An IRU is not ownership, but provides full rights of use along with maintenance obligations. IRUs are foundational to the backbone network. For example, almost the entirety of the long-haul backbone along the trans-Canadian line is held by Rogers, Bell Canada (“**Bell**” or “**BCE**”), Telus Communications Inc. (“**Telus**”), Shaw and other right-holders *via* IRUs; and
- (c) leases backbone capacity from third parties who themselves either own or hold IRUs in the fibre assets forming part of the backbone network. Rogers leases

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backbone capacity from a number of sellers, including other telecommunication companies, including Bell, Telus, Shaw and Videotron, as well as other parties with ownership or IRUs in fibre strands within the backbone. Rogers also provides backbone capacity on a leasehold basis to other parties (including Videotron and other competitors) on the fibre strands in which it holds IRUs.

32. Leasehold arrangements are very common in the telecommunications industry, and there is a ready market for the purchase and sale of capacity within the fibre backbone network, both long-haul, inter-provincial and intra-provincial. For this reason, outright ownership of fibre assets is not necessary in order for a telecommunications company to provide fast and reliable connectivity to end users. All major wireless carriers in Canada rely on a mix of owned fibre, IRUs and leased capacity for their backbone networks.

33. Conversely, IRUs—once granted—are almost never bought and sold. If a right-holder has excess capacity in fibre strands over which they hold IRUs, they almost always lease capacity to third parties, for which there is a ready market.

34. Together, the fibre assets that Rogers either owns, or in which it holds IRUs or from which it leases capacity, comprise Rogers' fibre backbone network, as shown below in Figure 6.

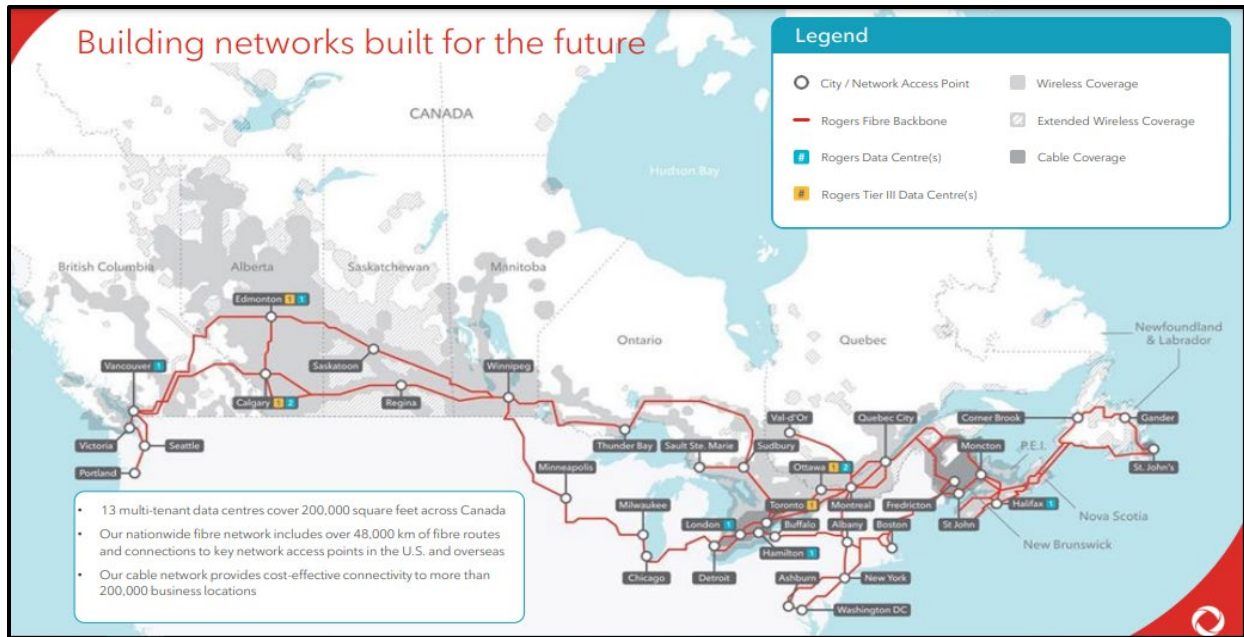


Figure 6 – Map of Rogers’ Fibre Backbone

2. The “Last Mile” Network

35. The “last mile” network is the local wireline network and is what connects cell sites and wireline subscribers to the fibre backbone. It is comprised of various elements (including “aggregation sites” and “hub sites”) that interconnect the various “end point” locations (e.g. buildings, homes or cell sites) and create the local network necessary to connect end-users to voice, data and video networks, and the internet.

36. Within this last-mile network, Rogers either owns the physical fibre or coaxial cable, holds IRUs in “joint fibre” (there are no IRUs in coaxial cable), or leases capacity from others who either own or hold IRUs in these wireline assets. All telecommunications providers rely on a mix of ownership, IRUs and leased capacity for both their fibre backbone and last mile network.

37. Rogers uses these last mile network assets, among other things, to provide wireline services (e.g. internet, cable television and telephony) to end users, and as backhaul between cell

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sites and the fibre backbone network. Rogers provides backhaul to its cell sites *via* a mix of fibre that it owns or in which it holds IRUs, as well as leased fibre capacity and high capacity microwave links. It is common for wireless services providers to obtain backhaul via leased capacity over fibre that they do not own or in which they do not have IRUs.

38. There is an important distinction between the lease of last-mile capacity and third-party internet access (known as “TPIA”). Last-mile capacity leases are entered into by telecommunications companies and others, which they combine with their own network infrastructure to provide internet services to their customers. TPIA refers to a regulated service by which facilities-based telecommunication companies are required to allow third parties access to this infrastructure required to provide internet (including the last-mile network) on a wholesale basis—effectively allowing them to “re-sell” these internet services. Unlike last-mile capacity leases, TPIA is regulated by the Canadian Radio-television and Telecommunications Commission (the “CRTC”) under the *Telecommunications Act*, at rates that are pre-set by the regulator, although, as set out below, parties are permitted to negotiate preferred rates (as Rogers has done with Videotron, described below).

39. Rogers’ last-mile wireline assets are concentrated in Southern and Eastern Ontario, New Brunswick and Newfoundland, which are the only provinces where Rogers provides consumer wireline services (*e.g.* internet, cable television, telephony) to the public. Rogers does not offer consumer wireline services elsewhere in Canada, including in British Columbia or Alberta.

40. Rogers uses its last-mile network to provide enterprise wireline services in certain large Canadian markets outside Ontario, New Brunswick and Newfoundland, although to a much more limited extent.

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III. COMPETITION IN THE WIRELESS MARKET

A. General Market Dynamics

41. All ten Canadian provinces are served by the three “national carriers”—Rogers, Bell and Telus. Bell and Telus are Rogers’ primary competitors and the focus of Rogers’ competitive analyses at the executive level, given their national reach and significant market share. By way of example, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

42. In addition to Bell and Telus at the national level, Rogers also competes against regional carriers in certain provinces, the largest of which include:

- (a) Videotron in Quebec;
- (b) Shaw/Freedom Mobile in British Columbia, Alberta and Southern Ontario;
- (c) the Saskatchewan Telecommunications Holding Corporation (“**SaskTel**”) in Saskatchewan;
- (d) Bell-MTS in Manitoba; and
- (e) Eastlink Inc. (“**Eastlink**”) in Atlantic Canada.

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43. These regional competitors feature in Rogers' competitive intelligence reports to a lesser degree, as compared to Bell and Telus, because they serve more limited geographies and a proportionately smaller share of the national wireless market.

B. Bell/Telus Joint Network Sharing Agreement

44. In October 2008, Bell and Telus entered into a long-term agreement that allows them to share their wireless networks, fibre backhaul and spectrum across Canada. This network-sharing agreement allows them to divide the costs of building and maintaining network assets that would otherwise be incurred independently, and avoids the need to build duplicative infrastructure overtop of each other's footprint. It also provides the opportunity for Bell and Telus to pool their spectrum assets which creates additional wireless capacity cost advantages as compared to other operators in Canada.

45. The map at Figure 7 identifies the locations of Bell's macro- and small-cell sites while the map at Figure 8 identifies the locations of Telus's macro-and small cell sites.

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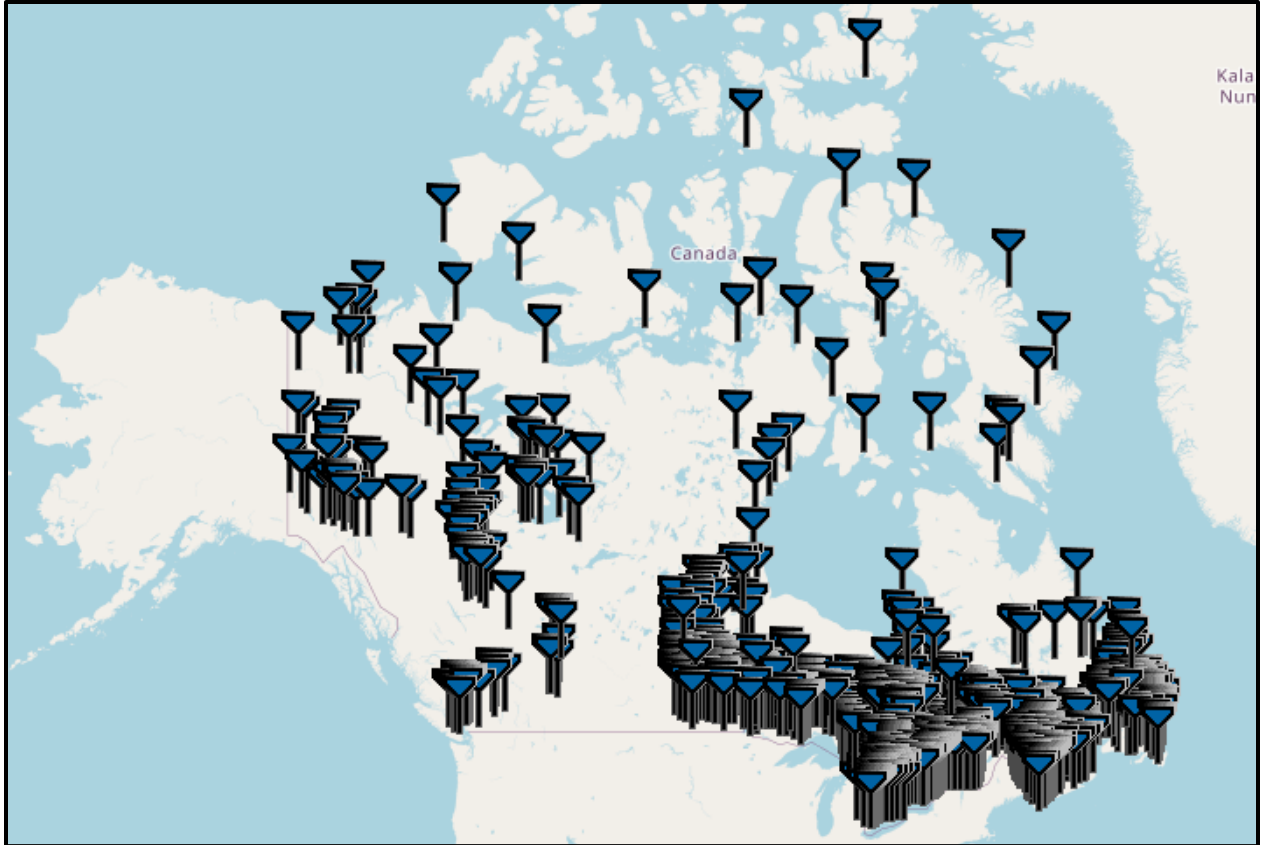


Figure 7 - Location of Bell's Macro- and Small-Cell Sites as of September 7, 2022

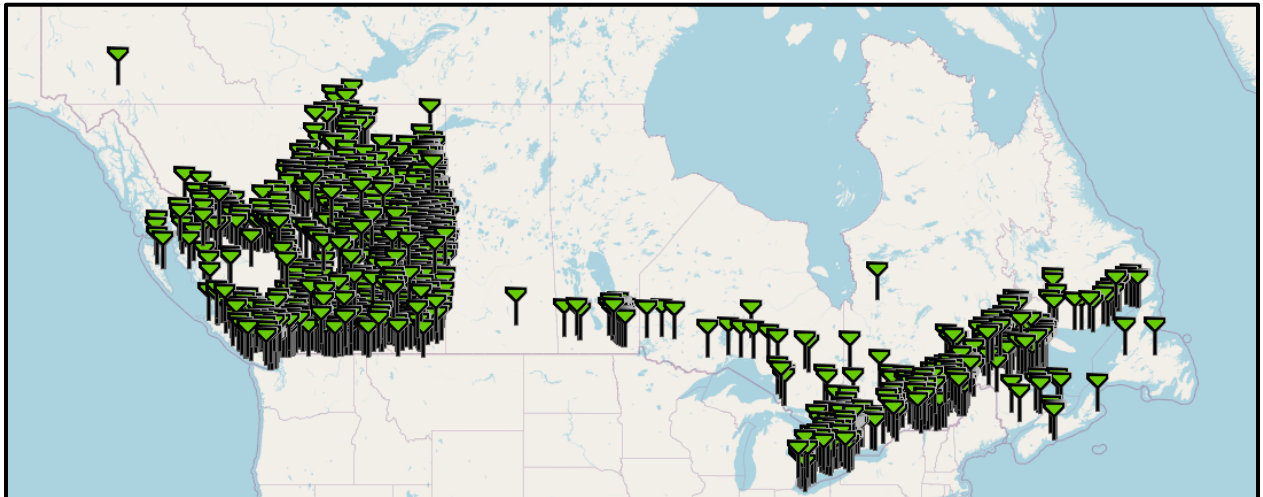


Figure 8 - Location of Telus's Macro- and Small-Cell Sites as of September 7, 2022

46. Bell and Telus have made several public comments about their network sharing agreement. For example:

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- (a) during an August 2020 conference call, Bell's CEO described the network sharing agreement as an advantage and that "the number of cell sites that we have, which are fiberized . . . will be so important for the service attributes customers will be looking [for] 5G". A transcript of the BCE Q2 Results Conference Call, dated August 6, 2020, is attached as [Exhibit 10](#);

- (b) during a July 2020 earnings call, a Telus representative described the company's network sharing agreement with Bell as a "distinguishing attribute . . . which allows us to deploy new technologies twice as fast. Because we're tapping into 2 labour pools, and we're splitting the geographic deployment responsibilities along the way, and we can get it done more cost efficiently because we're using 2 balance sheets rather than 1". A transcript titled "EDITED TRANSCRIPT T.TO – Q2 Telus Corp Earnings Call", dated July 31, 2020, is attached as [Exhibit 11](#);

- (c) during an October 2019 conference call, a Bell senior representative explained: "Because of our significant wireline fiber investment as well as our network-sharing agreement with Telus, we were able to maintain an industry -low wireless capital intensity of around 7%, which is contributing to a reduction in BCE's overall consolidated [capital investment] level. A transcript of the BCE Q3 2019 Results Conference Call", dated October 31, 2019, is attached as [Exhibit 12](#);

- (d) during a November 2017 conference call, Bell's CEO explained "in our network sharing agreement, we utilize the other carrier's network. And so if they put fiber to those cell sites, by definition we see a benefit of that. And I think that's been the strategy of that competitor in their markets because they're in the midst of a

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very aggressive wireline fiber deployment as well, quite consistent with what Bell's doing in its footprint. So in essence you get that benefit.” A copy of the BCE Q3 2017 Results Conference Call, dated November 2, 2017, is attached as [Exhibit 13](#).

C. Wireless Services Competition in Alberta and British Columbia

47. Rogers has established a sizeable presence in the Western Canada wireless services market—with over [REDACTED] mobile subscribers in British Columbia and over [REDACTED] mobile subscribers in Alberta—despite not offering wireline services in either province.

48. Rogers’ primary competitors in British Columbia and Alberta are [REDACTED]
[REDACTED] As of October 2021, an internal competitive analysis estimates [REDACTED]
[REDACTED]

49. [REDACTED]
[REDACTED] While bundling is one tool to grow a subscriber base—by providing more value in one bill across multiple products—it is not necessary in order to effectively compete in the wireless services market. Like Rogers, Bell does not offer bundled wireless/wireline services in British Columbia and Alberta, and Freedom does not bundle in Ontario, its largest market.

50. Shaw offers bundled wireless/wireline services in British Columbia and Alberta under its Shaw Mobile brand. Launched on July 30, 2020, Shaw Mobile offers discounted mobile plans only to Shaw’s highest-paying wireline customers in British Columbia and Alberta, which I understand [REDACTED]
Shaw Mobile has no presence elsewhere in Canada.

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51. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

52. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

53. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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54. At the outset, Rogers, Bell and Telus launched limited promotions in response to Shaw Mobile—but these promotions were short-lived and Shaw Mobile continued to cater primarily to Shaw customers subscribing to the most expensive wireline plans. Shaw Mobile was not and has not become a “mass-market” wireless product.

55. [REDACTED]

56. [REDACTED]

57. [REDACTED]

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D. Competition against Videotron in Quebec

58. Videotron is a regional facilities-based carrier in Quebec, and offers two brands in Quebec and a small part of Eastern Canada: Videotron and Fizz. In the face of strong competition from Rogers, Bell and Telus, Videotron has established a significant share of the Quebec wireless market. As of May 2022, Videotron claimed a 22% market share in the Quebec wireless market.

59. Rogers has increasingly recognized Videotron as a significant and growing competitive force in the Quebec wireless services market, with significant and sustained investment in its network infrastructure and in providing innovative product offerings. For example:

(a) Videotron’s “Fizz” brand offers unique, bespoke mobile plans that are tailored to subscribers’ individual data/roaming needs. Its plans also allow subscribers to roll over any unused data to the next month, and provide flexible device financing options. [REDACTED]

[REDACTED]
[REDACTED]

(b) Videotron benefits from a healthy brand perception in Quebec. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] and

(c) Videotron invested nearly \$830 million in 3500 MHz spectrum at the ISED auction in 2021, acquiring 294 blocks of spectrum licences—more than half of

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which are concentrated in Ontario, Manitoba, Alberta and British Columbia. This investment has signalled Videotron's intention to expand the reach of its 5G network beyond Quebec. A copy of Videotron's press release announcing this investment, dated July 29, 2021, is attached as [Exhibit 23](#).

60. In 2013, Rogers and Videotron entered into a 20-year network operation agreement, with the objective of constructing, operating and maintaining a shared mobile wireless network in Quebec and the Ottawa area. Among other things, this network operation agreement requires significant continued investment from each of Rogers and Videotron in the construction of network infrastructure, the payment of usage fees for spectrum and the provision of roaming outside each carrier's respective wireless footprint.

61. In October 2021, Videotron commenced an action against Rogers in the Quebec Superior Court in respect of their respective investment levels under their joint network operation agreement. [REDACTED]

IV. THE PROPOSED TRANSACTION

E. Rogers' Acquisition of Shaw

62. On March 13, 2021, Rogers and Shaw entered into an arrangement agreement, under which Rogers agreed to acquire all of Shaw's shares for \$40.50 per share (the "**Arrangement Agreement**"). The Arrangement Agreement was unanimously approved by Rogers' Board of Directors on March 13, 2021.

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63. As discussed further below, Rogers, Shaw and Videotron have also entered into an agreement by which Videotron will acquire Freedom Mobile's wireless business from Shaw immediately before the completion of Rogers' merger with Shaw.

64. Subject to regulatory approvals, this Proposed Transaction will be the largest corporate acquisition in Canadian history, valuing Shaw at approximately \$26 billion (inclusive of debt) and Freedom at approximately \$2.85 billion.

65. If approved, the Proposed Transaction will allow Rogers to use Shaw's wireline assets to create a robust, coast-to-coast network. [REDACTED]

[REDACTED] The combination of their complementary fibre backbone and last-mile networks will create Canada's largest national wireline network will allow for more effective competition against Bell and Telus, who benefit from their long-running joint network sharing agreement. Specifically, the Proposed Transaction will:

- (a) ***narrow the network footprint gap against Telus and Bell.*** Telus, in particular, has gained a dominant share of the wireless and wireline markets in Western Canada, and has continued to exert significant competitive pressure on Shaw.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

(b) *allow Rogers to more effectively compete in the enterprise services segment,* including for large businesses and public sector clients who require cross-Canada wireless and wireline connectivity. Currently, this segment is dominated by Bell and Telus, as no other carrier has national wireless and wireline networks;

(c) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(d) *provide a stronger and more reliable footprint for fibre backhaul,* which has become increasingly important for the launch and expansion of 5G network.

66. [REDACTED]

[REDACTED]

67. While Rogers also saw the benefits of acquiring Shaw's wireless business and assets, this was not the main driver of the Proposed Transaction, given that there is overlap in their

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[REDACTED]

- (c) a national expansion to Rogers' Connect For Success program, which is designed to help seniors and low-income Canadians who receive income assistance access low-cost, high-speed internet; and
- (d) partnerships with the University of British Columbia and the University of Calgary to establish a new National Centre of Technology and Engineering Excellence in Calgary (ThinkLab), creating hundreds of new high-skilled jobs creating innovative communication applications and services.

69. These commitments were set out in Rogers' press release announcing the Arrangement Agreement, a copy of which is attached as [Exhibit 27](#).

A. The Rogers/Shaw Arrangement Agreement

70. Rogers' acquisition of Shaw is to be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* of Alberta. A copy of the Arrangement Agreement is attached as [Exhibit 28](#).

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71. The Proposed Transaction is not conditional on financing. Rogers and Videotron have each secured committed financing to cover the cash consideration. Rogers' financing has been extended to December 2023.

72. Shaw's shareholders overwhelmingly approved the Rogers' proposed share purchase at a special meeting on May 20, 2021, and on May 25, 2021, the Alberta Court of Queen's Bench issued a final order approving the Arrangement Agreement. The Court's final order is attached as [Exhibit 29](#).

73. Completion of the Arrangement Agreement is conditional on the following regulatory approvals:

- (a) approval from the CRTC under the *Broadcasting Act*, permitting Rogers to acquire and operate various licenced broadcasting distribution undertakings currently owned by Shaw. The CRTC granted Rogers' application for a change of ownership and effective control of Shaw's broadcasting undertakings on March 24, 2022, in Broadcasting Decision CRTC 2022-76 (a copy of which is attached as [Exhibit 30](#));
- (b) approval from the Minister of Innovation, Science and Industry under the *Radiocommunication Act* for the transfer of Shaw's spectrum licences, which remains under review; and
- (c) clearance under the *Competition Act*. [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

74. The Arrangement Agreement states that it is to close prior to the “Outside Date”. This was initially set down as March 15, 2022, but made subject to certain extensions in order to accommodate these regulatory processes.

75. By agreement of the parties, the Outside Date has since been extended to December 31, 2022 (with a possible extension to January 31, 2023) in light of the Commissioner’s application under s. 92 of the *Competition Act*.

B. Shaw’s Sale of Freedom Mobile to Videotron

76. On June 17, 2022, Rogers, Shaw and Quebecor announced that they entered into a letter agreement and term sheet (the “**Videotron Letter Agreement**”) with Videotron’s parent company, Quebecor, for its acquisition of the Freedom Mobile wireless business. [REDACTED]

[REDACTED] A copy of the parties’ joint press release is attached as [Exhibit 34](#).

77. On August 12, 2022, Rogers, Shaw and Videotron finalized and executed the terms of a definitive agreement that sets out in detail the terms of the Videotron Letter Agreement (the “**Videotron Definitive Agreement**”), [REDACTED]. A copy of the parties’ joint press release is attached as [Exhibit 36](#).

78. The proposed sale of Freedom Mobile provides Videotron with a comprehensive portfolio of physical assets, substantial low- and mid-band spectrum, transition services and

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access rights that will provide an attractive cost structure that will significantly enhance its ability to operate and grow Freedom as a going concern. Videotron will be able to use these assets to immediately expand its wireless presence outside of Quebec, and become a sustainable and competitive “quasi-national” carrier in Canada’s four largest wireless markets.

1. Transfer of Freedom Assets to Videotron

79. As part of the Proposed Transaction, Videotron will purchase of all Freedom Mobile Inc. shares, as well as the assets necessary for Videotron to continue operating Freedom’s wireless and wireline businesses on a standalone basis, for a purchase price of approximately \$2.85 billion.

80. Shaw Mobile’s brand and subscriber contracts are not part of Videotron’s acquisition. They will be retained by Rogers as part of the Proposed Transaction.

2. Transition Services

81. [REDACTED]

82. [REDACTED]

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3. Rogers' Provision of Additional Network Access Services to Videotron 83.

[REDACTED]

84. [REDACTED]

(a) [REDACTED]

(b) [REDACTED]

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[REDACTED]

(c)

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

(d)

[REDACTED]

(i)

[REDACTED]

[REDACTED]

(ii)

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

85. [REDACTED]

[REDACTED]

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86. [REDACTED]

C. Competitive Reaction to the Proposed Transaction

87. The announcement of Rogers' proposed acquisition of Shaw prompted an immediate response from other wireless carriers, who immediately announced significant investments in their networks. For example:

- (a) on March 31, 2021—only weeks after the Arrangement Agreement was signed—Telus announced the closing of a \$1.3 billion equity offering. Telus explained that this investment “will be used to further strengthen the Company’s balance sheet and, principally, to capitalize on a unique strategic opportunity to accelerate its broadband capital investment program, including the substantial advancement of the build-out of TELUS PureFibre infrastructure in Alberta, British Columbia and Eastern Quebec, as well as an accelerated roll-out of the Company’s national 5G network.” A copy of Telus’s press release is attached as [Exhibit 41](#);

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- (b) on April 5, 2021, SaskTel announced a capital investment of \$323 million in 2021-2022, and over \$1.4 million over the next five years, to expand its network coverage and improve its broadband infrastructure. A copy of SaskTel’s press release is attached as [Exhibit 42](#); and

- (c) on May 31, 2021, Bell announced its “biggest ever” network acceleration plans, with an investment of \$1.7 billion for 2021-2022. Bell says that this investment “will significantly increase the number of wireline and wireless connections in Canada’s rural areas and urban centres alike over the next 2 years, including significantly expanded plans for all-fibre connections, while creating additional employment as network construction activity speeds up”. A copy of Bell’s press release is attached as [Exhibit 43](#).

- (d) On September 2, 2022, Bell announced that it would acquire Distributel, one of Canada’s largest independent wireline service providers. Distributel purchases the internet services that it makes available to subscribers on a wholesale basis. A copy of Bell’s press release is attached as [Exhibit 44](#).

88. More recently, Bell’s President and CEO, Mirko Bibic, stated during a Morgan Stanley conference in March 2022 that by the time the Proposed Transaction closes (assuming regulatory permissions are secured), Bell will have built out an additional 1.5 million locations (for the portion of the network that it shares with Telus) with fibre, which he says will place Bell “in a tremendous position strategically and competitively”. The full audio/webcast of the Morgan Stanley conference is available at the following link: <https://www.bce.ca/investors/events-and-presentations/2022-jp-morgan-may-24-audio-file.mp3>. Mr. Bibic made similar comments at a JP

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█ [REDACTED]

91. [REDACTED]
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92. [REDACTED]
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[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

93. [REDACTED]
[REDACTED]
[REDACTED]

A. [REDACTED]

94. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

B. [REDACTED]

95. [REDACTED]
[REDACTED]
[REDACTED]

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[REDACTED]

[REDACTED]

96. [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

97. [REDACTED]

[REDACTED]

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98. [REDACTED]

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[REDACTED]

[REDACTED]

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C. [REDACTED]

99. [REDACTED]
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100. [REDACTED]
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101. [REDACTED]
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102. [REDACTED]
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D. [REDACTED]

103. [REDACTED]
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104. [REDACTED]

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105. [REDACTED]

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106. [REDACTED]

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107. [REDACTED]

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108. [REDACTED]

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[REDACTED]

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E. [REDACTED]

109. [REDACTED]

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110. [REDACTED]

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[REDACTED]

F. [REDACTED]

111. [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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112. [REDACTED]

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113. [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

114. [REDACTED]

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[REDACTED]

[REDACTED]

115. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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116. [REDACTED]
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117. [REDACTED]
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G. [REDACTED]

118. [REDACTED]
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[REDACTED]

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H. [REDACTED]

119. [REDACTED]

120. [REDACTED]

121. [REDACTED]

122. [REDACTED]

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[REDACTED]

123. [REDACTED]

I. [REDACTED]

124. [REDACTED]

125. [REDACTED]

126. [REDACTED]

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J. [REDACTED]

127. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

K. [REDACTED]

128. [REDACTED]

[REDACTED]

129. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

130. [REDACTED]

[REDACTED]

[REDACTED]

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(a) [REDACTED]
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[REDACTED]
[REDACTED]
[REDACTED]

(b) [REDACTED]
[REDACTED]
[REDACTED]

(c) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

VI. ROGERS' POST-MERGER PLANS FOR SHAW MOBILE

131. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

132. [REDACTED]
[REDACTED]


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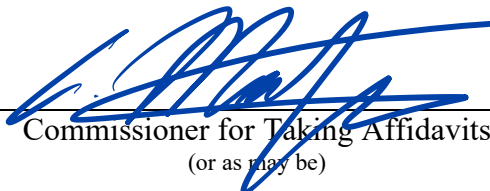
133. [REDACTED]

134. [REDACTED]

135. [REDACTED]

SWORN by Dean Prevost of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

} 


Commissioner for Taking Affidavits
(or as may be)

DEAN PREVOST

JOHN CARLO MASTRANGELO

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “1” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

DEAN L. PREVOST

223 ASPEN GREEN, CALGARY, AB T3Z 3C1
PHONE 416 456 2958 (MOBILE), DPREVOST10@GMAIL.COM

2017 - today Rogers

President Integration

CANADA

After participating in the initial review, bid and diligence of the proposed \$26B (30,000 employees, 12M customers) Shaw acquisition in early 2021, began full-time January 2022 to secure approval for, and plan to integrate Rogers + Shaw.

President Connected Home + Business

CANADA

From 2017 through 2021 led the turnaround of the B2B operation of Rogers (\$3B in revenue, 2,000 people, covering wireless/wireline + advanced services (IOT, Datacentres, cloud capabilities). After a return to basics (focused on adding managed services, improving customer service, instilling bid discipline, and taking a margin-based approach with regional marketing/performance management) Rogers for Business had its 2 best years (2020/21) ever in its 25 years history, with 10% revenue, and 12% EBITDA growth...along with the esprit de corps of success. On the heels of this turnaround, leadership scope expanded (in 2020) to include the national Connected Home (Cable) business for Rogers (Internet, TV, home phone+security in ON, NB, NL) with approximately \$4B in revenue and 4,000 employees. Was rewarded with a similar turnaround - from industry laggard to industry leading in 2021 (3% revenue growth, 5% EBITDA growth). The playbook included product enhancement, better marketing/build targeting, a hyper-local approach; and substantial operations automation/upgrade/simplification.

2014 - 2017 Hi Pro

CEO

CALGARY, ALBERTA

After retiring from Allstream, joined Hi-Pro (a Birch Hill private equity investee) as CEO. Hi-Pro is the 7th largest animal feed manufacturer in North America, with 15 mills in 2 countries, 565 employees and approximately \$700M in revenue. With more than a doubling of EBITDA since January 2014, a 60% RONA, and a 70% IRR; Hi-Pro is the best performing asset in Birch Hill's 20+ company portfolio, and top 2 in their 25 year history. The Hi-Pro turnaround was a textbook repositioning through a new strategy, enabled by a rebuilt culture, structure, team, toolset/technology, and a relentless focus on data-driven execution.

2009-2013

MTS ALLSTREAM

President Allstream (Enterprise Solutions Division)

TORONTO, ONTARIO

Promoted to President of MTS Allstream's enterprise division, Allstream, to turnaround the failing business, restructure its operations and reignite growth - culminating in a sale to private equity creating over \$500M in value, expected to close fall 2013.

Undertook a substantial restructuring...

- Reorganized leadership team and simplified organizational structure, removing a VP layer, and combining key functions
- Downsized the work force by nearly 1,000 people (1/3 of the total workforce, affecting 2 unions)
- Reduced high-cost downtown real estate
- Sold struggling \$200M IT services business to PwC for focus and to fund network expansion
- Deliberately exited lower margin Connectivity business (substantially off-net, legacy, non-differentiated services)
- Repositioned brand, sales story, go-to-market approach and segmentation, developed new online presence
- Reorganized sales force with a more integrated, local, inside sales + direct sales model, including revamped engineering support tuned to individual market differences
- Augmented vertical markets effort (financial services, public sector, carriers/service providers, retail, transportation) with an integrated sales, marketing and operations approach
- Moved sales force to margin-based compensation to drive higher margin, next-gen services
- Initiated a multi-year IT improvement for sales related systems (CRM, Price, Quote, Catalogue), network-build related systems (workflow, inventory and tasking), and enhancing self-serve portal for e-billing
- Exited low margin, small opportunity market

Re-ignited growth...

- Built a stronger Mid-Market challenger model, driving 20% growth in this underserved segment
- Drove new/existing customers on-net (from 20% of base in 2010, to 70% of monthly sales, today)

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- Expanded IPC suite of products, and built a value added services portfolio to provide a full replacement for traditional voice services
- Upgraded backbone for 100G services nationally
- Substantially increased fibre-fed building count (from 1,900 to over 3,000 today) with 25% less capex annually than prior periods
- Built a customer-centred culture that is world class compared to Canadian competitive set

For substantial financial improvement

- While revenues fell approximately \$150M from the restructuring, Gross Margins rose on a both dollar and percentage basis, up from 50% to 65%
- EBITDA margin increased from 9% to 16% (from \$80M to \$120M)
 - Ten straight quarters of year-over-year EBITDA growth
- Free cash flow rose from a loss of \$55M, to a positive \$15M

2007-2009

MTS ALLSTREAM

Chief Corporate Officer

TORONTO, ONTARIO

To reflect the broader scope of work that included Strategy, Corporate Development, Business Transformation, the National Wireless initiative, title was changed to Chief Corporate Officer. Emphasis was on launch of National Wireless from the successful campaign for the AWS auction framework (and the associated submissions), the solicitation and negotiation of both financing and strategic partnerships – both domestic and abroad, development of the business plan including technology and site selection, as well as a full back-office, logistics and marketing plan. In addition, completed several acquisitions to augment the unified communications portfolio and security portfolio, and outsourced the managed/co-located hosting. Finally, continued the work of the 2006 Business Review to examine various multi-year transformational opportunities.

2006

MTS ALLSTREAM

Chief Marketing Office/Chief Strategy Officer

TORONTO, ONTARIO

To assist the “one company” efforts of our CEO, working in conjunction with the divisional Presidents, integrated and rationalized the Consumer and Enterprise marketing departments.

As part of the reorganization undertaken by the incoming CEO, returned to Strategy as the Chief Strategy Officer, framing, leading, and in many instances, through M&A capacity, implementing the Business Review for MTS Allstream. Culminated in a renewed strategy, revised guidance, and (to-date) 10 quarters of significant improvement/meeting guidance including growing EBITDA (5%/year), significantly increased cash-flow (up 7%/year), dramatic shift to growth from legacy products (35% to 46% of revenue in 2 years), revitalized Enterprise division that now enjoys both revenue and EBITDA growth. In addition to significant operating improvements, the business review included the divestiture of non-core assets (real estate and directory business), the kick-start of a national small business offer, and examination of the full range of strategic options (divestiture, income trust, and go-private). At the same time, the fundamental analysis and approach for a National Wireless strategy was developed, and the project launched.

2005-2006

ALLSTREAM

TORONTO, ONTARIO

Executive Vice President, Customer Operations and Service Delivery; President IT Services

With the reorganization of Allstream along functional lines, gathered all delivery operations of Allstream (2,200 employees out of 3,300 in total) under one organization to begin knitting together delivery capabilities to support growing offers across Allstream’s three service lines: connectivity, managed services and IT professional services. This included acting as CEO of our \$40M premise-equipment business Delphi Solutions. Actions included integrating project management and service architecture capabilities, unifying service/network operating centres, help desks and related field forces. Role includes material sales efforts in support of large complex offers, and continued offer development role for advanced services in the Managed and IT Services space

2003-2004

ALLSTREAM

TORONTO, ONTARIO

Executive Vice President, CIO and President of IT Services

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As the head of all IT services, both inward facing in support of Allstream (CIO) and outward facing in support of a broad range of national and international customers (President of IT Services division), oversaw the second largest operating group in Allstream with approximately 1,000 employees across Canada and the US. 300 employees supported Allstream's internal IT requirements, 700 employees served customers through 6 data centres (managed network services, managed hosting, managed security) and 10 IT consulting offices (application security/identity management, application outsourcing, application integration, application development, IT infrastructure services, project management services and the like). With full P&L responsibility, brought together common elements, reenergizing sales, service/offer development and modernizing internal IT support as the key to driving strategic change at Allstream. Internal IT costs were reduced by 10%, external IT Services revenue grew 25% and a money losing division returned to profitability after 2 years of significant losses. In addition, MTS' Qunara division was successfully integrated within 9 months.

TORONTO, ONTARIO

1999-2003 ALLSTREAM (FORMERLY AT&T CANADA)

Senior Vice President of Strategy and Corporate Development

As a senior officer of AT&T Canada, reporting to the CEO, oversaw the creation and execution of AT&T Canada's corporate strategy – including linkages with business unit, and company-wide financial plans. Responsibilities included all analysis, communication, and Board presentations associated with strategy development and deployment (multi-year financial and operating plans), and driving the overall corporate business planning process. Related efforts included work with the regulatory and industry relations groups on the issues of contribution, foreign ownership, debt offerings, and investor roadshows. Venturing efforts included the negotiation of Concert's supply and distribution relationship in Canada for international products and services, work with i2/Ariba to enter the e-SCM/e-procurement space (AT&T MarketSpace), and BLEC/property owner relationships through Allied Riser/STOC, and On-Site Access. Nurtured large shareholder relations with BT and AT&T to ensure strategy alignment, and speedy approvals. Strategic execution included \$1.5B in mobile wireless acquisitions (investment in Rogers AT&T); \$100M in managed services acquisitions (Contour, Economux and Comerx); \$100M in Internet acquisitions (Netcom, Brak and the MSN.ca portal); \$200M in web consulting acquisitions (DMC and Montage); and the LMCS spectrum auctions (21 markets purchased). Strategic repositioning also included divestitures of the residential LD subscriber base, microwave towers and call centres. Other efforts included a pivotal role in AT&T Canada's restructuring of \$4.5B of debt, Chairman of several affiliated companies, membership on the Board of an 18% investment, partnering with a global service provider, crafting a venture in the fixed wireless IP market, and kick-starting voice-over IP efforts through non-traditional channels.

1997- 1999 AT&T CANADA ENTERPRISES

TORONTO, ONTARIO

Vice President of Strategy and Business Development

As a senior officer of AT&T Canada, reporting to the CEO, developed and implemented a detailed strategy for expansion into newly competitive fields of Canadian telecommunications through greenfield entry, partnerships, alliances, mergers and acquisitions. Industry segment responsibilities include wireless, data, internet, local service, international and long distance services; analytical responsibilities include comprehensive strategic reviews/offsites, in-country and US-domestic Board updates and presentations, overall analysis/valuation, negotiation and execution including licensing arrangements for technology and brand. Major transaction included the co-branding of Roger AT&T, a near-merger with Telus, the buyout of the 50% in AT&T Canada held by Canadian banks (and the creation of a interim trust structure), as well as the 4B merger of AT&T Canada and MetroNet. Innumerable other transaction were reviewed and rejected

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1995-1996 MONITOR COMPANY TORONTO, ONTARIO

Senior Consultant

As a senior member of Toronto's leadership team, managed the day-to-day relationship with two of our largest Canadian clients - a conglomerate with holdings in franchised restaurants, financial services, consumer products and retail services; and a well-known telecom provider. Non-client responsibilities include graduate recruiting, intake training and new client development.

1994 THE INVESTMENT FUND FOR FOUNDATIONS CHARLOTTESVILLE, VA

Consultant

Working with the President of the fund, participated in both the worldwide fund manager selection and Executive Board review processes. In addition, oversaw development of a marketing campaign for the newly established fund. Managed the development of a comprehensive marketing approach including storyline, scripting, location shooting, and final design for a start-up non-profit mutual fund for grant making charities.

1991-1993 MONITOR COMPANY TORONTO, ONTARIO

Consultant

Managed client and consultant teams developing business unit and corporate strategy for senior managers of Fortune 500 companies and their international equivalents. Designed, implemented and presented analyses across industries as diverse as Publishing, Telecommunications, Banking, Retailing, Consumer Products and Aluminum Refining. Appointed co-chairman of the Canadian recruiting effort within first year and instructor for incoming recruit training.

1990-1991 HEWLETT-PACKARD (CANADA) LTD. CALGARY, CANADA

Consultant

As an independent consultant, researched, designed and developed an internal business plan for the newest of

Education

**1993-1995 HARVARD GRADUATE SCHOOL OF
BUSINESS ADMINISTRATION CAMBRIDGE, MA**

Masters in Business Administration, June 1995. Awarded first year honors, selected by faculty to tutor Finance, Negotiations and Statistics.

1986-1990 UNIVERSITY OF CALGARY CALGARY, CANADA

Awarded a Bachelor of Commerce with distinction, major in Finance. Finalist, Canadian Intercollegiate Business Competition (second in Canada 1989, first 1990). Elected student representative on the Faculty of Management Governing Council. Academic awards include:

- Beta Gamma Sigma Business Honor Society
- Faculty of Management Dean's List (all years)
- Institute of Chartered Accountants Award
- The Michael W. Johnson Memorial Scholarship
- The Province of Alberta Award of Merit
- The Province of Alberta Scholarship
- Hewlett-Packard (Canada) University Award
- University of Calgary Academic Award

**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “2” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

WITNESS STATEMENT OF DEAN PREVOST
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Rogers 2021 Annual Report

Rogers Communications Inc.



 **ROGERS**TM

About the Company

Our Purpose

To connect
Canadians to what
matters most in
their lives.



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Rogers

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from
Tony

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Edward

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Corporate and
shareholder
information

About Rogers

We are a team of proud Canadians dedicated to delivering world-class networks, communications services, and entertainment to millions of customers across Canada.



Our founder, Ted Rogers, believed in the power of communication to enrich, entertain, and embolden Canadians. He followed in his father's footsteps, and at the age of 27, purchased his first radio station, CHFI.

From our modest beginnings, Rogers has grown to become a leading Canadian technology and media company, providing world-class services in wireless, cable, sports, and media to Canadians and Canadian businesses on our award-winning networks.



A Message from Tony

My fellow shareholders,

It is a privilege and an honour to serve you, our Board and Rogers in my new role with this company. This year will be one of the most significant and exciting for our business since it was founded by Ted Rogers more than 60 years ago.

As a company, we continue to have the best wireless, cable and media assets in the industry. And this year, we will come together with Shaw to create a truly national network operator that will offer Canadians more choice in more places, and allow us to compete more effectively in the Canadian marketplace. Our entrepreneurial roots have always encouraged us to make bold investments in our business and in this country, and we are continuing that legacy.

Importantly, the country and our businesses are now emerging from the significant impacts of the COVID-19 pandemic. These last two years have been difficult for many, but the start of the recovery is positive and encouraging for all Canadians. All around us we see signs of economic growth that provide a meaningful and encouraging backdrop for our own growth aspirations.

Our priorities will be centred on creating meaningful long-term growth in shareholder value. To achieve this, our strategy will be focused on continuing investments to ensure network leadership combined with leading customer service. We know we have work to do in these areas in the near term, and our priorities are clear.

Network leadership

We are proud of our leading network position and in 2022 we will increase investments in our award-winning networks that are critical to our long-term growth and success.

We were the first to bring 5G connectivity to Canadians and today, our 5G network is the largest and most reliable in the country. We will continue to enhance and expand our 5G network, utilizing our spectrum licences to the fullest, including our recently acquired national 3500 MHz spectrum licences, critical to 5G advancements that will introduce a new generation of 5G innovation and services.

Our investments in our cable business will also ramp up this year as we continue to collaborate with CableLabs to bring the 10G initiative to life, with DOCSIS 4.0 technology coming to market soon. Combined with our Ignite customer interface platform, we will continue to deliver industry-leading value propositions to Canadians across our entire cable footprint.

Furthermore, we appreciate the role we play in expanding our network to all Canadians and bridging the digital divide. Too many homes and businesses today are without adequate Internet. Our Shaw transaction will be an important enabler for this agenda, allowing us to reach more Canadians through our wireless and cable networks. But in addition to this transaction, we are increasing our investments in expanding fibre and fixed wireless access to cover more homes across the nation, and in particular those in rural and isolated communities.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Improve customer experience and execution across our business

To win in the marketplace, we know our leading assets alone won't be enough. We can and will deliver better customer service and improve our execution throughout our business. On this front, we are already investing in more resources to serve our customers in the manner they choose, including more call centre representatives and improving the experience for customers browsing and transacting online.

Our vision continues to be having the largest and most reliable networks, combined with meaningful value propositions for our customers, delivered as easily and as simply as possible. Our capital allocations will be focused on realizing this vision with meaningful improvements as early as this year.

A talented and committed team

Underpinning our success will be our 23,000 talented, entrepreneurial, and motivated employees across Canada. Despite the ongoing challenges of the pandemic, I have admired our team's commitment to our customers and our communities. As we move to capitalize on the opportunities ahead of us, I know we are all excited about evolving our performance-based culture - taking the best of our talents and putting them together to create tangible and meaningful outcomes for our customers. Importantly, I am proud of our strong new leadership team - collectively they bring deep industry and company experience, and a proven ability to drive operational improvements and results.

Rogers and Shaw

The combination of Rogers and Shaw builds on the strong legacy of two family-founded Canadian companies. The combined company will have the scale, assets, and capabilities needed to make the levels of investment that Canada's digital infrastructure needs, create jobs across Canada, offer greater choice and competition, build on our shared legacy of giving back to communities, and help Canada lead in the global digital economy.

Simply put, Rogers and Shaw can do more together than each company can do on its own. This includes

investing more in 5G and cable networks throughout our nation, including funds dedicated to connecting rural, remote and Indigenous communities across Western Canada. As wireless and cable networks converge to provide more efficiency and better access and value for all Canadians, the merits of the transaction are compelling and clear.

Teams from Rogers and Shaw have been working constructively with regulators to ensure they have the information they need to assess the significant benefits the combined company will bring to Canadians and the Canadian economy. We are also progressing our integration plans to make sure we hit the ground running following the close of the transaction, to the extent permitted by our regulatory process. Finally, we continue to meaningfully strengthen our balance sheet so that we are prepared for the closing of the transaction and the significant investments we will continue to make in our business.

As we come together with Shaw, renew our focus on execution, and build on the momentum across our businesses, I am confident that we will drive sustainable growth and increase value for our shareholders.

In closing, while we ended 2021 with improving execution, increasing momentum, and solid fundamentals, we know we need to perform better for our customers and our shareholders. I am confident that through our resetting of priorities for 2022, together with increased investments in our networks, enhancements to our customer experience, improvements in our execution, and the realization of meaningful cost efficiencies across our businesses, we will be well positioned to translate our revenue growth into increased profitability and more value for our shareholders. This is reflected in our 2022 guidance for stronger growth across all our businesses.

I would like to thank our employees, customers, and you, our shareholders, for your continued support. You can count on all of us here at Rogers to make you proud of our next phase of evolution and growth. 🍷

Tony Staffieri
President and Chief Executive Officer



A Message from Edward

My fellow shareholders,

At Rogers we are proud to be continuing the legacy my father began more than 60 years ago. Rogers is committed to ensuring the best for our customers, our employees, all Canadians, and all our shareholders.

From the start, building this company has been about making the long-term investments in the assets our business needs and bringing them to life for Canadians. Throughout our history, from our very first radio station, to the first mobile phone call in 1985, to the latest in wireless 5G and cable DOCSIS 4.0 technology, the importance of our role in connecting Canadians together has never been clearer.

The coming together of Rogers and Shaw this year is another bold step that will give us the scale and capabilities to accelerate much-needed investment in our networks across Western Canada, increase choice for consumers and businesses, and bridge the digital divide between rural and urban communities.

We believe passionately that Rogers and Shaw together, two storied entrepreneurial Canadian companies with the same vision, will contribute to a stronger future for Canada. There is fulsome stakeholder value associated with this transaction, and we have made extensive and meaningful commitments to ensure this transaction benefits Canadians.

Making progress, striving for better

As a board, our focus is on the long-term success of our business, enabled by the right investments and decisions to drive both future growth, and strong results over the short and medium term.

That is why we took important strategic steps in 2021 designed to capture the significant and exciting opportunities ahead for Rogers. In addition to announcing our agreement with Shaw, we made changes to our Board and management team to ensure we are well placed to improve the overall performance of our business and deliver the full benefits of the transaction.

I have full confidence in our Board of Directors, our new CEO, our management team, our 23,000 talented employees and the durable foundation we are building for the future together.

With our renewed focus on performance and execution, our results are showing encouraging signs of improvement and momentum continues to build across our businesses.

As we look ahead, our prospects are strong, and our future is bright. We are committed to completing the transformational transaction with Shaw, driving growth across our lines of business, making the right long-term investments in our networks and customer experience, and generating strong returns for shareholders.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Investing for the future

When we invest in our networks, we are investing in the long-term future of our company and our country. We remain committed to maintaining our network leadership position and offering consumers and businesses access to world-class wireless and cable networks.

Over two years ago, Rogers was the first Canadian carrier to launch 5G, and today we have the largest and most reliable 5G network in Canada. In our cable business, working with CableLabs, our 10G initiative will allow us to launch DOCSIS 4.0, delivering the best experiences for our customers, wherever they live, work, learn and play. We are continually innovating to ensure our assets, products, and services are amongst the best in the world. And our investment history supports that commitment.

Our investment strategy for this year also prioritizes expanding our reach to underserved communities and regions. We invested more than any other competitor in 3500 MHz spectrum licences across Canada, which will bring forward a new generation of 5G applications and services. The enhancement and expansion of our 5G and cable networks will enable us to advance our plans to bridge the digital divide between rural and urban areas. While there is much more to do, I am proud of our efforts so far, and we will continue to partner with governments and communities at every level in this vital work.

Supporting our communities

In 2021, our commitment to the communities we serve was unwavering. We expanded eligibility for Connected for Success, enabling more than 750,000 Canadians to access this low-cost, high-speed Internet program to connect to government services, learning, employment, and loved ones.

Furthermore, as part of our efforts focused on giving the next generation the chance to get ahead, we helped hundreds of young people realize the opportunity for post-secondary studies with Ted Rogers Scholarships. We also awarded almost one hundred Ted Rogers Community Grants across Canada to support organizations making a difference in the lives of thousands of young Canadians.



Looking Ahead

From our new CEO and management team to our strong focus on performance and execution, and a historic opportunity to unite with Shaw, we have put in place the building blocks which we expect will deliver sustainable growth over the long term and to generate better returns for our shareholders.

I would like to thank our Board, our management team, and our employees for their commitment and hard work that made the above possible. Finally, I also want to thank our shareholders for your ongoing support. 🔄

Edward S. Rogers
Chair of the Board
Rogers Communications Inc.

Executive Leadership Team

As at March 3, 2022

- 1. Tony Staffieri**
President and
Chief Executive Officer
- 2. Glenn A. Brandt**
Chief Financial Officer
- 3. Robert Dépatie**
President and Chief Operating
Officer, Home & Business Division
- 4. Lisa L. Durocher**
Executive Vice President, Financial
and Emerging Services
- 5. Jorge Fernandes**
Chief Technology and
Information Officer
- 6. Phil J. Hartling**
President, Wireless
- 7. Bret D. Leech**
Chief Human Resources Officer
- 8. Colette S. Watson**
President, Rogers Sports & Media
- 9. Mahes S. Wickramasinghe**
Chief Administrative Officer
- 10. Ted Woodhead**
Chief Regulatory Officer and
Government Affairs
- 11. Marisa L. Wyse**
Chief Legal Officer and
Corporate Secretary



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Directors

As at March 3, 2022

- 1. Edward S. Rogers**
Chair of the Board
Chair of the Finance, Nominating,
and Executive Committees
- 2. Jack L. Cockwell, C.M.**
- 3. Michael J. Cooper**
- 4. Ivan Fecan**
Chair of the Human Resources
Committee
- 5. Robert J. Gemmell**
Lead Director
Chair of the Corporate
Governance and Audit and Risk
Committees
- 6. Alan D. Horn, CPA, CA**
Chair of the Pension Committee
- 7. Jan L. Innes**
- 8. John (Jake) C. Kerr**
C.M., O.B.C.
- 9. Philip B. Lind, C.M.**
Vice Chair
- 10. Loretta A. Rogers**
- 11. Martha L. Rogers**
Chair of the ESG Committee
- 12. Melinda M. Rogers-Hixon**
Deputy Chair
- 13. Tony Staffieri**
President and
Chief Executive Officer



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Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) contains important information about our business and our performance for the year ended December 31, 2021. This MD&A should be read in conjunction with our 2021 Audited Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

All dollar amounts are in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as at March 3, 2022 and was approved by RCI's Board of Directors (the Board). This MD&A includes forward-looking statements and assumptions. See "About Forward-Looking Information" for more information.

We, us, our, Rogers, Rogers Communications, and the Company refer to Rogers Communications Inc. and its subsidiaries. RCI refers to the legal entity Rogers Communications Inc., not including its subsidiaries. Rogers also holds interests in various investments and ventures.

We are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

Effective January 1, 2022, we will be changing the way in which we report certain subscriber metrics in both our Wireless and Cable segments. Commencing in the first quarter of 2022, we will begin presenting postpaid mobile phone subscribers, prepaid mobile phone subscribers, and mobile phone ARPU in our Wireless segment. We will also no longer report blended average billings per unit (ABPU). In Cable, we will begin presenting retail Internet subscribers among other product metrics. These changes are a result of shifts in the ways in which we manage our business, including the significant adoption of our wireless device financing program, and to better align with industry practices. See "Key Performance Indicators" for more information.

In this MD&A, *first quarter* refers to the three months ended March 31, 2021, *second quarter* refers to the three months ended June 30, 2021, *third quarter* refers to the three months ended September 30, 2021, *fourth quarter* refers to the three months ended December 31, 2021, *this year* refers to the twelve months ended December 31, 2021, and *last year* refers to the twelve months ended December 31, 2020. All results commentary is compared to the equivalent periods in 2020 or as at December 31, 2020, as applicable, unless otherwise indicated.

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ABOUT FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (collectively, "forward-looking information"), and assumptions about, among other things, our business, operations, and financial performance and condition approved by our management on the date of this MD&A. This forward-looking information and these assumptions include, but are not limited to, statements about our

objectives and strategies to achieve those objectives, and about our beliefs, plans, expectations, anticipations, estimates, or intentions.

Forward-looking information:

- typically includes words like *could*, *expect*, *may*, *anticipate*, *assume*, *believe*, *likely*, *intend*, *estimate*, *plan*, *project*, *predict*, *potential*, *guidance*, *outlook*, *target*, and similar expressions, although not all forward-looking information includes them;
- includes conclusions, forecasts, and projections that are based on our current objectives and strategies and on estimates, expectations, assumptions, and other factors, that we believe to have been reasonable at the time they were applied but may prove to be incorrect; and
- was approved by our management on the date of this MD&A.

Our forward-looking information includes conclusions, forecasts, and projections related to the following items, among others:

- revenue;
- total service revenue;
- adjusted EBITDA;
- capital expenditures;
- cash income tax payments;
- free cash flow;
- dividend payments;
- the growth of new products and services;
- expected growth in subscribers and the services to which they subscribe;
- the cost of acquiring and retaining subscribers and deployment of new services;
- continued cost reductions and efficiency improvements;
- our debt leverage ratio;
- statements relating to plans we have implemented in response to the COVID-19 pandemic (COVID-19) and its impact on us;
- the expected timing and completion of the proposed acquisition of Shaw Communications Inc. (Shaw) (Transaction);
- the benefits expected to result from the Transaction, including corporate, operational, scale, and other synergies, and their anticipated timing; and
- all other statements that are not historical facts.

Specific forward-looking information included in this MD&A includes, but is not limited to, information and statements under "Financial and Operating Guidance" relating to our 2022 consolidated guidance on total service revenue, adjusted EBITDA, capital expenditures, and free cash flow. All other statements that are not historical facts are forward-looking information.

We base our conclusions, forecasts, and projections (including the aforementioned guidance) on a number of estimates, expectations, assumptions, and other factors, including, among others:

- general economic and industry growth rates;
- currency exchange rates and interest rates;
- product pricing levels and competitive intensity;
- subscriber growth;
- pricing, usage, and churn rates;
- changes in government regulation;

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- technology and network deployment;
- availability of devices;
- timing of new product launches;
- content and equipment costs;
- the integration of acquisitions;
- industry structure and stability; and
- the impact of COVID-19 on our operations, liquidity, financial condition, or results.

Except as otherwise indicated, this MD&A and our forward-looking information do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetization events, mergers, acquisitions, other business combinations, or other transactions that may be considered or announced or may occur after the date on which the statement containing the forward-looking information is made.

RISKS AND UNCERTAINTIES

Actual events and results can be substantially different from what is expressed or implied by forward-looking information as a result of risks, uncertainties, and other factors, many of which are beyond our control, including, but not limited to:

- regulatory changes;
- technological changes;
- economic, geopolitical, and other conditions affecting commercial activity;
- unanticipated changes in content or equipment costs;
- changing conditions in the entertainment, information, and/or communications industries;
- sports-related work stoppages or cancellations and labour disputes;
- the integration of acquisitions;
- litigation and tax matters;
- the level of competitive intensity;
- the emergence of new opportunities;
- external threats, such as epidemics, pandemics, and other public health crises, natural disasters, the effects of climate change, or cyberattacks, among others;
- risks related to the Transaction, including the timing, receipt, and conditions related to the applicable approvals and expiry of certain waiting periods under the *Broadcasting Act (Canada)*, the *Competition Act (Canada)*, and the *Radiocommunication Act (Canada)* (collectively, Key Regulatory Approvals); satisfaction of the various conditions to close the Transaction; financing the Transaction; and the anticipated benefits and successful integration of the businesses and operations of Rogers and Shaw; and the other risks outlined in "Risks and Uncertainties Affecting our Business - Shaw Transaction" in this MD&A; and
- new interpretations and new accounting standards from accounting standards bodies.

These risks, uncertainties, and other factors can also affect our objectives, strategies, and intentions. Many of these risks, uncertainties, and other factors are beyond our control or our current expectations or knowledge. Should one or more of these risks, uncertainties, or other factors materialize, our objectives, strategies, or intentions change, or any other factors or assumptions underlying the forward-looking information prove incorrect, our actual results and our plans could vary significantly from what we currently foresee.

Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and caution them that it would be unreasonable to rely on such statements as creating legal rights regarding our future results or plans. We are under no obligation (and we expressly disclaim any such obligation) to update or alter any statements containing forward-looking information or the factors or assumptions underlying them, whether as a result of new information, future events, or otherwise, except as required by law. All of the forward-looking information in this MD&A is qualified by the cautionary statements herein.

BEFORE MAKING AN INVESTMENT DECISION

Before making any investment decisions and for a detailed discussion of the risks, uncertainties, and environment associated with our business, its operations, and its financial performance and condition, fully review the sections in this MD&A entitled "Regulation in our Industry" and "Environmental, Social, and Governance (ESG)", as well as our various other filings with Canadian and US securities regulators, which can be found at sedar.com and sec.gov, respectively.

FOR MORE INFORMATION

You can find more information about us, including our Annual Information Form, on our website (investors.rogers.com), on SEDAR (sedar.com), and on EDGAR (sec.gov), or you can e-mail us at investor.relations@rci.rogers.com. Information on or connected to these and any other websites referenced in this document does not constitute part of this MD&A.

You can also find information about our governance practices, corporate social responsibility reporting, a glossary of communications and media industry terms, and additional information about our business at investors.rogers.com.

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Executive Summary

ABOUT ROGERS

Rogers is a leading Canadian technology and media company that provides world-class communications services and entertainment to consumers and businesses on our award-winning networks. Our founder, Ted Rogers, purchased his first radio station, CHFI, in 1960. Today we are dedicated to providing industry-leading wireless, cable, sports, and media to millions of customers across Canada. Our shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

Almost all of our operations and sales are in Canada. We have a highly skilled and diversified workforce of approximately 23,000 employees. Our head office is in Toronto, Ontario and we have numerous offices across Canada. We report our results of operations in three reportable segments. See “Understanding Our Business” for more information.

2021 HIGHLIGHTS

KEY FINANCIAL INFORMATION

(In millions of dollars, except margins and per share amounts)	Years ended December 31		
	2021	2020	% Chg
Consolidated			
Total revenue	14,655	13,916	5
Total service revenue ¹	12,533	11,955	5
Adjusted EBITDA ²	5,887	5,857	1
Adjusted EBITDA margin ²	40.2%	42.1%	(1.9 pts)
Net income	1,558	1,592	(2)
Adjusted net income ²	1,803	1,725	5
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Adjusted basic earnings per share ²	\$ 3.57	\$ 3.42	4
Capital expenditures ³	2,788	2,312	21
Cash provided by operating activities	4,161	4,321	(4)
Free cash flow ²	1,671	2,366	(29)
Wireless			
Service revenue	6,666	6,579	1
Revenue	8,768	8,530	3
Adjusted EBITDA	4,214	4,067	4
Adjusted EBITDA service margin ⁴	63.2%	61.8%	1.4 pts
Adjusted EBITDA margin ⁵	48.1%	47.7%	0.4 pts
Cable			
Revenue	4,072	3,946	3
Adjusted EBITDA	2,013	1,935	4
Adjusted EBITDA margin	49.4%	49.0%	0.4 pts
Media			
Revenue	1,975	1,606	23
Adjusted EBITDA	(127)	51	n/m
Adjusted EBITDA margin	(6.4)%	3.2%	(9.6 pts)

n/m - not meaningful

¹ As defined. See “Key Performance Indicators”.

² Adjusted EBITDA is a total of segments measure. Adjusted EBITDA margin is a supplementary financial measure. Adjusted basic earnings per share is a non-GAAP ratio. Adjusted net income is a non-GAAP financial measure and is a component of adjusted basic earnings per share. Free cash flow is a capital management measure. These are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies. See “Non-GAAP and Other Financial Measures” for more information about these measures.

³ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

⁴ Calculated using Wireless service revenue.

⁵ Calculated using Wireless total revenue.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

KEY PERFORMANCE INDICATORS

	As at or years ended December 31		
	2021	2020	Chg
Subscriber results (in thousands) ¹			
Wireless postpaid net additions	448	245	203
Wireless prepaid net losses	(94)	(142)	48
Wireless subscribers	11,297	10,943	354
Internet net additions	49	57	(8)
Internet subscribers ²	2,665	2,598	67
Ignite TV net additions	244	218	26
Total Ignite TV subscribers	788	544	244
Customer relationships net additions	31	12	19
Total customer relationships ²	2,581	2,530	51
Additional Wireless metrics ¹			
Postpaid churn (monthly)	0.95%	1.00%	(0.05 pts)
Blended ARPU (monthly) ^{1,3}	\$ 50.26	\$ 50.75	(\$ 0.49)
Additional Cable metrics ¹			
ARPA (monthly) ^{1,3}	\$132.58	\$130.70	\$ 1.88
Penetration	54.9%	55.3%	(0.4 pts)
Ratios			
Capital intensity ^{1,3}	19.0%	16.6%	2.4 pts
Dividend payout ratio of net income ^{1,3}	64.8%	63.4%	1.4 pts
Dividend payout ratio of free cash flow ^{1,3}	60.4%	42.7%	17.7 pts
Return on assets ^{1,3}	3.7%	4.1%	(0.4 pts)
Debt leverage ratio ⁴	3.4	3.0	0.4
Employee-related information			
Total active employees	23,000	24,000	(1,000)

¹ As defined. See "Key Performance Indicators".

² On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

³ Blended ARPU, ARPA, capital intensity, dividend payout ratio of net income, dividend payout ratio of free cash flow, and return on assets are supplementary financial measures. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of these measures.

⁴ Debt leverage ratio is a capital management measure. As a result of our issuance of subordinated notes in December 2021 (see "Managing our Liquidity and Financial Resources"), we have amended our definition of this measure. See "Non-GAAP and Other Financial Measures" and "Financial Condition" for more information about this measure.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FINANCIAL HIGHLIGHTS

Our stable financial position throughout this year enabled us to prioritize the actions we needed to take as a result of COVID-19, continue to make high priority investments in our network, and ensure customers stayed connected during this critical time.

REVENUE

Revenue increased by 5% this year, driven by a 1% increase in Wireless service revenue, a 3% increase in Cable revenue, and a 23% increase in Media revenue.

Wireless service revenue increased by 1% this year, largely as a result of a larger postpaid subscriber base and higher roaming revenue, as COVID-19-related global travel restrictions were generally less strict than in 2020, partially offset by lower average revenue. Wireless equipment revenue increased by 8% as a result of higher device upgrades by existing customers and a shift in the product mix towards higher-value devices, partially offset by fewer of our new subscribers purchasing devices.

Cable revenue increased by 3% this year as a result of the movement of Internet customers to higher speed and usage tiers, the increases in our Internet and Ignite TV subscriber bases, and disciplined promotional activity and Internet service pricing changes in late 2020, partially offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased by 23% this year, primarily as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, shifting revenue to 2021, and higher *Toronto Blue Jays*™ attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

ADJUSTED EBITDA

Adjusted EBITDA increased 1% this year, primarily due to 4% increases in Wireless and Cable adjusted EBITDA, partially offset by the decrease in Media adjusted EBITDA, with a consolidated adjusted EBITDA margin of 40%.

Wireless adjusted EBITDA increased 4% this year, as a result of the flow-through impact of the aforementioned increases in revenue and lower bad debt expense. Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

Cable adjusted EBITDA increased 4% this year, primarily as a result of higher revenue, as discussed above.

Media adjusted EBITDA decreased by \$178 million this year, primarily due to higher programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, higher general operating costs as a result of the resumption of sports and increased activities as COVID-19 restrictions eased, and higher Toronto Blue Jays player payroll and game day costs, partially offset by higher revenue as discussed above.

NET INCOME AND ADJUSTED NET INCOME

Adjusted net income increased 5% this year, primarily as a result of the increase in adjusted EBITDA and lower finance costs. Net income decreased 2%, and was also affected by higher restructuring, acquisition and other costs attributable to the Transaction. See “Review of Consolidated Performance” for more information.

CASH FLOW AND AVAILABLE LIQUIDITY

We returned substantial cash to shareholders this year through the payment of \$1.01 billion in dividends. In addition, we declared a \$0.50 per share dividend on January 26, 2022.

Our cash provided by operating activities decreased by 4% this year, primarily affected by higher income taxes paid and higher restructuring, acquisition and other costs paid associated with the Transaction. Although free cash flow decreased 29% this year, we continued to generate substantial free cash flow of \$1,671 million. The decrease was primarily as a result of higher capital expenditures to support increased network investments and higher cash income taxes due to our transition to a device financing business model.

Our debt leverage ratio was 3.4 as at December 31, 2021, up from 3.0 as at December 31, 2020, driven by higher adjusted net debt, primarily due to an increase in our short-term borrowings from our non-revolving credit facilities used to pay for 3500 MHz spectrum licences and the issuance of \$2 billion of subordinated notes in December 2021.

Our overall weighted average cost of borrowings was 3.95% as at December 31, 2021 (2020 - 4.09%) and our overall weighted average term to maturity on our debt was 11.6 years as at December 31, 2021 (2020 - 12.8 years).

We ended the year with approximately \$4.2 billion of available liquidity¹ (2020 - \$5.7 billion), including \$3.1 billion (2020 - \$2.6 billion) available under our bank and letter of credit facilities, \$0.4 billion (2020 - \$0.6 billion) available under our \$1.2 billion receivables securitization program, and \$0.7 billion (2020 - \$2.5 billion) in cash and cash equivalents.

¹ Available liquidity is a capital management measure. See “Non-GAAP and Other Financial Measures” for more information about this measure.

Shaw Transaction

On March 15, 2021, we announced an agreement with Shaw to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares (collectively, Shaw Shares) for a price of \$40.50 per share. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family and certain related persons (Shaw Family Shareholders) will receive (i) \$16.20 in cash and (ii) 0.417206775 Class B Non-Voting Shares of Rogers per Shaw Share held by the Shaw Family Shareholders. The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt.

The Transaction will be implemented through a court-approved plan of arrangement under the *Business Corporations Act (Alberta)*. On May 20, 2021, Shaw shareholders voted to approve the Transaction at a special shareholders meeting. The Court of Queen's Bench of Alberta issued a final order approving the Transaction on May 25, 2021. The Transaction is subject to other customary closing conditions, including receipt of Key Regulatory Approvals. Subject to receipt of all required approvals and satisfaction of other conditions prior to closing, the Transaction is expected to close in the first half of 2022. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

The combined entity will build on the strong legacy of two family-founded Canadian companies. It will have the scale, assets, and capabilities needed to deliver unprecedented wireline and wireless broadband and network investments, innovation, and growth in new telecommunications services, and greater choice for Canadian consumers and businesses.

The combination will also accelerate the delivery of critical 5G service across Western Canada, from rural areas to dense cities, more quickly than either company could achieve on its own, by bringing together the expertise and assets of both companies.

In connection with the Transaction, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an original amount up to \$19 billion. During the year, we entered into a \$6 billion non-revolving credit facility (Shaw term loan facility), which served to reduce the amount available under the committed credit facility to \$13 billion. See "Managing our

Liquidity and Financial Resources" for more information on the committed credit facility and the Shaw term loan facility. We also expect that RCI will either assume Shaw's senior notes or provide a guarantee of Shaw's payment obligations under those senior notes upon closing the Transaction and, in either case, Rogers Communications Canada Inc. (RCCI) will guarantee Shaw's payment obligations under those senior notes.

In connection with our application for Canadian Radio-Television and Telecommunications Commission (CRTC) approval to acquire Shaw's licensed broadcasting assets, the CRTC held an oral hearing from November 22 to 26, 2021, during which Rogers, Shaw, and 31 intervenors (including Canada Public Affairs Channel Inc. (CPAC) as an interested party) had an opportunity to comment on and respond to questions from the CRTC regarding the application. Final written submissions from intervenors were accepted until December 13, 2021, and Rogers and CPAC submitted final replies on December 20, 2021.

In accordance with the terms of the arrangement agreement, Rogers and Shaw filed pre-merger notifications pursuant to Part IX of the Competition Act to trigger the Competition Bureau's review of the Transaction. Rogers and Shaw have worked cooperatively and constructively to respond to further requests for information, as required under the arrangement agreement. On September 28, 2021, the Competition Bureau issued a public request for information to help further gather and assess facts about the Transaction. The Competition Bureau invited interested parties to share their information or experiences confidentially by October 29, 2021. The Federal Court also issued orders requiring Xplornet Communications Inc., BCE Inc., TELUS Corporation, and Quebecor Inc. to produce records and written information related to mobile wireless services that are relevant to the Competition Bureau's review of the Transaction, which is ongoing.

In accordance with the conditions of Shaw's spectrum licences, Rogers and Shaw filed joint applications with Innovation, Science and Economic Development Canada (ISED Canada) for approval of the indirect transfer of those spectrum licences by the Minister of Innovation, Science and Industry. ISED Canada's review is ongoing.

The Transaction is subject to a number of additional risks. For more information, see "Risks and Uncertainties Affecting our Business - Shaw Transaction".

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Understanding Our Business

Rogers is a leading Canadian technology and media company.

THREE REPORTABLE SEGMENTS

We report our results of operations in three reportable segments. Each segment and the nature of its business are as follows:

Segment	Principal activities
Wireless	Wireless telecommunications operations for Canadian consumers and businesses.
Cable	Cable telecommunications operations, including Internet, television, telephony (phone), and smart home monitoring services for Canadian consumers and businesses, and network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for the business, public sector, and carrier wholesale markets.
Media	A diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping, and digital media.

See “Capability to Deliver Results” for more information about our extensive wireless and cable networks and significant wireless spectrum position.

Wireless and Cable are operated by our wholly owned subsidiary, RCCI, and certain of our other wholly owned subsidiaries. Media is operated by our wholly owned subsidiary, Rogers Media Inc., and its subsidiaries.

PRODUCTS AND SERVICES

WIRELESS

Rogers is a Canadian leader in delivering a range of innovative wireless network technologies and services. We were the first Canadian carrier to launch a 5G network and we have the largest 5G network in Canada, serving over 1,500 communities and 70% of the Canadian population as at December 31, 2021. Our postpaid and prepaid wireless services are offered under the Rogers™, Fido™, and chatr™ brands, and provide consumers and businesses with the latest wireless devices, services, and applications including:

- mobile high-speed Internet access, including our *Rogers Infinite™* unlimited data plans;
- wireless voice and enhanced voice features;
- *Rogers Pro On-the-Go™*, a personalized service experience for device delivery and setup to a customer's location of choice within the service area;
- Express Pickup, a convenient service for purchasing devices online or through a customer care agent, with the ability to pick up in-store as soon as the same day;
- direct device shipping to the customer's location of choice;
- device and accessory financing;
- device protection;
- in-store expert device repair service;
- global voice and data roaming, including *Roam Like Home™* and *Fido Roam™*;

- wireless home phone;
- advanced wireless solutions for businesses, including wireless private network services;
- bridging landline phones with wireless phones; and
- machine-to-machine solutions and Internet of Things (IoT) solutions.

CABLE

We are one of the largest cable providers in Canada. Our cable network provides an innovative and leading selection of high-speed broadband Internet access, digital television and online viewing, phone, smart home monitoring, and advanced home WiFi services to consumers in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland. We also provide services to businesses across Canada that aim to meet the increasing needs of today's critical business applications.

In 2020, in response to COVID-19, we launched customer self-installation capabilities within Cable as a safe, easy, no-contact way for our customers to install our *Ignite Internet™* and *Ignite TV™* services. Since launching in late March 2020, over 86% of our Cable installations have been through the self-install program. We also launched *Blitzz™*, a remote visual assistance tool that enables customers to access support virtually and reduces the need to deploy field technicians for installation and service calls.

In 2021, we launched *Ignite Internet Gigabit 1.5* in select areas, giving customers access to even faster Internet service. We also expanded the *Ignite WiFi™* Hub app with enhanced Active Time Details and Advanced Security to give customers greater control over their home WiFi.

Internet services include:

- Internet access through broadband and fixed wireless access (including basic and unlimited usage packages), security solutions, and e-mail;
- access speeds of up to one gigabit per second (Gbps), covering our entire Cable footprint, with some areas able to receive access speeds of up to 1.5 Gbps;
- *Rogers Ignite™* and Fido Internet unlimited packages, combining fast and reliable speeds with the freedom of unlimited usage and options for self-installation;
- *Rogers Ignite WiFi Hub*, offering a personalized WiFi experience with a simple digital dashboard for customers to manage their home WiFi network, providing visibility and control over family usage; and
- *Rogers™ Smart Home Monitoring*, offering services such as monitoring, security, automation, energy efficiency, and smart control through a smartphone app.

Television services include:

- local and network TV, made available through traditional digital or IP-based *Ignite TV*, including starter and premium channel packages along with à la carte channels;
- on-demand television;
- cloud-based digital video recorders (DVRs) available with *Ignite TV* services;
- voice-activated remote controls, restart features, and integrated apps such as YouTube, Netflix, *Sportsnet NOW™*, Amazon Prime Video, and Disney+ on *Ignite TV*;

WITNESS STATEMENT OF DEAN PREVOST

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- personal video recorders (PVRs), including Whole Home PVR and 4K PVR capabilities;
- an Ignite TV app, giving customers the ability to experience Ignite TV (including setting recordings) on their smartphone, tablet, laptop, or computer;
- *Ignite™ SmartStream™*, an entertainment add-on for Ignite Internet customers, giving them access to their favourite streaming services in one place;
- Download and Go, the ability to download recorded programs onto your smartphone or tablet to watch at a later time using the Ignite TV app;
- linear and time-shifted programming;
- digital specialty channels; and
- 4K television programming, including regular season Toronto Blue Jays home games and select marquee National Hockey League (NHL) and National Basketball Association (NBA) games.

Phone services include:

- residential and small business local telephony service; and
- calling features such as voicemail, call waiting, and long distance.

Enterprise services include:

- voice, data networking, IP, and Ethernet services over multi-service customer access devices that allow customers to scale and add services, such as private networking, Internet, IP voice, and cloud solutions, which blend seamlessly to grow with their business requirements;
- optical wave, Internet, Ethernet, and multi-protocol label switching services, providing scalable and secure metro and wide area private networking that enables and interconnects critical business applications for businesses that have one or many offices, data centres, or points of presence (as well as cloud applications) across Canada;
- simplified information technology (IT) and network technology offerings with security-embedded, cloud-based, professionally managed solutions;
- extensive cable access network services for primary, bridging, and back-up (including through our wireless network, if applicable) connectivity; and
- specialized telecommunications technical consulting for Internet service providers (ISPs).

MEDIA

Our portfolio of Media assets, with a focus on sports and regional TV and radio programming, reaches Canadians from coast to coast.

In Sports Media and Entertainment, we own the Toronto Blue Jays, Canada's only Major League Baseball (MLB) team, and the *Rogers Centre™* event venue, which hosts the Toronto Blue Jays' home games, concerts, trade shows, and special events.

Our agreement with the NHL (NHL Agreement), which runs through the 2025-2026 NHL season, allows us to deliver more than 1,300 regular season games during a typical season across television, smartphones, tablets, personal computers, and streaming devices, both through traditional streaming services as well as through *NHL LIVE™*. It also grants Rogers national rights on those platforms to the Stanley Cup Playoffs and Stanley Cup Final, all NHL-related special events and non-game events (such as the NHL All-Star Game and the NHL Draft), and rights to sublicense broadcasting rights.

In Television, we operate several conventional and specialty television networks, including:

- Sportsnet's four regional stations along with *Sportsnet ONE™*, *Sportsnet 360™*, and *Sportsnet World™*;
- Citytv™ network, which, together with affiliated stations, has broadcast distribution to approximately 76% of Canadian individuals;
- OMNI™ multicultural broadcast television stations, including OMNI Regional, which provide multilingual newscasts nationally to all digital basic television subscribers;
- specialty channels that include FX™ (Canada), FXX™ (Canada), and OLN™ (formerly Outdoor Life Network); and
- *Today's Shopping Choice™*, Canada's only nationally televised shopping channel, which generates a significant and growing portion of its revenue from online sales.

In Radio, we operate 54 AM and FM radio stations in markets across Canada, including popular radio brands such as 98.1 CHFI™, 680 NEWS™, *Sportsnet The FAN™*, *KISS™*, *JACK FM™*, and *SONIC™*.

We also offer a range of digital services and products, including:

- our digital sports-related assets, including NHL LIVE and SN NOW™;
- other digital assets, including *Citytv NOW™*; and
- a range of other websites, apps, podcasts, and digital products associated with our various brands and businesses.

OTHER

We offer several credit cards, including the *Rogers™ World Elite Mastercard*, *Rogers™ Platinum Mastercard*, and the *Fido™ Mastercard*, which allow customers to earn cashback rewards points on credit card spending.

OTHER INVESTMENTS

We hold interests in a number of associates and joint arrangements, some of which include:

- our 37.5% ownership interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), which owns the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, the Toronto Argonauts, and the Toronto Marlies, as well as various associated real estate holdings; and
- our 50% ownership interest in Glentel Inc. (Glentel), a large provider of multicarrier wireless and wireline products and services with several hundred Canadian retail distribution outlets.

We also hold a number of interests in marketable securities of publicly traded companies, including Cogeco Inc. and Cogeco Communications Inc.

COMPETITION

The telecommunications industry is a highly competitive industry served by many national, regional, and reseller players giving consumers a broad choice in service providers and plan offerings. The industry is very capital intensive and requires meaningful, continual investments to implement next-generation technology and to support existing infrastructure. Given the highly regulated nature of the industry, the already competitive dynamic could be further influenced by regulatory change (see "Regulation in our Industry" for more information).

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Traditional wireline telephony and television services are now offered over the Internet. Consumers continue to change how they choose to communicate or watch video, including with a growing selection of over-the-top (OTT) services, and this is changing the mix of packages and pricing that service providers offer and could affect churn levels.

In the media industry, consumer viewing habits continue to shift towards digital and online media consumption and advertisers are directing more advertising dollars to those media channels. In addition, we now compete with a range of digital and online media companies, including large global companies.

WIRELESS

We compete on customer experience, price, quality of service, scope of services, network coverage, sophistication of wireless technology, breadth of distribution, selection of devices, branding, and positioning.

- Wireless technology - our extensive long-term evolution (LTE) network caters to customers seeking the increased capacity and speed it provides. We are also expanding our 5G network to further these capabilities. We compete with BCE Inc. (Bell) and TELUS Corporation (Telus) at a national level, and with Vidéotron ltée (Videotron), Saskatchewan Telecommunications (SaskTel), and Xplornet Communications Inc. (Xplornet) at a regional level, all of whom operate 5G networks, and with Shaw at a national level and Eastlink Inc. (Eastlink) at a regional level, each of whom operate LTE networks. We also compete with these providers on high-speed packet access (HSPA) and global system for mobile communications (GSM) networks and with providers that use alternative wireless technologies, such as WiFi “hotspots” and mobile virtual network operators (MVNO), such as Primus.
- Product, branding, and pricing - we compete nationally with Bell, Telus, and Shaw, including their flanker brands Virgin Plus (Bell), Lucky Mobile (Bell), Koodo (Telus), Public Mobile (Telus), and Freedom Mobile (Shaw). We also compete with various regional players and resellers.
- Distribution of services and devices - we have one of the largest distribution networks in the country, and compete with other service providers for dealers, prime locations for our own stores, and third-party retail distribution shelf space. We also compete with other service providers on the quality and ease of use of our self-serve options and other digital capabilities.
- Wireless networks - consolidation amongst regional players, or with incumbent carriers, could alter the regional or national competitive landscapes for Wireless. Additionally, certain service providers that currently do not offer wireless products or services have purchased spectrum licences and could enter the market in the future.
- Spectrum - we currently have the largest spectrum position in the country, including the spectrum licences we obtained through the 3500 MHz auction held in 2021. On August 27, 2020, ISED Canada launched a consultation, proposing changes to the spectrum utilization of the 3800 MHz band, making 250 MHz of the spectrum available for 5G. On May 21, 2021, ISED Canada announced the decision to repurpose the 3800 MHz spectrum band to support 5G services. The 3800 MHz spectrum licence auction is expected to take place in early 2023. The 3800 MHz spectrum licences, along with other frequency bands, are essential to the deployment of 5G networks. The outcome of this auction may increase competition. See “Regulation in our Industry” for more information.

CABLE

Internet

We compete with other ISPs that offer fixed-connection residential high-speed Internet access services. Rogers and Fido high-speed Internet services compete directly with, among others:

- Bell’s Internet services in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland, including Virgin Plus; and
- various resellers using wholesale telecommunication company digital subscriber line (DSL) and cable third-party Internet access (TPIA) services in local markets.

A number of different players in the Canadian market also compete for enterprise network and communications services. There are relatively few national providers, but each market has its own competitors that usually focus on the geographic areas in which they have the most extensive networks. In the enterprise market, we compete with facilities- and non-facilities-based telecommunications service providers. In markets where we own network infrastructure, we compete with incumbent fibre-based providers. Our main competitors are as follows:

- Ontario - Bell, Cogeco Data Services, and Digital Colony;
- Quebec - Bell, Telus, and Videotron;
- Atlantic Canada - Bell and Eastlink; and
- Western Canada - Shaw and Telus.

Television

We compete with:

- other Canadian multi-channel broadcast distribution undertakings (BDUs), including Bell, Shaw, and other satellite and IPTV providers;
- OTT video offerings through providers like Netflix, YouTube, Apple, Amazon Prime Video, Crave, Google, Disney+, and other channels streaming their own content; and
- over-the-air local and regional broadcast television signals received directly through antennas, the illegal distribution of Canadian and international channels via video streaming boxes, and the illegal reception of US direct broadcast satellite services.

Phone

While Phone represents a small portion of our business, we compete with other telephony service providers, including:

- Bell’s wireline phone service in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland;
- incumbent local exchange carrier (ILEC) local loop resellers and voice over IP (VoIP) service providers (such as Primus Telecommunications Canada Inc. and Comwave Networks Inc.), other VoIP-only service providers (such as Vonage and Skype), and other voice applications that use the Internet access services of ISPs (such as Facebook and WhatsApp); and
- substitution of wireline for wireless products, including mobile phones and wireless home phone products.

MEDIA

Competition in Sports Media and Entertainment includes other:

- televised and online sports broadcasters;
- Toronto professional teams, for attendance at Toronto Blue Jays games;
- MLB teams, for Toronto Blue Jays players and fans;
- local sporting and special event venues;
- professional sports teams, for merchandise sales revenue; and
- new digital sports media companies.

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Television and Radio, both of which are focused on local and regional content, compete for audiences and advertisers with:

- other Canadian television and radio stations, including those owned and operated by the CBC, Bell Media, and Corus Entertainment;
- OTT video offerings through providers like Netflix, YouTube, Apple, Amazon Prime Video, Crave, Google, Disney+, and other channels streaming their own content;
- OTT radio offerings, such as iHeartRadio, Apple Music, Spotify, Pandora, and Radioplayer Canada;
- other media, including newspapers, magazines, and outdoor advertising; and
- other technologies available on the Internet or through the cloud, such as social media platforms, online web information services, digital assistants, music downloading, and portable media players.

Today's Shopping Choice's model of live, hosted-video sales content and its robust online shopping experience competes with:

- pure play e-commerce retailers servicing Canada;
- select branded retailers in Canada and their related e-commerce websites;
- other available television-shopping channels and infomercials that sell products on television; and
- direct-to-consumer livestream video shopping events, social commerce, and shoppable video technologies that are rapidly emerging online.

Our digital media products compete for readership and advertisers with:

- online information and entertainment websites and apps, including digital news services, streaming services, and content available via social networking services;
- magazines, both digital and printed; and
- other traditional media, such as TV and radio.

INDUSTRY TRENDS

The telecommunications industry in Canada is very capital intensive and highly regulated. Our reportable segments are affected by various overarching trends relating to changing technologies, consumer demands, economic conditions, and regulatory developments, all of which could limit essential future investments in the Canadian marketplace. See "Risks and Uncertainties Affecting our Business" and "Regulation in our Industry" for more information. Below is a summary of the industry trends affecting our specific reportable segments.

WIRELESS TRENDS

The ongoing extensive investment made by Canadian wireless providers has created far-reaching and sophisticated wireless networks that have enabled consumers and businesses to utilize fast multimedia capabilities through wireless data services. Consumer demand for mobile devices, digital media, and on-demand content is pushing providers to build networks that can support the expanded use of applications, mobile video, messaging, and other wireless data. Mobile commerce continues to increase as more devices and platforms adopt secure technology to facilitate wireless transactions.

Wireless providers continue to invest in the next generation of technologies, like 5G, to meet increasing data demands. New products and applications on the wireless network will continue to rely on ultra-reliable, low latency transport networks, capable of supporting both wireless and wireline traffic.

In January 2020, we were the first Canadian carrier to launch a 5G network and, in December 2020, the first Canadian carrier to begin rolling out a 5G standalone core network. Our 5G network is the largest 5G network in Canada, reaching more than 1,500 communities and 70% of the Canadian population as at December 31, 2021.

To help make the cost of new wireless devices more affordable for consumers, Rogers and other Canadian wireless carriers offer wireless device financing programs, whereby consumers can finance up to the full cost of the device over a 24-month term at 0% interest. We believe being able to finance devices over 24 months helps reduce subscriber churn.

In addition to the wireless device financing plans now available, subscribers are increasingly bringing their own devices or keeping their existing devices longer and therefore may not enter into term contracts for wireless services. This may negatively impact subscriber churn, but may also create gross addition subscriber opportunities as a result of increased churn from other carriers. This trend may also negatively impact the monthly service fees charged to subscribers as they shop for plans that best meet their needs.

Wireless market penetration in Canada is approximately 98% of the population (compared to penetration of 129% in the US) and is expected to continue growing, per the Bank of America Merrill Lynch October 2021 Global Wireless Matrix.

CABLE TRENDS

Technology advancement, non-traditional competitors, consumer behaviours, and regulatory developments are key areas influencing Cable. This market is very capital intensive, and a strong Internet offering is the backbone to effectively serving this market. Applications on the Internet are increasingly being used as a substitute for wireline telephone services, and televised content is increasingly available online. Downward television tier migration (cord shaving) and television cancellation with the intent of substitution (cord cutting) have been growing with increased adoption of OTT services.

Cable and wireline companies are expanding their service offerings to include faster broadband Internet. Canadian companies, including Rogers, are increasingly offering download speeds of 1 to 1.5 Gbps and Internet offerings with unlimited bandwidth. Consumers are demanding faster-than-ever speeds for streaming online media, uploading personal content, and playing online video games, and for their ever-growing number of connected devices. In order to help facilitate these speeds, cable and wireline companies are shifting their networks towards higher speed and capacity Data Over Cable Service Interface Specifications (DOCSIS) 3.1 and fibre-to-the-home (FTTH) technologies and they are starting to evolve their networks to be DOCSIS 4.0-capable. These technologies provide faster potential data communication speeds than earlier technologies, allowing both television and Internet

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signals to reach consumers more quickly in order to sustain reliable speeds to address the increasing number of Internet-capable devices.

COVID-19 has required many people to work or study from home simultaneously, and workplaces have also started to shift to partial or fully remote work, further establishing the need for strong cable networks that are able to handle increased capacity than previously existed. Cable and wireline companies have needed to continue adding capacity and managing traffic to continue reliably supporting the needs of Canadians.

Our business customers use fibre-based access and cloud computing to capture and share information in more secure and accessible environments. This, combined with the rise of multimedia and Internet-based business applications, is driving exponential growth in data demand.

Businesses and all levels of government are transforming data centre infrastructure by moving toward virtual data storage and hosting. This is driving demand for more advanced network functionality, robust, scalable services, and supportive dynamic network infrastructure.

Canadian wireline companies are dismantling legacy networks and investing in next-generation platforms that combine voice, data, and video solutions onto a single distribution and access platform. As next-generation platforms become more popular, our competition will begin to include systems integrators and manufacturers.

Devices and machines are becoming more interconnected and there is more reliance on the Internet and other networks to facilitate updates and track usage.

Broadcast television technology continues to improve with 4K TV broadcasts and high dynamic range (HDR) for higher resolution and improved video image colour and saturation.

We offer fixed wireless Internet access services in rural and remote areas and expect this offering to continue to grow as we work towards closing the digital divide.

MEDIA TRENDS

Consumer viewing behaviours are continually evolving and the industry continues to adjust to these changes. Access to live sports and other premium content has become even more important for acquiring and retaining audiences that in turn attract advertisers and subscribers. Therefore, ownership of content and/or long-term agreements with content owners has also become increasingly important to media companies. Leagues, teams, networks, and new digital entrants are also experimenting with the delivery of live sports content through online, social, and virtual platforms, while non-traditional sports are also growing in mindshare.

Consumer demand for digital media, content on mobile devices, and on-demand content is increasing and media products have experienced significant digital uptake, requiring industry players to increase their efforts in digital content and capabilities in order to compete. In response to this trend, advertisers are shifting their spending to premium video and audio products on global digital platforms and social media that enable marketers to narrowly target specific audiences instead of the previous mass marketing approach. This results in lower use of traditional advertising methods and may require a shift in focus.

Competition has changed and traditional media assets in Canada are increasingly being controlled by a small number of competitors with significant scale and financial resources. Technology has allowed new entrants and even individuals to become media players in their own right.

Some of our competitors have become more vertically integrated across both traditional and emerging platforms. Relationships between providers and purchasers of content have become more complex. Global aggregators have also emerged and are competing for both content and viewers.

Our Strategy, Key Performance Drivers, and Strategic Highlights

As part of our long-term vision to become number one, we set annual objectives to measure progress and to address short-term opportunities and risks.

2021 OBJECTIVES

Priority	2021 Objectives
Create best-in-class customer experiences by putting our customers first in everything we do	Accelerate digital and self-serve adoption by building on momentum generated during COVID-19; reinvent experiences across all channels to optimize customer journeys; solve customer problems the first time, or even before, they contact us; and invest in tools, capabilities, and our team to create frictionless digital and frontline experiences.
Invest in our networks and technology to deliver leading performance, reliability, and coverage	Invest in our cable and wireless networks to deliver industry-leading connectivity to our customers; grow our leadership in 5G and reestablish leadership in IoT; expand our network footprint and product reach to connect underserved communities; and modernize our systems by leveraging cloud and data capabilities.
Drive market-leading growth in each of our lines of business	Enhance our marketing and sales capabilities to propel consistent and sustainable customer additions; grow our business in key regional markets across Canada; create products, services, and content that customers will love; and anchor our Media strategy in sports and diversify into digital and sports-related growth areas.
Drive best-in-class financial outcomes for our shareholders	Improve financial performance and drive cost and productivity improvements across Rogers.
Develop our people, drive engagement, and build a high-performing and inclusive culture	Ensure the safety and well-being of our employees and evolve our ways of working; build a culture of inclusion for our team members, customers, and communities; and attract top and diverse talent and develop our team as we build our future workforce.
Be a strong, socially and environmentally responsible leader in our communities	Partner with communities across Canada to deepen engagement and increase impact; grow our presence in a sustainable and environmentally responsible manner; and build our culture and reputation as a great Canadian company.

KEY PERFORMANCE DRIVERS AND 2021 STRATEGIC HIGHLIGHTS

COVID-19 continues to significantly impact Canadians and economies around the world. For much of 2021, extensive public health restrictions have been in place to varying degrees across the country. In the third quarter, provinces generally began relaxing certain public health restrictions implemented in the first half of 2021 as vaccines became more widely available in Canada and vaccination rates continued to increase across the country. Late in the fourth quarter, the Omicron variant re-accelerated the spread of COVID-19 and many Canadian provinces reintroduced various restrictions, including, amongst others, placing capacity limits on organized gatherings and retail stores. We remain focused on keeping our employees safe and our customers connected. While COVID-19 continues to have a significant worldwide impact, we remain confident we have the right team, a strong balance sheet, and the world-class networks that will allow us to get through the pandemic having maintained our long-term focus on growth and doing the right thing for our customers.

The following achievements display the progress we made towards meeting the objectives we set for 2021, as discussed above.

CREATE BEST-IN-CLASS CUSTOMER EXPERIENCES BY PUTTING OUR CUSTOMERS FIRST IN EVERYTHING WE DO

- Improved Wireless postpaid churn by 5 basis points to 0.95%.
- Continued to accelerate our digital-first plan to make it easier for customers, with digital adoption at 86.1%, up from 84.0% in 2020.
- Rogers Pro On-the-Go service has continued expanding across the country, bringing our device delivery and set-up support program access to more than 16 million Canadians.
- Transformed 130 retail stores into dual-door locations that offer both Rogers and Fido brands, growing our distribution footprint nationally to a total of 140 dual-door locations, including our flagship store at Yonge and Dundas in Toronto.
- Launched Express Pickup through our customer care channels, a free service that allows customers to purchase a new device through a customer care agent and pick it up the same day in-store.

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- Launched certified walk-in repairs in select Rogers and Fido locations, offering our customers fast and reliable service to fix batteries, screens, cameras, audio, software, and more.
- Expanded our Fido Payment Program so mobile customers can get accessories for \$0 down and 0% interest, and no taxes upfront.

INVEST IN OUR NETWORKS AND TECHNOLOGY TO DELIVER LEADING PERFORMANCE, RELIABILITY AND COVERAGE

- Expanded Canada's largest and most reliable 5G network which reached more than 1,500 communities and 70% of the Canadian population as at December 31, 2021.
- Invested \$3.3 billion in 3500 MHz spectrum licences, covering 99.4% of the Canadian population, to enhance and accelerate the expansion of Canada's first, largest, and most reliable 5G network. This investment positions Rogers as the largest single investor in 5G spectrum in the country across rural, suburban, and urban markets.
- Awarded Best In Test and recognized as Canada's most reliable 4G and 5G network by uMlaut, the global leader in mobile network benchmarking, for the third year in a row in July, and ranked number one in 5G Reach, 5G Availability, 5G Voice App Experience, 5G Games Experience, and tied first for 5G Upload Speed in Canada by OpenSignal in August.
- Recognized as Canada's most consistent national wireless and broadband provider by Ookla for Q4 2021, with the fastest fixed broadband Internet in Ontario, New Brunswick, and Newfoundland and Labrador.
- Completed the rollout of Canada's first national standalone 5G core to help bring the best of 5G to our customers and achieved the first 5G standalone device certification in Canada.
- Announced a multi-year partnership with Coastal First Nations in British Columbia, which includes a commitment to build five new cell towers, provide more than 100 kilometres of new service coverage along Highway 16 on Graham Island, and improve wireless connectivity throughout Haida Gwaii.
- Announced a \$300 million agreement, alongside the Government of Canada, the Province of Ontario, and the Eastern Ontario Regional Network, to expand wireless connectivity in rural and remote communities throughout eastern Ontario, the largest wireless private-public partnership in Canadian history.
- Announced investments of over \$350 million to connect almost 50,000 homes and businesses in Ontario, New Brunswick, and Newfoundland and Labrador, fully funded by Rogers.
- In partnership with the Governments of Canada and British Columbia, we announced 12 new cell tower sites to enhance wireless coverage along Highway 16 between Prince George and Prince Rupert; we broke ground on the first tower in December 2021.
- Announced the construction of seven new towers along Highway 14 from Sooke to Port Renfrew in partnership with the Governments of Canada and British Columbia, and more than 90 kilometres of new coverage along Highways 95 and 97 in partnership with the government of British Columbia.

DRIVE MARKET-LEADING GROWTH IN EACH OF OUR LINES OF BUSINESS

- Launched Ignite Internet Gigabit 1.5 to eligible customers, giving customers access to even faster Internet service.
- Launched the first "Wireless Private Network" managed solution nationally in Canada, through *Rogers for Business™*, enabling large enterprises to transform their digital capabilities and drive innovation in their business.
- Unveiled Sportsnet's new state-of-the-art NHL Studio, one of the first entirely IP-based sports studios in North America, capable of delivering interactive and immersive content through augmented and virtual reality, real-time data and statistics, and in-broadcast versatility.
- Launched eight streaming services on our Ignite TV and Ignite SmartStream platforms, including Disney+ and Spotify, enhancing Rogers industry-leading selection of streaming services.
- Relaunched Sportsnet NOW, delivering world-class stream quality and reliability combined with new pricing and packaging that gives customers more flexibility and choice; paid subscriber growth is up over 175% year-on-year.
- Launched a Cloud Unified Communications product in Rogers for Business, a feature-rich, cloud-based phone system for enterprise business customers with complex needs.

DRIVE BEST-IN-CLASS FINANCIAL OUTCOMES FOR OUR SHAREHOLDERS

- Earned total service revenue of \$12,533 million, up 5%.
- Attracted 448,000 net Wireless postpaid subscribers, 49,000 net Internet subscribers, and 244,000 net Ignite TV subscribers.
- Generated free cash flow of \$1,671 million and cash provided by operating activities of \$4,161 million.
- Paid dividends of \$1,010 million to our shareholders.

DEVELOP OUR PEOPLE, DRIVE ENGAGEMENT, AND BUILD A HIGH-PERFORMING AND INCLUSIVE CULTURE

- Awarded Canada's Top 100 Employers, including in the Greater Toronto Area, for Young People, Best Diversity Employer, and Greenest Employers by MediaCorp Canada Inc. in November 2021; LinkedIn Canada's Top 25 Companies in April 2021; and Canada's Most Admired Corporate Cultures by Waterstone Human Capital in October 2021.
- Announced and implemented mandatory vaccinations or rapid testing for anyone entering our workplace sites, including all team members, contractors, and visitors.
- Achieved a score of 89% for employee pride in our employee pulse survey in June 2021.

BE A STRONG, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE LEADER IN OUR COMMUNITIES

- Awarded 90 Ted Rogers Community Grants across Canada in 2021, to organizations supporting Canadian youth. Nearly 400 Ted Rogers Community Grants have been awarded since 2017.
- Awarded Ted Rogers Scholarships to 375 young Canadians for post-secondary studies. Nearly three quarters of all scholarships in the Class of 2021 were awarded to youth from equity-deserving communities.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

- Expanded our ESG Report and introduced an interactive multimedia Social Impact Report, celebrating and tracking our impact on the environment and our communities. We now disclose information in accordance with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-Related Financial Disclosures (TCFD) standards, and we committed to supporting the United Nations Sustainable Development Goals.
- Launched a 2021 Orange Shirt Day campaign in support of Indigenous communities across the country. Over the past two years, the Orange Shirt Day campaign has raised \$250,000 for the Orange Shirt Society and the Indian Residential School Survivors Society (IRSSS).
- Launched our new corporate responsibility brand, *Generation Possible™*, the youth and education pillar focused on giving the next generation the chance they need to succeed through Ted Rogers Scholarships, Community Grants, and *Jays Care™ Foundation*. Team Possible is about our team and partners' commitment to making a meaningful impact in communities through volunteering, bridging the digital divide, and partnering with organizations like Women's Shelters Canada.
- Expanded eligibility for *Connected for Success™*, so even more Canadians can connect to social services, learning, employment, and loved ones. Now available to upwards of 750,000 Canadian households, the expanded low-cost high-speed Internet program is available across our Internet footprint in Ontario, New Brunswick, and Newfoundland to eligible customers receiving disability, seniors' or income support, and through rent-geared-to-income community housing partners.

2022 FOCUS AREAS

While we ended 2021 with improving execution, increasing momentum, and solid fundamentals, we want to perform better for our customers and our shareholders. To achieve this, we have set the following focus areas for 2022:

1. Successfully complete the Shaw acquisition and integration
2. Invest in our networks to deliver world-class connectivity to Canadian consumers and business
3. Invest in our customer experience to deliver timely, high-quality customer service consistently to our customers
4. Improve execution and deliver strong financial performance across all lines of business

FINANCIAL AND OPERATING GUIDANCE

2022 FULL-YEAR CONSOLIDATED GUIDANCE

For the full-year 2022, we expect growth in service revenue and adjusted EBITDA will drive higher free cash flow. In 2022, we expect to have the financial flexibility to maintain our network advantages and to continue to return cash to shareholders. We are providing a guidance range for total service revenue this year as this metric more closely reflects our core business with our customers.

(In millions of dollars, except percentages)	2021 Actual	2022 Guidance Ranges ¹	
Total service revenue	12,533	Increase of 4% to	increase of 6%
Adjusted EBITDA	5,887	Increase of 6% to	increase of 8%
Capital expenditures ²	2,788	2,800 to	3,000
Free cash flow	1,671	1,800 to	2,000

¹ Guidance ranges presented as percentages reflect percentage increases over full-year 2021 results.

² Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

The above table outlines guidance ranges for selected full-year 2022 consolidated financial metrics without giving effect to the Transaction (see "Shaw Transaction"), the associated financing, or any other associated transactions or expenses. These ranges take into consideration our current outlook and our 2021 results. The purpose of the financial outlook is to assist investors, shareholders, and others in understanding certain financial metrics relating to expected 2022 financial results for evaluating the performance of our business. This information may not be appropriate for other purposes. Information about our guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with "About Forward-Looking Information", "Risks and Uncertainties Affecting our Business", the material assumptions listed below under "Key underlying assumptions", and the related disclosure and information about various economic, competitive, and regulatory assumptions, factors, and risks that may cause our actual future financial and operating results to differ from what we currently expect.

We provide annual guidance ranges on a consolidated full-year basis that are consistent with annual full-year Board-approved plans. Any updates to our full-year financial guidance over the course of the year would only be made to the consolidated guidance ranges that appear above. Guidance ranges will be reassessed once the Transaction has closed.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Key underlying assumptions

Our 2022 guidance ranges presented in “2022 Full-Year Consolidated Guidance” are based on many assumptions including, but not limited to, the following material assumptions for the full-year 2022:

- a gradual improvement in the general COVID-19 environment throughout 2022, including the continued reopening of the economy, and no further significant restrictions, such as border closures and travel restrictions, capacity restrictions and sports venue closures, or stay-at-home orders and no material negative impact resulting from global supply chain interruptions;
- continued competitive intensity in all segments in which we operate consistent with levels experienced in 2021;
- no significant additional legal or regulatory developments, other shifts in economic conditions, or macro changes in the competitive environment affecting our business activities;
- Wireless customers continue to adopt, and upgrade to, higher-value smartphones at similar rates in 2022 compared to 2021;
- overall wireless market penetration in Canada grows in 2022 at a similar rate as in 2021;
- continued subscriber growth in Internet;
- declining Television subscribers, including the impact of customers migrating to Ignite TV from our legacy product, as subscription streaming services and other over-the-top providers continue to grow in popularity;
- in Media, continued growth in sports and relative stability in other traditional media businesses;
- no significant sports-related work stoppages or cancellations will occur and the current MLB lockout between the owners and the players’ union will be resolved;
- with respect to the increase in capital expenditures:
 - we continue to invest to ensure we have competitive wireless and cable networks through (i) expanding our 5G wireless network, including building on Canada’s first standalone 5G core network and using our 3500 MHz spectrum licences to introduce new 5G innovation and services and (ii) upgrading our hybrid fibre-coaxial network to lower the number of homes passed per node, utilize the latest technologies, and deliver an even more reliable customer experience; and
 - we continue to make expenditures related to our connected home roadmap in 2022 and we make progress on our service footprint expansion projects;
- a substantial portion of our 2022 US dollar-denominated expenditures is hedged at an average exchange rate of \$1.29/US\$;
- key interest rates remain relatively stable throughout 2022; and
- we retain our investment-grade credit ratings.

Capability to Deliver Results

LEADING NETWORKS

WIRELESS

Rogers has one of the most extensive and advanced mobile broadband wireless networks in Canada, which:

- is the only national network in Canada fully owned by a single operator;
- was the first LTE high-speed network in Canada, reaching 96% of the Canadian population as at December 31, 2021 on our LTE network alone;
- was the first 5G network in Canada, reaching over 70% of the Canadian population as at December 31, 2021 on our 5G network alone;
- is supported by voice and data roaming agreements with domestic and international carriers in more than 200 destinations, including LTE and a growing number of 5G roaming operators; and
- includes network sharing arrangements with two regional wireless operators that operate in urban and rural parts of Canada.

We are continuously enhancing our IP service infrastructure for all our wireless services. Advances in technology have transformed the ways in which our customers interact and use the variety of tools available to them in their personal and professional lives. Technology has also changed the way businesses operate.

In early 2020, we launched our 5G network commercially in downtown Vancouver, Toronto, Ottawa, and Montreal and reached over 1,500 communities across Canada as at December 31, 2021. We also became a founding member of the global 5G Future Forum, a first-of-its-kind 5G and mobile edge computing forum that currently includes Verizon, Vodafone, Telstra, KT, and América Móvil.

Our spectrum holdings as at December 31, 2021 include:

Type of spectrum	Rogers licences	Who the licences support
600 MHz	20 to 40 MHz across Canada, covering 100% of the Canadian population.	4G / 4.5G LTE, and 5G subscribers.
700 MHz	24 MHz in Canada's major geographic markets, covering 95% of the Canadian population.	4G / 4.5G LTE subscribers; future 5G subscribers.
850 MHz	25 MHz across Canada.	2G GSM, 3G HSPA, 4G / 4.5G LTE subscribers; future 5G subscribers.
1900 MHz	60 MHz in all areas of Canada except 40 MHz in northern Quebec, 50 MHz in southern Ontario, and 40 MHz in the Yukon, Northwest Territories, and Nunavut.	4G / 4.5G LTE, and 5G subscribers.
AWS 1700/2100 MHz	40 MHz in British Columbia and Alberta, 30 MHz in southern Ontario, an additional 10 MHz in the Greater Toronto Area, and 20 MHz in the rest of Canada.	4G / 4.5G LTE, and 5G subscribers.
2500 MHz	40 MHz FDD across the majority of Canada except 20 MHz in parts of Quebec and no holdings in Nunavut and the Northwest Territories. Rogers also holds an additional 25 MHz TDD in key population areas in Quebec, Ontario, and British Columbia.	4G / 4.5G LTE, and 5G subscribers.
3500 MHz	Between 20 MHz and 30 MHz across the majority of the Canadian population.	Fixed wireless subscribers; future 5G mobile subscribers.

Our 5G network currently uses a combination of the 2500 MHz, AWS, and 600 MHz spectrum bands, and is also aggregated with our LTE spectrum bands. 600 MHz spectrum is best suited to carry wireless data across long distances and through buildings, creating more consistent and higher-quality coverage in both remote and urban areas and in smart cities. We have deployed dynamic spectrum sharing, which allows our existing spectrum supporting 4G to also be used for 5G networks. In the future, we will deploy 3.5 GHz spectrum for 5G to add additional capacity to the network.

A number of future investments will be required to successfully operate and maintain our 5G network, including, but not limited to:

- refarming spectrum currently used for 2G and 3G to LTE and 5G;
- densifying our wireless network with additional macro and small cells in key markets; and
- purchasing incremental 5G-ready radio network equipment with lower unit and operational costs, and the ability to aggregate more radio carriers and achieve greater spectral efficiency.

Significant spectrum position

Our wireless services are supported by our significant wireless spectrum licence holdings in low-band, mid-band, and high-band frequency ranges. As part of our network strategy, we expect to continue making significant capital investments in spectrum to:

- support the rapidly growing usage of broadband wireless data services;
- support the expansion and maintenance of our 5G network; and
- introduce new innovative network-enabled features and functionality.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

We also have access to additional spectrum through the following network sharing agreements:

Type of spectrum	Type of network venture	Who it supports
2300 MHz	Orion Wireless Partnership (Orion) is a joint operation with Bell in which Rogers holds a 50% interest. Orion holds licences for 30 MHz of FDD 2300 MHz spectrum (of which 20 MHz is usable), primarily in eastern Canada, including certain population centres in southern and eastern Ontario, southern Quebec, and smaller holdings in New Brunswick, Manitoba, Alberta, and British Columbia. The Orion fixed wireless LTE national network utilizes the jointly held 2300 MHz bands.	4G subscribers.
850 MHz, 1900 MHz AWS spectrum, 700 MHz, 2500 MHz FDD	Two network-sharing arrangements to enhance coverage and network capabilities: <ul style="list-style-type: none"> • with Bell MTS, which covers 98% of the population across Manitoba; and • with Videotron to provide HSPA and LTE services across the province of Quebec and Ottawa. 	3.5G / 4G HSPA+, 4G LTE, 5G subscribers. 4G LTE subscribers.

CABLE

Our expansive inter-city and intra-city fibre and hybrid fibre-coaxial (HFC) infrastructure delivers services to consumers and businesses in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland. We also operate a transcontinental, facilities-based fibre-optic network with 81,000 kilometres of fibre optic cable that is used to service business customers, including government and other telecommunications service providers. We also use our extensive fibre network for backhaul for wireless cell site traffic. In Canada, the network extends coast-to-coast and includes local and regional fibre, transmission electronics and systems, hubs, points of presence, and IP routing and switching infrastructure. The network also extends to the US from Vancouver south to Seattle; from the Manitoba-Minnesota border through Minneapolis, Milwaukee, and Chicago; from Toronto through Buffalo; and from Montreal through Albany to New York City and Ashburn, allowing us to connect Canada's largest markets, while also reaching key US markets for the exchange of data and voice traffic.

The network is structured to optimize performance and reliability and to allow for the simultaneous delivery of video, voice, and Internet over a single platform. It is generally constructed in rings that interconnect with distribution hubs, providing redundancy to minimize disruptions that can result from fibre cuts and other events.

Homes and commercial buildings are connected to our network through HFC nodes or FTTH. We connect the HFC node to the network using fibre optic cable and the home to the node using coaxial cable or fibre. Using 1.2GHz, 860 MHz, and 750 MHz of cable spectrum in Ontario and Atlantic Canada, respectively, we deliver video, voice, and broadband services to our customers. HFC node segmentation reduces the number of homes passed per HFC node, thereby increasing the bandwidth and capacity per subscriber.

We continually upgrade the network to improve capacity, enhance performance and reliability, reduce operating costs, and introduce new features and functionality. Our investments are focused on:

- uplifting our HFC network to 1.2 GHz (and, over time, 1.8 GHz) while at the same time improving network performance, quality, and reliability by deploying digital fibre optics, removing radio

frequency amplifiers, and reducing homes passed per node to an average of 60;

- increasing capacity per subscriber by enabling the 1.2 GHz (and, over time, 1.8 GHz) of spectrum with additional DOCSIS 3.1 downstream and upstream capacity and deploying DOCSIS 4.0 that, over time, are expected to support downstream speeds up to 10 gigabits per second (Gbps);
- improving video signal compression by moving to more advanced video protocols;
- improving channel and on-demand capacity through switched digital video; and
- increasing our FTTH footprint by connecting more homes, multiple dwelling unit buildings, and business premises directly to fibre.

Broadband Internet service is provided using a DOCSIS CCAP 3.0/3.1 platform, which combines multiple radio frequency channels onto one access point at the customer premise, delivering exceptional performance. Over the last 20 years, HFC node segmentation, along with analog-to-DTV spectrum repurposing and evolution from DOCSIS 1.0 to DOCSIS 3.1, has increased downstream and upstream capacity by approximately 1,000 and 200 times, respectively. This track record of investing in our networks and demonstrating the capability to cost-effectively deploy best-in-class service is one of our key strategies for ensuring that we stay competitive with other service providers that provide Internet service into homes and businesses over copper facilities. By the end of 2016, 100% of our cable network had been upgraded to DOCSIS CCAP technology supporting DOCSIS 3.1 and Ignite Gigabit Internet.

Fixed wireless access services and expanding our cable footprint is a key priority for connecting all areas of Canada, including rural and underserved areas. We are actively investing in the expansion of our network in both Wireless and Cable to leverage what's needed to offer fixed wireless Internet access. We are investing in the next generation of broadband wireless data networks, such as 5G technologies, to support the growing data demand and new products and applications. This requires a strong network, capable of supporting both wireline and wireless data at low latencies to ensure new products and applications operate as intended.

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We have been deploying 1 GHz fibre-to-the-curb (FTTC) in new development areas and transitioning to FTTH since 2005. In 2018, we began upgrading our HFC network to a mix of 1.2 GHz FTTC and FTTH. FTTC provides the foundation for subsequent generations of DOCSIS, including Remote PHY and DOCSIS 4.0, which will improve high-speed Internet accessibility, quality, and tier speed attainability, while increasing the capacity of our HFC network. Rogers FTTH is based on ten gigabit symmetrical passive optical network (XGS-PON) technology that can support symmetrical downstream/upstream speeds up to 10 Gbps per node in select neighbourhoods, with the ability to upgrade the opto-electronics to support even higher speeds in the future as required to meet demand for additional bandwidth.

We continue to invest in and improve our cable network services; for example, with technology to support gigabit Internet speeds, Ignite TV, Rogers 4K TV, our 4K PVR set-top box, and a significant commitment to live broadcasting in 4K, including regular season Toronto Blue Jays home games for 2022 and numerous NHL and NBA games.

Voice-over-cable telephony services are also served using the DOCSIS network. Our offerings ensure a high quality of service by including geographic redundancy and network backup powering. Our phone service includes a rich set of features, such as TV Call Display (available on our NextBox™ set-top boxes), three-way calling, and advanced voicemail features that allow customers to be notified of, and listen to, their home voicemail on their wireless phone or over the Internet.

We own and operate some of the most advanced networks and data centres in Canada. Our data centres provide guaranteed uptime and expertise in collocation, cloud, and managed services solutions. We own and operate nine state-of-the-art, highly reliable, certified data centres across Canada, including:

- Canada's first Tier III Design and Construction certified multi-tenant facility in Toronto;
- Alberta's first Tier III certified data centre; and
- a third Tier III certified data centre in Ottawa.

We leverage our national fibre, cable, and wireless networks and data centre infrastructure to enable businesses to deliver greater value to their customers through proactive network monitoring and problem resolution with enterprise-level reliability, security, and performance. Our primary and secondary Network Operation Centres proactively monitor Rogers' networks to mitigate the risk of service interruptions and to allow for rapid responses to any outages.

CUSTOMER EXPERIENCE

We are committed to providing our customers with the best experience possible. To do this, we have invested in several areas to make it easier and more convenient for customers to interact with us, such as:

- live customer support handled by customer solution specialists located entirely within Canada;
- 24/7 customer support handled by virtual assistant tools that provide customers the option for live chat or scheduled callbacks;
- an innovative Integrated Voice Response (IVR) system that can take calls in English, French, Mandarin, and Cantonese;

- voice authentication technology across all of our contact centres that automatically identifies our registered customers by their voice, increasing security and protecting customers from potential fraud;
- self-serve options, including:
 - the ability for Fido and Rogers customers to complete price plan changes and hardware upgrades online;
 - a simplified login, allowing Fido customers to log in to their accounts online or through the Fido MyAccount app using their Facebook login credentials, eliminating the need to remember multiple login credentials and making self-service easier to access;
 - the ability for customers to install their Internet, TV, home phone, smart home monitoring, and Ignite SmartStream products at their convenience, without the need for a technician visiting their residence;
 - *Rogers EnRoute™*, a tool that gives customers the ability to track on their phone when a technician will arrive for an installation or service call; and
 - the ability for chatr customers to use SMS to easily review account information, balance details, and top up their account;
- customer care available over Facebook Messenger, Twitter, and online chat through our websites;
- Rogers Infinite unlimited data plans with no overage charges;
- 24-month, \$0 down, interest-free wireless device financing on Rogers Infinite plans and through our Fido Payment Program;
- Rogers Pro On-the-Go, a personalized retail service whereby within hours of ordering a new wireless device, a connected solutions professional will meet a customer at their time and location of choice (within the service area) and set up their device based on their preferences;
- Ignite WiFi Hub for all Ignite TV customers to give them ultimate control over their WiFi experience;
- Family Data Manager, a data manager tool, and Data Top Ups, both of which allow Wireless customers to manage and customize their data usage in real-time through MyRogers;
- Fido 5 Extra Hours, which grant Fido customers an additional five hours of data, per billing cycle, at no extra charge;
- Fido XTRA™, a program that gives Fido postpaid Wireless and Internet customers free access to new perks every Thursday, such as deals and giveaways from leading brands on food, drinks, apparel, entertainment, and more;
- a simple online bill, making it easier for customers to read and understand their monthly charges;
- Roam Like Home and Fido Roam, worry-free wireless roaming allowing Canadians to use their wireless plan like they do at home when traveling to included destinations;
- DAY PASS™, a flexible daily payment option for chatr customers;
- Top Up as a Guest, which allows chatr customers to top up an account without signing in;
- *Advantage Mobility™* and *Advantage Security™*, business-grade solutions offered by Rogers for Business to support small- and medium-sized Canadian enterprises with reliable connectivity and network security;
- a *Premium Device Protection™* program, including AppleCare services for Rogers and Fido customers, offering customers more protection and choice;
- Express Pickup, a free service that allows customers to purchase a new device online or through a customer care agent and pick up it up the same day in-store;

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- an online appointment booking tool, allowing customers to conveniently schedule an appointment to speak to a Rogers expert at a specific store and time; and
- Certified Walk-in Repairs, a fast and reliable phone repair service offering customers more convenience, flexibility, and reliability, in 15 cities across Ontario.

POWERFUL BRANDS

The Rogers brand has strong national recognition through our:

- established networks;
- extensive distribution;
- recognizable media content and programming;
- advertising;
- event and venue sponsorships;
- community investment, including the Ted Rogers Scholarship Fund and Ted Rogers Community Grants; and
- naming rights to some of Canada's landmark buildings.

We also own or utilize some of Canada's most recognized brands, including:

- the wireless brands of Rogers, Fido, and chatr;
- the residential brands of Rogers and Fido;
- 23 TV stations and specialty channels, including Sportsnet, Omni, Citytv, FX (Canada), and FXX (Canada);
- 54 radio stations, including 98.1 CHFI, 680 NEWS, Sportsnet The FAN, KiSS, JACK FM, and SONiC;
- major league sports teams, including the Toronto Blue Jays, and teams owned by MLSE, such as the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, and the Toronto Argonauts;
- an exclusive 12-year agreement with the NHL, which runs through the 2025-2026 season, that allows us to deliver coverage of professional hockey in Canada; and
- Today's Shopping Choice, a premium online and TV shopping retailer.

WIDESPREAD PRODUCT DISTRIBUTION

WIRELESS

We have an extensive national distribution network and offer our wireless products nationally through multiple channels, including:

- company-owned Rogers, Fido, and chatr retail stores;
- customer self-serve using rogers.com, fido.ca, chatrwireless.com, and e-commerce sites;
- an extensive independent dealer network;
- major retail chains and convenience stores;
- other distribution channels, such as WOW! mobile boutique™, as well as Wireless Wave and TBooth Wireless through our ownership interest in Glentel;
- our contact centres;
- outbound telemarketing; and
- Rogers Pro On-the-Go, a personalized retail service that delivers and sets up new wireless devices to the customer's location of choice within the service area.

CABLE

We distribute our residential cable products using various channels, including:

- company-owned Rogers and Fido retail stores;
- customer self-serve using rogers.com and fido.ca;

- our contact centres, outbound telemarketing, and door-to-door agents; and
- major retail chains.

Our sales team and third-party retailers sell services to the business, public sector, and carrier wholesale markets. An extensive network of third-party channel distributors deals with IT integrators, consultants, local service providers, and other indirect sales relationships. This diverse approach gives greater breadth of coverage and allows for strong sales growth for next-generation services.

FIRST-CLASS MEDIA CONTENT

We deliver highly sought-after sports content enhanced by the following initiatives:

- an exclusive 12-year agreement with the NHL, which runs through the 2025-2026 season, that allows us to deliver coverage of professional hockey in Canada across television, smartphones, tablets, and the Internet;
- exclusive broadcasting and distribution rights of the Toronto Blue Jays in Canada through our ownership of the team;
- NHL LIVE, an online OTT destination for NHL action on any screen;
- SN NOW, Canada's first OTT sports service, offering 24/7 access to Sportsnet's TV content;
- the MLB Network, a 24-hour network dedicated to baseball, brought to Canada on Rogers television services; and
- a 10-year, multi-platform agreement that runs through August 2024, which makes Rogers the exclusive wholesaler and Canadian distributor of World Wrestling Entertainment's (WWE) flagship programming.

ENGAGED PEOPLE

For our team of approximately 23,000 employees, we strive to create a great workplace, focusing on all aspects of the employee experience, which include:

- engaging employees and building high-performing teams through initiatives including engagement surveys and leadership development programs;
- aiming to attract and retain top talent through effective training and development, performance-driven employee recognition programs, and career progression programs for front-line employees;
- maintaining our commitment to diversity and inclusion; and
- providing a safe, collaborative, and agile workplace that provides employees the tools and training to be successful.

FINANCIAL STRENGTH AND FLEXIBILITY

We have an investment-grade balance sheet and substantial available liquidity of \$4.2 billion as at December 31, 2021. Our capital resources consist primarily of cash balances, cash provided by operating activities, available lines of credit, funds available under our receivables securitization program, issuances of US dollar-denominated commercial paper (US CP) under our US CP

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

program, and long-term debt. We also owned approximately \$1,581 million of marketable equity securities in publicly traded companies as at December 31, 2021.

The following information is forward-looking and should be read in conjunction with "About Forward-Looking Information", "Financial and Operating Guidance", "Risks and Uncertainties Affecting our Business", and our other disclosures about various economic, competitive, and regulatory assumptions, factors, and risks that could cause our actual future financial and operating results to differ from those currently expected.

The Transaction will have a significant impact on our capital structure as we anticipate issuing significant debt in order to consummate the Transaction; however, we expect we will have sufficient capital resources to satisfy our anticipated cash funding requirements in 2022, including the Transaction, funding of dividends on our common shares, repayment of maturing short-term borrowings and long-term debt, and other financing and investing activities. This takes into account our opening cash balance, cash provided by operating activities, and funds available to us under credit facilities, our receivables securitization program, our US CP program, and other bank facilities or debt issued, including, for the purposes of the Transaction as necessary, the \$13 billion committed credit facility and the \$6 billion Shaw term loan facility. As at December 31, 2021, there were no significant

restrictions on the flow of funds between RCI and its subsidiary companies.

We believe we can satisfy foreseeable additional funding requirements through additional financing, which, depending on market conditions, could include restructuring our existing bank credit and letter of credit facilities, entering into new bank credit facilities, issuing long-term or short-term debt, amending the terms of our receivables securitization or US CP programs, or issuing equity. We may also opportunistically refinance a portion of existing debt depending on market conditions and other factors. There is no assurance, however, that these financing initiatives will or can be done as they become necessary.

WIDESPREAD SHAREHOLDER BASE AND DIVIDENDS

RCI's Class B Non-Voting common shares (Class B Non-Voting Shares) are widely held and actively trade on the TSX and the NYSE with a combined average daily trading volume of approximately 1.9 million shares in 2021. In addition, RCI's Class A Voting common shares (Class A Shares) trade on the TSX. At the discretion of the Board, we pay an equal dividend on both classes of shares. In 2021, each share paid an annualized dividend of \$2.00.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

2021 Financial Results

See “Accounting Policies” in this MD&A and the notes to our 2021 Audited Consolidated Financial Statements for important accounting policies and estimates as they relate to the following discussion.

We use several key performance indicators to measure our performance against our strategy and the results of our peers and

competitors. Many of these are not defined terms under IFRS and should not be considered alternative measures to net income or any other financial measure of performance under IFRS. See “Key Performance Indicators” and “Non-GAAP and Other Financial Measures” for more information.

SUMMARY OF CONSOLIDATED RESULTS

(In millions of dollars, except margins and per share amounts)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Wireless	8,768	8,530	3
Cable	4,072	3,946	3
Media	1,975	1,606	23
Corporate items and intercompany eliminations	(160)	(166)	(4)
Revenue	14,655	13,916	5
Total service revenue	12,533	11,955	5
Adjusted EBITDA			
Wireless	4,214	4,067	4
Cable	2,013	1,935	4
Media	(127)	51	n/m
Corporate items and intercompany eliminations	(213)	(196)	9
Adjusted EBITDA	5,887	5,857	1
Adjusted EBITDA margin	40.2%	42.1%	(1.9 pts)
Net income	1,558	1,592	(2)
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Diluted earnings per share	\$ 3.07	\$ 3.13	(2)
Adjusted net income	1,803	1,725	5
Adjusted basic earnings per share	\$ 3.57	\$ 3.42	4
Adjusted diluted earnings per share ¹	\$ 3.56	\$ 3.40	5
Capital expenditures	2,788	2,312	21
Cash provided by operating activities	4,161	4,321	(4)
Free cash flow	1,671	2,366	(29)

¹ Adjusted diluted earnings per share is a non-GAAP ratio. Adjusted net income, a non-GAAP financial measure, is a component of adjusted diluted earnings per share. These are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies. See “Non-GAAP and Other Financial Measures” for more information about these measures.

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC****KEY CHANGES IN FINANCIAL RESULTS YEAR
OVER YEAR****REVENUE**

Wireless service revenue increased this year as a result of a larger postpaid subscriber base and higher roaming revenue as COVID-19-related global travel restrictions were generally less strict than last year, partially offset by lower overage revenue. Wireless equipment revenue increased this year as a result of higher device upgrades by existing customers and a shift in the product mix towards higher-value devices, partially offset by fewer of our new subscribers purchasing devices.

Cable revenue increased this year as a result of the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increase in total customer relationships over the past year, due to growth in our Internet and Ignite TV subscriber bases, and disciplined promotional activity and Internet service pricing changes in late 2020, partially offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased this year as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, shifting revenue to 2021, and higher Toronto Blue Jays attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

ADJUSTED EBITDA

Adjusted EBITDA increased this year, primarily due to increases in Wireless and Cable adjusted EBITDA, partially offset by the decrease in Media adjusted EBITDA, which led to an adjusted EBITDA margin of 40%.

Wireless adjusted EBITDA increased this year primarily as a result of the flow-through impact of the aforementioned increases in revenue and lower bad debt expense. This gave rise to a Wireless adjusted EBITDA margin of 48.1%. Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

Cable adjusted EBITDA increased this year as a result of the revenue growth as discussed above, which led to a Cable adjusted EBITDA margin of 49.4%.

Media adjusted EBITDA decreased this year primarily as a result of higher programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, higher general operating costs, and higher Toronto Blue Jays player payroll and game day costs, partially offset by higher revenue as discussed above.

NET INCOME AND ADJUSTED NET INCOME

Net income decreased as a result of higher restructuring, acquisition and other costs attributable to the Transaction. Adjusted net income increased this year primarily as a result of higher adjusted EBITDA and lower finance costs.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

WIRELESS

ROGERS IS CANADA'S LARGEST PROVIDER OF WIRELESS COMMUNICATIONS SERVICES

As at December 31, 2021, we had:

- approximately 11.3 million wireless subscribers; and
- approximately 31% subscriber and revenue share of the Canadian wireless market.

WIRELESS FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Service revenue	6,666	6,579	1
Equipment revenue	2,102	1,951	8
Revenue	8,768	8,530	3
Operating expenses			
Cost of equipment	2,142	1,932	11
Other operating expenses	2,412	2,531	(5)
Operating expenses	4,554	4,463	2
Adjusted EBITDA	4,214	4,067	4
Adjusted EBITDA service margin ¹	63.2%	61.8%	1.4 pts
Adjusted EBITDA margin ²	48.1%	47.7%	0.4 pts
Capital expenditures	1,515	1,100	38

¹ Calculated using service revenue.

² Calculated using total revenue.

WIRELESS SUBSCRIBER RESULTS ¹

(In thousands, except churn, blended ABPU, and blended ARPU)	Years ended December 31		
	2021	2020	Chg
Postpaid			
Gross additions	1,565	1,381	184
Net additions	448	245	203
Total postpaid subscribers ²	10,131	9,683	448
Churn (monthly)	0.95%	1.00%	(0.05 pts)
Prepaid			
Gross additions	512	550	(38)
Net losses	(94)	(142)	48
Total prepaid subscribers ²	1,166	1,260	(94)
Churn (monthly)	4.20%	4.38%	(0.18 pts)
Blended ARPU (monthly)	\$ 50.26	\$ 50.75	(\$ 0.49)
Blended ABPU (monthly) ³	\$ 63.45	\$ 63.24	\$ 0.21

¹ Subscriber counts and subscriber churn are key performance indicators. See "Key Performance Indicators".

² As at end of period.

³ Blended ABPU is a non-GAAP ratio. Adjusted Wireless service revenue is a non-GAAP financial measure and is a component of blended ABPU. This is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other companies. See "Non-GAAP and Other Financial Measures" for more information about this measure.

REVENUE

Our revenue depends on the size of our subscriber base, the revenue per user, the revenue from the sale of wireless devices, and other equipment revenue.

Service revenue

Service revenue includes revenue derived from voice and data services from:

- postpaid and prepaid monthly fees;
- data usage;
- airtime;
- long distance charges;
- essential services charges;
- inbound and outbound roaming charges; and
- certain other fees and charges.

The 1% increase in service revenue this year was a result of:

- a larger postpaid subscriber base; and
- higher roaming revenue as COVID-19-related global travel restrictions were generally less strict than last year; partially offset by
- a decrease in overage revenue as a result of strong customer adoption of our Rogers Infinite unlimited data plans.

The 1% decrease in blended ARPU was primarily a result of an increase in our subscribers on lower monthly price plans.

The stable blended ABPU was primarily a result of the increased roaming revenue offset by the decline in overage revenue.

We believe the increases in gross and net additions to our postpaid subscriber base and the improved postpaid churn this year were a result of strong execution and an increase in market activity by Canadians with the ongoing opening of the economy.

Equipment revenue

Equipment revenue includes revenue from sales of mobile devices to subscribers through fulfillment by Wireless' customer service groups, websites, telesales, corporate stores, and independent dealers, agents, and retailers.

The 8% increase in equipment revenue this year was a result of:

- higher device upgrades by existing customers; and
- a shift in the product mix towards higher-value devices; partially offset by
- fewer of our new subscribers purchasing devices.

OPERATING EXPENSES

We record operating expenses in two categories:

- the cost of wireless devices and equipment; and
- all other expenses involved in day-to-day operations, to service existing subscriber relationships, and to attract new subscribers.

The 11% increase in the cost of equipment this year was a result of the same factors discussed in equipment revenue above.

Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

The 5% decrease in other operating expenses this year was a result of:

- lower bad debt expense as we recorded a provision last year due to the economic uncertainty relating to COVID-19; and
- various cost efficiencies and productivity initiatives; partially offset by
- higher advertising and channel costs.

ADJUSTED EBITDA

The 4% increase in adjusted EBITDA this year was a result of the revenue and expense changes discussed above.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

CABLE

ONE OF CANADA'S LEADING PROVIDERS OF HIGH-SPEED INTERNET, CABLE TELEVISION, AND PHONE SERVICES

As at December 31, 2021, we had:

- approximately 2.7 million high-speed Internet subscribers;
- approximately 0.8 million Ignite TV subscribers; and
- a network passing approximately 4.7 million homes in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland.

CABLE FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Service revenue	4,052	3,936	3
Equipment revenue	20	10	100
Revenue	4,072	3,946	3
Operating expenses	2,059	2,011	2
Adjusted EBITDA	2,013	1,935	4
Adjusted EBITDA margin	49.4%	49.0%	0.4 pts
Capital expenditures	913	940	(3)

CABLE SUBSCRIBER RESULTS ¹

(In thousands, except ARPA and penetration)	Years ended December 31		
	2021	2020	Chg
Internet ²			
Net additions	49	57	(8)
Total Internet subscribers ^{3,4}	2,665	2,598	67
Ignite TV			
Net additions	244	218	26
Total Ignite TV subscribers ³	788	544	244
Homes passed ³	4,700	4,578	122
Customer relationships			
Net additions	31	12	19
Total customer relationships ^{3,4}	2,581	2,530	51
ARPA (monthly)	\$132.58	\$130.70	\$ 1.88
Penetration ³	54.9%	55.3%	(0.4 pts)

¹ Subscriber counts are key performance indicators. See "Key Performance Indicators".

² Internet subscriber results include Smart Home Monitoring subscribers.

³ As at end of period.

⁴ On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

REVENUE

Service revenue

Service revenue includes revenue derived from:

- monthly subscription and additional use service revenue from residential, small business, enterprise, public sector, and wholesale Internet access subscribers;
- monthly service revenue from our smart home monitoring products;
- modem, television set-top box, and other equipment rental fees;
- IPTV and digital cable services, such as:
 - basic service fees;
 - tier service fees;
 - access fees for use of channel capacity by third parties; and
 - premium and specialty service subscription fees, including pay-per-view service fees and video-on-demand service fees;
- monthly service fees;
- calling features, such as voicemail, call waiting, and caller ID; and
- long distance calling.

The 3% increase in Cable service revenue this year was a result of:

- the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increase in total customer relationships over the past year, due to growth in our Internet and Ignite TV subscriber bases; and
- a 1% increase in ARPA as a result of disciplined promotional activity and Internet service pricing changes in late 2020; partially offset by
- declines in our legacy television and home phone subscriber bases.

Equipment revenue

Equipment revenue includes revenue generated from the sale of television set-top boxes, Internet modems and other equipment, and smart home monitoring equipment. The increase in equipment revenue this year was a result of higher Ignite equipment sales.

OPERATING EXPENSES

We record Cable operating expenses in three categories:

- the cost of programming;
- the cost of equipment revenue (television set-top boxes, Internet modem and other equipment, and smart home monitoring equipment); and
- all other expenses involved in day-to-day operations, to service and retain existing subscriber relationships, and to attract new subscribers.

The 2% increase in operating expenses this year was a result of:

- higher customer care costs; partially offset by
- various cost efficiencies and productivity initiatives.

ADJUSTED EBITDA

The 4% increase in adjusted EBITDA this year was a result of the revenue and expense changes described above.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

MEDIA

DIVERSIFIED CANADIAN MEDIA COMPANY

We have a broad portfolio of media properties, which most significantly includes:

- sports media and entertainment, such as Sportsnet and the Toronto Blue Jays;
- our exclusive national 12-year NHL Agreement, which runs through the 2025-2026 season;
- category-leading television and radio broadcasting properties;
- multi-platform televised and online shopping; and
- digital media.

MEDIA FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue	1,975	1,606	23
Operating expenses	2,102	1,555	35
Adjusted EBITDA	(127)	51	n/m
Adjusted EBITDA margin	(6.4)%	3.2%	(9.6 pts)
Capital expenditures	115	79	46

REVENUE

Media revenue is earned from:

- advertising sales across its television, radio, and digital media properties;
- subscriptions to televised and OTT products;
- ticket sales, fund redistribution and other distributions from MLB, and concession sales; and
- retail product sales.

The 23% increase in revenue this year was a result of:

- higher advertising and subscription revenue, primarily as a result of the delayed starts of the 2020-2021 NHL and NBA seasons; and
- higher Toronto Blue Jays attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

OPERATING EXPENSES

We record Media operating expenses in four primary categories:

- the cost of broadcast content, including sports programming and production;
- Toronto Blue Jays player compensation;
- the cost of retail products sold; and
- all other expenses involved in day-to-day operations.

The 35% increase in operating expenses this year was a result of:

- higher programming and production costs as a result of the delayed starts of the 2020-2021 NHL and NBA seasons;
- higher other general operating costs as a result of the resumption of sports and increased activities as COVID-19 restrictions eased; and
- higher Toronto Blue Jays player payroll and game day costs, primarily as a result of the shortened 2020 MLB season.

ADJUSTED EBITDA

The decrease in adjusted EBITDA this year was a result of the revenue and expense changes described above.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

CAPITAL EXPENDITURES

Capital expenditures include costs associated with acquiring property, plant and equipment and placing it into service. The telecommunications business requires extensive and continual investments, including investment in new technologies and the expansion of capacity and geographical reach. Expenditures related to the acquisition of spectrum licences and additions to right-of-use assets are not included in capital expenditures and do not factor into the calculation of free cash flow or capital intensity. See “Managing our Liquidity and Financial Resources”, “Key Performance Indicators”, and “Non-GAAP and Other Financial Measures” for more information.

Capital expenditures are significant and have a material impact on our cash flows; therefore, our management teams focus on planning, funding, and managing them. We believe this measure best reflects our cost of property, plant and equipment in a given period and is a simpler measure for comparing between periods.

(In millions of dollars, except capital intensity)	Years ended December 31		
	2021	2020	% Chg
Wireless	1,515	1,100	38
Cable	913	940	(3)
Media	115	79	46
Corporate	245	193	27
Capital expenditures ¹	2,788	2,312	21
Capital intensity	19.0%	16.6%	2.4 pts

¹ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

WIRELESS

The increase in capital expenditures in Wireless this year was a result of investments made to upgrade our wireless network to continue delivering reliable performance for our customers. We continued to emphasize our 5G deployments in the 600 MHz band and other bands as we have deployed our 5G network in more than 1,500 communities and we continued rolling out our 5G standalone core network in Montreal, Ottawa, Toronto, and Vancouver.

CABLE

The decrease in capital expenditures in Cable this year was a result of the recognition of capital efficiencies and improved capital intensity. We have continued upgrading our network infrastructure, including additional fibre deployments to increase our FTTH and FTTC distribution. These upgrades will lower the number of homes passed per node and incorporate the latest technologies to help deliver more bandwidth and an even more reliable customer experience as we progress in our connected home roadmap, including service footprint expansion and upgrades to our DOCSIS 3.1 platform to evolve to DOCSIS 4.0, to offer increased download speeds over time.

MEDIA

The increase in capital expenditures this year was primarily a result of higher broadcast infrastructure expenditures, including investments in new production studios, partially offset by lower stadium and facility investments at the Toronto Blue Jays.

CORPORATE

The increase in corporate capital expenditures this year was a result of higher investments in our information technology.

CAPITAL INTENSITY

Capital intensity increased this year as a result of higher capital expenditures, partially offset by higher revenue, as discussed above.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

REVIEW OF CONSOLIDATED PERFORMANCE

This section discusses our net income and other expenses that do not form part of the segment discussions above.

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Depreciation and amortization	2,585	2,618	(1)
Restructuring, acquisition and other	324	185	75
Finance costs	849	881	(4)
Other expense	2	1	100
Income tax expense	569	580	(2)
Net income	1,558	1,592	(2)

ADJUSTED EBITDA

See “Key Changes in Financial Results Year Over Year” for a discussion of the increase in adjusted EBITDA this year.

DEPRECIATION AND AMORTIZATION

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Depreciation of property, plant and equipment	2,322	2,390	(3)
Depreciation of right-of-use assets	246	217	13
Amortization	17	11	55
Total depreciation and amortization	2,585	2,618	(1)

Total depreciation and amortization decreased this year, primarily as a result of certain assets becoming fully amortized, partially offset by, of the cumulative impact of increasing capital expenditures and additions to right-of-use assets over the past several years. See “Capital Expenditures” for more information.

RESTRUCTURING, ACQUISITION AND OTHER

During the year ended December 31, 2021, we incurred \$324 million (2020 - \$185 million) in restructuring, acquisition and other expenses, which included \$137 million (2020 - nil) of certain costs relating to the Transaction, including certain costs related to the committed credit facility and other costs incurred directly related to the Transaction. The remaining costs in 2021 were primarily severance costs associated with the targeted restructuring of our employee base, certain contract termination costs, incremental, temporary costs incurred in response to COVID-19, and other costs. In 2020, these costs were primarily incremental, temporary employee compensation and other costs incurred in response to COVID-19 as well as severance costs associated with the targeted restructuring of our employee base.

FINANCE COSTS

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Interest on borrowings ¹	745	780	(4)
Interest on lease liabilities	74	70	6
Interest on post-employment benefits liability	14	13	8
Loss on foreign exchange	10	107	(91)
Change in fair value of derivative instruments	(6)	(97)	(94)
Capitalized interest	(17)	(19)	(11)
Other	29	27	7
Total finance costs	849	881	(4)

¹ Interest on borrowings includes interest on short-term borrowings and on long-term debt.

The 4% decrease in finance costs this year was primarily a result of lower interest on borrowings due to the repayment of our \$1.45 billion senior notes at maturity in March 2021.

Foreign exchange and change in fair value of derivative instruments
We recognized \$10 million in net foreign exchange losses in 2021 (2020 - \$107 million in net losses). These losses were primarily attributed to our US CP program borrowings.

These foreign exchange losses were offset by the \$6 million gain related to the change in fair value of derivatives (2020 - \$97 million gain) that was primarily attributed to the debt derivatives, which were not designated as hedges for accounting purposes, we used to substantially offset the foreign exchange risk related to these US dollar-denominated borrowings.

See “Managing our Liquidity and Financial Resources” for more information about our debt and related finance costs.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INCOME TAX EXPENSE

Below is a summary of the difference between income tax expense computed by applying the statutory income tax rate to income before income tax expense and the actual income tax expense for the year.

(In millions of dollars, except tax rates)	Years ended December 31	
	2021	2020
Statutory income tax rate	26.5%	26.6%
Income before income tax expense	2,127	2,172
Computed income tax expense	564	578
Increase (decrease) in income tax expense resulting from:		
Non-deductible stock-based compensation	1	-
Non-deductible portion of equity losses	12	10
Income tax adjustment, legislative tax change	-	(3)
Non-taxable income from security investments	(11)	(10)
Other items	3	5
Total income tax expense	569	580
Effective income tax rate	26.8%	26.7%
Cash income taxes paid	700	418

Our effective income tax rate this year was 26.8% compared to 26.7% for 2020. The effective income tax rate for 2021 and 2020 approximated the statutory income tax rate.

Cash income taxes paid increased this year primarily as a result of the timing of installment payments. Our transition to a device financing business model in 2020 resulted in earlier recognition of equipment revenue for income tax purposes. As a result, our cash income taxes for 2021 increased by approximately \$300 million, reflecting our final 2020 tax installment.

NET INCOME

Net income was 2% lower than last year. See "Key Changes in Financial Results Year Over Year" for more information.

(In millions of dollars, except per share amounts)	Years ended December 31		
	2021	2020	% Chg
Net income	1,558	1,592	(2)
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Diluted earnings per share	\$ 3.07	\$ 3.13	(2)

ADJUSTED NET INCOME

Adjusted net income was 5% higher compared to 2020, primarily as a result of higher adjusted EBITDA, lower depreciation and amortization, and lower finance costs, partially offset by higher income tax expense.

(In millions of dollars, except per share amounts)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Depreciation and amortization	2,585	2,618	(1)
Finance costs	849	881	(4)
Other expense	2	1	100
Income tax expense ¹	648	632	3
Adjusted net income	1,803	1,725	5
Adjusted basic earnings per share	\$ 3.57	\$ 3.42	4
Adjusted diluted earnings per share	\$ 3.56	\$ 3.40	5

¹ Income tax expense above excludes a \$79 million recovery (2020 - \$52 million recovery) for the year ended December 31, 2021 related to the income tax impact for adjusted items.

EMPLOYEES

Employee salaries and benefits represent a material portion of our expenses. As at December 31, 2021, we had approximately 23,000 employees (2020 - 24,000) across all of our operating groups, including shared services and the corporate office. Total salaries and benefits for full-time and part-time employees in 2021 were \$2,181 million (2020 - \$1,847 million).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

2020 FULL-YEAR RESULTS COMPARED TO 2019

(In millions of dollars, except margins)	Years ended December 31		
	2020	2019	% Chg
Revenue			
Wireless	8,530	9,250	(8)
Cable	3,946	3,954	-
Media	1,606	2,072	(22)
Corporate items and intercompany eliminations	(166)	(203)	(18)
Revenue	13,916	15,073	(8)
Total service revenue	11,955	12,965	(8)
Adjusted EBITDA			
Wireless	4,067	4,345	(6)
Cable	1,935	1,919	1
Media	51	140	(64)
Corporate items and intercompany eliminations	(196)	(192)	2
Adjusted EBITDA	5,857	6,212	(6)
Adjusted EBITDA margin	42.1%	41.2%	0.9 pts
Net income	1,592	2,043	(22)
Adjusted net income	1,725	2,135	(19)

Revenue

Consolidated revenue decreased in 2020, reflecting a revenue decline of 8% in Wireless and decline of 22% in Media.

Wireless service revenue decreased as a result of lower roaming revenue due to global travel restrictions during COVID-19 and lower overage revenue as a result of the continued adoption of our Rogers Infinite unlimited data plans.

Cable revenue was in line with 2019.

Media revenue decreased by 22% as a result of lower sports-related revenues, including at the Toronto Blue Jays, due to the impact of COVID-19, the suspension of major sports leagues from mid-March until the third quarter, and the postponed start of the 2020-2021 NHL and NBA seasons, which traditionally start early in the fourth quarter, as well as lower advertising revenue related to softness in the advertising market, partially offset by higher revenues at Today's Shopping Choice.

Adjusted EBITDA

Consolidated adjusted EBITDA decreased in 2020 to \$5,857 million, reflecting decreases in Wireless and Media, partially offset by an increase in Cable.

Wireless adjusted EBITDA decreased 6% as a result of the decrease in service revenue as discussed above, partially offset by the shift to device financing, which significantly improved the Wireless equipment margin, and various cost efficiencies and productivity initiatives.

Cable adjusted EBITDA increased by 1% in 2020 as a result of various cost efficiencies.

Media adjusted EBITDA decreased 64% primarily as a result of decreased revenue as discussed above, partially offset by lower sports-related costs due to the suspension of major sports leagues from mid-March until the third quarter and the postponed start of the 2020-2021 NHL and NBA seasons.

Net income and adjusted net income

Net income and adjusted net income both decreased in 2020 primarily as a result of lower adjusted EBITDA. Net income decreased to \$1,592 million in 2020 from \$2,043 million in 2019 and adjusted net income decreased to \$1,725 million in 2020 from \$2,135 million in 2019.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

QUARTERLY RESULTS

Below is a summary of our quarterly consolidated financial results and key performance indicators for 2021 and 2020.

QUARTERLY CONSOLIDATED FINANCIAL SUMMARY

(In millions of dollars, except per share amounts)	2021					2020				
	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
Revenue										
Wireless	8,768	2,415	2,215	2,064	2,074	8,530	2,291	2,228	1,934	2,077
Cable	4,072	1,023	1,016	1,013	1,020	3,946	1,019	988	966	973
Media	1,975	516	473	546	440	1,606	409	489	296	412
Corporate items and intercompany eliminations	(160)	(35)	(38)	(41)	(46)	(166)	(39)	(40)	(41)	(46)
Total revenue	14,655	3,919	3,666	3,582	3,488	13,916	3,680	3,665	3,155	3,416
Total service revenue	12,533	3,232	3,149	3,131	3,021	11,955	3,023	3,086	2,797	3,049
Adjusted EBITDA										
Wireless	4,214	1,086	1,107	1,008	1,013	4,067	1,034	1,089	918	1,026
Cable	2,013	518	516	492	487	1,935	520	508	454	453
Media	(127)	(26)	33	(75)	(59)	51	82	89	(35)	(85)
Corporate items and intercompany eliminations	(213)	(56)	(56)	(51)	(50)	(196)	(46)	(48)	(43)	(59)
Adjusted EBITDA	5,887	1,522	1,600	1,374	1,391	5,857	1,590	1,638	1,294	1,335
Deduct (add):										
Depreciation and amortization	2,585	658	642	647	638	2,618	666	663	650	639
Restructuring, acquisition and other	324	101	63	115	45	185	73	49	42	21
Finance costs	849	218	207	206	218	881	228	219	214	220
Other expense (income)	2	(12)	20	(7)	1	1	2	6	7	(14)
Net income before income tax expense	2,127	557	668	413	489	2,172	621	701	381	469
Income tax expense	569	152	178	111	128	580	172	189	102	117
Net income	1,558	405	490	302	361	1,592	449	512	279	352
Earnings per share:										
Basic	\$ 3.09	\$ 0.80	\$ 0.97	\$ 0.60	\$ 0.71	\$ 3.15	\$ 0.89	\$ 1.01	\$ 0.55	\$ 0.70
Diluted	\$ 3.07	\$ 0.80	\$ 0.94	\$ 0.60	\$ 0.70	\$ 3.13	\$ 0.89	\$ 1.01	\$ 0.54	\$ 0.68
Net income	1,558	405	490	302	361	1,592	449	512	279	352
Add (deduct):										
Restructuring, acquisition and other	324	101	63	115	45	185	73	49	42	21
Income tax impact of above items	(79)	(20)	(17)	(30)	(12)	(52)	(22)	(13)	(11)	(6)
Adjusted net income	1,803	486	536	387	394	1,725	500	548	310	367
Adjusted earnings per share:										
Basic	\$ 3.57	\$ 0.96	\$ 1.06	\$ 0.77	\$ 0.78	\$ 3.42	\$ 0.99	\$ 1.09	\$ 0.61	\$ 0.73
Diluted	\$ 3.56	\$ 0.96	\$ 1.03	\$ 0.76	\$ 0.77	\$ 3.40	\$ 0.99	\$ 1.08	\$ 0.60	\$ 0.71
Capital expenditures	2,788	846	739	719	484	2,312	656	504	559	593
Cash provided by operating activities	4,161	1,147	1,319	1,016	679	4,321	947	986	1,429	959
Free cash flow	1,671	468	507	302	394	2,366	568	868	468	462

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FOURTH QUARTER 2021 RESULTS

Results commentary in “Fourth Quarter 2021 Results” compares the fourth quarter of 2021 with the fourth quarter of 2020.

Revenue

Total revenue and total service revenue increased by 6% and 7%, respectively, in the fourth quarter, driven by revenue growth in our Wireless and Media businesses.

Wireless service revenue increased by 6% in the fourth quarter, mainly as a result of larger postpaid subscriber base and higher roaming revenue, as COVID-19-related global travel restrictions were generally less strict than last year. Wireless equipment revenue increased by 4%, as a result of higher device upgrades by existing subscribers, and higher gross additions, partially offset by increased promotional activity during key selling periods.

Cable revenue was stable in the fourth quarter, primarily as a result of the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increases in our Internet and Ignite TV subscriber bases, offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased by 26% in the fourth quarter, primarily as 2020 was impacted by the postponement of the start of the 2020-2021 NHL and NBA seasons.

Adjusted EBITDA and margins

Consolidated adjusted EBITDA decreased 4% in the fourth quarter and our adjusted EBITDA margin decreased by 440 basis points driven by the impact of Media.

Wireless adjusted EBITDA increased by 5%, primarily as a result of the flow-through of revenue growth. This gave rise to a Wireless adjusted EBITDA service margin of 62.6%.

Cable adjusted EBITDA was in line with last year, resulting in a Cable adjusted EBITDA margin of 50.6% in the fourth quarter.

Media adjusted EBITDA decreased by \$108 million in the fourth quarter, primarily due to higher sports programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, partially offset by higher revenue as discussed above.

Net income and adjusted net income

Net income and adjusted net income decreased in the fourth quarter by 10% and 3%, respectively, primarily as a result of lower adjusted EBITDA.

QUARTERLY TRENDS AND SEASONALITY

Our operating results generally vary from quarter to quarter as a result of changes in general economic conditions and seasonal fluctuations, among other things, in each of our reportable segments. This means our results in one quarter are not necessarily indicative of how we will perform in a future quarter. Wireless, Cable, and Media each have unique seasonal aspects to, and certain other historical trends in, their businesses.

COVID-19 significantly affected our operating results in 2020 and 2021 in addition to the typical seasonal fluctuations in our business that are described below. In Wireless, the decline in customer travel due to global travel restrictions resulted in lower-than-pre-pandemic

roaming revenue. In Media, major professional sports leagues postponed their 2019-20 seasons between March and July 2020 and recommenced with contracted seasons from July to September 2020. The NBA and NHL also postponed and condensed their 2020-21 seasons to late December 2020 and early January 2021, respectively. These changes caused sports-related revenue and expenses, such as programming rights amortization, to be recognized at different points in time than is typical. Furthermore, the effect of the Toronto Blue Jays being able to allow limited game-day attendance this year and play a full season compared to the stricter public health restrictions in the prior year has resulted in increased revenue and operating expenses this year.

We expect COVID-19 will continue to affect our operating results in 2022 and there is continued uncertainty surrounding the duration and potential outcomes of COVID-19.

Fluctuations in net income from quarter to quarter can also be attributed to losses on the repayment of debt, foreign exchange gains or losses, changes in the fair value of derivative instruments, other income and expenses, restructuring, acquisition and other costs, impairment of assets, and changes in income tax expense.

Wireless

Trends affecting both Wireless revenue and adjusted EBITDA reflect:

- the growing number of wireless subscribers;
- greater usage of wireless data;
- higher wireless equipment revenue as more consumers shift to financing higher-value devices, along with ongoing disciplined promotional activity; and
- decreasing postpaid churn, which we believe is beginning to reflect the realization of our enhanced customer service efforts; partially offset by
- lower overage revenue as customers continue to adopt our unlimited data plans.

Additional trends affecting Wireless adjusted EBITDA reflect higher costs related to the increasing number of subscribers.

We continue to target organic growth in higher-value postpaid subscribers, reflected in the increasing proportion of postpaid subscribers relative to prepaid subscribers. Prepaid plans are evolving to have properties similar to those of traditional postpaid plans. We believe this evolution provides consumers with greater choice of subscribing to a postpaid or prepaid service plan. Growth in our customer base over time has resulted in higher costs for customer service, retention, credit, and collection; however, most of the cost increases have been offset by gains in operating efficiencies.

Wireless operating results are influenced by the timing of our marketing and promotional expenditures and higher levels of subscriber additions, resulting in higher subscriber acquisition- and activation-related expenses, typically in the third and fourth quarters. Conversely, periods with higher activity may adversely impact subscriber churn metrics as a result of heightened competitive activity. The third and fourth quarters typically experience higher volumes of activity as a result of “back to school” and holiday season-related consumer behaviour. Aggressive promotional offers are often advertised during these periods and also contribute to the impact on subscriber metrics. In contrast, we

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

typically see lower subscriber additions in the first quarter of the year.

The launch of popular new wireless device models can also affect the level of subscriber activity. Highly anticipated device launches typically occur in the spring and fall seasons of each year. Wireless roaming revenue is dependent on customer travel volumes and timing, which is affected by the foreign exchange rate of the Canadian dollar and general economic conditions.

Cable

Trends affecting Cable service revenue primarily reflect:

- higher Internet subscription fees as customers increasingly upgrade to higher-tier speed plans, including those with unlimited usage;
- customers adopting Ignite TV;
- general service pricing increases; and
- the shift of business customers from lower-margin, off-net legacy long distance and data services to higher-margin, next-generation services and data centre businesses; partially offset by
- competitive losses of legacy Television and Phone subscribers;
- Television subscribers downgrading their service plans; and
- lower additional usage of our products and services as service plans are increasingly bundling more features, such as unlimited usage or a greater number of TV channels.

Trends affecting Cable adjusted EBITDA primarily reflect:

- higher Internet operating margins, as a result of the shift from conventional Television to Internet services; and
- the shift to a self-install model for most of our Cable products; partially offset by
- higher premium supplier fees in Television as a result of bundling more value-added offerings into our Cable products.

Cable's operating results are affected by modest seasonal fluctuations in subscriber additions and disconnections, typically caused by:

- university and college students who live in residence moving out early in the second quarter and cancelling their service as well as students moving in late in the third quarter and signing up for cable service;
- individuals temporarily suspending service for extended vacations or seasonal relocations;
- the timing of service pricing changes; and
- the focused marketing we generally conduct in our fourth quarter.

Cable operating results are also influenced by trends in cord shaving and cord cutting, which has resulted in fewer subscribers watching traditional cable television, as well as a lower number of Television subscribers. In addition, trends in the use of wireless products and Internet or social media as substitutes for traditional home phone products have resulted in fewer Phone subscribers. Cable results from our business customers do not generally have any unique seasonal aspects.

Media

Trends affecting Media revenue and adjusted EBITDA are generally the result of:

- fluctuations in advertising and consumer market conditions;
- subscriber rate increases;
- higher sports and rights costs, including increases as we move further along in our NHL Agreement;
- general cord shaving and cord cutting by television subscribers regardless of service provider; and
- continual investment in primetime and specialty programming relating to both our broadcast networks (such as Citytv) and our specialty channels (such as FX (Canada)).

Seasonal fluctuations relate to:

- periods of increased consumer activity and their impact on advertising and related retail cycles, which tend to be most active in the fourth quarter due to holiday spending and slower in the first quarter;
- the MLB season, where:
 - games played are concentrated in the spring, summer, and fall months (generally the second and third quarters of the year);
 - revenue related to game day ticket sales, merchandise sales, and advertising are concentrated in the spring, summer, and fall months (generally the second and third quarters of the year), with postseason games commanding a premium in advertising revenue and additional revenue from game day ticket sales and merchandise sales, if and when the Toronto Blue Jays play in the postseason (in the fourth quarter of the year); and
 - programming and production costs and player payroll are expensed based on the number of games aired or played, as applicable; and
- the NHL season, where:
 - regular season games are concentrated in the fall and winter months (generally the first and fourth quarters of the year) and playoff games are concentrated in the spring months (generally the second quarter of the year). We expect a correlation between the quality of revenue and earnings and the extent of Canadian teams' presence during the playoffs;
 - programming and production costs are expensed based on the timing of when the rights are aired or are expected to be consumed; and
 - advertising revenue and programming expenses are concentrated in the fall, winter, and spring months, with playoff games commanding a premium in advertising revenue.

Other expenses

Depreciation and amortization trails capital expenditures and, in recent years, has been trending upward as a result of an increase in our general depreciable asset base, related significantly to the ongoing expansions of our wireless and cable networks. The increasing trend is a direct result of increasing capital expenditures in previous years as we worked to upgrade our wireless network for the launch of 5G services and roll out Ignite TV, Ignite Gigabit Internet, and 4K TV to our Cable footprint. We expect future depreciation and amortization to align with ongoing capital expenditures and additions to right-of-use assets.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

OVERVIEW OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 (In millions of dollars)	2021	2020	\$ Chg	% Chg	Explanation of significant changes
Assets					
Current assets:					
Cash and cash equivalents	715	2,484	(1,769)	(71)	See "Managing our Liquidity and Financial Resources".
Accounts receivable	3,847	2,856	991	35	Primarily reflects the increase in financing receivables.
Inventories	535	479	56	12	Reflects an increase in Wireless devices to mitigate the risk of the COVID-19 impact on supply chains.
Current portion of contract assets	115	533	(418)	(78)	Reflects our transition of consumer offerings to device financing agreements.
Other current assets	497	516	(19)	(4)	n/m
Current portion of derivative instruments	120	61	59	97	Primarily reflects changes in the market value of certain interest rate derivatives as a result of changes in the interest rate environment.
Total current assets	5,829	6,929	(1,100)	(16)	
Property, plant and equipment	14,666	14,018	648	5	Primarily reflects capital expenditures and additions to right-of-use assets partially offset by depreciation expense.
Intangible assets	12,281	8,926	3,355	38	Primarily reflects the acquisition of 3500 MHz spectrum licences.
Investments	2,493	2,536	(43)	(2)	n/m
Derivative instruments	1,431	1,378	53	4	Primarily reflects changes in the market values of certain debt derivatives as a result of changes in the interest rate environment.
Financing receivables	854	748	106	14	Reflects our continued transition of consumer offerings to device financing agreements.
Other long-term assets	385	346	39	11	n/m
Goodwill	4,024	3,973	51	1	n/m
Total assets	41,963	38,854	3,109	8	
Liabilities and shareholders' equity					
Current liabilities:					
Short-term borrowings	2,200	1,221	979	80	Reflects an increase in borrowings under our receivables securitization program, US CP program, and non-revolving credit facilities.
Accounts payable and accrued liabilities	3,416	2,714	702	26	Reflects increased spending as the economy recovered from COVID-19.
Income tax payable	115	344	(229)	(67)	Reflects a decrease in taxes owed as a result of the final 2020 installment payment.
Other current liabilities	607	243	364	150	Primarily reflects changes in the market value of certain interest rate derivatives as a result of changes in the interest rate environment.
Contract liabilities	394	336	58	17	n/m
Current portion of long-term debt	1,551	1,450	101	7	Reflects the reclassifications to current of our US\$750 million senior notes due March 2022 and our \$600 million senior notes due June 2022, including the impact of foreign exchange on the US dollar-denominated debt, partially offset by the repayment of \$1,450 million senior notes in March 2021.
Current portion of lease liabilities	336	278	58	21	Reflects liabilities related to the current portion of new leases entered.
Total current liabilities	8,619	6,586	2,033	31	
Provisions	50	42	8	19	n/m
Long-term debt	17,137	16,751	386	2	Reflects the issuance of our \$2 billion subordinated notes, partially offset by reclassifications to current of our US\$750 million senior notes due March 2022 and our \$600 million senior notes due June 2022.
Lease liabilities	1,621	1,557	64	4	Reflects liabilities related to new leases entered.
Other long-term liabilities	565	1,149	(584)	(51)	Primarily reflects changes in market values of certain debt derivatives as a result of changes in the Canadian and US interest rate environment.
Deferred tax liabilities	3,439	3,196	243	8	Primarily reflects an increase in temporary differences between the accounting and tax bases for certain assets and liabilities.
Total liabilities	31,431	29,281	2,150	7	
Shareholders' equity	10,532	9,573	959	10	Reflects changes in retained earnings and equity reserves.
Total liabilities and shareholders' equity	41,963	38,854	3,109	8	

Managing our Liquidity and Financial Resources

SOURCES AND USES OF CASH

OPERATING, INVESTING, AND FINANCING ACTIVITIES

(In millions of dollars)	Years ended December 31	
	2021	2020
Cash provided by operating activities before changes in net operating assets and liabilities, income taxes paid, and interest paid	5,626	5,880
Change in net operating assets and liabilities	37	(333)
Income taxes paid	(700)	(418)
Interest paid	(802)	(808)
Cash provided by operating activities	4,161	4,321
Investing activities:		
Capital expenditures	(2,788)	(2,312)
Additions to program rights	(54)	(57)
Changes in non-cash working capital related to capital expenditures and intangible assets	67	(37)
Acquisitions and other strategic transactions, net of cash acquired	(3,404)	(103)
Other	46	(49)
Cash used in investing activities	(6,133)	(2,558)
Financing activities:		
Net proceeds received from (repayment of) short-term borrowings	971	(1,146)
Net issuance of long-term debt	550	2,540
Net (payments) proceeds on settlement of debt derivatives and forward contracts	(8)	80
Transaction costs incurred	(31)	(23)
Principal payments of lease liabilities	(269)	(213)
Dividends paid	(1,010)	(1,011)
Cash provided by financing activities	203	227
Change in cash and cash equivalents	(1,769)	1,990
Cash and cash equivalents, beginning of year	2,484	494
Cash and cash equivalents, end of year	715	2,484

OPERATING ACTIVITIES

The 4% decrease in cash provided by operating activities this year was primarily affected by higher income taxes paid.

INVESTING ACTIVITIES

Capital expenditures

We spent \$2,788 million this year on property, plant and equipment before related changes in non-cash working capital items, which was 21% higher than 2020. See "Capital Expenditures" for more information.

Acquisitions and other strategic transactions

This year, we paid \$3.3 billion for the acquisition of 3500 MHz spectrum licences. We also made four individually immaterial acquisitions complementary to our existing lines of business in Cable and Media.

FINANCING ACTIVITIES

This year, we received net amounts of \$1,482 million (2020 - received net amounts of \$1,451 million) on our short-term borrowings, long-term debt, and related derivatives, net of transaction costs. See "Financial Risk Management" for more information on the cash flows relating to our derivative instruments.

Short-term borrowings

Our short-term borrowings consist of amounts outstanding under our receivables securitization program, our short-term non-revolving credit facilities, and our US CP program. Below is a summary of our short-term borrowings as at December 31, 2021 and 2020.

(In millions of dollars)	Years ended December 31	
	2021	2020
Receivables securitization program	800	650
US commercial paper program (net of the discount on issuance)	893	571
Non-revolving credit facility borrowings	507	-
Total short-term borrowings	2,200	1,221

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The table below summarizes the activity relating to our short-term borrowings for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Proceeds received from receivables securitization			150			-
Net proceeds received from receivables securitization			150			-
Proceeds received from US commercial paper	2,568	1.260	3,235	3,316	1.329	4,406
Repayment of US commercial paper	(2,314)	1.259	(2,914)	(4,098)	1.355	(5,552)
Net proceeds received from (repayment of) US commercial paper			321			(1,146)
Proceeds received from non-revolving credit facilities (US\$)	1,200	1.253	1,503	-	-	-
Repayment of non-revolving credit facilities (US\$)	(800)	1.254	(1,003)	-	-	-
Net proceeds received from non-revolving credit facilities			500			-
Net proceeds received from (repayment of) short-term borrowings			971			(1,146)

We have a US CP program that allows us to issue up to a maximum aggregate principal amount of US\$1.5 billion. Funds can be borrowed under this program with terms to maturity ranging from 1 to 397 days, subject to ongoing market conditions. Any issuances made under the US CP program will be issued at a discount. The obligations of RCI under the US CP program are unsecured and guaranteed by RCCI, and rank equally in right of payment with all our senior notes and debentures. See “Financial Condition” for more information.

Concurrent with our US CP issuances and non-revolving credit facility borrowings, we entered into debt derivatives to hedge the foreign currency risk associated with the principal and interest components of the borrowings. See “Financial Risk Management” for more information.

In June 2021, we entered into non-revolving credit facilities with an aggregate limit of US\$1.6 billion that mature in June 2022. Any borrowings under these facilities will be recorded as short-term borrowings as they will be due within 12 months. Borrowings under the facilities are unsecured, guaranteed by RCCI, and rank equally in right of payment with all of our senior notes and debentures. In

December 2021, we terminated the undrawn non-revolving credit facilities with an aggregate limit of US\$1.2 billion. In February 2022, we repaid the outstanding US\$400 million and terminated the facility.

In March 2021, in connection with the Transaction, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an amount up to \$19 billion. The commitment remains subject to the satisfaction of conditions to effectiveness and drawing, including, without limitation, the completion of credit documentation in respect of such commitment and the completion of the Transaction. The committed facility cannot be drawn upon until the closing date of the Transaction. It is only available to be drawn to fund part of the acquisition cost of the Transaction and to pay fees and expenses related to the Transaction. If drawn, any drawings must be repaid within 364 days. If undrawn, the facility terminates on the closing date of the acquisition. As a result of entering into the Shaw term loan facility (see “Long-term debt” below), the maximum amount we can draw on this committed facility decreased to \$13 billion.

Long-term debt

Our long-term debt consists of amounts outstanding under our bank and letter of credit facilities and the senior notes, debentures, and subordinated notes we have issued. The tables below summarize the activity relating to our long-term debt for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Credit facility borrowings (US\$)	-	-	-	970	1.428	1,385
Credit facility repayments (US\$)	-	-	-	(970)	1.406	(1,364)
Net borrowings under credit facilities			-			21
Senior note issuances (Cdn\$)			-			1,500
Senior note issuances (US\$)	-	-	-	750	1.359	1,019
Total senior note issuances			-			2,519
Senior note repayments (Cdn\$)			(1,450)			-
Net (repayment) issuance of senior notes			(1,450)			2,519
Subordinated note issuances (Cdn\$)			2,000			-
Net issuance of long-term debt			550			2,540

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

(In millions of dollars)	Years ended December 31	
	2021	2020
Long-term debt net of transaction costs, beginning of year	18,201	15,967
Net issuance of long-term debt	550	2,540
Gain on foreign exchange	(50)	(297)
Deferred transaction costs incurred	(31)	(23)
Amortization of deferred transaction costs	18	14
Long-term debt net of transaction costs, end of year	18,688	18,201

The revolving credit facility is unsecured, guaranteed by RCCI, and ranks equally with all of our senior notes and debentures.

In April 2021, we entered into a \$6 billion Shaw term loan facility consisting of three tranches of \$2 billion each. The facility cannot be drawn upon until the closing date of the Transaction. The first tranche matures three years after the Transaction closing date and subsequent tranches mature in years four and five thereafter, respectively. At tranche maturity, any outstanding borrowings under that tranche must be repaid. The interest rate charged on borrowings from the Shaw term loan facility ranges from nil to 1.25% per annum

over the bank prime rate or base rate, or 0.65% to 2.25% over the bankers' acceptance rate or London Inter-Bank Offered Rate.

In April 2021, we amended our revolving credit facility to, among other things, increase the total credit limit and extend the maturity dates. We increased the total credit limit from \$3.2 billion to \$4 billion by increasing the limits of the two tranches to \$3 billion and \$1 billion (from \$2.5 billion and \$700 million), respectively. We also extended the maturity date of the \$3 billion tranche from September 2023 to April 2026 and the \$1 billion tranche from September 2022 to April 2024.

Issuance of senior and subordinated notes and related debt derivatives

Below is a summary of the senior and subordinated notes that we issued in 2021 and 2020. In 2021, the proceeds were used to partially fund the purchase of 3500 MHz spectrum licences. In 2020, the proceeds were used to repay outstanding US CP and bank credit facility borrowings, and for general corporate purposes.

(In millions of dollars, except interest rates and discounts)

Date issued	Principal amount	Due date	Interest rate	Discount/ premium at issuance	Total gross proceeds ¹ (Cdn\$)	Transaction costs and discounts ² (Cdn\$)
<i>2021 issuance</i>						
December 17, 2021 (subordinated) ³	2,000	2081	5.000%	At par	2,000	20
<i>2020 issuances</i>						
March 31, 2020 (senior)	1,500	2027	3.650%	99.511%	1,500	16
June 22, 2020 (senior)	US 750	2022	USD LIBOR + 0.60%	At par	1,019	5

¹ Gross proceeds before transaction costs, discounts, and premiums.

² Transaction costs, discounts, and premiums are included as deferred transaction costs and discounts in the carrying value of the long-term debt, and recognized in net income using the effective interest method.

³ Deferred transaction costs and discounts in the carrying value of the subordinated notes are recognized in net income using the effective interest method over a five-year period.

The US dollar-denominated senior notes issued in 2020 were issued pursuant to a public offering in the US. The Canadian dollar-denominated senior notes issued in 2020 were issued pursuant to a public offering in Canada.

Concurrent with the US dollar-denominated issuances, we entered into debt derivatives to convert all interest and principal payment obligations on the senior notes to Canadian dollars at a fixed interest rate. See "Financial Risk Management" for more information.

The issued senior notes are unsecured and guaranteed by RCCI, ranking equally with all of our other unsecured senior notes and debentures, bank credit facilities, and letter of credit facilities.

In December 2021, we issued \$2 billion subordinated notes due 2081 with an initial coupon of 5% for the first five years. Concurrently, we terminated the \$750 million bond forwards entered into in July 2021 to hedge the interest rate risk associated with future debt issuances. We used the proceeds to partially fund the remaining payment required to obtain the 3500 MHz spectrum licences.

In February 2022, we issued US\$750 million subordinated notes due 2082 with an initial coupon of 5.25% for the first five years. Concurrently, we terminated \$950 million of interest rate derivatives entered into in 2021 to hedge the interest rate risk associated with future debt issuances. We received net proceeds of US\$740 million (\$938 million) from the issuance.

Each of the subordinated notes can be redeemed at par on their respective five-year anniversary or on any subsequent interest payment date. The subordinated notes are unsecured and subordinated obligations of RCI. Payment on these notes will, under certain circumstances, be subordinated to the prior payment in full of all of our senior indebtedness, including our senior notes, debentures, and bank credit facilities. In addition, upon the occurrence of certain events involving a bankruptcy or insolvency of RCI, the outstanding principal and interest of such subordinated notes would automatically convert into preferred shares. We understand that S&P Global Ratings Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch) will only include 50% of the outstanding principal amount of these subordinated notes in their leverage ratio calculation for at least the first five years after their issuance.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

In connection with these issuances, the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I and Series II have been authorized for up to 3.3 million and 1.4 million preferred shares, respectively, have no voting rights, have par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

Repayment of senior notes and related derivative settlements

During the year ended December 31, 2021, we repaid the entire outstanding principal amount of our \$1.45 billion 5.34% senior notes at maturity. There were no derivatives associated with these senior notes. We did not repay any senior notes or settle any related debt derivatives during the year ended December 31, 2020.

Dividends

In 2021, we declared and paid dividends on each of RCI's outstanding Class A Shares and Class B Non-Voting Shares. We paid \$1,010 million in cash dividends. See "Dividends and Share Information" for more information.

Shelf prospectuses

We have two shelf prospectuses that qualify the offering of debt securities from time to time. One shelf prospectus qualifies the public offering of up to \$4 billion of our debt securities in each of the provinces of Canada (Canadian Shelf) and the other shelf prospectus (together with a corresponding registration statement filed with the

US Securities and Exchange Commission) qualifies the public offering of up to US\$4 billion of our debt securities in the United States and Ontario (US Shelf). Both the Canadian Shelf and the US Shelf expire in May 2022. We have issued nil under the Canadian Shelf and an aggregate of US\$750 million of securities under the US Shelf. The subordinated notes we issued in December 2021 and February 2022 were not issued under the Canadian Shelf or US Shelf, respectively.

FREE CASH FLOW

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Capital expenditures ¹	2,788	2,312	21
Interest on borrowings, net of capitalized interest	728	761	(4)
Cash income taxes ²	700	418	67
Free cash flow	1,671	2,366	(29)

¹ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

² Cash income taxes are net of refunds received.

The 29% decrease in free cash flow this year was primarily a result of higher cash income taxes due to our transition to a device financing business model and higher capital expenditures.

FINANCIAL CONDITION

AVAILABLE LIQUIDITY

Below is a summary of our total available liquidity from our cash and cash equivalents, bank credit facilities, letters of credit facilities, and short-term borrowings.

As at December 31, 2021						
(In millions of dollars)	Total sources	Drawn	Letters of credit	US CP program ¹	Net available	
Cash and cash equivalents	715	-	-	-	715	
Bank credit facilities ² :						
Revolving	4,000	-	8	894	3,098	
Non-revolving	507	507	-	-	-	
Outstanding letters of credit	72	-	72	-	-	
Receivables securitization ²	1,200	800	-	-	400	
Total	6,494	1,307	80	894	4,213	

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

As at December 31, 2020						
(In millions of dollars)	Total sources	Drawn	Letters of credit	US CP program ¹	Net available	
Cash and cash equivalents	2,484	-	-	-	2,484	
Bank credit facilities ² :						
Revolving	3,200	-	8	573	2,619	
Outstanding letters of credit	101	-	101	-	-	
Receivables securitization ²	1,200	650	-	-	550	
Total	6,985	650	109	573	5,653	

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Subsequent to the final payment for the 3500 MHz spectrum licence acquisition in December 2021, we cancelled \$360 million of letters of credit and US\$1.2 billion of non-revolving credit facilities, which reduced total liquidity sources to \$6.5 billion as at December 31, 2021.

In addition to the sources of available liquidity noted above, we held \$1,581 million of marketable securities in publicly traded companies as at December 31, 2021 (2020 - \$1,535 million).

Weighted average cost of borrowings

Our borrowings had a weighted average cost of 3.95% as at December 31, 2021 (2020 - 4.09%) and a weighted average term to maturity of 11.6 years (2020 - 12.8 years). These figures reflect the repayment of our subordinated notes on the five-year anniversary.

COVENANTS

The provisions of our \$4.0 billion revolving bank credit facility described in "Sources and Uses of Cash" impose certain restrictions on our operations and activities, the most significant of which are leverage-related maintenance tests. As at December 31, 2021 and 2020, we were in compliance with all financial covenants, financial ratios, and all of the terms and conditions of our debt agreements. Throughout 2021, these covenants did not impose restrictions of any material consequence on our operations.

CREDIT RATINGS

Credit ratings provide an independent measure of credit quality of an issue of securities and can affect our ability to obtain short-term and long-term financing and the terms of the financing. If rating agencies lower the credit ratings on our debt, particularly a downgrade below investment-grade, it could adversely affect our cost of financing and access to liquidity and capital.

We have engaged each of S&P, Moody's, and Fitch to rate certain of our public debt issues. Below is a summary of the credit ratings on RCI's outstanding senior and subordinated notes and debentures (long-term) and US CP (short-term) as at December 31, 2021.

Issuance	S&P	Moody's	Fitch
Corporate credit issuer default rating	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Senior unsecured debt	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Subordinated debt	BBB- Credit Watch Negative	Baa3 under review	BBB- Rating Watch Negative
US commercial paper	A-2 Rating Watch Negative	P-2 under review	N/A ¹

¹ We have not sought a rating from Fitch for our short-term obligations.

As a result of our agreement to acquire Shaw and the related commitments in connection with the Transaction, both S&P and Fitch have placed us on credit watch with negative implications. Moody's has placed our credit ratings on review for downgrade. We expect S&P, Moody's, and Fitch to complete their reviews upon closing of the Transaction. See "Shaw Transaction" and "Risks and Uncertainties Affecting our Business - Shaw Transaction" for more information on our agreement with Shaw and the Transaction.

Ratings for long-term debt instruments across the universe of composite rates range from AAA (S&P and Fitch) or Aaa (Moody's), representing the highest quality of securities rated, to D (S&P), Substantial Risk (Fitch), and C (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to range from BBB- (S&P and Fitch) or Baa3 (Moody's) to AAA (S&P and Fitch) or Aaa (Moody's).

Ratings for short-term debt instruments across the universe of composite rates ranges from A-1+ (S&P), F1+ (Fitch), or P-1 (Moody's), representing the highest quality of securities rated, to C (S&P and Fitch), and not prime (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to be ratings of at least A-3 (S&P), F3 (Fitch), or P-3 (Moody's) quality or higher.

Credit ratings are not recommendations to purchase, hold, or sell securities, nor are they a comment on market price or investor suitability. There is no assurance that a rating will remain in effect for a given period, or that a rating will not be revised or withdrawn entirely by a rating agency if it believes circumstances warrant it. The ratings on our senior debt provided by S&P, Fitch, and Moody's are investment-grade ratings.

ADJUSTED NET DEBT AND DEBT LEVERAGE RATIO

We use adjusted net debt and debt leverage ratio to conduct valuation-related analysis and make capital structure-related decisions. Adjusted net debt includes long-term debt, net debt derivative assets or liabilities, short-term borrowings, lease liabilities, and cash and cash equivalents.

(In millions of dollars, except ratios)	As at	As at
	December 31	December 31
	2021	2020
Long-term debt ¹	18,873	18,373
Subordinated notes adjustment ²	(1,000)	-
Net debt derivative assets valued without any adjustment for credit risk ³	(1,278)	(1,101)
Short-term borrowings	2,200	1,221
Lease liabilities	1,957	1,835
Cash and cash equivalents	(715)	(2,484)
Adjusted net debt ^{2,4}	20,037	17,844
Divided by: trailing 12-month adjusted EBITDA	5,887	5,857
Debt leverage ratio	3.4	3.0

¹ Includes current and long-term portion of long-term debt before deferred transaction costs and discounts.

² For the purposes of calculating adjusted net debt and debt leverage ratio, we believe adjusting 50% of the value of our subordinated notes is appropriate as this methodology factors in certain circumstances with respect to priority for payment and this approach is commonly used to evaluate debt leverage by rating agencies.

³ For purposes of calculating adjusted net debt and debt leverage ratio, we believe including debt derivatives valued without adjustment for credit risk is commonly used to evaluate debt leverage and for market valuation and transactional purposes.

⁴ Adjusted net debt is a capital management measure. See "Non-GAAP and Other Financial Measures" for more information about this measure.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

In addition, as at December 31, 2021, we held \$1,581 million of marketable securities in publicly traded companies (2020 – \$1,535 million).

Our adjusted net debt increased by \$2,193 million from December 31, 2020 as a result of:

- an increase in short-term borrowings from our non-revolving credit facilities, US CP program, and receivables securitization program;
- a decrease in our net cash position; and
- an increase in long-term debt from subordinated note issuances.

See “Overview of Financial Position” for more information.

PENSION OBLIGATIONS

Our defined benefit pension plans were in a net asset position of approximately \$18 million as at December 31, 2021 (2020 – net liability position of \$574 million). During 2021, our net deferred

pension asset increased by \$592 million primarily as a result of a net decrease in the plan obligations resulting from higher discount rates and the return earned on the plan assets.

We made a total of \$177 million (2020 – \$150 million) of contributions to our funded defined benefit pension plans this year. We expect our total estimated funding requirements for our funded defined benefit pension plans to be \$134 million in 2022 and to be adjusted annually thereafter based on various market factors, such as interest rates, expected returns, and staffing assumptions.

Changes in factors such as the discount rate, participation rates, increases in compensation, and the expected return on plan assets can affect the accrued benefit obligation, pension expense, and the deficiency of plan assets over accrued obligations in the future. See “Accounting Policies” for more information.

FINANCIAL RISK MANAGEMENT

We use derivative instruments from time to time to manage risks related to our business activities, summarized as follows:

Derivative	The risk they manage	Types of derivative instruments
Debt derivatives	Impact of fluctuations in foreign exchange rates on principal and interest payments for US dollar-denominated senior and subordinated notes and debentures, credit facility borrowings, commercial paper borrowings, and certain lease liabilities	Cross-currency interest rate exchange agreements Forward cross-currency interest rate exchange agreements Forward foreign exchange agreements
Interest rate derivatives	Impact of fluctuations in market interest rates on forecast interest payments for expected long-term debt	Forward interest rate agreements Interest rate swap agreements Bond forwards
Expenditure derivatives	Impact of fluctuations in foreign exchange rates on forecast US dollar-denominated expenditures	Forward foreign exchange agreements and foreign exchange option agreements
Equity derivatives	Impact of fluctuations in share price on stock-based compensation expense	Total return swap agreements

We also manage our exposure to fluctuating interest rates and we have fixed the interest rate on 89.3% (2020 – 93.6%) of our debt, including short-term borrowings, as at December 31, 2021.

DEBT DERIVATIVES

We use cross-currency interest rate agreements and forward foreign exchange agreements (collectively, debt derivatives) to manage risks from fluctuations in foreign exchange rates and interest rates associated with our US dollar-denominated senior notes and debentures, lease liabilities, credit facility borrowings, and US CP borrowings. We designate the debt derivatives related to our senior notes, debentures, and lease liabilities as hedges for accounting purposes against the foreign exchange risk or interest rate risk associated with specific issued and forecast debt instruments. Debt derivatives related to our credit facility and US CP borrowings have not been designated as hedges for accounting purposes.

Issuance of debt derivatives related to senior notes

We did not enter into any debt derivatives in 2021 on issued senior notes. We entered into US\$2 billion of forward starting cross-currency swaps to hedge the foreign exchange and interest risk associated with debt instruments we expect to issue in the future related to the Transaction. These derivatives have been designated as hedges for accounting purposes.

Effective date	Principal/Notional amount (US\$)	US\$		Hedging effect	
		Maturity date	Coupon rate	Fixed hedged (Cdn\$) interest rate ¹	Equivalent (Cdn\$)
<i>2020 issuances</i>					
June 22, 2020	750	2022	USD LIBOR + 0.60%	0.955%	1,019

¹ Converting from a fixed US\$ coupon rate to a weighted average Cdn\$ fixed rate.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

Settlement of debt derivatives related to senior notes

We did not settle any debt derivatives related to senior notes during 2021 and 2020.

As at December 31, 2021, we had US\$9,050 million of US dollar-denominated senior notes and debentures, all of which were hedged using debt derivatives.

(In millions of dollars, except exchange rates, percentages, and years)	As at December 31	
	2021	2020
US dollar-denominated long-term debt ¹	US\$ 9,050	US\$ 9,050
Hedged with debt derivatives	US\$ 9,050	US\$ 9,050
Hedged exchange rate	1.2069	1.2069
Percent hedged ²	100.0%	100.0%
Amount of borrowings at fixed rates ³		
Total borrowings	\$ 20,514	\$ 18,994
Total borrowings at fixed rates	\$ 18,323	\$ 17,773
Percent of borrowings at fixed rates	89.3%	93.6%
Weighted average interest rate on borrowings	3.95%	4.09%
Weighted average term to maturity	11.6 years	12.8 years

¹ US dollar-denominated long-term debt reflects the hedged exchange rate and the hedged interest rate.

² Pursuant to the requirements for hedge accounting under IFRS 9, *Financial instruments*, as at December 31, 2021 and December 31, 2020, RCI accounted for 100% of its debt derivatives related to senior notes as hedges against designated US dollar-denominated debt. As a result, as at December 31, 2021 and 2020, 100% of our US dollar-denominated senior notes and debentures are hedged for accounting and economic purposes.

³ Borrowings include long-term debt, including the impact of debt derivatives, and short-term borrowings associated with our US CP program, receivables securitization program, and non-revolving credit facilities.

Debt derivatives related to credit facilities and US CP

During the year, we entered into debt derivatives related to our credit facility and US CP borrowings as a result of a favourable interest rate spread obtained from borrowing funds in US dollars. We used these derivatives to offset the foreign exchange and interest rate risk on our US dollar-denominated credit facility and commercial paper borrowings.

Below is a summary of the debt derivatives we entered and settled related to our credit facility borrowings and US CP program during 2021 and 2020.

(In millions of dollars, except exchange rates)	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
<i>Credit facilities</i>						
Debt derivatives entered	1,200	1.253	1,503	970	1.428	1,385
Debt derivatives settled	800	1.254	1,003	970	1.406	1,364
Net cash paid on settlement			(2)			(21)
<i>US commercial paper program</i>						
Debt derivatives entered	2,568	1.260	3,235	3,316	1.329	4,406
Debt derivatives settled	2,312	1.259	2,911	4,091	1.330	5,441
Net cash (paid) received on settlement			(15)			101

Lease liabilities

Below is a summary of the debt derivatives we entered and settled related to our outstanding lease liabilities during 2021 and 2020.

(In millions of dollars, except exchange rates)	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
Debt derivatives entered	132	1.273	168	115	1.374	158
Debt derivatives settled	81	1.333	108	43	1.372	59

As at December 31, 2021, we had US\$193 million notional amount of debt derivatives outstanding related to our outstanding lease liabilities (2020 - US\$142 million) with terms to maturity ranging from January 2022 to December 2024 (2020 - January 2021 to December 2023), at an average rate of \$1.301/US\$ (2020 - \$1.352/US\$).

See "Mark-to-market value" for more information about our debt derivatives.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INTEREST RATE DERIVATIVES

From time to time, we use bond forward derivatives or interest rate swap derivatives (collectively, interest rate derivatives) to hedge interest rate risk on current and future debt instruments. Our interest rate derivatives are designated as hedges for accounting purposes.

We have entered into interest rate swap derivatives during the year ended December 31, 2021, including:

- \$1,250 million bond forwards to hedge the underlying Government of Canada (GoC) interest rate risk that will form a portion of the interest rate risk associated with anticipated future debt issuances;

- interest rate swap derivatives to hedge the interest rate risk on an additional \$3.25 billion of debt instruments we expect to issue in the future; and
- interest rate swap derivatives to hedge the interest rate risk on US\$2 billion of debt instruments we expect to issue in the future.

Concurrent with our issuance of \$2 billion subordinated notes in December 2021, we terminated \$750 million of bond forwards and received \$9 million upon settlement. As at December 31, 2021, we had \$500 million of bond forwards outstanding.

Concurrent with our issuance of US\$750 million subordinated notes in February 2022, we terminated \$950 million of interest rate swap derivatives and received \$33 million upon settlement.

EXPENDITURE DERIVATIVES

We use foreign currency derivative contracts (expenditure derivatives) to hedge the foreign exchange risk on the notional amount of certain forecast US dollar-denominated expenditures. Below is a summary of the expenditure derivatives we entered and settled to manage foreign exchange risk related to certain forecast expenditures.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Expenditure derivatives entered	438	1.244	545	1,560	1.343	2,095
Expenditure derivatives settled	960	1.360	1,306	940	1.299	1,221

The expenditure derivatives noted above have been designated as hedges for accounting purposes.

As at December 31, 2021, we had US\$1,068 million of expenditure derivatives outstanding (2020 - US\$1,590 million), at an average rate of \$1.287/US\$ (2020 - \$1.342/US\$), with terms to maturity ranging from January 2022 to December 2023 (2020 - January 2021 to December 2022). As at December 31, 2021, our outstanding expenditure derivatives maturing in 2022 are hedged at an average exchange rate of \$1.292/US\$.

EQUITY DERIVATIVES

We use stock-based compensation derivatives (equity derivatives) to hedge the market price appreciation risk of the Class B Non-Voting Shares granted under our stock-based compensation programs. As at December 31, 2021, we had equity derivatives for 5.0 million (2020 - 4.6 million) Class B Non-Voting Shares with a weighted average price of \$53.10 (2020 - \$51.82). These derivatives have not been designated as hedges for accounting purposes. We record changes in their fair value as a stock-based compensation expense, or offset thereto, which serves to offset a substantial portion of the impact of changes in the market price of Class B Non-Voting Shares on the accrued value of the stock-based compensation liability for our stock-based compensation programs.

During the year ended December 31, 2021, we entered into 0.4 million equity derivatives (2020 - 0.3 million) with a weighted average price of \$60.98 (2020 - \$56.08).

During the year ended December 31, 2021, we reset the weighted average price to \$59.64 (2020 - \$54.16) on 0.5 million (2020 - 0.5 million) equity derivatives and received net proceeds of \$3 million (2020 - made net payments of \$1 million). At the same time in 2021, we reset the expiry dates to April 2023 (from April 2021).

Additionally, we executed extension agreements for the remainder of our equity derivative contracts under substantially the same commitment terms and conditions with revised expiry dates to April 2022 (from April 2021).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

MARK-TO-MARKET VALUE

We record our derivatives using an estimated credit-adjusted, mark-to-market valuation, calculated in accordance with IFRS.

(In millions of dollars, except exchange rates)	As at December 31, 2021				(In millions of dollars, except exchange rates)	As at December 31, 2020			
	Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)		Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)
Debt derivatives accounted for as cash flow hedges:					Debt derivatives accounted for as cash flow hedges:				
As assets	5,859	1.1369	6,661	1,453	As assets	4,550	1.0795	4,912	1,405
As liabilities	5,383	1.3025	7,011	(343)	As liabilities	4,642	1.3358	6,201	(307)
Short-term debt derivatives not accounted for as hedges:					Short-term debt derivatives not accounted for as hedges:				
As assets	1,104	1.2578	1,389	11	As liabilities	449	1.2995	583	(12)
Net mark-to-market debt derivative asset				1,121	Net mark-to-market debt derivative asset				1,086
Interest rate derivatives accounted for as cash flow hedges:					Expenditure derivatives accounted for as cash flow hedges:				
As assets (Cdn\$)	-	-	3,250	40	As liabilities	1,590	1.3421	2,134	(109)
As liabilities (Cdn\$)	-	-	500	(6)	Equity derivatives not accounted for as hedges:				
As liabilities (US\$)	2,000	-	-	(277)	As assets	-	-	238	34
Net mark-to-market interest rate derivative liability				(243)	Net mark-to-market asset				1,011
Expenditure derivatives accounted for as cash flow hedges:									
As assets	438	1.2453	545	11					
As liabilities	630	1.3151	829	(30)					
Net mark-to-market expenditure derivative liability				(19)					
Equity derivatives not accounted for as hedges:									
As assets	-	-	265	36					
Net mark-to-market asset				895					

DIVIDENDS AND SHARE INFORMATION

DIVIDENDS

Below is a summary of the dividends that have been declared and paid on RCI's outstanding Class A Shares and Class B Non-Voting Shares.

Declaration date	Record date	Payment date	Dividend per share (dollars)	Dividends paid (in millions of dollars)
January 27, 2021	March 10, 2021	April 1, 2021	0.50	252
April 20, 2021	June 10, 2021	July 2, 2021	0.50	253
July 20, 2021	September 9, 2021	October 1, 2021	0.50	253
October 20, 2021	December 10, 2021	January 4, 2022	0.50	252
January 21, 2020	March 10, 2020	April 1, 2020	0.50	252
April 21, 2020	June 10, 2020	July 2, 2020	0.50	253
July 21, 2020	September 9, 2020	October 1, 2020	0.50	253
October 21, 2020	December 10, 2020	January 4, 2021	0.50	252

On January 26, 2022, the Board declared a quarterly dividend of \$0.50 per Class A Voting Share and Class B Non-Voting Share, to be paid on April 1, 2022, to shareholders of record on March 10, 2022.

We currently expect that the remaining record and payment dates for the 2022 declaration of dividends will be as follows, subject to the declaration by the Board each quarter at its sole discretion:

Declaration date	Record date	Payment date
April 19, 2022	June 10, 2022	July 4, 2022
June 9, 2022	September 9, 2022	October 3, 2022
November 8, 2022	December 9, 2022	January 3, 2023

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NORMAL COURSE ISSUER BID

In April 2020, the TSX accepted a notice of our intention to commence a normal course issuer bid (NCIB) program (2020 NCIB) that allows us to purchase, between April 24, 2020 and April 23, 2021, the lesser of 34.9 million Class B Non-Voting Shares and that number of Class B Non-Voting Shares that can be purchased under the 2020 NCIB for an aggregate purchase price of \$500 million. Rogers security holders may obtain a copy of this notice, without charge, by contacting us. We did not purchase any Class B Non-Voting Shares under the 2020 NCIB during the years ended December 31, 2021 and December 31, 2020.

OUTSTANDING COMMON SHARES

	As at December 31	
	2021	2020
Common shares outstanding ¹		
Class A Voting	111,153,411	111,154,811
Class B Non-Voting	393,771,907	393,770,507
Total common shares	504,925,318	504,925,318
Options to purchase Class B Non-Voting Shares		
Outstanding options	6,494,001	4,726,634
Outstanding options exercisable	2,373,717	1,470,383

¹ Holders of our Class B Non-Voting Shares are entitled to receive notice of and to attend shareholder meetings; however, they are not entitled to vote at these meetings except as required by law or stipulated by stock exchanges. If an offer is made to purchase outstanding Class A Shares, there is no requirement under applicable law or our constating documents that an offer be made for the outstanding Class B Non-Voting Shares, and there is no other protection available to shareholders under our constating documents. If an offer is made to purchase both classes of shares, the offer for the Class A Shares may be made on different terms than the offer to the holders of Class B Non-Voting Shares.

As at February 28, 2022, 111,153,411 Class A Shares, 393,771,907 Class B Non-Voting Shares, and 6,412,258 options to purchase Class B Non-Voting Shares were outstanding.

We use the weighted average number of shares outstanding to calculate earnings per share and adjusted earnings per share.

(Number of shares in millions)	Years ended December 31	
	2021	2020
Basic weighted average number of shares outstanding	505	505
Diluted weighted average number of shares outstanding	506	506

PREFERRED SHARES

In relation to our issuances of subordinated notes in December 2021 and February 2022, the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I has been authorized for up to 3.3 million preferred shares and Series II has been authorized for up to 1.4 million preferred shares. Both series have no voting rights, par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS

Below is a summary of our obligations under firm contractual arrangements as at December 31, 2021. See notes 3, 17, and 28 to our 2021 Audited Consolidated Financial Statements for more information. In addition to the below, our share of commitments relating to associates and joint ventures is \$387 million.

(In millions of dollars)	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Short-term borrowings	2,200	-	-	-	2,200
Long-term debt ^{1,2}	1,551	2,312	3,520	11,490	18,873
Net interest payments	804	1,444	1,321	7,789	11,358
Lease liabilities	336	677	308	1,177	2,498
Debt derivative instruments ³	213	(318)	86	(385)	(404)
Expenditure derivative instruments ³	23	(3)	-	-	20
Interest rate derivatives ³	243	-	-	-	243
Player contracts ⁴	129	204	222	-	555
Purchase obligations ⁵	327	192	85	19	623
Property, plant and equipment	82	85	42	-	209
Intangible assets	21	-	-	-	21
Program rights ⁶	659	1,151	824	1	2,635
Other long-term liabilities	-	7	2	5	14
Total	6,588	5,751	6,410	20,096	38,845

¹ Principal obligations of long-term debt (including current portion) due at maturity.

² Reflects repayment of the subordinated notes issued in December 2021 on the five-year anniversary.

³ Net (receipts) disbursements due at maturity. US dollar amounts have been translated into Canadian dollars at the Bank of Canada year-end rate.

⁴ Toronto Blue Jays players' salary contracts into which we have entered and are contractually obligated to pay.

⁵ Contractual obligations under service, product, and wireless device contracts to which we have committed.

⁶ Agreements into which we have entered to acquire broadcasting rights for sports broadcasting programs and films for periods in excess of one year at contract inception.

OFF-BALANCE SHEET ARRANGEMENTS

GUARANTEES

As a regular part of our business, we enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving business sale and business combination agreements, sales of services, and purchases and development of assets. Due to the nature of these indemnifications, we are unable to make a reasonable estimate of the maximum potential amount we could be required to pay counterparties. Historically, we have not made any significant payment under these indemnifications or guarantees. See note 27 to our 2021 Audited Consolidated Financial Statements.

Environmental, Social, and Governance (ESG)

ENVIRONMENTAL AND SOCIAL

Our purpose is to connect Canadians to a world of possibilities, and the moments that matter most. For more than 60 years, through the vision of our founder, Ted Rogers, we are committed to being a good corporate citizen and making a positive impact in the communities we serve.

In 2021, as COVID-19 evolved, we continued to adapt aspects of our operations to keep our customers connected and our employees safe. We also launched our new corporate responsibility brand, *Generation Possible* and *Team Possible*. *Generation Possible* focuses on giving the next generation the chance they need to succeed through Ted Rogers Scholarships, Ted Rogers Community Grants, and Jays Care Foundation. *Team Possible* is about our team's and partners' commitment to make a meaningful impact in communities through areas such as volunteering, bridging the digital divide, and partnering with organizations like Women's Shelters Canada to provide critical digital lifelines.

We are focused on growing in a socially and environmentally responsible manner through an environmental, social, and governance program, building on our reputation as a great Canadian company.

The material aspects of our ESG platform are grouped into six focus areas that are listed below, along with our approaches in addressing them:

EMPLOYEE EXPERIENCE

- **Employee Experience:** We were recognized as one of the best places to work in Canada across numerous awards in 2021, including: Canada's Top 100 Employers, Greater Toronto Area Top Employers, Top Employers for Young People, Best Diversity Employer, and Greenest Employers. We reclaimed certification for Canada's Most Admired Corporate Cultures 2021 and Jim Reid, our former Chief Human Resources Officer (CHRO), was recognized as one of Canada's 50 Best Executives in the Globe & Mail Report on Business.
- **Talent Management:** It is our goal to invest in building the skills, capabilities, and careers of our people to support their success and to make Rogers the best place to work in Canada. It is important we live our values, develop our teams, and continue to support our employees on their career journeys. Our CHRO oversees talent management, while the Human Resources Committee assists the Board in monitoring, reviewing, and approving compensation and benefit policies and practices.
- **Inclusion and Diversity:** We continued to deliver on the five-year Inclusion & Diversity strategy we launched in 2020. We recognized and celebrated days of significance for equity-deserving groups, evolved structure and governance of our I&D Council to accelerate our plan, developed and introduced new training and resources to our teams including Allyship, Psychological Safety, Unconscious Bias, and Inclusive Hiring, and hosted over 100 safe talk sessions with 3,200 participants across our teams.

- **Safety and Well-being:** We are committed to supporting our employees' safety and well-being holistically, focusing on the whole employee, including their safety and physical and mental health at work and in their lives. Our top priority throughout the pandemic has been the safety and well-being of our team. To increase our support, we gave employees and their families access to additional benefits like increased mental health coverage and virtual healthcare. We regularly host company-wide information sessions on COVID-19 and bring in well-being and medical experts to share their knowledge. On average, almost 4,000 team members join these sessions with an average effectiveness score of 94%. We continuously share ongoing updates from our CHRO on our policies, safety procedures guided by Canada Public Health, and resources on mental health and well-being. We launched a voluntary Return to Workplace Pilot Program with more than 600 team members across Canada and announced mandatory vaccinations or rapid testing will be required for anyone entering workplace sites, including team members, contractors, and visitors. We also introduced a new Flexible Benefits Program to all benefits-eligible team members to provide more personalization and choice to meet the diverse needs of our team and implemented dedicated mental health and well-being campaigns to drive adoption of self-care and resilience.
- We are also committed to providing and maintaining safe working environments for employees, volunteers, contractors, visitors, and members of the public who may be affected by our activity. We have a robust, risk-based safety management system that is focused on identifying our greatest safety risks, preventing injuries through multi-faceted programs, and auditing our performance to ensure continuous improvement over time. Our results show significant improvements in areas of focus and this approach will continue in years to come.

CUSTOMER EXPERIENCE

- **Customer Service and Transparency:** We believe in putting customers first in everything we do to deliver the best experience, regardless of how customers choose to interact with us. We continue to focus on self-serve options for our customers and invest in training and tools for our customer-facing teams.
- **Network Leadership and Innovation:** Innovation is part of our DNA, whether it is bringing new products or the latest network technologies to market. In 2021, we invested \$2.8 billion in capital expenditures, with much of that investment going to our wireless and cable networks. We focus on core performance and reliability and invest in our wireless network to build and maintain our 5G network.
- **Product Responsibility:** We have programs and policies in place to manage a range of product responsibility issues. For example, we have policies in place to comply with all relevant safety regulations and codes, we have programs and teams to manage and advise on our accessibility offerings, and we operate stewardship programs to manage the proper disposal and recycling of our used products, including Rogers Trade-Up and FidoTrade™.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

- Customer Privacy and Information Security: We actively work to improve transparency and we strive to be an industry leader in the privacy space. Our Privacy Policy outlines our responsibilities and practices regarding the protection of the personal information of our employees and customers. Our Chief Privacy Officer oversees our compliance with this policy and all applicable laws, and responds to requests from law enforcement for customer data.

COMMUNITY INVESTMENT

Giving back and supporting the communities where we live and work was especially important in 2021. In 2021, we provided \$70 million in cash and in-kind donations to support various organizations and causes.

Below are some of the impacts Rogers had on communities in 2021 through Generation Possible and Team Possible.

Generation Possible

- Continued to invest in the next generation of leaders and change makers, awarding Ted Rogers Scholarships to more than 375 young Canadians for their post-secondary studies. Nearly three quarters of all scholarships in the Class of 2021 were awarded to youth from equity-deserving communities (BIPOC, LGBTQ2S+, and women). With the Class of 2021, almost 1,800 students have received a Ted Rogers Scholarship since the program launched in 2017.
- Awarded 90 Ted Rogers Community Grants across Canada in 2021, to support organizations that are making a meaningful difference in the lives of thousands of Canadian youth. With more funding across more communities this year than ever before, nearly 400 Ted Rogers Community Grants have been awarded since launching the program in 2017.

Team Possible

- Rogers Group of Funds and Creative BC, with the support of the Indigenous Screen Office, announced a new \$1 million multi-year fund to support Indigenous storytellers in British Columbia. The fund will further enable Indigenous screen content with representation across all aspects of production and it will amplify Indigenous voices within Canada's motion picture industry for a rapidly expanding audience at home and around the world.
- Rogers Group of Funds, the Black Screen Office, and the Canadian Independent Screen Fund for BPOC Creators launched a first-of-its-kind \$750,000 script development fund for Black and People of Colour creators across Canada. The fund supports creators' projects for networks, studios, cable, and streaming platforms with the first 16 recipients announced in Fall 2021.
- Awarded \$7.5 million in funding through Rogers Group of Funds to support Canadian storytellers and content creators through the Rogers Cable Network and Documentary Funds, with a focus on supporting projects from equity-deserving creators.
- Rogers employees successfully completed the 60,000 Hours Volunteer Challenge in July 2021, contributing almost 22,000 volunteer hours in 2021. Through our annual Give Together Month, employees had the opportunity to donate to the charity of their choice in November 2021, with Rogers matching up to \$1,000 per employee. This helped our team contribute to over 1,000 charities last year.

- Continued to bridge the digital divide by expanding Connected for Success eligibility so even more Canadians can connect to social services, learning, employment, and loved ones. Now available to over 750,000 Canadian households, the expanded low-cost high-speed Internet program is available across our Internet footprint in Ontario, New Brunswick, and Newfoundland to eligible customers receiving disability, seniors' or income support, and through rent-geared-to-income community housing partners.
- Extended our goodwill devices and plans donation program to provide thousands of phones and plans as digital lifelines to more than 325 shelters and transition houses across Canada. These devices help women and their children safely escape violence and abuse, connect youth to mentors, and support LGBTQ2S+ youth and allies.
- Committed to donating \$1 million through a multi-year partnership with the B.C. Search and Rescue Association (BCSARA) to support immediate disaster relief in the province and provide long-term support to critical services following the devastating floods in British Columbia. It also supports the organization's legacy fund and new technology and specialized equipment for the 79 local teams and 3,000 professional volunteers.
- Supported Indigenous communities across the country with our 2021 Orange Shirt Day campaign. Since 2020, the Orange Shirt Day campaign has raised \$250,000 for the Orange Shirt Society and the Indian Residential School Survivors Society (IRSSS). The new 2021 Orange Shirts were available on Today's Shopping Choice, with proceeds being divided between the Orange Shirt Society and the IRSSS.

ENVIRONMENTAL RESPONSIBILITY

- Environmental Policy: We maintain a formal Environmental Policy that sets out how we conduct business in an environmentally responsible manner. Rogers also maintains an Environmental Management System, including 25 separate procedures to support our Environmental Policy and manage environmental risks across our operations.
- Oversight: We have an Energy Executive Council and an Environmental Compliance Committee to manage and govern our energy utilization and environmental risks, respectively, supporting decision-making to advance our strategies and program effectiveness in both areas. In addition, the ESG Committee assists the Board in fulfilling its oversight responsibilities of relevant environmental sustainability, social responsibility, and governance policies, strategies, and programs and the actions we can take to be a responsible corporate citizen.
- Energy Use and Climate Change: We recognize the implications of our energy use and the potential climate change impacts associated with increasing worldwide energy usage (such as droughts, water shortages and quality, extreme weather events, flooding, wildfires, social inequities, etc.). We are committed to managing our operations in order to reduce our impact on the environment, strive to ensure stakeholder satisfaction, and maintain investor confidence. Annually, we measure and disclose details on our energy use and greenhouse gas (GHG) emissions across our buildings and retail stores, cell transmission sites, power supply stations, data centres, fleet, employee travel and

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

commuting, and the operations of the Toronto Blue Jays and Rogers Centre. We continue to invest in programs that reduce energy and associated GHG emissions, including LED lighting retrofits, cooling optimization strategies across our headends, and decommissioning equipment for better energy performance and space utilization. To drive continuous improvement in our performance, we also have targets to reduce our GHG emissions and energy use by 2025 based on 2011 levels.

- **Waste Reduction:** Reducing the amount of waste we produce is another important way in which we manage our environmental footprint. To reduce and responsibly manage the waste we produce, we look for opportunities to avoid waste generation through collaboration with our supply chain, run programs to recycle and reuse end of life materials and equipment, and work to increase employees' recycling behaviours through our "Get Up and Get Green" program.

ECONOMY AND SOCIETY

- **Economic Performance:** We strive to offer innovative solutions for customers, create diverse and well-paying jobs, support small businesses, pay taxes to all levels of government, and deliver dividends to shareholders. In 2021, we directly contributed \$14.3 billion to the Canadian economy and, as at December 31, 2021, employed 23,000 team members across the country. Beyond these direct economic impacts, our performance produces indirect economic benefits, including locally procured goods and services and significant charitable donations.
- **Supply Chain Management:** Suppliers are key to our success, which is why we ensure we have strong supplier selection processes and management, and we strive to conduct business with socially and environmentally responsible companies that share our values. We have strong, sound procurement processes and demand that our suppliers adhere to our Supplier Code of Conduct. This code sets out expectations for our suppliers in terms of ethical, social, labour, health and safety, and environmental behaviours. We continue to support inclusion and diversity in our communities through the development and implementation of our supplier diversity program and through collaboration with non-profit organizations.

See our 2020 ESG report on our website (about.rogers.com/our-impact) for more information about our social, environmental, and governance performance. We expect to release our 2021 ESG report in the coming months.

GOVERNANCE AT ROGERS

Rogers is a family-founded, family-controlled company and we take pride in our proactive and disciplined approach to ensuring that our governance structure and practices instill confidence in our shareholders.

Voting control of Rogers Communications Inc. is held by the Rogers Control Trust (the Trust), the beneficiaries of which are members of the Rogers family. The Trust holds voting control of RCI for the benefit of successive generations of the Rogers family via the Trust's ownership of 98% of the outstanding Class A Shares of RCI (2020 - 98%). The Rogers family are substantial stakeholders and owned approximately 29% of our equity as at December 31,

2021 (2020 - 29%) through its ownership of a combined total of 147 million (2020 - 147 million) Class A Shares and Class B Non-Voting Shares. As a result, the Trust is able to elect all members of the Board and to control the vote on most matters submitted to shareholders, whether through a shareholder meeting or a written consent resolution.

The Board is currently made up of four members of the Rogers family and another nine directors who bring a rich mix of experience as business leaders in North America. Each of our directors is firmly committed to effective governance, strong oversight, and the ongoing creation of shareholder value. The Board as a whole is committed to sound corporate governance and continually reviews its governance practices and benchmarks them against acknowledged leaders and evolving legislation. The Board believes that Rogers' governance system is effective and that there are appropriate structures and procedures in place.

GOVERNANCE BEST PRACTICES

We have adopted many best practices for effective governance, including:

- separation of the CEO and Chair roles;
- an independent lead director;
- formal corporate governance policies and charters;
- a code of business conduct and whistleblower hotline;
- director share ownership requirements;
- Board and committee in camera discussions;
- annual reviews of Board and Committee performance;
- Audit and Risk Committee meetings with internal and external auditors;
- an orientation program for new directors;
- regular Board and committee education sessions;
- committee authority to retain independent advisors; and
- director material relationship standards.

We comply with all relevant corporate governance guidelines and standards as a Canadian public company listed on the TSX and as a foreign private issuer listed on the NYSE in the US.

BOARD OVERSIGHT

The Board delegates certain responsibilities to its eight standing committees to ensure proper oversight and accountability:

- **Audit and Risk Committee** - reviews our accounting policies and practices, the integrity of our financial reporting processes and procedures, and the financial statements and other relevant disclosure for release to shareholders and the public. It assists the Board in its oversight of our compliance with legal and regulatory requirements for financial reporting, assesses our accounting and financial control systems, and evaluates the qualifications, independence, and work of our internal and external auditors. It also reviews risk management policies and associated processes used to manage major risk exposures.
- **Corporate Governance Committee** - assists the Board to ensure it has appropriate systems and procedures for carrying out its responsibilities. This committee develops governance policies and practices, recommends them to the Board for approval, and leads the Board in its periodic review of Board and committee performance.

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- Nominating Committee - identifies prospective candidates to serve on the Board. Nominated directors can be elected by shareholders at a meeting, appointed by the Board, or appointed by written consent resolution. The committee also recommends nominees for each Board committee, including each committee chair.
- Human Resources Committee - assists the Board in monitoring, reviewing, and approving compensation and benefit policies and practices. It is also responsible for recommending the compensation of senior management and monitoring senior executive succession planning.
- ESG Committee - assists the Board in fulfilling its oversight responsibilities of relevant environmental sustainability, social responsibility, and governance policies, strategies, and programs and the actions we can take to be a responsible corporate citizen.
- Executive Committee - assists the Board in discharging its responsibilities between meetings, including acting in such areas

as are specifically designated and authorized at a preceding Board meeting to consider matters that may arise from time to time.

- Finance Committee - reviews our investment strategies, general debt, and equity structure and reports on them to the Board.
- Pension Committee - oversees the administration of our retiree pension plans and reviews the investment performance and provisions of the plans.

You can find more details about governance at Rogers on our Investor Relations website (investors.rogers.com), including:

- a complete statement of our corporate governance practices;
- our codes of conduct and ethics;
- charters for each of the Board's standing committees;
- director biographies; and
- a summary of the differences between the NYSE corporate governance rules that apply to US-based companies and our governance practices as a non-US-based issuer listed on the NYSE.

Board of Directors and its Standing Committees

● Chair ○ Member

As at March 3, 2022

	Audit and Risk	Corporate Governance	ESG	Executive	Finance	Human Resources	Nominating	Pension
Edward S. Rogers ¹				●	●		●	
Jack L. Cockwell, c.m.	○	○				○		
Michael J. Cooper								
Ivan Fecan	○					●		
Robert J. Gemmell ²	●	●		○	○		○	
Alan D. Horn, CPA, CA				○	○			●
Jan L. Innes			○			○	○	○
John (Jake) C. Kerr, c.m. O.B.C.		○						
Philip B. Lind, c.m.			○					
Loretta A. Rogers								
Martha L. Rogers			●					
Melinda M. Rogers-Hixon					○		○	○
Tony Staffieri								

¹ Chair of the Board

² Lead Director

CORPORATE GOVERNANCE UPDATES

In October 2021, the Board was reconstituted with the appointment of Jack L. Cockwell, Michael J. Cooper, Ivan Fecan, Jan L. Innes, and John C. Kerr. The Board appointed Robert J. Gemmell, an independent director, as Lead Director in November 2021.

In November 2021, Tony Staffieri was appointed Interim President and CEO and subsequently, in January 2022, appointed President and CEO and a member of the Board. He had previously served as Chief Financial Officer. In September 2021, Paulina Molnar was appointed Interim Chief Financial Officer. In January 2022, Glenn Brandt was appointed Chief Financial Officer.

As a result of the above changes, the Board now consists of six independent directors and seven non-independent directors.

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INCOME TAX AND OTHER GOVERNMENT PAYMENTS

We proactively manage our tax affairs to enhance our business decisions and optimize after-tax free cash flow available for investment in our business and shareholder returns. We have comprehensive policies and procedures to ensure we are compliant with all tax laws and reporting requirements, including filing and making all income and sales tax returns and payments on a timely basis. As a part of this process, we pursue open and cooperative relationships with revenue authorities to minimize audit effort and reduce tax uncertainty. We also engage with government policy makers on taxation matters that affect Rogers and its shareholders, employees, customers, and other stakeholders.

INCOME TAX PAYMENTS

Our total income tax expense of \$569 million in 2021 is close to the expense computed on our accounting income at the statutory rate of 26.5%. Cash income tax payments totaled \$700 million in 2021. The primary reason our cash income tax is higher than our income tax expense is due to the timing of installment payments and our transition to a device financing business model, which results in earlier recognition of equipment revenue for income tax purposes.

OTHER GOVERNMENT PAYMENTS

In addition to paying income tax on the profits we earn, we contribute significantly to Canadians by paying taxes and fees to federal, provincial, and municipal governments, including:

- various taxes on the salaries and wages we pay (payroll taxes) to approximately 23,000 employees;
- property and business taxes;
- unrecoverable sales taxes and custom duties; and
- broadcast, spectrum, and other regulatory fees.

As outlined in the table below, the total cost to Rogers of these payments in 2021 was \$1,384 million.

(In millions of dollars)	Years ended December 31	
	2021	2020
Income taxes paid	700	418
Add:		
Unrecoverable sales taxes paid	9	8
Payroll taxes paid	135	137
Regulatory and spectrum fees paid ¹	490	492
Property and business taxes paid	50	50
Taxes paid and other government payments ²	1,384	1,105

¹ Includes an allocation of \$252 million relating to the \$3.3 billion, \$24 million, and \$1.7 billion we paid for the acquisition of spectrum licences in 2014, 2015, and 2019 respectively.

² Taxes paid and other government payments is a non-GAAP financial measure. This is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other companies. See "Non-GAAP and Other Financial Measures" for more information about this measure.

We also collected on behalf of the government \$1,995 million in sales taxes on our products and services and \$667 million in employee payroll taxes.

Risk Management

We strive to continually strengthen our risk management capabilities to protect and enhance shareholder value. The purpose of risk management is not to eliminate risk but to optimize trade-offs between risk and return to maximize value to the organization. As such, Rogers will knowingly take certain risks in order to generate earnings and encourage innovation that advance us as a customer-centric market leader. To maintain our reputation and trust, we will always work to ensure the impacts (financial, operational, strategic, regulatory, privacy, and cybersecurity) of our risk-taking activities are understood and are in line with our strategic objectives and company values.

RISK GOVERNANCE

The Board has overall responsibility for risk governance and oversees management in identifying the key risks we face in our business and implementing appropriate risk assessment processes to manage these risks. It delegates certain risk oversight and management duties to the Audit and Risk Committee.

The Audit and Risk Committee discusses risk policies with management and the Board and assists the Board in overseeing our compliance with legal and regulatory requirements.

The Audit and Risk Committee also reviews:

- the adequacy of the internal controls that have been adopted to safeguard assets from loss and unauthorized use, to prevent, deter, and detect fraud, and to ensure the accuracy of the financial records;
- the processes for identifying, assessing, and managing risks;
- our exposure to major risks and trends and management's implementation of risk policies and actions to monitor and control these exposures, including cybersecurity, privacy, technology, and environmental;
- the implementation of new major systems and changes to existing major systems;
- our business continuity and disaster recovery plans;
- any special audit steps adopted due to material weaknesses or significant deficiencies that may be identified; and
- other risk management matters from time to time as determined by the Audit and Risk Committee or directed by the Board.

ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management (ERM) program uses the "3 Lines of Defence" framework to identify, assess, manage, monitor, and communicate risks. Our business units and departments, led by the Executive Leadership Team, are the first line of defence and are accountable for managing or accepting the risks. Together, they identify and assess key risks, define controls and action plans to minimize these risks, and enhance our ability to meet our business objectives.

ERM is the second line of defence. ERM helps management identify the key and emerging risks in meeting our corporate and business unit objectives in line with our risk appetite. At the business unit and department level, ERM works with management to provide governance and advice in managing the key risks and associated controls to mitigate these risks. Business Continuity is a function within ERM which also assists the business in mitigating key risks. Specifically, the Business Continuity function oversees

incident management and planning to maintain customer service, operation of our network and businesses in the event of threats and natural disasters. Such threats include cyberattacks or equipment failures that could cause various degrees of network outages; supply chain disruptions; natural disaster threats; epidemics; pandemics; and political instability. Our ERM program also includes insurance coverage allowing us to transfer certain risks. Lastly, ERM works with Internal Audit to monitor the adequacy and effectiveness of controls to reduce risks to an acceptable level.

Annually, ERM carries out a corporate risk assessment. The assessment includes reviewing risk and audit reports and industry benchmarks and, conducting an annual risk survey of all senior leaders. Based on the survey results, ERM, in consultation with senior management, identifies the key risks to achieving our corporate objectives. ERM reports the results of the annual corporate risk assessment to the Executive Leadership Team, the Audit and Risk Committee, and the Board and provides quarterly risk updates.

ERM also facilitates management's completion of the financial statement fraud risk assessment which aims to ensure there is no potential fraud or misstatement in our financial statements and disclosures and to assess whether controls are adequately designed and operating effectively to mitigate financial statement fraud risk.

Internal Audit is the third line of defence. Internal Audit is an independent and objective assurance function that evaluates the design and operational effectiveness of internal controls and risk management processes supporting the mitigation of risks that may affect the achievement of our objectives.

The Executive Leadership Team and the Audit and Risk Committee are responsible for approving our enterprise risk policies. Our ERM methodology and policies rely on the expertise of our management and employees to identify risks and opportunities and implement risk mitigation strategies as required.

RISKS AND UNCERTAINTIES AFFECTING OUR BUSINESS

This section describes the principal risks and uncertainties that could have a material adverse effect on our business and financial results. Any discussion about risks should be read in conjunction with "About Forward-Looking Information".

SHAW TRANSACTION

The Transaction with Shaw is subject to a number of risks, many of which are outside the control of Rogers and Shaw. These are described below.

Key Regulatory Approvals and other conditions

To complete the Transaction, each of Rogers and Shaw must make certain filings with, and obtain certain consents and approvals from, various governmental and regulatory authorities, including the Competition Bureau, ISED Canada, and the CRTC. Rogers and Shaw have not yet obtained the Key Regulatory Approvals, all of

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which are required to complete the Transaction. In addition, governmental or regulatory agencies could deny permission for, or seek to block or challenge, the Transaction or the transfer or deemed transfer of specific assets, including spectrum licences, or impose material conditions relating to the Transaction or any such transfer. If any one of the Key Regulatory Approvals is not obtained, or any applicable law or order is in effect which makes the consummation of the Transaction illegal, the Transaction will not be completed.

In addition, a substantial delay in obtaining the Key Regulatory Approvals could result in the Transaction not being completed. In particular, if the Transaction is not completed by June 13, 2022, either Rogers or Shaw may terminate the arrangement agreement, in which case the Transaction will not be completed. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

Under certain circumstances, if the Key Regulatory Approvals are not obtained, or any law or order relating to the Key Regulatory Approvals or the Competition Act is in effect that would make the consummation of the Transaction illegal, and the failure to obtain the Key Regulatory Approvals is not caused by, and is not a result of, the failure by Shaw to perform in all material respects any of its covenants or agreements under the arrangement agreement, we would be obligated to pay a \$1.2 billion reverse termination fee to Shaw (see “Termination of the arrangement agreement, costs, and termination fee” below). We would also be responsible to reimburse Shaw for certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares.

The completion of the Transaction is subject to a number of other conditions precedent, some of which are outside of the control of Rogers and Shaw, including there not having occurred a Material Adverse Effect or Purchaser Material Adverse Effect (as such terms are defined in the arrangement agreement) and the satisfaction of certain other customary closing conditions.

There can be no certainty, nor can Rogers or Shaw provide any assurance, that all conditions precedent to the Transaction will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver.

Termination of the arrangement agreement, costs, and termination fee

The arrangement agreement may be terminated by Rogers or Shaw in certain circumstances, in which case the Transaction will not be completed. Accordingly, there is no certainty, nor can we provide any assurance, that the arrangement agreement will not be terminated by us or Shaw prior to completion of the Transaction.

We must pay certain costs relating to the Transaction, such as legal, accounting, tax, and financing-related fees, even if the Transaction is not completed, which may be significant. In addition, if the Transaction is not completed for certain reasons, we may be required to pay a reverse termination fee of \$1.2 billion to Shaw and certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares, the result of which could have a material adverse effect on our business, results of operations, financial position, and our ability to fund growth prospects and current operations.

If the Transaction is not completed or is delayed, our share price and future business and financial results could be negatively affected. Any non-completion or delay of the Transaction may also negatively impact the relationships we have with our employees (including a potential lack of focus on our business), suppliers, vendors, distributors, retailers, dealers, or customers, including that such groups could cease doing business with us or curtail their activities with us.

Financing and potential credit rating consequences

The arrangement agreement does not contain a financing condition. Although we have a binding commitment letter for a committed credit facility of up to \$13 billion and have entered into the \$6 billion Shaw term loan facility in order to finance the Transaction, the obligation of the lenders under each of the committed facility and the Shaw term loan facility to provide the financing is subject to certain conditions, including, in the case of the committed credit facility, the completion of credit documentation in respect of such commitment. In the event the Transaction cannot be completed due to a failure to obtain the financing required to close the Transaction, either because the conditions to the committed credit facility and/or the Shaw term loan facility are not satisfied or other events arise which prevent us from consummating the debt financing, we may be unable to fund the consideration required to complete the Transaction, in which case we would be required to pay the reverse termination fee of \$1.2 billion and certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares.

In addition to assuming approximately \$6 billion of existing Shaw debt, we expect to issue up to \$19 billion in new debt to finance the Transaction. As a result, we anticipate the combined company will have over \$40 billion of consolidated debt upon closing. The increased level of debt could decrease our flexibility in responding to changing business and economic conditions, increase our interest expense, and potentially make it more difficult to obtain additional financing or refinance existing financing. The increase in our debt service obligations could adversely affect our results, financial condition, and our ability to fund growth prospects and could reduce our funds available for other business purposes.

Additionally, as a result of the significant increase in outstanding debt, there is a risk that our credit ratings could be adversely affected, including the potential for a downgrade below investment-grade. A downgrade in our credit ratings could result in difficulty issuing debt in the future or higher borrowing costs and may otherwise affect our share price. If Shaw's existing senior notes are subject to a downgrade below investment-grade constituting a “change of control trigger event” (as defined in Shaw's senior note indenture), Shaw would be required to offer to purchase its senior notes at 101% of their principal amount plus accrued interest following closing of the Transaction, potentially having an adverse impact on the combined company's financial condition.

Expected synergies and integration

Achieving the anticipated benefits of the Transaction depends on our ability to consolidate and integrate Shaw's businesses, operations, and workforce in a manner that facilitates growth opportunities and achieves the projected cost savings and revenue growth without adversely affecting the combined company's current operations. Even if we successfully integrate Shaw's businesses, the anticipated benefits of the Transaction may not be fully realized or they could take longer to realize than expected.

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In addition to the day-to-day operations of Rogers, management will need to focus on the Transaction and all related activities, including integration. If completion of the Transaction is delayed, there could be adverse effects on our business, results of operations, or financial condition.

Shaw actions prior to closing

The arrangement agreement restricts Shaw from taking certain actions outside of the ordinary course of business while the Transaction is pending, including, among other things, certain acquisitions or dispositions of businesses and assets, entering into or amending certain contracts, repurchasing or issuing securities, making significant capital expenditures, and incurring indebtedness, in each case subject to certain exceptions. As a result of these restrictions, Shaw may not have the flexibility to appropriately respond to certain events, which may result in us recognizing lower-than-expected synergies once the Transaction closes.

OUTBREAK OF COVID-19 AND RELATED PANDEMIC

As COVID-19 continues to significantly impact the well-being of individuals and the Canadian and global economies, we maintained our programs to help employees manage through COVID-19 and provide support and services to our customers and audiences. We are focused on operating and maintaining our wireless and cable networks, our media operations, and the key business operations required to ensure service continuity for customers. We have continued work-from-home arrangements for employees while we review and follow directions from the government to ensure the safety of our team and to provide us time to implement necessary safeguards to accommodate a gradual approach in reopening our sites to employees.

Public and private sector regulations, policies, and other measures aimed at reducing the transmission of COVID-19 include the imposition of business closures, travel restrictions, the promotion of physical distancing, and the adoption of work-from-home and online education by companies, schools, and institutions. These measures are impacting how customers use our networks, products, and services, the manner or extent to which we can offer certain products and services, and the ability of certain suppliers and vendors to provide products and services to us. Notably, due to travel restrictions and advisories, roaming revenue has decreased from pre-pandemic levels. Additionally, our cable network experienced a significant increase in data usage as employers shifted to work-from-home models and as schools shifted to online education.

In early 2021, public health restrictions that were implemented in late 2020 were lifted to certain extents across the country. In March 2021, several Canadian provinces declared a third wave of COVID-19 had commenced and provinces adjusted restrictions. In the third quarter, provinces generally began relaxing certain public health restrictions implemented in the first half of 2021 as vaccines became more widely available in Canada and vaccination rates increased across the country. In August 2021, Canada entered a fourth wave of COVID-19 and several Canadian provinces introduced proof of vaccination requirements to access non-essential businesses and services. Late in the fourth quarter, the Omicron variant re-accelerated the spread of COVID-19 and many Canadian provinces reintroduced various restrictions,

amongst others, including placing capacity limits on organized gatherings and retail stores.

Additionally, COVID-19 has caused a global semiconductor chip shortage due to supply chain disruptions and an increase in demand for electronics. Although we are taking proactive steps to minimize its impacts, this has resulted, and could continue to result, in increased lead times on our network equipment and wireless devices.

The full future extent and impact of COVID-19 is unknown. Potential adverse impacts of the pandemic include, but are not limited to:

- the risk of a material reduction in demand for our products and services due to businesses closing or downsizing, job losses and associated financial hardship, or, more generally, a declining level of retail activity, which may lead to a decline in revenue as a result of:
 - lower Wireless subscriber activity, including lower equipment revenue;
 - lower roaming and overage revenue as customers are unable or unwilling to travel and continue to stay home;
 - customers downgrading or cancelling their services;
 - the restriction of fan attendance at major sports league games, the potential suspension or shortening of future major sports league seasons, and the associated television programming; and/or
 - a decrease in population growth resulting from lower levels of immigration due to travel and border restrictions;
- an increase in delinquent or unpaid bills, which could lead to increased bad debt expense;
- issues delivering certain products and services, or maintaining or upgrading our networks, due to store closures and supply chain disruptions; and
- additional capital expenditures to maintain or expand our networks in order to accommodate substantially increased network usage.

While we expect certain cost savings to offset some of the lower revenue, we also cannot predict the extent to which they would be offset.

Due to the uncertainty surrounding the duration and potential outcomes of COVID-19, including the results of measures taken to slow the spread and the broader impact COVID-19 may have on the Canadian and global economies or financial markets, it is difficult to predict the overall impact on our operations, liquidity, financial condition, or results; however, COVID-19 has had, and may continue to have, a material, adverse impact on our results. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to us.

CYBERSECURITY

Our industry is vulnerable to cybersecurity risks that are growing in both frequency and complexity. Rogers, along with our suppliers, employs systems and network infrastructure that are subject to cyberattacks, which may include theft of assets, unauthorized access to proprietary or sensitive information, destruction or corruption of data, ransomware attacks, or operational disruption. A significant cyberattack against our, or our suppliers', critical network infrastructure and supporting information systems could result in service disruptions, litigation, loss of customers, incurring significant costs, and/or reputational damage.

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Management has committed to an information and cybersecurity program designed to reinforce the importance of remaining a secure, vigilant, and resilient organization. Our ongoing success depends on protecting our sensitive data, including personal information about our customers and employees. We rely on security awareness training, policies, procedures, and IT systems to protect this information. Success also depends on Rogers continuing to monitor these risks, leveraging external threat intelligence, internal monitoring, reviewing best practices, and implementing controls as required to mitigate them. We have insurance coverage against certain damages related to cybersecurity breaches, intrusions, and attacks, amongst other things.

External threats to the network and our business generally are constantly changing and there is no assurance we will be able to protect the network from all future threats. The impact of such attacks may affect our customer service or our financial results.

PRIVACY

In the evolving digital world, privacy and how organizations are handling personal information is becoming an increasing priority for consumers. Ensuring appropriate governance over this data has become even more critical. As the move to digital transactions has been accelerated by COVID-19, companies continue to gain greater amounts of data on customers and employees. The nature of the products and services we offer our customers means we are entrusted with a significant amount of personal information. This means that ensuring there are appropriate safeguards and privacy protections in place is a priority for us. We are the stewards of this data and this responsibility is of the utmost importance to us. If a privacy breach were to occur and personal information was made public, there could be a material adverse effect on our reputation and our business.

TECHNOLOGY

New technologies

Our network plans assume the availability of new technology for both wireless and wireline networks, including 5G technology in the wireless industry and future DOCSIS enhancements and evolutions in the wireline industry. While we work with industry standards bodies and our vendors to ensure timely delivery of new technology, there are no assurances these technologies will be available as and when required.

As new technologies become available, we expect a substantial portion of our future revenue growth may come from new and advanced services, and companies such as Rogers will need to continue to invest significant capital resources to develop our networks and implement in an agile framework to meet customers and business timelines. It is possible, however, that there may not be sufficient consumer demand, or that we may not anticipate or satisfy demand for certain products and services or be able to offer or market these new products and services successfully to subscribers. If we do not attract subscribers to new products and services profitably or keep pace with changing consumer preferences, we could experience slower revenue growth and increased churn. This could have a material adverse effect on our business, results of operations, and financial condition.

Several technologies have affected the way our services are delivered, including:

- broadband;
- IP-based voice, data, and video delivery services;
- increased use of optical fibre technologies to businesses and residences;
- broadband wireless access and wireless services using a radio frequency spectrum to which we may have limited or no access; and
- applications and services using cloud-based technology, independent of carrier or physical connectivity.

These technologies may also lead to significantly different cost structures for users and therefore affect the long-term viability of some of our current technologies. Some of these technologies have allowed competitors to enter our markets with similar products or services at lower costs. These competitors may also be larger, have greater access to financial resources, and/or have fewer regulatory restrictions than Rogers. Additional competitors with advances in technology, such as high-speed Internet service from low Earth orbit satellite operators like Starlink, have entered the Canadian market and could potentially have a material adverse impact on our operations and results.

The continued emergence and growth of subscriber-based satellite and digital radio products could affect AM and FM radio audience listening habits and have a negative effect on the results of our radio stations. Certain audiences are also migrating away from traditional broadcast platforms to the Internet as more video and audio content streaming becomes available.

Reliance on technology

Our technologies, processes, and systems are operationally complex and increasingly interconnected. Further, our businesses depend on IT systems for day-to-day operations and critical elements of our network infrastructure and IT systems are concentrated in various physical facilities. If we are unable to operate our systems, make enhancements to accommodate customer growth and new products and services, or if our systems experience disruptions or failures, it could have an adverse effect on our ability to acquire new subscribers, service customers, manage subscriber churn, produce accurate and timely subscriber invoices, generate revenue growth, and manage operating expenses. This could have an adverse impact on our results and financial position.

Impact of failures on customer service

Customers have high expectations of reliable and consistent performance of our networks. Failure to maintain high service levels and to effectively manage network traffic could have an impact on the customer experience, potentially resulting in an increase in customer churn. Due to the increased demand and traffic on our networks, there could be capacity and congestion pressures. If our networks or key network components fail, it could, in some circumstances, result in a loss of service for our customers for certain periods and have an adverse effect on our results and our financial position.

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We work to protect our networks and our service from the impact of natural disasters and major weather events such as ice storms, wind storms, forest fires, flooding, earthquakes, or landslides where it is necessary and feasible to do so. There are no assurances that a future event will not cause service outages and that such outages would not affect our results. Service disruptions or outages could also affect our operations if not quickly resolved, potentially causing a risk of billing delays or errors. If we fail to have appropriate response strategies and protocols in place to handle service outages in the face of these types of events, they could have an impact on our revenue and our customer experience. Recovering from these disasters could require significant resources and remediation costs, which are difficult to estimate.

COMPETITIVE INTENSITY

Competitive behaviour and market dynamics are continuously changing in our fast-paced industry. There is no assurance that our current or future competitors will not provide services that are superior to ours or at lower prices, adapt more quickly to evolving industry trends or changing market requirements, enter markets in which we operate, or introduce competing services. The federal government also continues to promote competition and affordability, and is committed to universal high-speed Internet for every Canadian by 2030. Any of these factors could increase churn or reduce our business market share or revenue.

The strategic offering of unlimited wireless plans continues to offer greater value to our customers and has helped us take a significant step towards simplifying our products and services. However, depending on economic conditions and the response from our competitors and/or current and potential customers, we may need to extend lower wireless pricing offers to attract new customers and retain existing subscribers. As wireless penetration of the population deepens, new wireless customers may generate lower average monthly revenue, which could slow revenue growth.

Global technology giants continue to ramp up content spending into new markets such as sports media, resulting in increased competition for our Media and Cable segments. This may result in an increase in subscriber churn as customers now have additional choices of supplementary sources of media content.

Competition is increasing for content programming rights from both traditional linear television broadcasters and online competitors. Online providers are moving towards self-made, self-hosted exclusive content, and may compete for rights more aggressively than expected, such that traditional broadcasters may not gain access to desirable programming. Overall increased competition for content will likely increase costs of programming rights. As broadcasters and distributors sign longer-term agreements to secure programming rights, this could affect the availability of desirable programming rights and result in lower revenue due to a lack of access to these rights. Lower revenue in turn could adversely affect the operating results of our business if we are unable to recover programming investments through advertising revenue and subscription fee increases that reflect the market.

In addition, the CRTC Broadcasting Distribution Regulations do not allow cable operators to obtain exclusive contracts in buildings where it is technically feasible to install two or more transmission systems.

Continued deployments of fibre networks by competitors may lead to an increase in the reach, speed, and stability of their wireline-related services. This could result in an increase in churn pertaining to our wireline business segment services.

Improvements in the quality of streaming video over the Internet, coupled with increasing availability of television shows and movies online through OTT content providers, has resulted in competition for viewership and increased competition for Canadian cable television service providers. As a result, we have noticed an increase in cord cutting and cord shaving as consumers continue to withdraw from traditional cable services. If advances in technology are made to any alternative Canadian multi-channel broadcasting distribution system, our cable services may face increased competition. In addition, as the technology for wireless Internet continues to develop, it is, in some instances, replacing traditional wireline Internet.

REGULATORY RISKS

Changes in government regulations

Substantially all of our business activities are regulated by ISED Canada and/or the CRTC. Any regulatory changes or decisions could adversely affect our consolidated results of operations. The most significant outstanding regulatory proceedings to our business are various appeals related to the wholesale Internet costing and pricing regime (see "Regulation in our Industry" and "Litigation Risks").

Regulatory changes or decisions made by these regulators could adversely impact our results on a consolidated basis. This regulation relates to, among other things, licensing and related fees, competition, the cable television programming services we must distribute, wireless and wireline interconnection agreements, the rates we may charge to provide access to our networks by third parties, the resale of our networks and roaming on our networks, our operation and ownership of communications systems, and our ability to acquire an interest in other communications systems. In addition, the costs of providing services may be increased from time to time as a result of compliance with industry or legislative initiatives to address consumer protection concerns or such Internet-related issues as copyright infringement, unsolicited commercial e-mail, cybercrime, and lawful access.

Generally, our licences are granted for a specified term and are subject to conditions on the maintenance of these licences. These licensing conditions and related fees may be modified at any time by the regulators. The regulators may decide not to renew a licence when it expires, and any failure by us to comply with the conditions on the maintenance of a licence could result in a revocation or forfeiture of any of our licences or the imposition of fines. Our cable, wireless, and broadcasting licences generally may not be transferred without regulatory approval.

The licences include conditions requiring us to comply with Canadian ownership restrictions of the applicable legislation. We are currently in compliance with all of these Canadian ownership and control requirements. If these requirements were violated, we would be subject to various penalties, possibly including, in the extreme case, the loss of a licence.

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Spectrum

Radio spectrum is one of the fundamental assets required to carry on our Wireless business. Our ability to continue to offer and improve current services and to offer new services depends on, among other factors, continued access to, and deployment of, adequate spectrum, including the ability to both renew current spectrum licences and acquire new spectrum licences.

If we cannot acquire and retain needed spectrum, whether due to the government providing favourable spectrum auctions for regional carriers through set asides and lower rates, through increased costs for us to purchase spectrum licences at auction, or otherwise, we may not be able to continue to offer and improve our current services and deploy new services on a timely basis, including providing competitive data speeds our customers want. As a result, our ability to attract and retain customers could be adversely affected. In addition, an inability to acquire and retain needed spectrum could affect network quality and result in higher capital expenditures.

Changes to government spectrum fees could significantly increase our payments and therefore materially reduce our net income.

Radio frequency emissions

From time to time, media and other reports have highlighted alleged links between radio frequency emissions from wireless devices (including new 5G technology) and various health concerns, including cancer, and interference with various medical devices, including hearing aids and pacemakers. This may discourage the use of wireless devices or expose us to potential litigation even though there are no definitive reports or studies stating that these health issues are directly attributable to radio frequency emissions. Future regulatory actions may result in more restrictive standards on radio frequency emissions from low-powered devices like wireless devices. We cannot predict the nature or extent of any restrictions.

Obtaining access to support structures and municipal rights of way

To build and support the rollout of 5G, and to continue upgrading our cable network, we must continue to have access to support structures and municipal rights of way to install equipment on municipal poles and buildings, and on First Nations land. We can apply to the CRTC to obtain a right of access under the Telecommunications Act in areas where we cannot secure access to municipal rights of way. Failure to obtain access could increase our costs and adversely affect our business.

The Supreme Court of Canada ruled in 2003, however, that the CRTC does not have the jurisdiction to establish the terms and conditions of accessing the poles of hydroelectric companies. As a result, we normally obtain access under terms established by the provincial utility boards.

On October 30, 2020, the CRTC launched consultations 2020-366 regarding potential regulatory measures to make access to poles owned by Canadian carriers more efficient. The CRTC expressed concerns that untimely and costly access to poles owned by Canadian carriers has negative impacts on the deployment of efficient broadband-capable networks, particularly in areas of Canada with limited or no access to such networks. Therefore, the CRTC initiated a proceeding to identify and implement regulatory

measures that will make access to such poles more efficient. We are actively participating in the process.

On December 10, 2021, a regulation was filed under Part VI.1 of the Ontario Energy Board Act, O. Reg. 842/21 requiring the Ontario Energy Board (OEB) to establish a generic, province-wide pole attachment charge for 2022. The Regulation further requires the OEB to set the charge for 2023 and subsequent years by adjusting the prior year's charge for inflation, resulting in the calculation of the charge becoming a mechanistic exercise. On December 16, 2021, the OEB published Decision and Order EB-2021-0302, *Wireline Pole Attachment Charge*. The OEB calculated the charge for 2022 at \$34.76 per attacher per year per pole, in accordance with the directions set out in O. Reg. 842/21. The 2021 charge was \$44.50. This charge applies to every distributor that is required as a condition of licence to provide access to telecom attachments and to charge the amount approved by the OEB.

CUSTOMER EXPERIENCE

Creating best-in-class customer experiences is an important strategic priority for us, as we understand that great customer experience is key to our long-term success. Our customers' loyalty and their likelihood to recommend Rogers are both dependent upon our ability to provide a service experience that meets or exceeds their expectations. We handle many customer interactions annually, ranging from potential new customers making in-store purchases to existing customers calling for technical support and everything in between. We understand that every time a customer uses one of our services, such as making a call on their wireless device, browsing the Internet or watching their favourite show using their Internet or television services, or listening to one of our radio stations, their experience affects all future interactions with the Rogers brand. If our products do not deliver the usage experience our customers expect from us, and if we do not have clear, simple, and fair interactions with our customers, it could cause confusion and frustrate our customers. This could result in the potential for lost sales opportunities and increased churn, both of which could have negative effects on our reputation, results of operations, and financial condition.

RESULTS PERFORMANCE

We strive to drive profitable growth in all markets we serve. This means we will focus on core growth drivers in each of our businesses, including increasing subscribers and reducing churn, expanding products in our enterprise business, and stabilizing our Media performance. At the same time, our goal is to continue to develop strong capabilities in cost management to support investments that will fuel our future. If we are not successful in achieving these goals, as a result of economic conditions or the competitive landscape, this could negatively impact confidence with investors and external stakeholders, and ultimately our stock price.

TALENT ACQUISITION AND RETENTION

A significant transformation is underway in our industry, and as competition for talent increases, our success is highly dependent on our ability to attract and retain a high-performing, diverse, and engaged workforce, including in key growth areas, such as the network, IT, and digital fields. Our focus must be on providing

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career and development opportunities, competitive compensation and benefits, fostering an inclusive and diverse workplace, and a great employee experience. Failure to maintain and achieve this focus, and changes to our workforce as a result of factors such as turnover and restructuring, failing to develop internal succession, cost reduction initiatives, ongoing union negotiations, or other events, could have an adverse effect on the customer experience, and as a result our revenue and profitability.

RELIANCE ON SUPPLY CHAIN AND THIRD PARTIES

We have outsourcing, managed service, and supplier arrangements with third parties to provide certain essential components of our business operations to our employees and customers. These include, but are not limited to, certain critical infrastructure components and devices; facilities or property management functions; contact centre support; installation and service technicians; network and IT functions; and invoice printing. Some of these essential suppliers are relatively small in number and we have limited operational or financial control over them. If interruptions in these services or at these suppliers occur, including due to the ongoing global supply chain issues, it could adversely affect our ability to service our customers. Additionally, in the course of fulfilling service arrangements, third-party service providers must ensure our information is appropriately protected and safeguarded. Failure to do so may affect Rogers through increased regulatory risk, reputational damage, and damage to the customer experience.

FINANCIAL RISKS

Capital commitments, liquidity, debt, and interest payments

Our capital commitments and financing obligations could have important consequences, including:

- requiring us to dedicate a substantial portion of cash provided by operating activities to pay interest, principal amounts, and dividends, which reduces funds available for other business purposes, including other financial operations;
- making us more vulnerable to adverse economic and industry conditions;
- limiting our flexibility in planning for, and reacting to, changes in our business and industry;
- putting us at a competitive disadvantage compared to competitors who may have more financial resources and/or less financial leverage; or
- restricting our ability to obtain additional financing to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our financial obligations depends on our future operating performance and on economic, financial, competitive, and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow in the future and financings may not be available to provide sufficient net proceeds to meet our obligations or to successfully execute our business strategy.

Credit ratings

Credit ratings provide an independent measure of credit quality of a securities issuer and can affect our ability to obtain short- and long-term financing and the terms of the financing. If rating

agencies lower the credit ratings on our debt, particularly a downgrade below investment-grade, it could adversely affect our cost of financing and access to liquidity and capital.

Capital markets

External capital market conditions could affect our ability to make strategic investments and meet ongoing capital funding requirements. Risk factors include a reduction in lending activity, disruptions in capital markets, and regulatory requirements for an increase in bank capitalization, which could either reduce the availability, or increase the cost of capital.

Income taxes and other taxes

We collect, pay, and accrue significant amounts of income and other taxes, such as federal and provincial sales, employment, and property taxes.

We have recorded significant amounts of deferred and current income tax liabilities and expense, and calculated these amounts based on substantively enacted income tax rates in effect at the relevant time. A legislative change in these rates could have a material effect on the amounts recorded and payable in the future.

We provide for income and other taxes based on all currently available information and believe that we have adequately provided for these items. The calculation of applicable taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets, liabilities, and expense, and could, in certain circumstances, result in the assessment of interest and penalties.

While we believe we have paid and provided for adequate amounts of tax, our business is complex and significant judgment is required in interpreting how tax legislation and regulations apply to us.

OTHER RISKS

Economic conditions

Our businesses are affected by general economic conditions and consumer confidence and spending. Recessions, declines in economic activity, and economic uncertainty can erode consumer and business confidence and reduce discretionary spending. Any of these factors can negatively affect us through reduced advertising, lower demand for our products and services, decreased revenue and profitability, and higher churn and bad debt expense. A significant portion of our broadcasting and digital revenue comes from the sale of advertising and is affected by the strength of the economy.

Strategy and business plans

Our strategy is vital to our long-term success. Changing strategic priorities or adding new strategic priorities could compromise existing initiatives and could have a material adverse effect on our business, results of operations, and financial condition.

We develop business plans, execute projects, and launch new ventures to grow our business. If the expected benefits from these do not materialize, this could have a material adverse effect on our business, results of operations, and financial condition.

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Our products, services, and networks rely, in part, on certain vendors. Should our vendors not deliver solutions that operate as intended, our business and financial results could be adversely affected. This may result in subscriber losses, lower revenue, and unfavourable customer satisfaction.

Monitoring and controlling fraudulent activities

As a large company with tens of thousands of employees and a range of desirable and valuable products and services, fraud prevention requires a disciplined program covering governance, exposure identification and assessment, prevention, detection, and reporting. This program must consider corruption and misappropriation of assets by employees and/or external parties. Fraud events can result in financial loss and brand degradation. In addition to unauthorized access to digital boxes and Internet modems, a sample of potential examples of fraud relevant to us include (i) inappropriate use of our cable or wireless networks, (ii) subscription fraud and fraudulent account takeovers for purpose of hardware theft or SIM swapping, (iii) intentional manipulation of financial statements by employees and/or external parties, and (iv) copyright theft and other forms of unauthorized use that undermine the exclusivity of our content offerings.

Unauthorized access to digital boxes or Internet modems

With a significant number of Canadians purchasing illegal pre-loaded set-top boxes and illegally streaming our television products, cord-shaving, cord-cutting and customer churn rates could increase. To address this, we use encryption technology developed and supported by our vendors to protect our cable signals from unauthorized access and to control access to programming based on subscription packages. We also use encryption and security technologies to prevent unauthorized access to our Internet service.

There is no assurance that we will be able to effectively prevent unauthorized decoding of television signals or Internet access in the future. If we are unable to control cable access with our encryption technology, and subscriptions to digital programming, including premium video-on-demand and subscription video-on-demand, this could result in a decline in our Cable revenue.

Legal and ethical compliance

We rely on our employees, officers, Board, suppliers, and other business partners to behave consistently with applicable legal and ethical standards in all jurisdictions in which we operate, including, but not limited to, anti-bribery laws and regulations. Situations where individuals or others, whether inadvertently or intentionally, do not adhere to our policies, applicable laws and regulations, or contractual obligations may expose us to litigation and the possibility of damages, sanctions, and fines, or of being disqualified from bidding on contracts. This may have an adverse effect on our results, financial position, reputation, and brand.

Acquisitions, divestitures, or investments

Acquiring complementary businesses and technologies, developing strategic alliances, and divesting portions of our business are often required to optimally execute our business strategy. Some areas of our operations (and adjacent businesses) are subject to rapidly evolving technologies and consumer usage

and demand trends. It is possible that we may not effectively forecast the value of consumer demand or risk of competing technologies resulting in higher valuations for acquisitions or missed opportunities.

Services, technologies, key personnel, or businesses of companies we acquire may not be effectively integrated into our business or service offerings, or our alliances may not be successful. We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all.

Decline of television subscribers in Canada (cord-cutting and cord-shaving)

The number of households that subscribe to television service in Canada continues to decline. Other video offerings available to consumers (for example, direct-to-consumer subscription and free services), as well as piracy, have contributed to this trend. If this decline continues, it could have a material adverse effect on our results of operations.

Migrating from conventional to digital media

Our Media business operates in many industries that can be affected by customers migrating from conventional to digital media, which is driving shifts in the quality and accessibility of data and mobile alternatives to conventional media. We have been shifting our focus towards the digital market. Increasing competition for advertising revenue from digital platforms, such as search engines, social networks, and digital content alternatives, has resulted in advertising dollars migrating from conventional television broadcasters to digital platforms. The impact is greater on conventional over-the-air broadcast networks, such as Citytv and OMNI, which do not have a second revenue stream from subscription revenue. Our Media results could be adversely affected if we are unsuccessful in shifting advertising dollars from conventional to digital platforms.

Our market position in radio and television

Advertising dollars typically migrate to media properties that are leaders in their respective markets and categories, particularly when advertising budgets are tight. Our radio and television properties may not continue performing how they currently perform. Advertisers base a substantial part of their purchasing decisions on ratings data generated by industry associations and agencies. If our radio and television ratings decrease substantially, our advertising sales volumes and the rates that we charge advertisers could be adversely affected.

Climate change

Climate change is an increasingly important consideration in all businesses, including the telecommunications business. Failure of climate change mitigation and adaptation efforts could affect our business through potential disruption of our operations or supply chains, damage to our infrastructure, and the effects on the communities we serve. The physical risk to our infrastructure caused by extreme weather disturbances related to climate change can significantly affect our ability to maintain secure communication services to all our customers, including governments and health and emergency services.

Climate change and the environment are drawing more attention through evolving public interest. Many aspects of our operations

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are subject to evolving and increasingly stringent federal, provincial, and local environmental, health, and safety laws and regulations. Such laws and regulations impose requirements with respect to matters such as the release of substances into the environment, corrective and remedial action concerning such releases, and the proper handling and management of substances. These evolving considerations and more stringent laws and regulations could lead to increased costs for compliance and rising costs of utilities. Failure to recognize and adequately respond could result in fines, regulatory scrutiny, or damage to our reputation or brand.

Controlling shareholder ownership risk

Rogers is a family-founded, family-controlled company. Voting control of Rogers Communications Inc. is held by the Trust for the benefit of successive generations of the Rogers family and, as a result, the Trust is able to elect all members of the Board and to control the vote on most matters submitted to shareholders, whether through a shareholder meeting or a written consent resolution. The beneficiaries of the Trust are a small group of individuals who are members of the Rogers family, several of whom are also directors of the Board. The trustee is the trust company subsidiary of a Canadian chartered bank.

As at December 31, 2021, private Rogers family holding companies controlled by the Trust owned approximately 98% of our outstanding Class A Shares (2020 - 98%) and approximately 10% of our Class B Non-Voting Shares (2020 - 10%), or in total approximately 29% of the total shares outstanding (2020 - 29%). Only Class A Shares carry the right to vote in most circumstances.

LITIGATION RISKS

Wholesale Internet costing and pricing

On August 15, 2019, in Telecom Order CRTC 2019-288, *Follow-up to Telecom Orders 2016-396 and 2016-448 - Final rates for aggregated wholesale high-speed access services* (Order), the CRTC set final rates for facilities-based carriers' wholesale high-speed access services, including Rogers' TPIA service. The Order set final rates for Rogers that are significantly lower than the interim rates that were previously billed and it further determined that these final rates will apply retroactively to March 31, 2016.

We did not believe the final rates set by the CRTC were just and reasonable as required by the Telecommunications Act as we believed they were below cost. On May 27, 2021, the CRTC released Telecom Decision CRTC 2021-181 *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*. The CRTC decided to adopt the interim rates in effect prior to the Order as the final rates, with certain modifications, including the removal of the supplementary markup of 10% for incumbent local exchange carriers.

The final rates are lower than the rates we previously billed to the resellers for the period of March 31, 2016 to October 6, 2016. We have recognized a refund of amounts previously billed to the resellers of approximately \$25 million, representing the impact on a retroactive basis for that period.

On May 28, 2021 a wholesale ISP petitioned the Governor in Council to, among other things, restore the 2019 Order and make the rates established in that order final. In addition, on June 28, 2021, the same wholesale ISP filed a motion seeking leave to appeal the 2021 Decision to the Federal Court of Appeal, which

was granted on September 15, 2021. We, along with several other cable companies, have intervened in these matters.

System access fee - Saskatchewan

In 2004, a class action was commenced against providers of wireless communications in Canada under the Class Actions Act (Saskatchewan). The class action relates to the system access fee wireless carriers charge to some of their customers. The plaintiffs are seeking unspecified damages and punitive damages, which would effectively be a reimbursement of all system access fees collected.

In 2007, the Saskatchewan Court granted the plaintiffs' application to have the proceeding certified as a national, "opt-in" class action where affected customers outside Saskatchewan must take specific steps to participate in the proceeding. In 2008, our motion to stay the proceeding based on the arbitration clause in our wireless service agreements was granted. The Saskatchewan Court directed that its order, in respect of the certification of the action, would exclude customers who are bound by an arbitration clause from the class of plaintiffs.

In 2009, counsel for the plaintiffs began a second proceeding under the Class Actions Act (Saskatchewan) asserting the same claims as the original proceeding. If successful, this second class action would be an "opt-out" class proceeding. This second proceeding was ordered conditionally stayed on the basis that it was an abuse of process.

At the time the Saskatchewan class action was commenced, corresponding claims were filed in multiple jurisdictions across Canada. The claims in all provinces other than Saskatchewan have now been dismissed or discontinued. We have not recognized a liability for this contingency.

911 fee

In June 2008, a class action was launched in Saskatchewan against providers of wireless communications services in Canada. It involves allegations of breach of contract, misrepresentation, and false advertising, among other things, in relation to the 911 fee that had been charged by us and the other wireless telecommunication providers in Canada. The plaintiffs are seeking unspecified damages and restitution. The plaintiffs intend to seek an order certifying the proceeding as a national class action in Saskatchewan. We have not recognized a liability for this contingency.

Videotron Ltd.

On October 29, 2021, Videotron Ltd. launched a lawsuit against Rogers in the Quebec Superior Court, in connection with the agreement entered into by the parties in 2013 for the development and operation of a joint LTE network in the province of Quebec. The lawsuit involves allegations by Videotron Ltd. that Rogers has breached its contractual obligations by developing its own network in the territory. Videotron is seeking compensatory damages in the amount of \$850 million. We intend to vigorously defend this lawsuit. We have not recognized a liability for this contingency.

Other claims

There are certain other claims and potential claims against us. We do not expect any of these, individually or in the aggregate, to have a material adverse effect on our financial results.

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Outcome of proceedings

The outcome of all the proceedings and claims against us, including the matters described above, is subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on our business, financial results, or financial condition. If circumstances change and it becomes probable that we will be held liable for claims against us and such claim is estimable, we will recognize a provision during the period in which the change in probability occurs, which could be material to our Consolidated Statements of Income or Consolidated Statements of Financial Position.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as at December 31, 2021, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a-15 promulgated under the US Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at that date.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

Our internal control system is designed to give management and the Board reasonable assurance that our financial statements are prepared and fairly presented in accordance with IFRS as issued by the IASB. The system is intended to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are reliable. Management also takes steps to assure the flow of information and communication is effective, and monitors performance and our internal control procedures.

Management assessed the effectiveness of our internal control over financial reporting as at December 31, 2021, based on the criteria set out in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that it was effective at that date. Our independent auditors, KPMG LLP, have issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. This report is included in our 2021 Audited Consolidated Financial Statements filed on SEDAR (sedar.com).

All internal control systems, however, no matter how well designed, have inherent limitations, and even systems that have been determined to be effective can only provide reasonable assurance about the preparation and presentation of financial statements.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

There have been no changes in 2021 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Regulation in our Industry

Our business, except for the non-broadcasting operations of Media, is regulated by two groups:

- ISED Canada on behalf of the Minister of Innovation, Science and Industry; and
- the CRTC, under the Telecommunications Act and the Broadcasting Act.

Regulation relates to the following, among other things:

- wireless spectrum and broadcasting licensing;
- competition;
- the cable television programming services we must, and can, distribute;
- wireless and wireline interconnection agreements;
- rates we can charge third parties for access to our network;
- the resale of services on our networks;
- roaming on our networks and the networks of others;
- ownership and operation of our communications systems; and
- our ability to acquire an interest in other communications systems.

Regulatory changes or decisions can adversely affect our results of operations.

Our costs of providing services may increase from time to time as we comply with industry or legislative initiatives to address consumer protection concerns or Internet-related issues like copyright infringement, unsolicited commercial e-mail, cybercrime, and lawful access.

Generally, our spectrum and broadcast licences are granted for a specified term and are subject to conditions for maintaining these licences. Regulators can modify these licensing conditions at any time, and they can decide not to renew a licence when it expires. If we do not comply with the conditions, a licence may be forfeited or revoked, or we may be fined.

The licences have conditions that require us, amongst other things, to comply with Canadian ownership restrictions of the applicable legislation. We are currently in compliance with these conditions. If we violate the requirements, we would be subject to various penalties, including the loss of a licence in extreme cases.

Cable, wireless, and broadcasting licences generally cannot be transferred without regulatory approval.

CANADIAN BROADCASTING AND TELECOMMUNICATIONS OPERATIONS

The CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting and telecommunications system. Our Canadian broadcasting operations - including our cable television systems, radio and television stations, and specialty services - are licensed (or operated under an exemption order) and regulated by the CRTC under the Broadcasting Act.

The CRTC is also responsible under the Telecommunications Act for the regulation of telecommunications carriers, including:

- Wireless' mobile voice and data operations; and
- Cable's Internet and telephone services.

Our cable and telecommunications retail services are not currently subject to price regulation, other than our affordable entry-level

basic cable television service ordered by the CRTC and introduced in 2016, as the CRTC believes there is enough competition for these services provided by other carriers to protect the interests of users and has forborne from regulating them. Regulations can and do, however, affect the terms and conditions under which we offer these services.

SPECTRUM LICENCES

ISED Canada sets technical standards for telecommunications under the *Radiocommunication Act (Canada)* (Radiocommunication Act) and the Telecommunications Act. It licences and oversees:

- the technical aspects of the operation of radio and television stations;
- the frequency-related operations of cable television networks; and
- spectrum for wireless communications systems in Canada.

ROYALTIES

The Copyright Board of Canada (Copyright Board) oversees the administration of copyright royalties in Canada and establishes the royalties to be paid for the use of certain copyrighted works. It sets the copyright tariff royalties that Canadian broadcasting undertakings, including cable, radio, television, and specialty services, pay to copyright collectives.

BILLING AND CONTRACTS

Manitoba, Newfoundland and Labrador, Ontario, and Quebec have enacted consumer protection legislation for wireless, wireline, and Internet service contracts. This legislation addresses the content of such contracts, the determination of the early cancellation fees that can be charged to customers, the use of security deposits, the cancellation and renewal rights of customers, the sale of prepaid cards, and the disclosure of related costs. Rogers is also currently subject to the CRTC Wireless Code, the CRTC Television Service Provider Code of Conduct that became effective on September 1, 2017, and the CRTC Internet Code that became effective on January 31, 2020. See "CRTC Wireless Code of Conduct" and "CRTC Internet Code" for more information.

FOREIGN OWNERSHIP AND CONTROL

Non-Canadians can own and control, directly or indirectly:

- up to 33.3% of the voting shares and the related votes of a holding company that has a subsidiary operating company licenced under the Broadcasting Act, and
- up to 20% of the voting shares and the related votes of the operating licensee company may be owned and controlled directly or indirectly by non-Canadians.

Combined, these limits can enable effective foreign control of up to 46.7%.

The chief executive officer and 80% of the members of the board of directors of the operating licensee must be resident Canadians. There are no restrictions on the number of non-voting shares that may be held by non-Canadians at either the holding company or the licensee company level. Neither the Canadian carrier nor its parent may be otherwise controlled in fact by non-Canadians.

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Subject to appeal to the federal Cabinet, the CRTC has the jurisdiction to determine as a question of fact whether a given licensee is controlled by non-Canadians.

Pursuant to the Telecommunications Act and associated regulations, the same rules also apply to Canadian telecommunications carriers such as Wireless, except that there is no requirement that the chief executive officer be a resident Canadian. We believe we are in compliance with the foregoing foreign ownership and control requirements.

On June 29, 2012, Bill C-38 amending the Telecommunications Act passed into law. The amendments exempt telecommunications companies with less than 10% of total Canadian telecommunications market measured by revenue from foreign investment restrictions. Companies that are successful in growing their market shares in excess of 10% of total Canadian telecommunications market revenue other than by way of merger or acquisitions will continue to be exempt from the restrictions.

CRTC REVIEW OF BASIC TELECOMMUNICATIONS SERVICES

After an extensive proceeding examining which telecommunications services Canadians require to participate meaningfully in the digital economy and the CRTC's role in ensuring the availability of affordable basic telecommunications services to all Canadians, the CRTC released Telecom Regulatory Policy CRTC 2016-496, *Modern telecommunications services – The path forward for Canada's digital economy*, on December 21, 2016.

The CRTC set as its universal service objective that Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks. To measure the successful achievement of this objective, the CRTC has established several criteria, including:

- 90% of Canadian residential and business fixed broadband Internet access service subscribers should be able to access speeds of at least 50 Mbps download and 10 Mbps upload, and to subscribe to a service offering with an unlimited data allowance by 2021, with the remaining 10% of the population receiving such service by 2031; and
- the latest generally deployed mobile wireless technology should be available not only in Canadian homes and businesses, but on as many major transportation roads as possible in Canada.

To help attain the universal service objective, the CRTC will begin to shift the focus of its regulatory frameworks from wireline voice services to broadband Internet access services. As such, the following services that form part of the universal service objective are considered basic telecommunications services within the meaning of subsection 46.5(1) of the Telecommunications Act:

- fixed and mobile wireless broadband Internet access services; and
- fixed and mobile wireless voice services.

To assist in extending broadband into under-served rural and remote locations, the CRTC stated that it would establish a new broadband fund to which all entities providing Internet services in Canada must contribute. The specifics of the fund, including guiding principles, fund design, and assessment criteria, were established in Telecom Regulatory Policy CRTC 2018-377, *Development of the Commission's Broadband Fund*, released on

September 27, 2018. Two calls for applications occurred in 2019. 2020 marks the first year of payments into the fund, with a maximum funding level of \$100 million in the first year of implementation. This level will increase by \$25 million annually over the following four years to reach an annual cap of \$200 million, with the incremental increases in years four and five contingent on a review of the fund in the third year to ensure it is being managed efficiently and is achieving its intended purpose.

A percent of revenue levy has been applied on wireline and wireless voice revenues since 2000 to support providing voice service to designated high-cost local voice serving area and to provide a national video relay service (VRS). In 2019, a 0.52% levy on wireline and wireless voice revenues generated \$94.2 million in subsidies. The voice service subsidy component is declining year-over-year because in Telecom Regulatory Policy CRTC 2018-213, *Phase-out of the local voice service subsidy regime*, the CRTC determined that the current \$115 million local service subsidy for incumbent local telephone company high-cost serving areas would be phased out in six equal increments between 2019 and 2021 such that the voice subsidy will be eliminated by the end of 2021.

For 2020, the \$100 million funding requirements of the Broadband Fund will be added to the voice and VRS requirements, resulting in an increased projected subsidy requirement of \$170.7 million per Telecom Decision CRTC 2019-395, *Final 2019 revenue-percent charge and related matters*, released on December 4, 2019. The percent of revenue levy currently applied to wireline and wireless voice revenues will be extended to also apply to Internet and texting revenue and is set for 2020 on an interim basis at 0.45% on this expanded revenue base, subject to finalization based on actual revenues in late 2020.

CANADA'S ANTI-SPAM LEGISLATION

Canada's anti-spam legislation was passed into law on December 15, 2010 and came into force on July 1, 2014. Sections of such legislation related to the unsolicited installation of computer programs or software came into force on January 15, 2015. A private right of action that was to come into place under the legislation effective July 1, 2017 was deferred. We believe we are in compliance with this legislation.

MANDATORY NOTIFICATION OF PRIVACY BREACHES

On June 18, 2015, Bill S-4 - the Digital Privacy Act was passed into law. It made several amendments to PIPEDA, including the introduction of mandatory breach notification rules that came into force on November 1, 2018. Businesses must now notify impacted individuals and the federal Privacy Commissioner of a privacy breach where it is reasonable to believe the breach creates a real risk of significant harm to the individual. Notification must be completed as soon as feasible after it is determined a breach occurred. Businesses must also keep records of breaches and provide these records to the Privacy Commissioner upon request. The Privacy Commissioner may also launch an investigation or audit based on the information contained in the breach report. Failure to provide notification or maintain records could result in fines up to \$100,000 per violation. In late 2019, the Privacy Commissioner conducted a review of breach reporting among seven telecommunications services providers, issuing a report with recommendations for best practices for industry.

GOVERNMENT OF CANADA REVIEW OF THE BROADCASTING ACT

On February 2, 2022, the Federal Government introduced Bill C-11, the Online Streaming Act. Bill C-11 will amend the Broadcasting Act and make related and consequential amendments to other acts. The goal of Bill C-11 is to support Canada's cultural policy objectives of producing Canadian stories in the midst of a changing broadcasting landscape. The main amendments would subject online streaming services to CRTC regulation and require specific investment in Canadian cultural enterprises and include diverse programming, including Indigenous content. The CRTC will decide how the new regulatory regime is to be implemented subject to the guidance that would be provided by the Government in a policy direction to be issued when (and if) the Bill is passed.

WIRELESS

3500 AND 3800 MHZ SPECTRUM LICENCE BANDS

The 3500 MHz band is key spectrum needed to support 5G technologies. To align with international standards, ISED Canada moved to implement a fundamental reallocation to allow flexible use of both mobile and fixed services in the band.

On June 6, 2019, ISED Canada released its Decision (2019 Decision) on its *Consultation on Revisions to the 3500 MHz Band to Accommodate Flexible Use and Preliminary Consultation on Changes to the 3800 MHz Band*. The 2019 Decision determined that ISED Canada would issue flexible use licences in a 200 MHz frequency range from 3450-3650 MHz. Existing wireless licensees in this range that meet all of their conditions of licence were eligible to be issued flexible use licences covering the same geographic area for the following spectrum amounts:

- any licensee that holds 75 MHz of existing spectrum or more will be eligible to apply for 60 MHz;
- any licensee that holds 50 MHz of existing spectrum will be eligible to apply for 50 MHz; and
- all other licensees will be eligible to apply for 20 MHz.

Rogers and Bell previously held 3500 MHz spectrum licences across the country in Inukshuk™, a partnership between the two companies. Inukshuk held between 100-175 MHz of 3500 MHz spectrum in most major urban markets in Canada. Because Inukshuk held 75 or more MHz of 3500 MHz spectrum in each of the top 10 service areas in Canada by population, it was eligible to retain 60 MHz in those areas. In September 2020, Rogers and Bell unwound Inukshuk and transferred to each partner 50% of Inukshuk's 3500 MHz holdings. As such, in accordance with the Decision and the transfer, Rogers in effect, will retain 30 MHz of 3500 MHz spectrum licences for re-designation to flexible use licences in each of the top 10 service areas in Canada by population.

Because much of the 3500 MHz spectrum band is currently in use, the 2019 Decision set out a transition process to protect existing users and new licensees from interference as they transition to new flexible use licences. The transition process will follow a six-month cycle and last approximately five years.

ISED Canada's 3500 MHz spectrum licence auction began on June 15, 2021 and ended on July 23, 2021. The results were

publicly released on July 29, 2021. Twenty-three companies participated in the auction and 1,495 of 1,504 licences were awarded to fifteen of those participants, with a total value of \$8.91 billion. We won 325 licences across the country at a cost of \$3.3 billion. We made our first deposit of \$665 million on August 13, 2021 and had expected to make final payment and receive the spectrum licences on October 4, 2021.

On September 22, 2021, due to concerns of possible interference between the frequency bands used for 5G communications and the bands used for certain aviation navigation tools, ISED Canada published its *Addendum to Consultation on Amendments to SRSP-520, Technical Requirements for Fixed and/or Mobile Systems, Including Flexible Use Broadband Systems, in the Band 3450-3650 MHz*, thereby delaying the issuance of, and final payment for, the spectrum licences.

In November 2021, ISED Canada published an updated version of SRSP-520, which imposes measures to address the protection of certain aviation navigation tools from interference. The revised date for final payment and issuance of the spectrum licences was December 17, 2021. We took possession of these licences after making final payment.

On August 27, 2020, ISED Canada launched its *Consultation on the Technical and Policy Framework for the 3650-4200 MHz Band and Changes to the Frequency Allocation of the 3500-3650 MHz Band* to address potential changes to the spectrum utilization policy, band plans, and the technical and policy considerations to optimize the use of the 3700-4200 MHz bands to support 5G wireless technologies deployment. On May 21, 2021, ISED Canada released its *Decision on the Technical and Policy Framework for the 3650-4200 MHz Band and Changes to the Frequency Allocation of the 3500-3650 MHz Band*, announcing the decision to repurpose the 3800 MHz spectrum band to support 5G services. On December 17, 2021, ISED Canada launched a follow-up proceeding, *Consultation on a Policy and Licensing Framework for Spectrum in the 3800 MHz band*, to determine the auction format and rules. Initial comments were due on February 15, 2022. The 3800 MHz auction is expected to take place in early 2023.

TRANSFERS, DIVISIONS, AND SUBORDINATE LICENSING OF SPECTRUM LICENCES

In June 2013, ISED Canada released Framework Relating to Transfers, Divisions and Subordinate Licensing of Spectrum Licences for Commercial Mobile Spectrum. The Framework lays out the criteria ISED Canada will consider and the processes it will use when it reviews spectrum licence transfers, including prospective transfers that could arise from purchase or sale options and other agreements. Key items to note are that:

- ISED Canada will review all spectrum transfer requests, and will not allow any that result in "undue spectrum concentration" and reduced competition. Decisions will be made on a case-by-case basis and will be issued publicly to increase transparency; and
- licensees must ask for a review within 15 days of entering into any agreement that could lead to a prospective transfer. ISED Canada will review the agreement as though the licence transfer that could arise from it has been made.

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CRTC WIRELESS CODE OF CONDUCT

In June 2013, the CRTC issued its Wireless Code of Conduct (Wireless Code) that came into effect in December 2013. The Wireless Code imposes several obligations on wireless carriers, including maximum contract term length, roaming bill caps, device unlocking requirements, and contract summaries. It also lays out the rules for device subsidies and early cancellation fees. Under the Wireless Code, if a customer cancels a contract early, carriers can only charge the outstanding balance of the device subsidy they received, which decreases by an equal amount every month over no more than 24 months.

On June 15, 2017, the CRTC released its decision on the three-year review of the Wireless Code (Telecom Regulatory Policy CRTC 2017-200, *Review of the Wireless Code*). The CRTC determined that as of December 1, 2017, all individual and small business wireless service customers will have the right to have their cellular phones and other mobile devices unlocked, free of charge, upon request. In addition, all newly purchased devices must be provided unlocked from that day forward. The CRTC also determined that for family or shared plans (multi-line plans), the account holder must, by default, be the one who consents to data overage and data roaming charges beyond the established caps (\$50 and \$100 per month, respectively). Wireless service providers may, however, allow account holders to authorize other users on a family or shared plan to consent to additional charges. The CRTC also made clear that in all instances, the caps apply on a per account basis, regardless of the number of devices, for multi-line plans and individual lines on the account.

In July 2019, Rogers introduced wireless device financing agreements with both 24- and 36-month terms. On August 30, 2019, the CRTC initiated Telecom Notice of Consultation CRTC 2019-309, *Show cause proceeding and call for comments - The Wireless Code - Device financing plans, to consider whether device financing plans, including those with terms longer than 24 months, are compliant with the Wireless Code*. We voluntarily ceased offering device financing arrangements with terms greater than 24 months at that time. Final reply submissions were filed on October 29, 2019. On March 4, 2021, the CRTC released Telecom Decision CRTC 2021-98, *Wireless Code - Application to device financing plans*, confirming that the Wireless Code does apply to device financing plans sold with a wireless service plan and that device financing plans must comply with all relevant protections of the Wireless Code. The CRTC also established that device financing plans are similar to device subsidies when determining early cancellation fees under the Wireless Code.

TOWER SHARING POLICY

In March 2013, ISED Canada released Revised Frameworks for Mandatory Roaming and Antenna Tower and Site Sharing, concluding a consultation initiated in 2012. It sets out the current rules for tower and site sharing, among other things. The key terms of the tower and site sharing rules are:

- all holders of spectrum licences, radio licences, and broadcasting certificates must share towers and antenna sites, where technically feasible, at commercial rates; and
- the timeframe for negotiating agreements is 60 days, after which arbitration according to ISED Canada arbitration rules will begin.

In Telecom Regulatory Policy 2015-177, *Regulatory framework for wholesale mobile wireless services*, released in May 2015, the CRTC determined that it would not mandate or require general wholesale tariffs for tower and site sharing. At the same time, it determined that its existing powers and processes are sufficient to address tower and site sharing disputes related to rates, terms, and conditions. As a result, carriers may use the arbitration process established by ISED Canada, or they may request the CRTC to intervene in the event that tower and site sharing negotiations fail.

POLICY DIRECTION TO THE CRTC ON TELECOMMUNICATIONS

On February 26, 2019, the Minister of Innovation, Science and Economic Development tabled a Proposed Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation. The Direction signals the government's intention to require the CRTC to consider competition, affordability, consumer interests, and innovation in its telecommunications decisions and to demonstrate to Canadians in those decisions that it has done so.

On June 17, 2019, the *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation* came into effect after review and revision. It requires the CRTC to consider competition, affordability, consumer interests, and innovation in its telecommunications decisions and to demonstrate to Canadians in those decisions that it has done so.

CRTC REVIEW OF MOBILE WIRELESS SERVICES

On February 28, 2019, through Telecom Notice of Consultation CRTC 2019-57, *Review of mobile wireless services*, the CRTC initiated its five-year review to examine the state of the mobile wireless market and to determine whether further action is required to improve choice and affordability for Canadians. After extensive written submissions were filed in 2019, a two-week oral hearing began on February 18, 2020. Final written submissions were filed on July 15, 2020.

On April 15, 2021 the CRTC issued Telecom Regulatory Policy 2021-130, *Review of mobile wireless services*. The CRTC mandated wholesale mobile virtual network operator (MVNO) access, seamless handoff for mandated wholesale roaming, and new mandatory low-cost and occasional-use retail rate plans; however, mandated MVNO access will only be provided if certain conditions are met as described briefly below.

The CRTC decided that mandated wholesale MVNO access must be offered by the national carriers, and SaskTel in Saskatchewan, but only made available to eligible regional wireless carriers that hold mobile spectrum licences, and only in the areas that are covered by their licences. The terms and conditions associated with mandated MVNO access must be approved by the CRTC, while rates will be subject to commercial negotiation, backstopped by final offer arbitration, with the CRTC acting as arbitrator. Mandated MVNO access will be limited to a seven-year period commencing on the date the CRTC finalizes the terms and conditions. This time limit is intended to provide the regional carriers sufficient time to expand their networks while maintaining investment incentives.

The national wireless carriers must also provide seamless handoff as part of the mandatory roaming they must offer to the regional wireless carriers. Seamless handoff will ensure that calls in progress are not dropped when customers travel outside their home network coverage and into the coverage of their roaming provider. The CRTC also directed the national wireless carriers to offer 5G roaming where the roaming network offers 5G service on its own network and to file proposed revised terms and conditions within 90 days for CRTC approval.

Finally, the CRTC mandated retail rate plans for low-cost and occasional use. These plans were implemented on July 14, 2021.

CABLE

COPYRIGHT RETRANSMISSION OF DISTANT SIGNALS

Pursuant to section 31(2) of the Copyright Act, television service providers are permitted to retransmit programming within distant over-the-air television signals as part of a compulsory licensing regime. Rates for the distribution of the programming are established through negotiation or set by the Copyright Board. Distributors and content providers (the Collectives) were unable to agree on a new rate for the distribution of distant signals after the expiration of the then-current agreement in 2013. A proceeding was initiated by the Copyright Board in 2015 and a decision was rendered on December 18, 2018. The decision increased the rate paid by broadcast distribution undertakings (BDUs) by approximately 8% for 2014, a further 7.5% for 2015, and a further 2.5% for 2016, with 2017 and 2018 held constant at the 2016 rate. For the period of 2019 to 2023, an interim rate was set at the 2016 rate of \$1.17.

The Collectives appealed the Copyright Board's decision on the 2014 to 2018 rates, seeking to have the rates increased to an average of approximately \$2.20 for the five-year period. On July 22, 2021, the Federal Court of Appeal (Court) released a decision in which it determined the 2014 and 2015 rates would be final but agreed with the Collectives that errors were made with respect to the 2016 to 2018 rates. The Copyright Board could hold a new proceeding as soon as early 2022 to determine the rates from 2016 onwards. In the meantime, the BDUs, including Rogers, have filed a motion for Leave to Appeal the Court's decision with the Supreme Court of Canada. Due to the significant uncertainty surrounding both the outcome and the amount, if any, we might have to pay, we have not recorded a liability for this contingency at this time. The fees we currently pay the Collectives are not material.

DIFFERENTIAL PRICING RELATED TO INTERNET DATA PLANS

On April 20, 2017, the CRTC released Telecom Regulatory Policy CRTC 2017-104, *Framework for assessing the differential pricing practices of Internet service providers*, setting out the evaluation criteria it will apply to determine whether a specific differential pricing practice complies with subsection 27(2) of the Telecommunications Act on a case-by-case basis, as follows:

- the degree to which the treatment of data is agnostic (i.e., data is treated equally regardless of its source or nature);
- whether the offering is exclusive to certain customers or certain content providers;
- the impact on Internet openness and innovation; and
- whether there is financial compensation involved.

Of these criteria, the degree to which data is treated agnostically will generally carry the most weight. The overriding expectation is that all content and applications will be treated in a neutral manner. Zero-rating of account management functions (e.g., monitoring of Internet data usage or the payment of bills online) will generally be permitted.

WHOLESALE INTERNET COSTING AND PRICING

On August 15, 2019, in Telecom Order CRTC 2019-288, *Follow-up to Telecom Orders 2016-396 and 2016-448 - Final rates for aggregated wholesale high-speed access services* (2019 Order), the CRTC set final rates for facilities-based carriers' wholesale HAS, including Rogers' TPIA service. The 2019 Order set final rates for Rogers that are significantly lower than the interim rates that were previously billed and it further determined that these final rates will apply retroactively to March 31, 2016. We do not believe the final rates set by the CRTC are just and reasonable as required by the *Telecommunications Act* as we believe they are below cost.

On September 13, 2019, Rogers, in conjunction with the other large Canadian cable companies (Cable Carriers), filed a motion for Leave to Appeal pursuant to Section 64(1) of the *Telecommunications Act* with the Federal Court of Appeal (Court) and an associated motion for an interlocutory Stay of the 2019 Order. On November 22, 2019, the Court granted Leave to Appeal and an interlocutory Stay of the 2019 Order. On September 10, 2020, the Court dismissed the Cable Carriers' appeal and simultaneously vacated the interlocutory Stay previously granted.

On November 13, 2019, Rogers, again in conjunction with the other Cable Carriers, filed an appeal of the 2019 Order with the Federal Cabinet, pursuant to Section 12(1) of the *Telecommunications Act*, asking the Cabinet to order the CRTC to reconsider its August 15, 2019 decision in conjunction with the CRTC's previously announced review of the entire wholesale regulatory framework. On August 15, 2020, the Federal Cabinet recognized that the final rates did not always appropriately balance the policy objectives of the wholesale network and were concerned that they would undermine investment in high-quality networks. They however decided not to refer the matter back to the CRTC, given that the matter was already before them as a result of the review and vary application filed by Rogers and the other Cable Carriers.

On December 13, 2019, Rogers, again in conjunction with the other Cable Carriers, filed an Application with the CRTC seeking review and variance and stay of the 2019 Order pursuant to sections 27(1), 61(2), and 62 of the *Telecommunications Act*, Part 1 of the *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure*, and Telecommunications Information Bulletin CRTC 2011-214, *Revised Guidelines for review and vary applications*. Specifically, we seek:

- a) review and variance of the methodology and the resulting rates approved for the Cable Carriers' aggregated wholesale HAS in the 2019 Order in conjunction with the CRTC's planned review of its approach to setting the rates for wholesale telecommunications services generally;
- b) review and variance of the determination in the 2019 Order regarding retroactivity such that any new wholesale rates for Cable Carrier HAS services apply only on a prospective basis; and

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- c) in the event that the interlocutory stay of the 2019 Order granted by the Federal Court of Appeal is terminated or varied, an interim stay of the 2019 Order pending completion of the Commission's determinations in respect of both (a) and (b) above.

On September 28, 2020, the CRTC issued a Stay of Order 2019-288 pending review of the appropriateness of the rates established in the 2019 Order. On November 12, 2020, Rogers, again in conjunction with the other Cable Carriers, filed a motion for Leave to Appeal the Court's decision with the Supreme Court of Canada. The Supreme Court of Canada dismissed the request for Leave on February 25, 2021 without reasons.

On May 27, 2021, the CRTC released Telecom Decision CRTC 2021-181 *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services* (2021 Decision) in which it adopted the interim rates in effect prior to the 2019 Order as the final rates, with certain modifications, including the removal of the supplementary markup of 10% for incumbent local exchange carriers.

On May 28, 2021, a wholesale ISP petitioned the Governor in Council to, among other things, restore the 2019 Order and make the rates established in that order final. In addition, on June 28, 2021, the same wholesale ISP filed a motion seeking leave to appeal the 2021 Decision to the Federal Court of Appeal, which was granted on September 15, 2021. We, along with several other cable companies, have intervened in these matters.

CRTC INTERNET CODE

On July 31, 2019, the CRTC released Telecom Regulatory Policy CRTC 2019-269, *The Internet Code*, establishing a mandatory code of conduct (Code) for large facilities-based ISPs that applies to the companies' provision of fixed wireline Internet access services to individual customers. As is the case for the Wireless, Deposit and Disconnection, and Television Service Provider Codes already in place, the Commission for Complaints for Telecom-television Services Inc. (CCTS) will administer the Code. The Code came into effect on January 31, 2020.

CRTC REVIEW OF WHOLESALE WIRELINE TELECOMMUNICATIONS SERVICES

On July 22, 2015, the CRTC released its decision on the regulatory framework for wholesale wireline services (Telecom Regulatory Policy 2015-326, *Review of wholesale wireline services and associated policies*), determining which wireline services, and under what terms and conditions, facilities-based telecommunications carriers must make available to other telecommunications service providers, such as resellers. The CRTC determined that wholesale high-speed access services, which are used to support retail competition for services, such as local phone, television, and Internet access, would continue to be mandated. The provision of provincially aggregated services, however, would no longer be mandated and would be phased out in conjunction with the implementation of a disaggregated service with connections at telephone company central offices and cable company head-ends. The requirement to implement disaggregated wholesale high-speed access services will include making them available over fibre-to-the-premises (FTTP) access facilities. Regulated rates will continue to be based on long-run increment cost studies.

On September 20, 2016, the CRTC released Telecom Decision CRTC 2016-379, *Follow-up to Telecom Regulatory Policy 2015-326 - Implementation of a disaggregated wholesale high-speed access service, including over fibre-to-the premises access facilities*, addressing the technical implementation of new, disaggregated, high-speed access TPIA, a service that will provide access to FTTP facilities as ordered in the CRTC's July 22, 2015 ruling. The decision is consistent with the positions submitted by Rogers in our filings. Proposed tariffs and supporting cost studies for the new service were filed on January 9, 2017, with further information filed later in 2017 and 2018. A decision on final rates was anticipated in 2020 but was temporarily suspended on June 11, 2020 by CRTC Telecom Notice of Consultation 2020-187, *Call for comments - Appropriate network configuration for disaggregated wholesale high-speed access services*. Initial comments for this proceeding were filed on October 5, 2020 and reply comments were filed on December 7, 2020.

CRTC REVIEW OF LOCAL AND COMMUNITY PROGRAMMING

On June 15, 2016, the CRTC released Broadcasting Regulatory Policy CRTC 2016-224, *Policy framework for local and community television*. The CRTC created a new model for BDU contributions to Canadian programming that took effect on September 1, 2017. Annual contributions will remain at 5% of annual gross broadcasting revenues; however, of that amount, in all licensed cable systems, up to 1.5% (rather than the previous 2%) can be used to fund community channel programming. Of this revenue, 0.3% must now go to a newly created Independent Local News Fund for independently owned local TV stations, and the remaining funding will continue to go to the Canada Media Fund and independent production funds. This decision provides the flexibility for BDUs that operate community channels in large markets (Montreal, Toronto, Edmonton, Calgary, and Vancouver) to now direct their community channel revenues from those markets to fund either community channel programming in smaller markets, or to fund local news on TV stations (such as Citytv, in the case of Rogers). Rogers has closed its Greater Toronto Area community channels and redirected these revenues.

TELEVISION SERVICES DISTRIBUTION

On March 19, 2015, the CRTC released the third of its decisions related to its Let's Talk TV proceeding. The CRTC ordered distributors to offer customers an option for a small basic service consisting only of Canadian local channels (local radio is optional), national mandatory services, community and provincial legislature channels, and, should they wish, US 4+1 networks beginning March 1, 2016. The retail rate for this entry-level service will be capped at \$25 per month (excluding equipment). Effective March 1, 2016, we began offering a small basic service consisting of Canadian local channels, national mandatory services, community and provincial legislature channels, and the US 4+1 networks.

The CRTC also adopted phased-in requirements for selling channels to customers "à la carte" and as part of "pick-packs". All channels above the basic tier must be offered on an à la carte basis and in smaller, reasonably priced packages as of December 2016. As a BDU, we are permitted to continue to offer our existing basic service and programming packages. The CRTC also revised its

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existing “preponderance” rule so that consumers will have to be offered, but will not have to receive, a majority of Canadian services.

A number of changes to the Wholesale Code (formerly the Vertical Integration (VI) Code) addressing, amongst other matters, penetration-based rate cards and minimum guarantees were also made. All licensed programmers and BDUs are to comply with the Wholesale Code, which came into effect on January 22, 2016.

The decision also addressed rules for distribution of foreign services authorized for distribution in Canada, including requirements that foreign services make their channels available “à la carte” and in “pick-packs” or in smaller pre-assembled packages and abide by the Wholesale Code. Access rules for VI-owned services and independent services, channel packaging, and buy-through rules for multicultural services were also addressed.

On March 26, 2015, in the final decision related to Let’s Talk TV, the CRTC announced plans to establish a Television Service Provider (TVSP) Code of Conduct to govern certain aspects of the relationship between TVSPs and their customers as well as to allow consumers to complain to the Commissioner for Complaints for Telecommunications Services about their providers which came into effect on September 1, 2017.

ROGERS CABLE TV LICENCE RENEWALS

On August 2, 2018, in Broadcasting Decision CRTC 2018-265, *Rogers - Licence renewal for various terrestrial broadcasting*

distribution undertakings, the CRTC renewed Rogers’ Broadcasting Distribution Undertaking licences in Ontario and Atlantic Canada for a full seven-year licence term with conditions substantially consistent with Rogers’ application.

CRTC PROCEEDING ON FUTURE PROGRAMMING DISTRIBUTION MODELS

On October 12, 2017, prompted by Order in Council P.C. 2017-1195, the CRTC initiated a proceeding (Broadcasting Notice of Consultation CRTC 2017-359, *Call for comments on the Governor in Council’s request for a report on future programming distribution models*) to report on the distribution model or models of programming that are likely to exist in the future; how and through whom Canadians will access that programming; and the extent to which these models will ensure a vibrant domestic market that is capable of supporting the continued creation, production, and distribution of Canadian programming, in both official languages, including original entertainment and information programming.

On May 30, 2018, the CRTC issued its report on future programming distribution models requested by the government in September 2017 through Order in Council P.C. 2017-1195. The report proposes new tools and regulatory approaches to support the production and promotion of audio and video content made by and for Canadians. The report will inform the government’s review of the Broadcasting Act and Telecommunications Act.

Other Information

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Management makes judgments, estimates, and assumptions that affect how accounting policies are applied, the amounts we report in assets, liabilities, revenue, and expenses, and our related disclosure about contingent assets and liabilities. Significant changes in our assumptions, including those related to our future business plans and cash flows, could materially change the amounts we record. Actual results could be different from these estimates.

These estimates are critical to our business operations and understanding our results of operations. We may need to use additional judgment because of the sensitivity of the methods and assumptions used in determining the asset, liability, revenue, and expense amounts.

ESTIMATES

REVENUE FROM CONTRACTS WITH CUSTOMERS

Determining the transaction price

The transaction price is the amount of consideration that is enforceable and to which we expect to be entitled in exchange for the goods and services we have promised to our customer. We determine the transaction price by considering the terms of the contract and business practices that are customary within that particular line of business. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

Determining the stand-alone selling price and the allocation of the transaction price

The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which Rogers is entitled. Any amounts above the minimum enforceable amounts are recognized as revenue as they are earned.

FAIR VALUE

We use estimates to determine the fair value of assets acquired and liabilities assumed in an acquisition, using the best available information, including information from financial markets. These estimates include key assumptions such as discount rates, attrition rates, and terminal growth rates for performing discounted cash flow analyses.

LEASES

We estimate the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option. We make certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

USEFUL LIVES

We depreciate the cost of property, plant and equipment over their estimated useful lives by considering industry trends and company-specific factors, including changing technologies and expectations for the in-service period of certain assets at the time. We reassess our estimates of useful lives annually, or when circumstances change, to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly, or in a different way, than anticipated, we might have to reduce the estimated life of property, plant and equipment, which could result in a higher depreciation expense in future periods or an impairment charge to write down the value. We monitor and review our depreciation rates and asset useful lives at least once a year and change them if they are different from our previous estimates. We recognize the effect of changes in estimates in net income prospectively.

CAPITALIZING DIRECT LABOUR, OVERHEAD, AND INTEREST

Certain direct labour, overhead, and interest costs associated with the acquisition, construction, development, or improvement of our networks are capitalized to property, plant and equipment. The capitalized amounts are calculated based on estimated costs of projects that are capital in nature, and are generally based on a per-hour rate. In addition, interest costs are capitalized during development and construction of certain property, plant and equipment. Capitalized amounts increase the cost of the asset and result in a higher depreciation expense in future periods.

IMPAIRMENT OF ASSETS

Indefinite-life intangible assets (including goodwill and spectrum and/or broadcast licences) are assessed for impairment on an annual basis, or more often if events or circumstances warrant, and finite-life assets (including property, plant and equipment and other intangible assets) are assessed for impairment if events or circumstances warrant. The recoverable amount of a cash-generating unit (CGU) involves significant estimates such as future cash flows, terminal growth rates, and discount rates. If key estimates differ unfavourably in the future, we could experience impairment charges that could decrease net income.

FINANCIAL INSTRUMENTS

The fair values of our derivatives are recorded using an estimated credit-adjusted mark-to-market valuation. If the derivatives are in an asset position (i.e. the counterparty owes Rogers), the credit spread for the bank counterparty is added to the risk-free discount rate to determine the estimated credit-adjusted value. If the derivatives are in a liability position (i.e. Rogers owes the counterparty), our credit spread is added to the risk-free discount rate. The estimated credit-

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adjusted value of derivatives requires assessment of the credit risk of the parties to the instruments and the instruments' discount rates.

For all derivative instruments where hedge accounting is applied, we are required to ensure that the hedging relationships meet hedge effectiveness criteria. Hedge effectiveness testing requires the use of both judgments and estimates.

PENSION BENEFITS

When we account for defined benefit pension plans, assumptions are made in determining the valuation of benefit obligations. Assumptions and estimates include the discount rate, the rate of future compensation increase, and the mortality rate. Changes to these primary assumptions and estimates would affect the pension expense, pension asset and liability, and other comprehensive income. Changes in economic conditions, including financial markets and interest rates, may also have an impact on our pension plans, as there is no assurance that the plans will be able to earn the assumed rate of return. Market-driven changes may also result in changes in the discount rates and other variables that could require us to make contributions in the future that differ significantly from the current contributions and assumptions incorporated into the actuarial valuation process.

Below is a summary of the effect an increase or decrease in the primary assumptions and estimates would have had on our accrued benefit obligation as at December 31, 2021.

(In millions of dollars)	Increase (decrease) in accrued benefit obligation
Discount rate	
Impact of 0.5% increase	(251)
Impact of 0.5% decrease	285
Rate of future compensation increase	
Impact of 0.25% increase	17
Impact of 0.25% decrease	(17)
Mortality rate	
Impact of 1 year increase	67
Impact of 1 year decrease	(72)

STOCK-BASED COMPENSATION

Stock option plans

Our employee stock option plans attach cash-settled share appreciation rights (SARs) to all new and previously granted options. The SAR feature allows the option holder to elect to receive a cash payment equal to the intrinsic value of the option, instead of exercising the option and acquiring Class B Non-Voting Shares. We measure stock-based compensation to employees at fair value. We determine the fair value of options using our Class B Non-Voting Share price and option pricing models, and record all outstanding stock options as liabilities. The liability is marked to market each period and is amortized to expense using a graded vesting approach over the period during which employee services are rendered, or over the period to the date an employee is eligible to retire, whichever is shorter. The expense in each period is affected by the change in the price of our Class B Non-Voting Shares during the period.

Restricted share unit (RSU) and deferred share unit (DSU) plans

We recognize outstanding RSUs and DSUs as liabilities, measuring the liabilities and compensation costs based on the awards' fair values, which are based on the market price of the Class B Non-Voting Shares, and recognizing them as charges to operating costs over the vesting period of the awards. If an award's fair value changes after it has been granted and before the exercise date, we recognize the resulting changes in the liability within operating costs in the year the change occurs. For RSUs, the payment amount is established as of the vesting date. For DSUs, the payment amount is established as of the exercise date.

JUDGMENTS

REVENUE FROM CONTRACTS WITH CUSTOMERS

Distinct goods and services

We make judgments in determining whether a promise to deliver goods or services is considered distinct. We account for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. For items we do not sell separately, we estimate stand-alone selling prices using the adjusted market assessment approach.

Determining costs to obtain or fulfill a contract

Determining the costs we incur to obtain or fulfill a contract that meet the deferral criteria within IFRS 15 requires us to make significant judgments. We expect incremental commission fees paid to internal and external representatives as a result of obtaining contracts with customers to be recoverable.

Residual value arrangements

Under certain customer offers, we allow customers to defer a component of the device cost until contract termination. We use judgment in determining whether these arrangements constitute revenue-generating arrangements or leases. In making this determination, we use judgment to assess the extent of control over the devices that passes to our customer, including whether the customer has a significant economic incentive at contract inception to return the device at contract termination.

LEASES

We make judgments in determining whether a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide us with the right to substantially all of the economic benefits from the use of the asset.

We also make judgments in determining whether or not we have the right to control the use of the identified asset. We have that right when we have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decisions about how and for what purpose the asset is used are predetermined, we have the right to direct the use of the asset if we have the right to operate the asset or if we designed the asset in a way that predetermines how and for what purpose the asset will be used.

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We make judgments in determining the incremental borrowing rate used to measure our lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest that we would have to pay to borrow at a similar term and with a similar security.

Certain of our leases contain extension or renewal options that are exercisable only by us and not by the lessor. At lease commencement, we assess whether we are reasonably certain to exercise any of the extension options based on our expected economic return from the lease. We typically exercise extension options on our leases, especially related to our networks, primarily due to the significant cost that would be required to relocate our network towers and related equipment. We periodically reassess whether we are reasonably certain to exercise the options and account for any changes at the date of the reassessment.

USEFUL LIVES AND DEPRECIATION AND AMORTIZATION METHODS

We make significant judgments in choosing methods for depreciating our property, plant and equipment that we believe most accurately represent the consumption of benefits derived from those assets and are most representative of the economic substance of the intended use of the underlying assets.

We amortize the cost of intangible assets with finite lives over their estimated useful lives. We review their useful lives, residual values, and the amortization methods at least once a year.

We do not amortize intangible assets with indefinite lives (spectrum licences, broadcast licences, and certain brand names) as there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for us. We make judgments to determine that these assets have indefinite lives, analyzing all relevant factors, including the expected usage of the asset, the typical life cycle of the asset, and anticipated changes in the market demand for the products and services the asset helps generate. After review of the competitive, legal, regulatory, and other factors, it is our view that these factors do not limit the useful lives of our spectrum licences, broadcast licences, and certain brand names.

Judgment is also applied in choosing methods for amortizing our intangible assets and program rights that we believe most accurately represent the consumption of those assets and are most representative of the economic substance of the intended use of the underlying assets.

IMPAIRMENT OF ASSETS

We make judgments in determining CGUs and the allocation of goodwill to CGUs or groups of CGUs for the purpose of impairment testing. The allocation of goodwill involves considerable management judgment in determining the CGUs (or groups of CGUs) that are expected to benefit from the synergies of a business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and indefinite-life intangible assets are allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which is not higher than an operating segment.

RESTRUCTURING, ACQUISITION AND OTHER COSTS

We make significant judgments in determining the appropriate classification of costs to be included in restructuring, acquisition and other.

HEDGE ACCOUNTING

We make significant judgments in determining whether our financial instruments qualify for hedge accounting, including our determination of hedge effectiveness. These judgments include assessing whether the forecast transactions designated as hedged items in hedging relationships will materialize as forecast, whether the hedging relationships designated as effective hedges for accounting purposes continue to qualitatively be effective, and determining the methodology to determine the fair values used in testing the effectiveness of hedging relationships.

SEGMENTS

We make significant judgments in determining our operating segments. These are components that engage in business activities from which they may earn revenue and incur expenses, for which operating results are regularly reviewed by our chief operating decision makers to make decisions about resources to be allocated and to assess component performance, and for which discrete financial information is available.

INCOME TAXES AND OTHER TAXES

We accrue income and other tax provisions based on information currently available in each of the jurisdictions in which we operate. While we believe we have paid and provided for adequate amounts of tax, our business is complex and significant judgment is required in interpreting how tax legislation and regulations apply to us. Our tax filings are subject to audit by the relevant government revenue authorities and the results of the government audit could materially change the amount of our actual income tax expense, income tax payable or receivable, other taxes payable or receivable, and deferred income tax assets and liabilities and could, in certain circumstances, result in the assessment of interest and penalties.

CONTINGENCIES

Considerable judgment is involved in the determination of contingent liabilities. Our judgment is based on information currently known to us, and the probability of the ultimate resolution of the contingencies. If it becomes probable that a contingent liability will result in an outflow of economic resources, we will record a provision in the period the change in probability occurs. The amount of the loss involves judgment based on information available at that time. Any provision recognized for a contingent liability could be material to our consolidated financial position and results of operations.

ONEROUS CONTRACTS

Significant judgment is required to determine when we are subject to unavoidable costs arising from onerous contracts. These judgments may include, for example, whether a certain promise is legally binding or whether we may be successful in negotiations with the counterparty.

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TRANSACTIONS WITH RELATED PARTIES

We have entered into certain transactions in the normal course of business with related parties in which we have an equity interest, being primarily MLSE (primarily broadcasting rights) and Glentel (Wireless distribution support). The amounts received from or paid to these parties were as follows:

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Revenue	31	26	19
Purchases	180	121	49

We have entered into business transactions with Transcontinental Inc., a company that provides us with printing and prepress services. Isabelle Marcoux, C.M., is chair of the board of Transcontinental Inc. and was a Director of RCI until June 2021.

(In millions of dollars)	Years ended December 31	
	2021	2020
Printing and prepress services	3	4

We have also entered into business transactions with companies controlled by our Directors Michael J. Cooper and John C. Kerr, which, as a result of the Board reconstitution in October 2021, are now related parties. These companies include Dream Unlimited Corp. and Vancouver Professional Baseball LLP, respectively. Dream Unlimited Corp. is a real estate company that rents spaces in office and residential buildings. Vancouver Professional Baseball LLP controls the Vancouver Canadians, the Toronto Blue Jays' High-A affiliate minor league team. Total amounts paid to these related parties during the period from October 2021 to December 2021 were nominal.

We have also entered into certain transactions with the Trust and companies it controls. These transactions are subject to formal agreements approved by the Audit and Risk Committee. Total amounts paid to these related parties generally reflect the charges to Rogers for occasional business use of aircraft, net of other administrative services, and were less than \$1 million for each of 2021 and 2020.

These transactions are measured at the amount agreed to by the related parties, which are also reviewed by the Audit and Risk Committee. The amounts owing are unsecured, interest-free, and due for payment in cash within one month from the date of the transaction.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN 2021

We adopted the following IFRS amendments in 2021. They did not have a material effect on our financial statements.

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, and IFRS 7)*, addressing issues that might affect

financial reporting after the reform of an interest rate benchmark. There is significant uncertainty over the timing of when the replacements for IBORs will be effective and what those replacements will be. We will actively monitor the IBOR reform and consider circumstances as we renew or enter into new financial instruments.

- Amendments to IFRS 16, *Leases*, allowing lessees to not assess whether a COVID-19-related rent concession is a lease modification.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The IASB has issued the following new standard and amendments that will become effective in future years and could have an impact on our consolidated financial statements in future periods:

- IFRS 17, *Insurance Contracts*, a replacement of IFRS 4, *Insurance Contracts*, that aims to provide consistency in the application of accounting for insurance contracts (January 1, 2023).
- Amendments to IFRS 3, *Business Combinations - Updating a Reference to the Conceptual Framework*, updating a reference in IFRS 3 to now refer to the Conceptual Framework (January 1, 2022).
- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before intended use*, prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations (January 1, 2022).
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts*, specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract (January 1, 2022).
- Amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, clarifying the classification requirements in the standard for liabilities as current or non-current (January 1, 2023).
- Amendments to IAS 1, *Presentation of Financial Statements - Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information (January 1, 2023).
- Amendments to IAS 8, *Accounting Policies - Changes in Accounting Estimates and Errors*, clarifying the definition of "accounting policies" and "accounting estimates" (January 1, 2023).
- Amendments to IAS 12, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023).

We do not expect IFRS 17, *Insurance Contracts*, or the amendments effective January 1, 2022, will have an effect on our consolidated financial statements. We are assessing the impacts, if any, the remaining amendments will have on our consolidated financial statements; however we currently do not expect any material impacts.

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KEY PERFORMANCE INDICATORS

We measure the success of our strategy using a number of key performance indicators, which are outlined below. We believe these key performance indicators allow us to appropriately measure our performance against our operating strategy and against the results of our peers and competitors. The following key performance indicators are not measurements in accordance with IFRS and should not be considered alternatives to net income or any other measure of performance under IFRS. They include:

- subscriber counts;
 - Wireless;
 - Cable; and
 - homes passed (Cable);
- Wireless subscriber churn (churn);
- Wireless blended average billings per user (ABPU);
- Wireless blended average revenue per user (ARPU);
- Cable average revenue per account (ARPA);
- Cable customer relationships;
- Cable market penetration (penetration);
- capital intensity;
- total service revenue;
- dividend payout ratios; and
- return on assets.

SUBSCRIBER COUNTS

We determine the number of subscribers to our services based on active subscribers. When subscribers are deactivated, either voluntarily or involuntarily for non-payment, they are considered deactivations in the period the services are discontinued. We use subscriber counts to measure our core business performance and ability to benefit from recurring revenue streams. We use homes passed (Cable) as a measure for our potential market penetration within a defined geographical area.

Subscriber count (Wireless)

- A wireless subscriber is represented by each identifiable telephone number.
- We report wireless subscribers in two categories: postpaid and prepaid. Postpaid and prepaid include voice-only subscribers, data-only subscribers, and subscribers with service plans integrating both voice and data.
- Usage and overage charges for postpaid subscribers are billed a month in arrears. Prepaid subscribers cannot incur usage and/or overage charges in excess of their plan limits or account balance.
- Wireless prepaid subscribers are considered active for a period of 90 days from the date of their last revenue-generating usage.

Subscriber count (Cable)

- Cable Ignite TV and Internet subscribers are represented by a dwelling unit.
- When there is more than one unit in a single dwelling, such as an apartment building, each tenant with cable service is counted as an individual subscriber, whether the service is invoiced separately or included in the tenant's rent. Institutional units, such as hospitals or hotels, are each considered one subscriber.

- Cable Ignite TV and Internet subscribers include only those subscribers who have service installed and operating, and who are being billed accordingly.
- Subscriber counts exclude certain business services delivered over our fibre network and data centre infrastructure, and circuit-switched local and long distance voice services and legacy data services where access is delivered using leased third-party network elements and tariffed ILEC services.

Homes passed (Cable)

Homes passed are represented by the total number of addresses that either are Cable subscribers or are non-subscribers, but have the ability to access our cable services, within a defined geographical area. When there is more than one unit in a single dwelling, such as an apartment building, each unit that is a Cable subscriber, or has the ability to access our cable services, is counted as an individual home passed. Institutional or commercial units, such as hospitals or hotels, are each considered one home passed.

SUBSCRIBER CHURN

Subscriber churn (churn) is a measure of the number of subscribers that deactivated during a period as a percentage of the total subscriber base, usually calculated on a monthly basis. Subscriber churn measures our success in retaining our subscribers. We calculate it by dividing the number of Wireless subscribers that deactivated (usually in a month) by the aggregate numbers of subscribers at the beginning of the period. When used or reported for a period greater than one month, subscriber churn represents the sum of the number of subscribers deactivating for each period divided by the sum of the aggregate number of subscribers at the beginning of each period.

BLENDED AVERAGE BILLINGS PER USER (WIRELESS)

We use blended ABPU as a measure that approximates the average amount we invoice an individual subscriber on a monthly basis. Blended ABPU helps us identify trends and measure our success in attracting and retaining higher-value subscribers. Blended ABPU is also a non-GAAP ratio. See "Non-GAAP and Other Financial Measures" for more information about this measure.

BLENDED AVERAGE REVENUE PER USER (WIRELESS)

Blended ARPU helps us identify trends and measure our success in attracting and retaining higher-value subscribers. Blended ARPU is a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

AVERAGE REVENUE PER ACCOUNT (CABLE)

Average revenue per account (ARPA) measures total average spending by a single customer account on Cable products. We use it to identify trends and measure our success in attracting and retaining multiple-service accounts. ARPA is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

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CUSTOMER RELATIONSHIPS

Customer relationships are represented by dwelling units where at least one of our Cable services (i.e. Internet, legacy television or Ignite TV, and/or home phone) are installed and operating, and the service or services are billed accordingly. When there is more than one unit in one dwelling, such as an apartment building, each tenant with at least one of our Cable services is counted as an individual customer relationship, whether the service is invoiced separately or included in the tenant's rent. Institutional units, like hospitals or hotels, are each considered one customer relationship.

MARKET PENETRATION

Market penetration (penetration) measures our success at attracting new households to our brands and products within our network footprint. Market penetration is calculated by dividing customer relationships by homes passed. An increasing market penetration rate reflects more new customer relationships than new homes passed.

CAPITAL INTENSITY

Capital intensity allows us to compare the level of our capital expenditures to that of other companies within the same industry. Our capital expenditures do not include expenditures on spectrum licences or additions to right-of-use assets. We use it to evaluate the performance of our assets and when making decisions about capital expenditures. We believe that certain investors and analysts use capital intensity to measure the performance of asset purchases and construction in relation to revenue. Capital intensity is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

TOTAL SERVICE REVENUE

We use total service revenue to measure our core business performance from the provision of services to our customers separate from revenue generated from the sale of equipment we have acquired from device manufacturers and resold. Included in this metric is our retail revenue from Today's Shopping Choice and

the Toronto Blue Jays, which are also core to our business. We calculate total service revenue by subtracting equipment revenue from total revenue.

DIVIDEND PAYOUT RATIOS

We calculate the dividend payout ratio by dividing dividends declared for the year by net income or free cash flow for the year. We use dividends as a percentage of net income and free cash flow to conduct analysis and assist with determining the dividends we should pay. Dividend payout ratio of net income and dividend payout ratio of free cash flow are also supplementary financial measures. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of these measures.

RETURN ON ASSETS

We use return on assets to measure our efficiency in using our assets to generate net income. Return on assets is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

2022 KEY PERFORMANCE INDICATOR CHANGES

Effective January 1, 2022, we will begin disclosing mobile phone subscribers in Wireless, which will represent devices with voice-only or voice-and-data plans. Our current definition includes devices on data-only plans and customers who subscribe to our wireless home phone service. As a result, our definition of ARPU will also shift to mobile phone ARPU. We will also no longer report ABPU given the significant adoption of our wireless device financing program resulting in this metric being less meaningful.

In Cable, we will adjust our definition of an Internet subscriber such that it will only include retail Internet subscribers, which will represent customers who have Internet service installed and operating, and are being billed directly by us. Our current definition includes TPIA subscribers and Smart Home Monitoring subscribers.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NON-GAAP AND OTHER FINANCIAL MEASURES

We use the following “non-GAAP financial measures” and other “specified financial measures” (each within the meaning of applicable Canadian securities laws). These are reviewed regularly by management and the Board in assessing our performance and making decisions regarding the ongoing operations of our business and its ability to generate cash flows. Some or all of these measures may also be used by investors, lending institutions, and credit rating agencies as indicators of our operating performance, of our ability to incur and service debt, and as measurements to value companies in the telecommunications sector. These are not standardized measures under IFRS, so may not be reliable ways to compare us to other companies.

Non-GAAP financial measures			
<i>Specified financial measure</i>	<i>How it is useful</i>	<i>How we calculate it</i>	<i>Most directly comparable IFRS financial measure</i>
Adjusted net income	<ul style="list-style-type: none"> To assess the performance of our businesses before the effects of the noted items, because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. 	Net income add (deduct) restructuring, acquisition and other; loss (recovery) on sale or wind down of investments; loss (gain) on disposition of property, plant and equipment; (gain) on acquisitions; loss on non-controlling interest purchase obligations; loss on repayment of long-term debt; loss on bond forward derivatives; and income tax adjustments on these items, including adjustments as a result of legislative changes.	Net income
Taxes paid and other government payments	<ul style="list-style-type: none"> To assess how much cash we pay in taxes and fees to federal, provincial, and municipal governments. 	Income taxes paid add unrecoverable sales taxes paid; payroll taxes paid, regulatory and spectrum fees paid; and property and business taxes paid.	Income taxes paid
Adjusted Wireless service revenue	<ul style="list-style-type: none"> To facilitate the calculation of Wireless blended average billings per user (see Non-GAAP ratios). 	Wireless service revenue add (deduct) amortization of contract assets and contract liabilities to accounts receivable; and financing receivable billings.	Wireless service revenue

Non-GAAP ratios			
<i>Specified financial measure</i>	<i>How it is useful</i>	<i>How we calculate it</i>	
Adjusted basic earnings per share	<ul style="list-style-type: none"> To assess the performance of our businesses before the effects of the noted items, because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. 	Adjusted net income divided by basic weighted average shares outstanding.	
Adjusted diluted earnings per share		Adjusted net income including the dilutive effect of stock-based compensation divided by diluted weighted average shares outstanding.	
Wireless blended average billings per user (ABPU)	<ul style="list-style-type: none"> To help us identify trends in our total monthly billings per subscriber and to measure our success in attracting and retaining higher-value subscribers. 	Adjusted Wireless service revenue divided by average total number of Wireless subscribers for the relevant period.	

Total of segments measures	
<i>Specified financial measure</i>	<i>Most directly comparable IFRS financial measure</i>
Adjusted EBITDA	Net income

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Capital management measures	
Specified financial measure	How it is useful
Free cash flow	<ul style="list-style-type: none"> To show how much cash we generate that is available to repay debt and reinvest in our company, which is an important indicator of our financial strength and performance. We believe that some investors and analysts use free cash flow to value a business and its underlying assets.
Adjusted net debt	<ul style="list-style-type: none"> We believe this helps investors and analysts analyze our debt and cash balances while taking into account the impact of debt derivatives on our US dollar-denominated debt.
Debt leverage ratio	<ul style="list-style-type: none"> We believe this helps investors and analysts analyze our ability to service our debt obligations.
Available liquidity	<ul style="list-style-type: none"> To help determine if we are able to meet all of our commitments, to execute our business plan, and to mitigate the risk of economic downturns.

Supplementary financial measures	
Specified financial measure	How we calculate it
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.
Wireless blended average revenue per user (ARPU)	Wireless service revenue divided by average total number of Wireless subscribers for the relevant period.
Cable average revenue per account (ARPA)	Cable service revenue divided by average total number of customer relationships for the relevant period.
Capital intensity	Capital expenditures divided by revenue.
Return on assets	Net income divided by total assets.
Dividend payout ratio of net income	Dividends declared divided by net income.
Dividend payout ratio of free cash flow	Dividends declared for the year divided by free cash flow (defined above).

RECONCILIATION OF ADJUSTED EBITDA

	Years ended December 31	
(In millions of dollars)	2021	2020
Net income	1,558	1,592
Add (deduct):		
Income tax expense	569	580
Other expense	2	1
Finance costs	849	881
Restructuring, acquisition and other	324	185
Depreciation and amortization	2,585	2,618
Adjusted EBITDA	5,887	5,857

RECONCILIATION OF ADJUSTED NET INCOME

	Years ended December 31	
(In millions of dollars)	2021	2020
Net income	1,558	1,592
Add (deduct):		
Restructuring, acquisition and other	324	185
Income tax impact of above items	(79)	(52)
Adjusted net income	1,803	1,725

RECONCILIATION OF ADJUSTED WIRELESS SERVICE REVENUE AND BLENDED ABPU

	Years ended December 31	
(In millions of dollars, except subscribers (in 000s) and months)	2021	2020
Wireless service revenue	6,666	6,579
Add (deduct):		
Amortization of contract assets and contract liabilities to accounts receivable	362	1,209
Financing receivable billings	1,388	410
Adjusted Wireless service revenue	8,416	8,198
Divided by:		
Average Wireless subscribers	11,054	10,804
Months per period	12	12
Blended ABPU	\$ 63.45	\$ 63.24

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SUMMARY OF FINANCIAL RESULTS OF LONG-TERM DEBT GUARANTOR

Our outstanding public debt, amounts drawn on our \$4.6 billion bank credit and letter of credit facilities, and derivatives are unsecured obligations of RCI, as obligor, and RCCI, as either co-obligor or guarantor, as applicable.

The selected unaudited consolidating summary financial information for RCI for the periods identified below, presented with a separate column for: (i) RCI, (ii) RCCI, (iii) our non-guarantor subsidiaries on a combined basis, (iv) consolidating adjustments, and (v) the total consolidated amounts, is set forth as follows:

Years ended December 31 (unaudited)	RCI ¹		RCCI ¹		Non-guarantor subsidiaries ¹		Consolidating adjustments ¹		Total	
(In millions of dollars)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Selected Statements of Income data measure:										
Revenue	–	–	12,769	12,400	2,073	1,703	(187)	(187)	14,655	13,916
Net income (loss)	1,558	1,592	1,528	1,316	105	171	(1,633)	(1,487)	1,558	1,592
As at December 31 (unaudited)										
(In millions of dollars)	RCI ¹		RCCI ^{1,2}		Non-guarantor subsidiaries ¹		Consolidating adjustments ¹		Total	
Selected Statements of Financial Position data measure:	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Current assets	29,982	27,186	28,825	26,326	10,089	9,929	(63,067)	(56,512)	5,829	6,929
Non-current assets	33,290	31,184	28,959	24,835	3,717	3,650	(29,832)	(27,744)	36,134	31,925
Current liabilities	30,993	27,264	32,942	28,167	9,378	9,294	(64,694)	(58,139)	8,619	6,586
Non-current liabilities	18,943	18,740	4,960	5,080	181	152	(1,272)	(1,278)	22,812	22,694

¹ For the purposes of this table, investments in subsidiary companies are accounted for by the equity method.

² Amounts recorded in current liabilities and non-current liabilities for RCCI do not include any obligations arising as a result of being a guarantor or co-obligor, as the case may be, under any of RCI's long-term debt.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FIVE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

(In millions of dollars, except per share amounts, subscriber count results, churn, ARPU, ARPA, percentages, and ratios)	As at or years ended December 31				
	2021	2020	2019	2018 ¹	2017 ²
Revenue					
Wireless	8,768	8,530	9,250	9,200	8,569
Cable	4,072	3,946	3,954	3,932	3,894
Media	1,975	1,606	2,072	2,168	2,153
Corporate items and intercompany eliminations	(160)	(166)	(203)	(204)	(247)
Total revenue	14,655	13,916	15,073	15,096	14,369
Total service revenue	12,533	11,955	12,965	12,974	12,550
Adjusted EBITDA					
Wireless	4,214	4,067	4,345	4,090	3,726
Cable	2,013	1,935	1,919	1,874	1,819
Media	(127)	51	140	196	127
Corporate items and intercompany eliminations	(213)	(196)	(192)	(177)	(170)
Total adjusted EBITDA	5,887	5,857	6,212	5,983	5,502
Net income	1,558	1,592	2,043	2,059	1,845
Adjusted net income	1,803	1,725	2,135	2,241	1,902
Cash provided by operating activities	4,161	4,321	4,526	4,288	3,938
Free cash flow	1,671	2,366	2,278	2,134	1,685
Capital expenditures	2,788	2,312	2,807	2,790	2,436
Earnings per share					
Basic	\$ 3.09	\$ 3.15	\$ 3.99	\$ 4.00	\$ 3.58
Diluted	\$ 3.07	\$ 3.13	\$ 3.97	\$ 3.99	\$ 3.57
Adjusted earnings per share					
Basic	\$ 3.57	\$ 3.42	\$ 4.17	\$ 4.35	\$ 3.69
Diluted	\$ 3.56	\$ 3.40	\$ 4.15	\$ 4.34	\$ 3.68
Statements of Financial Position:					
Assets					
Property, plant and equipment	14,666	14,018	13,934	11,780	11,143
Goodwill	4,024	3,973	3,923	3,905	3,905
Intangible assets	12,281	8,926	8,905	7,205	7,244
Investments	2,493	2,536	2,830	2,134	2,561
Other assets	8,499	9,401	7,427	6,894	5,637
Total assets	41,963	38,854	37,019	31,918	30,490
Liabilities and Shareholders' Equity					
Long-term liabilities	22,812	22,695	21,639	16,903	16,111
Current liabilities	8,619	6,586	5,964	6,836	6,883
Total liabilities	31,431	29,281	27,603	23,739	22,994
Shareholders' equity	10,532	9,573	9,416	8,179	7,496
Total liabilities and shareholders' equity	41,963	38,854	37,019	31,918	30,490
Subscriber count results (in thousands) ³					
Wireless subscribers ⁴	11,297	10,943	10,840	10,783	10,482
Internet subscribers ^{5,6}	2,665	2,598	2,534	2,430	2,321
Ignite TV subscribers ⁷	788	544	326	n/a	n/a
Customer relationships ^{6,7}	2,581	2,530	2,510	n/a	n/a
Additional Wireless metrics ³					
Postpaid churn (monthly)	0.95%	1.00%	1.11%	1.10%	1.20%
Blended ARPU (monthly)	\$ 50.26	\$ 50.75	\$ 55.49	\$ 55.64	\$ 54.23
Additional Cable metrics					
ARPA (monthly) ⁷	\$132.58	\$130.70	\$131.71	n/a	n/a
Penetration ⁷	54.9%	55.3%	56.1%	n/a	n/a
Additional consolidated metrics					
Revenue growth	5%	(8)%	-%	5%	5%
Adjusted EBITDA growth	1%	(6)%	4%	9%	9%
Dividends declared per share	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.92	\$ 1.92
Dividend payout ratio of net income ³	64.8%	63.4%	50.0%	48.0%	53.6%
Dividend payout ratio of free cash flow ³	60.4%	42.7%	44.9%	55.8%	58.6%
Return on assets ³	3.7%	4.1%	5.5%	6.5%	6.1%
Debt leverage ratio	3.4	3.0	2.9	2.5	2.7

¹ 2018 and prior reported figures have not been restated applying IFRS 16.

² 2017 reported figures have been restated applying IFRS 15.

³ As defined. See "Key Performance Indicators".

⁴ Effective October 1, 2019, and on a prospective basis, we reduced our Wireless postpaid subscriber base by 53,000 subscribers to remove a low-ARPU public services customer that was in the process of migrating to another service provider. We believe adjusting our base for a customer of this size that migrates off our network provides a more meaningful reflection of the underlying organic performance of our Wireless business. Effective April 1, 2019, we adjusted our Wireless prepaid subscriber base to remove 127,000 subscribers as a result of a change to our deactivation policy from 180 days to 90 days to be more consistent within the industry.

⁵ Internet subscriber results include Smart Home Monitoring subscribers.

⁶ On September 30, 2020, we acquired approximately 2,000 Internet subscribers and customer relationships as a result of our acquisition of Ruralwave Inc., which are not included in net additions, but do appear in the ending total balance for 2020. On October 1, 2020, we acquired approximately 5,000 Internet subscribers and 6,000 customer relationships as a result of our acquisition of Cable Cable Inc., which are not included in net additions, but do appear in the ending total balance for December 31, 2020. On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

⁷ Ignite TV subscribers, customer relationships, ARPA, and penetration have not been presented for periods prior to 2018. We commenced using the aforementioned measures as key performance indicators in the first quarter of 2020. See "Key Performance Indicators".

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Management's Responsibility for Financial Reporting December 31, 2021

The accompanying consolidated financial statements of Rogers Communications Inc. and its subsidiaries and all the information in Management's Discussion and Analysis (MD&A) are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements include certain amounts that are based on management's best estimates and judgments and, in their opinion, present fairly, in all material respects, Rogers Communications Inc.'s financial position, results of operations, and cash flows. Management has prepared the financial information presented elsewhere in MD&A and has ensured that it is consistent with the consolidated financial statements.

Management has developed and maintains a system of internal controls that further enhances the integrity of the consolidated financial statements. The system of internal controls is supported by the internal audit function and includes management communication to employees about its policies on ethical business conduct.

Management believes these internal controls provide reasonable assurance that:

- transactions are properly authorized and recorded;
- financial records are reliable and form a proper basis for the preparation of consolidated financial statements; and
- the assets of Rogers Communications Inc. and its subsidiaries are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for

reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility through its Audit and Risk Committee.

The Audit and Risk Committee meets regularly with management, as well as the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review MD&A, the consolidated financial statements, and the external auditors' report. The Audit and Risk Committee reports its findings to the Board of Directors for its consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit and Risk Committee also considers the engagement or re-appointment of the external auditors before submitting its recommendation to the Board of Directors for review and for shareholder approval.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with the standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. Our internal control over financial reporting as of December 31, 2021 has been audited by KPMG LLP, in accordance with the standards of the Public Company Accounting Oversight Board (United States). KPMG LLP has full and free access to the Audit and Risk Committee.

March 3, 2022



Tony Staffieri
President and Chief Executive Officer



Glenn Brandt
Chief Financial Officer



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Rogers Communications Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Rogers Communications Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 3, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Recoverability of the carrying value of goodwill in the Media segment

As discussed in Note 9 to the consolidated financial statements, the Company tests goodwill for impairment once per year as of October 1, or more frequently if they identify indicators of impairment. Goodwill is impaired if the recoverable amount of a cash-generating unit (CGU) or group of cash-generating units (CGUs) that contain goodwill is less than the carrying amount. The Company makes judgments in determining CGUs and the allocation of goodwill for the purpose of impairment testing. Goodwill is monitored at an operating segment level in the Media segment. The goodwill balance in the Media segment as of December 31, 2021 was \$969 million. A number of businesses within the Company's Media segment are partially reliant on traditional advertising revenues, are subject to a highly competitive environment and continue to have profitability challenges due to declining advertising revenue growth rates and increasing costs of producing and/or providing content. The estimate of the recoverable amount, which is determined based on the higher of fair value less costs to sell and value in use, is based on significant estimates developed by the Company relating to future cash flows, the terminal growth rate, and the discount rate applied in its valuation model.

We identified the assessment of the recoverability of the carrying value of goodwill in the Media segment as a critical audit matter. There was a high degree of auditor judgment applied in assessing the level at which goodwill was tested and in evaluating the key assumptions used in the valuation models, which included the CGUs' future cash flows, the discount rate and the terminal growth rate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's impairment testing process, including controls related to the determination that goodwill should be tested at the Media segment level and the key assumptions used in estimating the recoverable amount of the Media segment. We compared the Company's historical cash flow forecasts to actual results achieved

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

to assess the Company's ability to accurately forecast financial results. We compared the cash flow forecasts used to estimate the recoverable amount to approved plans. We assessed the assumptions used to determine the Media segment's future cash flows by comparing to underlying documentation and external market and relevant industry data. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate, by comparing the Company's inputs to the discount rate to publicly available data for comparable entities, independently developing a range of reasonable discount rates and comparing those to the Company's rate, and the terminal growth rate for the Media segment, by comparing to underlying documentation and publicly available market data. We performed sensitivity analyses over the Company's key assumptions used to determine the recoverable amount to assess the impact of changes in those assumptions on the Company's determination of the recoverable amount.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the "K" and ends under the "P", serving as a separator or underline.

Chartered Professional Accountants, Licensed Public Accountants
We have served as the Company's auditor since 1969.
Toronto, Canada
March 3, 2022



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Rogers Communications Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Rogers Communications Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, Rogers Communications Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated March 3, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included under the heading Management's Report on Internal Control over Financial Reporting contained within Management's Discussion and Analysis for the year ended December 31, 2021. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the

audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
March 3, 2022

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

Consolidated Statements of Income

(In millions of Canadian dollars, except per share amounts)

Years ended December 31	Note	2021	2020
Revenue	5	14,655	13,916
Operating expenses:			
Operating costs	6	8,768	8,059
Depreciation and amortization	7, 8, 9	2,585	2,618
Restructuring, acquisition and other	10	324	185
Finance costs	11	849	881
Other expense	12	2	1
Income before income tax expense		2,127	2,172
Income tax expense	13	569	580
Net income for the year		1,558	1,592
Earnings per share:			
Basic	14	\$ 3.09	\$ 3.15
Diluted	14	\$ 3.07	\$ 3.13

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(In millions of Canadian dollars)

Years ended December 31	Note	2021	2020
Net income for the year		1,558	1,592
Other comprehensive income (loss):			
Items that will not be reclassified to net income:			
Defined benefit pension plans:			
Remeasurements	23	592	(121)
Related income tax (expense) recovery		(157)	32
Defined benefit pension plans		435	(89)
Equity investments measured at fair value through other comprehensive income (FVTOCI):			
Increase (decrease) in fair value	18	10	(302)
Related income tax (expense) recovery		(3)	40
Equity investments measured at FVTOCI		7	(262)
Items that will not be reclassified to net income		442	(351)
Items that may subsequently be reclassified to net income:			
Cash flow hedging derivative instruments:			
Unrealized loss in fair value of derivative instruments		(210)	(320)
Reclassification to net income of loss on debt derivatives		50	286
Reclassification to net income or property, plant and equipment of loss (gain) on expenditure derivatives		100	(36)
Reclassification to net income for accrued interest		(15)	(49)
Related income tax recovery		42	50
Cash flow hedging derivative instruments		(33)	(69)
Share of other comprehensive income (loss) of equity-accounted investments, net of tax		2	(5)
Items that may subsequently be reclassified to net income		(31)	(74)
Other comprehensive income (loss) for the year		411	(425)
Comprehensive income for the year		1,969	1,167

The accompanying notes are an integral part of the consolidated financial statements.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Consolidated Statements of Financial Position

(In millions of Canadian dollars)

	Note	As at December 31 2021	As at December 31 2020
Assets			
Current assets:			
Cash and cash equivalents		715	2,484
Accounts receivable	15	3,847	2,856
Inventories	16	535	479
Current portion of contract assets	5	115	533
Other current assets		497	516
Current portion of derivative instruments	17	120	61
Total current assets		5,829	6,929
Property, plant and equipment	7, 8	14,666	14,018
Intangible assets	9	12,281	8,926
Investments	18	2,493	2,536
Derivative instruments	17	1,431	1,378
Financing receivables	15	854	748
Other long-term assets	5	385	346
Goodwill	9	4,024	3,973
Total assets		41,963	38,854
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	19	2,200	1,221
Accounts payable and accrued liabilities		3,416	2,714
Income tax payable		115	344
Other current liabilities	17, 20	607	243
Contract liabilities	5	394	336
Current portion of long-term debt	21	1,551	1,450
Current portion of lease liabilities	8	336	278
Total current liabilities		8,619	6,586
Provisions	20	50	42
Long-term debt	21	17,137	16,751
Lease liabilities	8	1,621	1,557
Other long-term liabilities	22	565	1,149
Deferred tax liabilities	13	3,439	3,196
Total liabilities		31,431	29,281
Shareholders' equity	24	10,532	9,573
Total liabilities and shareholders' equity		41,963	38,854
Guarantees	27		
Commitments and contingent liabilities	28		
Subsequent events	17, 21, 24, 30		

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors:



Edward S. Rogers
Director



Robert J. Gemmell
Director

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Consolidated Statements of Changes in Shareholders' Equity

(In millions of Canadian dollars, except number of shares)

	Class A Voting Shares		Class B Non-Voting Shares		Retained earnings	FVTOCI investment reserve	Hedging reserve	Equity investment reserve	Total shareholders' equity
	Amount	Number of shares (000s)	Amount	Number of shares (000s)					
Year ended December 31, 2021									
Balances, January 1, 2021	71	111,154	397	393,771	7,916	999	194	(4)	9,573
Net income for the year	–	–	–	–	1,558	–	–	–	1,558
Other comprehensive income (loss):									
Defined benefit pension plans, net of tax	–	–	–	–	435	–	–	–	435
FVTOCI investments, net of tax	–	–	–	–	–	7	–	–	7
Derivative instruments accounted for as hedges, net of tax	–	–	–	–	–	–	(33)	–	(33)
Share of equity-accounted investments, net of tax	–	–	–	–	–	–	–	2	2
Total other comprehensive income (loss)	–	–	–	–	435	7	(33)	2	411
Comprehensive income (loss) for the year	–	–	–	–	1,993	7	(33)	2	1,969
Reclassification to retained earnings for disposition of FVTOCI investments	–	–	–	–	13	(13)	–	–	–
Transactions with shareholders recorded directly in equity:									
Dividends declared	–	–	–	–	(1,010)	–	–	–	(1,010)
Share class exchange	–	(1)	–	1	–	–	–	–	–
Total transactions with shareholders	–	(1)	–	1	(1,010)	–	–	–	(1,010)
Balances, December 31, 2021	71	111,153	397	393,772	8,912	993	161	(2)	10,532

	Class A Voting Shares		Class B Non-Voting Shares		Retained earnings	FVTOCI investment reserve	Hedging reserve	Equity investment reserve	Total shareholders' equity
	Amount	Number of shares (000s)	Amount	Number of shares (000s)					
Year ended December 31, 2020									
Balances, January 1, 2020	71	111,154	397	393,771	7,419	1,265	263	1	9,416
Net income for the period	–	–	–	–	1,592	–	–	–	1,592
Other comprehensive (loss) income:									
Defined benefit pension plans, net of tax	–	–	–	–	(89)	–	–	–	(89)
FVTOCI investments, net of tax	–	–	–	–	–	(262)	–	–	(262)
Derivative instruments accounted for as hedges, net of tax	–	–	–	–	–	–	(69)	–	(69)
Share of equity-accounted investments, net of tax	–	–	–	–	–	–	–	(5)	(5)
Total other comprehensive (loss) income	–	–	–	–	(89)	(262)	(69)	(5)	(425)
Comprehensive income (loss) for the year	–	–	–	–	1,503	(262)	(69)	(5)	1,167
Reclassification to retained earnings for disposition of FVTOCI investments	–	–	–	–	4	(4)	–	–	–
Transactions with shareholders recorded directly in equity:									
Dividends declared	–	–	–	–	(1,010)	–	–	–	(1,010)
Total transactions with shareholders	–	–	–	–	(1,010)	–	–	–	(1,010)
Balances, December 31, 2020	71	111,154	397	393,771	7,916	999	194	(4)	9,573

The accompanying notes are an integral part of the consolidated financial statements.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Consolidated Statements of Cash Flows

(In millions of Canadian dollars)

Years ended December 31	Note	2021	2020
Operating activities:			
Net income for the year		1,558	1,592
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	7, 8, 9	2,585	2,618
Program rights amortization	9	68	77
Finance costs	11	849	881
Income tax expense	13	569	580
Post-employment benefits contributions, net of expense	23	(5)	13
Other		2	119
Cash provided by operating activities before changes in net operating assets and liabilities, income taxes paid, and interest paid			
		5,626	5,880
Change in net operating assets and liabilities	29	37	(333)
Income taxes paid		(700)	(418)
Interest paid		(802)	(808)
Cash provided by operating activities		4,161	4,321
Investing activities:			
Capital expenditures	7, 29	(2,788)	(2,312)
Additions to program rights	9	(54)	(57)
Changes in non-cash working capital related to capital expenditures and intangible assets		67	(37)
Acquisitions and other strategic transactions, net of cash acquired	9	(3,404)	(103)
Other		46	(49)
Cash used in investing activities		(6,133)	(2,558)
Financing activities:			
Net proceeds received from (repayment of) short-term borrowings	19	971	(1,146)
Net issuance of long-term debt	21	550	2,540
Net (payments) proceeds on settlement of debt derivatives and forward contracts	17	(8)	80
Transaction costs incurred	21	(31)	(23)
Principal payments of lease liabilities	8	(269)	(213)
Dividends paid	24	(1,010)	(1,011)
Cash provided by financing activities		203	227
Change in cash and cash equivalents		(1,769)	1,990
Cash and cash equivalents, beginning of year		2,484	494
Cash and cash equivalents, end of year		715	2,484

Cash and cash equivalents are defined as cash and short-term deposits that have an original maturity of less than 90 days, less bank advances.

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

We, us, our, Rogers, Rogers Communications, and the Company refer to Rogers Communications Inc. and its subsidiaries. RCI refers to the legal entity Rogers Communications Inc., not including its subsidiaries. Rogers also holds interests in various investments and ventures.

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99	Note 3	125	Note 18
101	Note 4	126	Note 19
102	Note 5	128	Note 20
105	Note 6	129	Note 21
106	Note 7	132	Note 22
108	Note 8	132	Note 23
109	Note 9	136	Note 24
112	Note 10	137	Note 25
112	Note 11	139	Note 26
113	Note 12	140	Note 27
113	Note 13	141	Note 28
114	Note 14	142	Note 29
115	Note 15	143	Note 30
115	Note 16		

NOTE 1: NATURE OF THE BUSINESS

Rogers Communications Inc. is a diversified Canadian communications and media company. Substantially all of our operations and sales are in Canada. RCI is incorporated in Canada and its registered office is located at 333 Bloor Street East, Toronto, Ontario, M4W 1G9. RCI's shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

We report our results of operations in three reportable segments. Each segment and the nature of its business is as follows:

Segment	Principal activities
Wireless	Wireless telecommunications operations for Canadian consumers and businesses.
Cable	Cable telecommunications operations, including Internet, television, telephony (phone), and smart home monitoring services for Canadian consumers and businesses, and network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for the business, public sector, and carrier wholesale markets.
Media	A diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping, and digital media.

During the year ended December 31, 2021, Wireless and Cable were operated by our wholly owned subsidiary, Rogers Communications Canada Inc. (RCCI), and certain other wholly

owned subsidiaries. Media was operated by our wholly owned subsidiary, Rogers Media Inc., and its subsidiaries.

See note 4 for more information about our reportable operating segments.

BUSINESS SEASONALITY

Our operating results generally vary from quarter to quarter as a result of changes in general economic conditions and seasonal fluctuations, among other things, in each of our reportable segments. This means our results in one quarter are not necessarily indicative of how we will perform in a future quarter. Wireless, Cable, and Media each have unique seasonal aspects to, and certain other historical trends in, their businesses, which are described below. Fluctuations in net income from quarter to quarter can also be attributed to losses on the repayment of debt, other income and expenses, impairment of assets, restructuring, acquisition and other costs, and changes in income tax expense.

The COVID-19 pandemic (COVID-19) significantly affected our operating results in 2020 and 2021 in addition to the typical seasonal fluctuations in our business that are described below. In Wireless, the decline in customer travel due to global travel restrictions resulted in lower-than-pre-pandemic roaming revenue. In Media, major professional sports leagues postponed their 2019-20 seasons between March and July 2020 and recommenced with contracted seasons from July to September 2020. The NBA and NHL also postponed and condensed their 2020-21 seasons to late December 2020 and early January 2021, respectively. These changes caused sports-related revenue and expenses, such as programming rights amortization, to be recognized at different points in time than is typical. Furthermore, the effect of the Toronto Blue Jays being able to allow limited game-day attendance this year and play a full season compared to the stricter public health restrictions in the prior year has resulted in increased revenue and operating expenses this year.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Wireless

Wireless operating results are influenced by the timing of our marketing and promotional expenditures and higher levels of subscriber additions, resulting in higher subscriber acquisition- and activation-related expenses, typically in the third and fourth quarters. The third and fourth quarters typically experience higher volumes of activity as a result of “back to school” and holiday season-related consumer behaviour. Aggressive promotional offers are often advertised during these periods. In contrast, we typically see lower subscriber-related activity in the first quarter of the year.

The launch of new products and services, including popular new wireless device models, can also affect the level of subscriber activity. Highly anticipated device launches typically occur in the spring and fall seasons of each year. Wireless roaming revenue is dependent on customer travel volumes and timing, and is also impacted by foreign exchange rates and general economic conditions.

Cable

Cable’s operating results are affected by modest seasonal fluctuations, typically caused by:

- university and college students who live in residences moving out early in the second quarter and canceling their service as well as students moving in late in the third quarter and signing up for cable service;
- individuals temporarily suspending service for extended vacations or seasonal relocations;
- the timing of service pricing changes; and
- the concentrated marketing we generally conduct in our fourth quarter.

Cable results from our enterprise customers do not generally have any unique seasonal aspects.

Media

Seasonal fluctuations relate to:

- periods of increased consumer activity and their impact on advertising and related retail cycles, which tend to be most active in the fourth quarter due to holiday spending and slower in the first quarter;
- the Major League Baseball season, where:
 - games played are concentrated in the spring, summer, and fall months (generally the second and third quarters of the year);

- revenue related to game day ticket sales, merchandise sales, and advertising is concentrated when games are played, with postseason games commanding a premium in advertising revenue and additional revenue from game day ticket sales and merchandise sales, if and when the Toronto Blue Jays play in the postseason (in the fourth quarter of the year); and
- programming and production costs and player payroll are expensed based on the number of games aired or played, as applicable; and
- the National Hockey League (NHL) season, where:
 - regular season games are concentrated in the fall and winter months (generally the first and fourth quarters of the year) and playoff games are concentrated in the spring months (generally the second quarter of the year). We expect a correlation between the quality of revenue and earnings and the extent of Canadian teams’ presence during the playoffs;
 - programming and production costs are expensed based on the timing of when the rights are aired or are expected to be consumed; and
 - advertising revenue and programming expenses are concentrated when games are played, with playoff games commanding a premium in advertising revenue.

ESTIMATION UNCERTAINTY

Due to the uncertainty surrounding the duration and potential outcomes of COVID-19, and the unpredictable and continuously changing impacts and related government responses, there is more uncertainty associated with our assumptions, expectations, and estimates. We believe the most significantly affected estimates are related to our expected credit losses and allowance for doubtful accounts and as a result, for the year ended December 31, 2020, we recognized an incremental \$90 million in allowance for doubtful accounts expense on our accounts receivable, financing receivables, and contract assets based on changing economic conditions.

STATEMENT OF COMPLIANCE

We prepared our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Board of Directors (the Board) authorized these consolidated financial statements for issue on March 3, 2022.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

All amounts are in Canadian dollars unless otherwise noted. Our functional currency is the Canadian dollar. We prepare the consolidated financial statements on a historical cost basis, except for:

- certain financial instruments as disclosed in note 17, which are measured at fair value;
- the net deferred pension liability, which is measured as described in note 23; and
- liabilities for stock-based compensation, which are measured at fair value as disclosed in note 25.

(b) BASIS OF CONSOLIDATION

Subsidiaries are entities we control. We include the financial statements of our subsidiaries in our consolidated financial statements from the date we gain control of them until our control ceases. We eliminate all intercompany transactions and balances between our subsidiaries on consolidation.

(c) FOREIGN CURRENCY TRANSLATION

We translate amounts denominated in foreign currencies into Canadian dollars as follows:

- monetary assets and liabilities – at the exchange rate in effect as at the date of the Consolidated Statements of Financial Position;

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- non-monetary assets and liabilities, and related depreciation and amortization – at the historical exchange rates; and
- revenue and expenses other than depreciation and amortization – at the average rate for the month in which the transaction was recognized.

(d) BUSINESS COMBINATIONS

We account for business combinations using the acquisition method of accounting. Only acquisitions that result in our gaining control over the acquired businesses are accounted for as business combinations. We possess control over an entity when we conclude we are exposed to variable returns from our involvement with the acquired entity and we have the ability to affect those returns through our power over the acquired entity.

We calculate the fair value of the consideration paid as the sum of the fair value at the date of acquisition of the assets we transferred, the equity interests we issued, and the liabilities we incurred to former owners of the subsidiary.

We measure goodwill as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and liabilities assumed, which are generally measured at fair value as of the acquisition date. When the excess is negative, a gain on acquisition is recognized immediately in net income.

We expense the transaction costs associated with acquisitions as we incur them.

During the year ended December 31, 2021, we made several individually immaterial acquisitions and recognized \$51 million of related goodwill, \$37 million of which has been allocated to our Cable operating segment and \$14 million of which has been allocated to our Media operating segment. During the year ended December 31, 2020, we made several individually immaterial acquisitions and recognized \$50 million in related goodwill, all of which was allocated to our Cable operating segment.

(e) GOVERNMENT GRANTS

We recognize government financial assistance when there is reasonable assurance that we will comply with the conditions of the assistance and the assistance will be received. Assistance related to expenses is recognized as a reduction of the related expense; assistance related to assets is recognized as a reduction to the carrying amount of the asset. During the year ended December 31, 2020, we qualified for \$91 million of funding associated with the Canada Emergency Wage Subsidy (CEWS) program, a federal government initiative offered to eligible employers who kept individuals employed during COVID-19.

(f) NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN 2021

We adopted the following IFRS amendments in 2021. They did not have a material effect on our consolidated financial statements.

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, and IFRS 7)*, addressing issues that might affect financial reporting after the reform of an interest rate benchmark. There is significant uncertainty over the timing of when the replacements for IBORs will be effective and what those replacements will be. We will actively monitor the IBOR reform and consider circumstances as we renew or enter into new financial instruments.
- Amendments to IFRS 16, *Leases*, allowing lessees to not assess whether a COVID-19-related rent concession is a lease modification.

(g) RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The IASB has issued the following new standard and amendments that will become effective in a future year and could have an impact on our consolidated financial statements in future periods:

- IFRS 17, *Insurance Contracts*, a replacement of IFRS 4, *Insurance Contracts*, that aims to provide consistency in the application of accounting for insurance contracts (January 1, 2023).
- Amendments to IFRS 3, *Business Combinations – Updating a Reference to the Conceptual Framework*, updating a reference in IFRS 3 to now refer to the Conceptual Framework (January 1, 2022).
- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before intended use*, prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations (January 1, 2022).
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts*, specifying costs an entity should include in determining the “cost of fulfilling” a potential onerous contract (January 1, 2022).
- Amendments to IAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*, clarifying the classification requirements in the standard for liabilities as current or non-current (January 1, 2023).
- Amendments to IAS 1, *Presentation of Financial Statements – Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information (January 1, 2023).
- Amendments to IAS 8, *Accounting Policies – Changes in Accounting Estimates and Errors*, clarifying the definition of “accounting policies” and “accounting estimates” (January 1, 2023).
- Amendments to IAS 12, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023).

We do not expect IFRS 17, *Insurance Contracts*, or the amendments effective January 1, 2022, will have an effect on our consolidated financial statements. We are assessing the impacts, if any, the remaining amendments will have on our consolidated financial statements; however we currently do not expect any material impacts.

(h) ADDITIONAL SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

When preparing our consolidated financial statements, management makes judgments, estimates, and assumptions that affect how accounting policies are applied and the amounts we report as assets, liabilities, revenue, and expenses. Our significant accounting policies, estimates, and judgments are identified in this note or disclosed throughout the notes as identified in the table below, including:

- information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognized in the consolidated financial statements;
- information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements; and
- information on our significant accounting policies.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Note	Topic	Page	Accounting Policy	Use of Estimates	Use of Judgments
4	Reportable Segments	101	X		X
5	Revenue Recognition	102	X	X	X
7	Property, Plant and Equipment	106	X	X	X
8	Leases	108	X	X	X
9	Intangible Assets and Goodwill	109	X	X	X
10	Restructuring, Acquisition and Other	112	X		X
13	Income Taxes	113	X		X
14	Earnings Per Share	114	X		
15	Accounts Receivable	115	X		X
16	Inventories	115	X		
17	Financial Instruments	115	X	X	X
18	Investments	125	X		
20	Provisions	128	X	X	X
23	Post-Employment Benefits	132	X	X	
25	Stock-Based Compensation	137	X	X	
28	Commitments and Contingent Liabilities	141	X		X

NOTE 3: CAPITAL RISK MANAGEMENT

Our objectives in managing capital are to ensure we have sufficient available liquidity to meet all of our commitments and to execute our business plan. We define capital that we manage as shareholders' equity, indebtedness (including the current portion of our long-term debt, long-term debt, short-term borrowings, the current portion of our lease liabilities, and lease liabilities), cash and cash equivalents, and derivative instruments.

We manage our capital structure, commitments, and maturities and make adjustments based on general economic conditions, financial markets, operating risks, our investment priorities, and working capital requirements. To maintain or adjust our capital structure, we may, with approval from the Board as necessary, issue or repay debt and/or short-term borrowings, issue or repurchase shares, pay dividends, or undertake other activities as deemed appropriate under the circumstances. The Board reviews and approves the annual capital and operating budgets, as well as any material transactions that are not part of the ordinary course of business, including proposals for acquisitions or other major financing transactions, investments, or divestitures.

The wholly owned subsidiary through which our credit card programs are operated is regulated by the Office of the Superintendent of Financial Institutions, which requires that a minimum level of regulatory capital be maintained. Rogers' subsidiary was in compliance with that requirement as at December 31, 2021 and 2020. The capital requirements are not material to the Company as at December 31, 2021 or December 31, 2020.

With the exception of our credit card programs and the subsidiary through which they are operated, we are not subject to externally imposed capital requirements.

KEY METRICS AND RATIOS

We monitor adjusted net debt, debt leverage ratio, free cash flow, and available liquidity to manage our capital structure and related risks. These are not standardized financial measures under IFRS and might not be comparable to similar capital management measures disclosed by other companies. A summary of our key metrics and ratios follows, along with a reconciliation between each of these measures and the items presented in the consolidated financial statements.

Adjusted net debt and debt leverage ratio

We monitor adjusted net debt and debt leverage ratio as part of the management of liquidity to sustain future development of our business, conduct valuation-related analyses, and make decisions about capital. In so doing, we typically aim to have an adjusted net debt and debt leverage ratio that allow us to maintain investment-grade credit ratings, which allows us strong access to capital markets. Our debt leverage ratio can increase due to strategic, long-term investments (for example, to obtain new spectrum licences or to consummate an acquisition) and we work to lower the ratio over time. As at December 31, 2021 and 2020, we met our objectives for these metrics.

On March 15, 2021, we announced an agreement with Shaw Communications Inc. (Shaw) to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares (collectively, Shaw Shares) for a price of \$40.50 per share (Transaction). The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt. See note 30 for more information about the Transaction.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

We expect to raise up to \$19 billion in new debt to finance the Transaction. To address this risk and requirement, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an amount up to \$19 billion (see note 19) in March 2021 and a \$6 billion term loan facility (Shaw term loan facility, see note 21) in April 2021, as a result of which, the maximum amount we can draw on this committed credit facility decreased to \$13 billion. We anticipate adjusted net debt will increase correspondingly with any debt issued or drawn and our debt leverage ratio will increase significantly in the short- to medium-term.

(In millions of dollars)	Note	As at	As at
		December 31	December 31
		2021	2020
Current portion of long-term debt	21	1,551	1,450
Long-term debt	21	17,137	16,751
Deferred transaction costs and discounts	21	185	172
		18,873	18,373
Add (deduct):			
Subordinated notes adjustment ¹		(1,000)	-
Net debt derivative assets ²		(1,260)	(1,086)
Credit risk adjustment related to net debt derivative assets ³		(18)	(15)
Short-term borrowings	19	2,200	1,221
Current portion of lease liabilities	8	336	278
Lease liabilities	8	1,621	1,557
Cash and cash equivalents		(715)	(2,484)
Adjusted net debt		20,037	17,844

(In millions of dollars, except ratios)	Note	As at	As at
		December 31	December 31
		2021	2020
Adjusted net debt		20,037	17,844
Divided by: trailing 12-month adjusted EBITDA	4	5,887	5,857
Debt leverage ratio		3.4	3.0

¹ For the purposes of calculating adjusted net debt, we believe adjusting 50% of the value of our subordinated notes is appropriate as this methodology factors in certain circumstances with respect to priority for payment and this approach is commonly used to evaluate debt leverage by rating agencies.

² Net debt derivative assets consists of the net fair value of our debt derivatives on issued debt accounted for as hedges.

³ For accounting purposes in accordance with IFRS, we recognize the fair values of our debt derivatives using an estimated credit-adjusted mark-to-market valuation by discounting cash flows to the measurement date. For purposes of calculating adjusted net debt, we believe including debt derivatives valued without adjustment for credit risk is commonly used to evaluate debt leverage and for market valuation and transactional purposes.

Free cash flow

We use free cash flow to understand how much cash we generate that is available to repay debt or reinvest in our business, which is an important indicator of our financial strength and performance.

(In millions of dollars)	Note	Years ended December 31	
		2021	2020
Adjusted EBITDA	4	5,887	5,857
Deduct (add):			
Capital expenditures ¹	7	2,788	2,312
Interest on borrowings, net of capitalized interest	11	728	761
Cash income taxes ²		700	418
Free cash flow		1,671	2,366

¹ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

² Cash income taxes are net of refunds received.

(In millions of dollars)	Note	Years ended December 31	
		2021	2020
Cash provided by operating activities		4,161	4,321
Add (deduct):			
Capital expenditures	7	(2,788)	(2,312)
Interest on borrowings, net of capitalized interest	11	(728)	(761)
Interest paid		802	808
Restructuring, acquisition and other	10	324	185
Program rights amortization	9	(68)	(77)
Change in net operating assets and liabilities	29	(37)	333
Other adjustments ¹	12, 23	5	(131)
Free cash flow		1,671	2,366

¹ Other adjustments consists of post-employment benefit contributions, net of expense, cash flows relating to other operating activities, and other expense from our financial statements.

Available liquidity

Available liquidity fluctuates based on business circumstances. We continually manage, and aim to have sufficient, available liquidity at all times to help protect our ability to meet all of our commitments (operationally and for maturing debt obligations), to execute our business plan (including to acquire spectrum licences or consummate acquisitions), to mitigate the risk of economic downturns, and for other unforeseen circumstances. As at December 31, 2021 and 2020, we had sufficient liquidity available to us to meet this objective.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Below is a summary of our total available liquidity from our cash and cash equivalents, bank credit facilities, letters of credit facilities, and short-term borrowings, including our receivables securitization program and our US dollar-denominated commercial paper (US CP) program.

As at December 31, 2021 (In millions of dollars)	Note	Total sources	Drawn	Letters of credit	US CP program ¹	Net available
Cash and cash equivalents		715	-	-	-	715
Bank credit facilities ² :						
Revolving	21	4,000	-	8	894	3,098
Non-revolving	19	507	507	-	-	-
Outstanding letters of credit	21	72	-	72	-	-
Receivables securitization ²	19	1,200	800	-	-	400
Total		6,494	1,307	80	894	4,213

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

As at December 31, 2020 (In millions of dollars)	Note	Total sources	Drawn	Letters of credit	US CP program ¹	Net available
Cash and cash equivalents		2,484	-	-	-	2,484
Bank credit facilities ² :						
Revolving	21	3,200	-	8	573	2,619
Outstanding letters of credit	21	101	-	101	-	-
Receivables securitization ²	19	1,200	650	-	-	550
Total		6,985	650	109	573	5,653

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

Subsequent to the final payment for the 3500 MHz spectrum licence acquisition in December 2021 (see note 9), we cancelled \$360 million of letters of credit and US\$1.2 billion of non-revolving

credit facilities, which reduced total liquidity sources to \$6.5 billion as at December 31, 2021.

NOTE 4: SEGMENTED INFORMATION

ACCOUNTING POLICY

Reportable segments

We determine our reportable segments based on, among other things, how our chief operating decision maker, the Chief Executive Officer and Chief Financial Officer of RCI, regularly review our operations and performance. They review adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources, as they believe adjusted EBITDA reflects segment and consolidated profitability. Adjusted EBITDA is defined as income before depreciation and amortization; (gain) loss on disposition of property, plant and equipment; restructuring, acquisition and other; finance costs; other expense (income); and income tax expense.

We follow the same accounting policies for our segments as those described in the notes to our consolidated financial statements. We account for transactions between reportable segments in the same way we account for transactions with external parties, but eliminate them on consolidation.

JUDGMENTS

We make significant judgments in determining our operating segments. These are components that engage in business activities from which they may earn revenue and incur expenses, for which operating results are regularly reviewed by our chief operating decision maker to make decisions about resources to be allocated and assess component performance, and for which discrete financial information is available.

REPORTABLE SEGMENTS

Our reportable segments are Wireless, Cable, and Media (see note 1). All three segments operate substantially in Canada. Corporate items and eliminations include our interests in businesses that are not reportable operating segments, corporate administrative functions, and eliminations of inter-segment revenue and costs. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INFORMATION BY SEGMENT

Year ended December 31, 2021 (In millions of dollars)	Note	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue	5	8,768	4,072	1,975	(160)	14,655
Operating costs	6	4,554	2,059	2,102	53	8,768
Adjusted EBITDA		4,214	2,013	(127)	(213)	5,887
Depreciation and amortization	7, 8, 9					2,585
Restructuring, acquisition and other	10					324
Finance costs	11					849
Other expense	12					2
Income before income tax expense						2,127
Capital expenditures	7	1,515	913	115	245	2,788
Goodwill	9	1,160	1,895	969	–	4,024
Total assets		25,247	7,887	2,665	6,164	41,963

Year ended December 31, 2020 (In millions of dollars)	Note	Wireless	Cable	Media	Corporate items and eliminations	Consolidated totals
Revenue	5	8,530	3,946	1,606	(166)	13,916
Operating costs	6	4,463	2,011	1,555	30	8,059
Adjusted EBITDA		4,067	1,935	51	(196)	5,857
Depreciation and amortization	7, 8, 9					2,618
Restructuring, acquisition and other	10					185
Finance costs	11					881
Other expense	12					1
Income before income tax expense						2,172
Capital expenditures	7	1,100	940	79	193	2,312
Goodwill	9	1,160	1,858	955	–	3,973
Total assets		20,639	7,877	2,569	7,769	38,854

NOTE 5: REVENUE

ACCOUNTING POLICY

Contracts with customers

We record revenue from contracts with customers in accordance with the five steps in IFRS 15, *Revenue from contracts with customers* as follows:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price, which is the total consideration provided by the customer;
4. allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. recognize revenue when the relevant criteria are met for each performance obligation.

Many of our products and services are sold in bundled arrangements (e.g. wireless devices and voice and data services). Items in these arrangements are accounted for as separate performance obligations if the item meets the definition of a

distinct good or service. We also determine whether a customer can modify their contract within predefined terms such that we are not able to enforce the transaction price agreed to, but can only contractually enforce a lower amount. In situations such as these, we allocate revenue between performance obligations using the minimum enforceable rights and obligations and any excess amount is recognized as revenue as it is earned.

Revenue for each performance obligation is recognized either over time (e.g. services) or at a point in time (e.g. equipment). For performance obligations satisfied over time, revenue is recognized as the services are provided. These services are typically provided, and thus revenue is typically recognized, on a monthly basis. Revenue for performance obligations satisfied at a point in time is recognized when control of the item (or service) transfers to the customer. Typically, this is when the customer activates the goods (e.g. in the case of a wireless device) or has physical possession of the goods (e.g. other equipment).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The table below summarizes the nature of the various performance obligations in our contracts with customers and when we recognize performance on those obligations.

Performance obligations from contracts with customers	Timing of satisfaction of the performance obligation
Wireless airtime, data, and other services; television, telephony, Internet, and smart home monitoring services; network services; media subscriptions; and rental of equipment	As the service is provided (usually monthly)
Roaming, long-distance, and other optional or non-subscription services, and pay-per-use services	As the service is provided
Wireless devices and related equipment	Upon activation or purchase by the end customer
Installation services for Cable subscribers	When the services are performed
Advertising	When the advertising airs on our radio or television stations or is displayed on our digital properties
Subscriptions by television stations for subscriptions from cable and satellite providers	When the services are delivered to cable and satellite providers' subscribers (usually monthly)
Toronto Blue Jays' home game admission and concessions	When the related games are played during the baseball season and when goods are sold
Toronto Blue Jays revenue from the Major League Baseball Revenue Sharing Agreement, which redistributes funds between member clubs based on each club's relative revenue, and other league revenue sharing	In the applicable period, when the amount is determinable
Today's Shopping Choice and Toronto Blue Jays merchandise	When the goods are sold to the end customer
Radio and television broadcast agreements	When the related programs are aired
Sublicensing of program rights	Over the course of the applicable licence period

We also recognize interest revenue on credit card receivables using the effective interest method in accordance with IFRS 9, *Financial Instruments*.

Payment for Wireless and Cable monthly service fees is typically due 30 days after billing. Payment for Wireless and Cable equipment is typically due either upon receipt of the equipment or over the subsequent 24 months (when equipment is financed through our equipment financing plans). Payment terms for typical Media performance obligations range from immediate (e.g. Toronto Blue Jays tickets) to 30 days (e.g. advertising contracts).

Contract assets and liabilities

We record a contract asset when we have provided goods and services to our customer but our right to related consideration for the performance obligation is conditional on satisfying other performance obligations. Contract assets primarily relate to our rights to consideration for the transfer of wireless devices. Our long-term contract assets are grouped into "other long-term assets" on our Consolidated Statements of Financial Position.

We record a contract liability when we receive payment from a customer in advance of providing goods and services. This includes subscriber deposits, deposits related to Toronto Blue Jays ticket sales, and amounts subscribers pay for services and subscriptions that will be provided in future periods. Our long-term contract liabilities are grouped into "other long-term liabilities" on our Consolidated Statements of Financial Position.

A portion of our contract liabilities relates to discounts provided to customers on our device financing contracts (see note 15). Due to the allocation of the transaction price to the performance

obligations, the financing receivable we recognize is greater than the related equipment revenue. As a result, we recognize a contract liability simultaneously with the financing receivable and equipment revenue and subsequently reduce the contract liability on a monthly basis.

We account for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

Deferred commission cost assets

We defer, to the extent recoverable, the incremental costs we incur to obtain or fulfill a contract with a customer and amortize them over their expected period of benefit. These costs include certain commissions paid to internal and external representatives that we believe to be recoverable through the revenue earned from the related contracts. We therefore defer them as deferred commission cost assets in other assets and amortize them to operating costs over the pattern of the transfer of goods and services to the customer, which is typically evenly over 24 consecutive months.

ESTIMATES

We use estimates in the following key areas:

- determining the transaction price of our contracts requires estimating the amount of revenue we expect to be entitled to for delivering the performance obligations within a contract; and
- determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Determining the transaction price

The transaction price is the amount of consideration that is enforceable and to which we expect to be entitled in exchange for the goods and services we have promised to our customer. We determine the transaction price by considering the terms of the contract and business practices that are customary within that particular line of business. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

Determining the stand-alone selling price and the allocation of the transaction price

The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which Rogers is entitled. Any amounts above the minimum enforceable amounts are recognized as revenue as they are earned.

JUDGMENTS

We make significant judgments in determining whether a promise to deliver goods or services is considered distinct, in determining the costs that are incremental to obtaining or fulfilling a contract with a customer, and in determining whether our residual value arrangements constitute revenue-generating arrangements or leases.

Distinct goods and services

We make judgments in determining whether a promise to deliver goods or services is considered distinct. We account for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. For items we do not sell separately, we estimate stand-alone selling prices using the adjusted market assessment approach.

Determining costs to obtain or fulfill a contract

Determining the costs we incur to obtain or fulfill a contract that meet the deferral criteria within IFRS 15 requires us to make significant judgments. We expect incremental commission fees paid to internal and external representatives as a result of obtaining contracts with customers to be recoverable.

Residual value arrangements

Under certain customer offers, we allow customers to defer a component of the device cost until contract termination. We use judgment in determining whether these arrangements constitute revenue-generating arrangements or leases. In making this determination, we use judgment to assess the extent of control over

the devices that passes to our customer, including whether the customer has a significant economic incentive at contract inception to return the device at contract termination.

CONTRACT ASSETS

Below is a summary of our contract assets from contracts with customers and the significant changes in those balances during the years ended December 31, 2021 and 2020.

(In millions of dollars)	Years ended December 31	
	2021	2020
Balance, beginning of year	621	1,791
Additions from new contracts with customers, net of terminations and renewals	121	104
Amortization of contract assets to accounts receivable	(538)	(1,274)
Balance, end of year	204	621
Current	115	533
Long-term	89	88
Balance, end of year	204	621

CONTRACT LIABILITIES

Below is a summary of our contract liabilities from contracts with customers and the significant changes in those balances during the years ended December 31, 2021 and 2020.

(In millions of dollars)	Years ended December 31	
	2021	2020
Balance, beginning of year	405	224
Revenue deferred in previous year and recognized as revenue in current year	(393)	(184)
Net additions from contracts with customers	434	365
Balance, end of year	446	405
Current	394	336
Long-term	52	69
Balance, end of year	446	405

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

DEFERRED COMMISSION COST ASSETS

Below is a summary of the changes in the deferred commission cost assets recognized from the incremental costs incurred to obtain contracts with customers during the years ended December 31, 2021 and 2020. The deferred commission cost assets are presented within other current assets (when they will be amortized into net income within twelve months of the date of the financial statements) or other long-term assets.

(In millions of dollars)	Years ended December 31	
	2021	2020
Balance, beginning of year	262	305
Additions to deferred commission cost assets	315	248
Amortization recognized on deferred commission cost assets	(265)	(291)
Balance, end of year	312	262
Current	219	194
Long-term	93	68
Balance, end of year	312	262

UNSATISFIED PORTIONS OF PERFORMANCE OBLIGATIONS

The table below shows the revenue we expect to recognize in the future related to unsatisfied or partially satisfied performance obligations as at December 31, 2021. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services; we expect to recognize it over the next three to five years.

(In millions of dollars)	2022	2023	2024	Thereafter	Total
Telecommunications service	2,045	795	218	181	3,239

NOTE 6: OPERATING COSTS

(In millions of dollars)	Years ended December 31	
	2021	2020
Cost of equipment sales	2,161	1,946
Merchandise for resale	271	261
Other external purchases	4,155	4,005
Employee salaries, benefits, and stock-based compensation ¹	2,181	1,847
Total operating costs	8,768	8,059

¹ Net of government grants received (see note 2).

We have elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue we recognize corresponds with the amount invoiced to the customer.

DISAGGREGATION OF REVENUE

(In millions of dollars)	Years ended December 31	
	2021	2020
Wireless		
Service revenue	6,666	6,579
Equipment revenue	2,102	1,951
Total Wireless	8,768	8,530
Cable		
Service revenue	4,052	3,936
Equipment revenue	20	10
Total Cable	4,072	3,946
Total Media	1,975	1,606
Corporate items and intercompany eliminations	(160)	(166)
Total revenue	14,655	13,916
Total service revenue	12,533	11,955
Total equipment revenue	2,122	1,961
Total revenue	14,655	13,916

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

The following accounting policy applies to property, plant and equipment excluding right-of-use assets recognized under IFRS 16. Our accounting policy for right-of-use assets is included in note 8.

Recognition and measurement, including depreciation

We measure property, plant and equipment upon initial recognition at cost and begin recognizing depreciation when the asset is ready for its intended use. Subsequently, property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures (capital expenditures) that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- costs directly associated with bringing the assets to a working condition for their intended use;
- expected costs of decommissioning the items and restoring the sites on which they are located (see note 20); and
- borrowing costs on qualifying assets.

We depreciate property, plant and equipment over its estimated useful life by charging depreciation expense to net income as follows:

Asset	Basis	Estimated useful life
Buildings	Diminishing balance	15 to 40 years
Cable and wireless network	Straight-line	3 to 40 years
Computer equipment and software	Straight-line	4 to 10 years
Customer premise equipment	Straight-line	3 to 6 years
Leasehold improvements	Straight-line	Over shorter of estimated useful life or lease term
Equipment and vehicles	Diminishing balance	3 to 20 years

We calculate gains and losses on the disposal of property, plant and equipment by comparing the proceeds from the disposal with the item's carrying amount and recognize the gain or loss in net income.

We capitalize development expenditures if they meet the criteria for recognition as an asset and amortize them over their expected useful lives once the assets to which they relate are available for use. We expense research expenditures, maintenance costs, and training costs as incurred.

Impairment testing, including recognition and measurement of an impairment charge

See "Impairment Testing" in note 9 for our policies relating to impairment testing and the related recognition and measurement of impairment charges. The impairment policies for property, plant and equipment are similar to the impairment policies for intangible assets with finite useful lives.

ESTIMATES

Components of an item of property, plant and equipment may have different useful lives. We make significant estimates when determining depreciation rates and asset useful lives, which require taking into account company-specific factors, such as our past experience and expected use, and industry trends, such as technological advancements. We monitor and review residual values, depreciation rates, and asset useful lives at least once a year and change them if they are different from our previous estimates. We recognize the effect of changes in estimates in net income prospectively.

We use estimates to determine certain costs that are directly attributable to self-constructed assets. These estimates primarily include certain internal and external direct labour, overhead, and interest costs associated with the acquisition, construction, development, or betterment of our networks.

Furthermore, we use estimates in determining the recoverable amount of property, plant and equipment. See "Estimates" in note 9 for how we use estimates to determine the recoverable amount of property, plant and equipment.

JUDGMENTS

We make significant judgments in choosing methods for depreciating our property, plant and equipment that we believe most accurately represent the consumption of benefits derived from those assets and are most representative of the economic substance of the intended use of the underlying assets.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

DETAILS OF PROPERTY, PLANT AND EQUIPMENT

The tables below summarize our property, plant and equipment as at December 31, 2021 and 2020.

(In millions of dollars)	Land and buildings	Cable and wireless networks	Computer equipment and software	Customer premise equipment	Leasehold improvements	Equipment and vehicles	Construction in process	Total owned assets	Right-of-use assets (note 8)	Total property, plant and equipment
<i>Cost</i>										
As at January 1, 2021	1,210	21,913	6,078	1,954	618	1,230	848	33,851	2,248	36,099
Additions and transfers	29	1,167	849	142	62	57	482	2,788	380	3,168
Acquisitions from business combinations	2	29	1	6	-	3	-	41	-	41
Disposals and other	-	(802)	(321)	(147)	-	(37)	-	(1,307)	(2)	(1,309)
As at December 31, 2021	1,241	22,307	6,607	1,955	680	1,253	1,330	35,373	2,626	37,999
<i>Accumulated depreciation</i>										
As at January 1, 2021	496	14,268	4,253	1,515	313	839	-	21,684	397	22,081
Depreciation	35	1,170	751	245	41	80	-	2,322	246	2,568
Disposals and other	-	(796)	(322)	(156)	(1)	(39)	-	(1,314)	(2)	(1,316)
As at December 31, 2021	531	14,642	4,682	1,604	353	880	-	22,692	641	23,333
<i>Net carrying amount</i>										
As at January 1, 2021	714	7,645	1,825	439	305	391	848	12,167	1,851	14,018
As at December 31, 2021	710	7,665	1,925	351	327	373	1,330	12,681	1,985	14,666

(In millions of dollars)	Land and buildings	Cable and wireless networks	Computer equipment and software	Customer premise equipment	Leasehold improvements	Equipment and vehicles	Construction in process	Total owned assets	Right-of-use assets (note 8)	Total property, plant and equipment
<i>Cost</i>										
As at January 1, 2020	1,179	20,804	5,653	1,939	587	1,184	1,320	32,666	1,911	34,577
Additions and transfers	31	1,863	620	168	34	68	(472)	2,312	337	2,649
Acquisitions from business combinations	-	4	37	-	1	1	-	43	-	43
Disposals and other	-	(758)	(232)	(153)	(4)	(23)	-	(1,170)	-	(1,170)
As at December 31, 2020	1,210	21,913	6,078	1,954	618	1,230	848	33,851	2,248	36,099
<i>Accumulated depreciation</i>										
As at January 1, 2020	461	13,814	3,749	1,387	281	776	-	20,468	175	20,643
Depreciation	37	1,196	747	288	36	86	-	2,390	217	2,607
Disposals and other	(2)	(742)	(243)	(160)	(4)	(23)	-	(1,174)	5	(1,169)
As at December 31, 2020	496	14,268	4,253	1,515	313	839	-	21,684	397	22,081
<i>Net carrying amount</i>										
As at January 1, 2020	718	6,990	1,904	552	306	408	1,320	12,198	1,736	13,934
As at December 31, 2020	714	7,645	1,825	439	305	391	848	12,167	1,851	14,018

During 2021, we recognized capitalized interest on property, plant and equipment at a weighted average rate of approximately 3.4% (2020 - 3.7%).

Annually, we perform an analysis to identify fully depreciated assets that have been disposed of. In 2021, this resulted in an adjustment to cost and accumulated depreciation of \$1,157 million (2020 - \$978 million). The disposals had nil impact on the Consolidated Statements of Income.

NOTE 8: LEASES

ACCOUNTING POLICY

At inception of a contract, we assess whether that contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether:

- the contract involves the use of an identified asset;
- we have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- we have the right to direct the use of the asset.

LESSEE ACCOUNTING

We record a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term, unless we expect to obtain ownership of the leased asset at the end of the lease. The lease term consists of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where we are reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where we are reasonably certain not to exercise the option.

If we expect to obtain ownership of the leased asset at the end of the lease, we depreciate the right-of-use asset over the underlying asset's estimated useful life. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. We generally use our incremental borrowing rate as the interest rate implicit in our leases cannot be readily determined. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that we are reasonably certain to exercise, lease payments in an optional renewal period if we are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless we are reasonably certain not to terminate early.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate of the amount expected to be payable under a residual value guarantee, or if we change our assessment of whether or not we will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. The lease liability is also remeasured when the underlying lease contract is amended.

We have elected not to separate fixed non-lease components and account for the lease and any fixed non-lease components as a single lease component.

Variable lease payments

Certain leases contain provisions that result in differing lease payments over the term as a result of market rate reviews or changes in the Consumer Price Index (CPI) or other similar indices. We reassess the lease liabilities related to these leases when the index or other data is available to calculate the change in lease payments.

Certain leases require us to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

LESSOR ACCOUNTING

When we act as a lessor, we determine at lease inception whether each lease is a finance lease or an operating lease.

In order to classify each lease as either finance or operating, we make an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If it does, the lease is a finance lease; if not, it is an operating lease.

We act as the lessor on certain collocation leases, whereby, due to certain regulatory requirements, we must allow other telecommunication companies to lease space on our wireless network towers. We do not believe we transfer substantially all of the risks and rewards incidental to ownership of the underlying leased asset to the lessee and therefore classify these leases as operating leases.

If an arrangement contains both lease and non-lease components, we apply IFRS 15 to allocate the consideration in the contract between the lease and the non-lease components.

We recognize lease payments received under operating leases into income on a straight-line basis. All of the leases for which we act as lessor are classified as operating leases.

ESTIMATES

We estimate the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option. We make certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

JUDGMENTS

Lessee

We make judgments in determining whether a contract is or contains a lease, which involves assessing whether a contract contains an identified asset (either a physically distinct asset or a capacity portion that represents substantially all of the capacity of the asset). Additionally, the contract should provide us with the right to substantially all of the economic benefits from the use of the asset.

We also make judgments in determining whether we have the right to control the use of the identified asset. We have that right when we have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decisions about how and for what purpose the asset is used are predetermined, we have the right to direct the use of the asset if we have the right to operate the asset or if we designed the asset in a way that predetermines how and for what purpose the asset will be used.

We make judgments in determining the incremental borrowing rate used to measure our lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest that we would have to pay to borrow the funds necessary to obtain a similar asset at a similar term, with a similar security, in a similar economic environment.

Certain of our leases contain extension or renewal options that are exercisable only by us and not by the lessor. At lease commencement, we assess whether we are reasonably certain to exercise any of the extension options based on our expected economic return from the lease. We are typically reasonably certain of exercising extension options on our leases, especially related to our networks, primarily due to the significant cost that would be required to relocate our network towers and related equipment. We reassess whether we are reasonably certain to exercise the options if there is a significant event or significant change in circumstance within our control and account for any changes at the date of the reassessment.

Lessor

We make judgments in determining whether a lease should be classified as an operating lease or a finance lease based on if the agreement transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

LEASE LIABILITIES

We primarily lease land and buildings relating to our wireless and cable networks, our retail store presence, and certain of our offices and other corporate buildings, as well as customer premise equipment. The non-cancellable contract periods for our leases typically range from five to fifteen years. Variable lease payments during 2021 were \$21 million (2020 - \$23 million).

Below is a summary of the activity related to our lease liabilities for the twelve months ended December 31, 2021. Certain of our lease liabilities are secured by the underlying right-of-use assets; the underlying right-of-use assets have a net carrying amount of \$338 million as at December 31, 2021 (2020 - \$240 million).

(In millions of dollars)	Years ended December 31	
	2021	2020
Lease liabilities, beginning of year	1,835	1,725
Net additions	386	320
Interest expense on lease liabilities	74	70
Interest payments on lease liabilities	(69)	(67)
Principal payments of lease liabilities	(269)	(213)
Lease liabilities, end of year	1,957	1,835
Current liability	336	278
Long-term liability	1,621	1,557
Lease liabilities	1,957	1,835

NOTE 9: INTANGIBLE ASSETS AND GOODWILL

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT, INCLUDING AMORTIZATION

Upon initial recognition, we measure intangible assets at cost unless they are acquired through a business combination, in which case they are measured at fair value. We begin amortizing intangible assets with finite useful lives when the asset is ready for its intended use. Subsequently, the asset is carried at cost less accumulated amortization and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

Indefinite useful lives

We do not amortize intangible assets with indefinite lives, including spectrum licences, broadcast licences, and the Rogers and Fido brand names.

Finite useful lives

We amortize intangible assets with finite useful lives, other than acquired program rights, into depreciation and amortization on the Consolidated Statements of Income on a straight-line basis over their estimated useful lives as noted in the table below. We monitor and review the useful lives, residual values, and amortization methods at least once per year and change them if they are different from our previous estimates. We recognize the effects of changes in estimates in net income prospectively.

Intangible asset	Estimated useful life
Customer relationships	3 to 10 years

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Acquired program rights

Program rights are contractual rights we acquire from third parties to broadcast programs, including rights to broadcast live sporting events. We recognize them at cost less accumulated amortization and accumulated impairment losses. We capitalize program rights on the Consolidated Statements of Financial Position when the licence period begins and the program is available for use and amortize them to other external purchases in operating costs on the Consolidated Statements of Income over the expected exhibition period. If we have no intention to air programs, we consider the related program rights impaired and write them off. Otherwise, we test them for impairment as intangible assets with finite useful lives.

The costs for multi-year sports and television broadcast rights agreements are recognized in operating expenses during the applicable seasons based on the pattern in which the programming is aired or rights are expected to be consumed. To the extent that prepayments are made at the commencement of a multi-year contract towards future years' rights fees, these prepayments are recognized as intangible assets and amortized to operating expenses over the contract term. To the extent that prepayments are made for annual contractual fees within a season, they are included in other current assets on our Consolidated Statements of Financial Position, as the rights will be consumed within the next twelve months.

Goodwill

We recognize goodwill arising from business combinations when the fair value of the separately identifiable assets we acquired and liabilities we assumed is lower than the consideration we paid (including the recognized amount of the non-controlling interest, if any). If the fair value of the consideration transferred is lower than that of the separately identified assets and liabilities, we immediately recognize the difference as a gain in net income.

IMPAIRMENT TESTING

We test intangible assets with finite useful lives for impairment whenever an event or change in circumstances indicates that their carrying amounts may not be recoverable. We test indefinite-life intangible assets and goodwill for impairment annually as at October 1, or more frequently if we identify indicators of impairment.

If we cannot estimate the recoverable amount of an individual intangible asset because it does not generate independent cash inflows, we test the entire cash-generating unit (CGU) to which it belongs for impairment.

Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which the goodwill arose.

Recognition and measurement of an impairment charge

An intangible asset or goodwill is impaired if the recoverable amount is less than the carrying amount. The recoverable amount of a CGU or asset is the higher of its:

- fair value less costs to sell; and
- value in use.

If our estimate of the asset's or CGU's recoverable amount is less than its carrying amount, we reduce its carrying amount to the recoverable amount and recognize the loss in net income immediately.

We reverse a previously recognized impairment loss, except in respect of goodwill, if our estimate of the recoverable amount of a previously impaired asset or CGU has increased such that the impairment recognized in a previous year has reversed. The reversal is recognized by increasing the asset's or CGU's carrying amount to our new estimate of its recoverable amount. The carrying amount of the asset or CGU subsequent to the reversal cannot be greater than its carrying amount had we not recognized an impairment loss in previous years.

ESTIMATES

We use estimates in determining the recoverable amount of long-lived assets. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates, such as:

- future cash flows;
- terminal growth rates; and
- discount rates.

We estimate value in use for impairment tests by discounting estimated future cash flows to their present value. We estimate the discounted future cash flows for periods of up to five years, depending on the CGU, and a terminal value. The future cash flows are based on our estimates and expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. Our discount rates consider market rates of return, debt to equity ratios, and certain risk premiums, among other things. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

We determine fair value less costs to sell in one of the following two ways:

- analyzing discounted cash flows - we estimate the discounted future cash flows for five-year periods and a terminal value, similar to the value in use methodology described above, while applying assumptions consistent with those a market participant would make. Future cash flows are based on our estimates of expected future operating results of the CGU. Our estimates of future cash flows, terminal values, and discount rates consider similar factors to those described above for value in use estimates; or
- using a market approach - we estimate the recoverable amount of the CGU using multiples of operating performance of comparable entities and precedent transactions in that industry.

We make certain assumptions when deriving expected future cash flows, which may include assumptions pertaining to discount and terminal growth rates. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuations of CGUs and goodwill, which could result in impairment losses.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

JUDGMENTS

We make significant judgments that affect the measurement of our intangible assets and goodwill.

Judgment is applied when deciding to designate our spectrum and broadcast licences as assets with indefinite useful lives since we believe the licences are likely to be renewed for the foreseeable future such that there is no limit to the period over which these assets are expected to generate net cash inflows. We make judgments to determine that these assets have indefinite lives, analyzing all relevant factors, including the expected usage of the asset, the typical life cycle of the asset, and anticipated changes in the market demand for the products and services the asset helps

generate. After review of the competitive, legal, regulatory, and other factors, it is our view that these factors do not limit the useful lives of our spectrum and broadcast licences.

Judgment is also applied in choosing methods of amortizing our intangible assets and program rights that we believe most accurately represent the consumption of those assets and are most representative of the economic substance of the intended use of the underlying assets.

Finally, we make judgments in determining CGUs and the allocation of goodwill to CGUs or groups of CGUs for the purpose of impairment testing.

DETAILS OF INTANGIBLE ASSETS

The tables below summarize our intangible assets as at December 31, 2021 and 2020.

(In millions of dollars)	Indefinite-life			Finite-life		Total intangible assets	Goodwill	Total intangible assets and goodwill
	Spectrum licences	Broadcast licences	Brand names	Customer relationships	Acquired program rights			
<i>Cost</i>								
As at January 1, 2021	8,371	333	420	1,623	233	10,980	4,194	15,174
Accumulated impairment losses	-	(99)	(14)	-	(5)	(118)	(221)	(339)
Cost, net of impairment losses	8,371	234	406	1,623	228	10,862	3,973	14,835
Additions	3,343	-	-	46	54	3,443	51	3,494
Disposals and other ¹	-	(3)	-	-	(77)	(80)	-	(80)
As at December 31, 2021	11,714	231	406	1,669	205	14,225	4,024	18,249
<i>Accumulated amortization</i>								
As at January 1, 2021	-	-	270	1,589	77	1,936	-	1,936
Amortization ²	-	-	-	17	68	85	-	85
Disposals and other ¹	-	-	-	-	(77)	(77)	-	(77)
As at December 31, 2021	-	-	270	1,606	68	1,944	-	1,944
<i>Net carrying amount</i>								
As at January 1, 2021	8,371	234	136	34	151	8,926	3,973	12,899
As at December 31, 2021	11,714	231	136	63	137	12,281	4,024	16,305

¹ Includes disposals, impairments, reclassifications, and other adjustments.

² Of the \$85 million of total amortization, \$68 million related to acquired program rights is included in other external purchases in operating costs (see note 6), and \$17 million in depreciation and amortization on the Consolidated Statements of Income.

(In millions of dollars)	Indefinite-life			Finite-life		Total intangible assets	Goodwill	Total intangible assets and goodwill
	Spectrum licences	Broadcast licences	Brand names	Customer relationships	Acquired program rights			
<i>Cost</i>								
As at January 1, 2020	8,331	333	420	1,611	253	10,948	4,144	15,092
Accumulated impairment losses	-	(99)	(14)	-	(5)	(118)	(221)	(339)
Cost, net of impairment losses	8,331	234	406	1,611	248	10,830	3,923	14,753
Additions	40	-	-	12	57	109	50	159
Disposals and other ¹	-	-	-	-	(77)	(77)	-	(77)
As at December 31, 2020	8,371	234	406	1,623	228	10,862	3,973	14,835
<i>Accumulated amortization</i>								
As at January 1, 2020	-	-	270	1,578	77	1,925	-	1,925
Amortization ²	-	-	-	11	77	88	-	88
Disposals and other ¹	-	-	-	-	(77)	(77)	-	(77)
As at December 31, 2020	-	-	270	1,589	77	1,936	-	1,936
<i>Net carrying amount</i>								
As at January 1, 2020	8,331	234	136	33	171	8,905	3,923	12,828
As at December 31, 2020	8,371	234	136	34	151	8,926	3,973	12,899

¹ Includes disposals, impairments, reclassifications, and other adjustments.

² Of the \$88 million of total amortization, \$77 million related to acquired program rights is included in other external purchases in operating costs (see note 6), and \$11 million in depreciation and amortization on the Consolidated Statements of Income.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

In July 2021, Innovation, Science and Economic Development Canada announced the results of the 3500 MHz spectrum licence auction that began in June 2021. We were awarded 325 spectrum

licences covering the vast majority of the Canadian population at a total cost of \$3.3 billion. In December 2021, we made the final payment and obtained these licences.

ANNUAL IMPAIRMENT TESTING

For purposes of testing goodwill for impairment, our CGUs, or groups of CGUs, correspond to our operating segments as disclosed in note 4.

Below is an overview of the methods and key assumptions we used in 2021, as of October 1, to determine recoverable amounts for CGUs, or groups of CGUs, with indefinite-life intangible assets or goodwill that we consider significant.

(In millions of dollars, except periods used and rates)

	Carrying value of goodwill	Carrying value of indefinite-life intangible assets	Recoverable amount method	Period of projected cash flows (years)	Terminal growth rates (%)	Pre-tax discount rates (%)
Wireless	1,160	8,517	Value in use	5	2.0	8.5
Cable	1,895	-	Value in use	5	1.5	8.0
Media	969	232	Fair value less cost to sell	5	2.0	10.6

Our fair value measurement for Media is classified as Level 3 in the fair value hierarchy.

We did not recognize an impairment charge related to our goodwill or intangible assets in 2021 or 2020 because the recoverable amounts of the CGUs, or groups of CGUs, exceeded their carrying values.

NOTE 10: RESTRUCTURING, ACQUISITION AND OTHER

ACCOUNTING POLICY

We define restructuring costs as employee costs associated with the targeted restructuring of our employee base, or other costs associated with significant changes in either the scope of business activities or the manner in which business is conducted. Acquisition and integration costs are directly attributable to investigating or completing an acquisition or to integrating an acquired business. Other costs are costs that, in management's judgment about their nature, should be segregated from ongoing operating expenses.

JUDGMENTS

We make significant judgments in determining the appropriate classification of costs to be included in restructuring, acquisition and other.

RESTRUCTURING, ACQUISITION AND OTHER COSTS

(In millions of dollars)	Years ended December 31		
	Note	2021	2020
Restructuring and other		187	185
Shaw acquisition-related costs	30	137	-
Total restructuring, acquisition and other		324	185

The restructuring and other costs in 2021 primarily consisted of severance costs associated with the targeted restructuring of our employee base, certain contract termination costs, incremental, temporary costs incurred in response to COVID-19, and other costs. In 2020, these costs were primarily incremental, temporary employee compensation and other costs incurred in response to COVID-19 as well as severance costs associated with the targeted restructuring of our employee base. The Shaw acquisition-related costs primarily consist of costs related to a committed credit facility (see note 19) and other costs incurred directly related to the Transaction.

NOTE 11: FINANCE COSTS

(In millions of dollars)	Years ended December 31		
	Note	2021	2020
Interest on borrowings ¹		745	780
Interest on lease liabilities	8	74	70
Interest on post-employment benefits liability	23	14	13
Loss on foreign exchange		10	107
Change in fair value of derivative instruments		(6)	(97)
Capitalized interest		(17)	(19)
Other		29	27
Total finance costs		849	881

¹ Interest on borrowings includes interest on short-term borrowings and on long-term debt.

FOREIGN EXCHANGE AND CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS

We recognized \$10 million in net foreign exchange losses in 2021 (2020 - \$107 million in net losses). These losses were primarily attributed to our US CP program borrowings (see note 17).

These foreign exchange losses were offset by the \$6 million gain related to the change in fair value of derivatives (2020 - \$97 million gain) that was primarily attributed to the debt derivatives, which were not designated as hedges for accounting purposes, we used to substantially offset the foreign exchange risk related to these US dollar-denominated borrowings.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NOTE 12: OTHER EXPENSE

(In millions of dollars)	Years ended December 31		
	Note	2021	2020
Losses from associates and joint ventures	18	44	40
Other investment income		(42)	(39)
Total other expense		2	1

NOTE 13: INCOME TAXES

ACCOUNTING POLICY

Income tax expense includes both current and deferred taxes. We recognize income tax expense in net income unless it relates to an item recognized directly in equity or other comprehensive income. We provide for income taxes based on all of the information that is currently available.

Current tax expense is tax we expect to pay or receive based on our taxable income or loss during the year. We calculate the current tax expense using tax rates enacted or substantively enacted as at the reporting date, including any adjustment to taxes payable or receivable related to previous years.

Deferred tax assets and liabilities arise from temporary differences between the carrying amounts of the assets and liabilities we recognize on our Consolidated Statements of Financial Position and their respective tax bases. We calculate deferred tax assets and liabilities using enacted or substantively enacted tax rates that will apply in the years in which the temporary differences are expected to reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same authority on:

- the same taxable entity; or
- different taxable entities where these entities intend to settle current tax assets and liabilities on a net basis or the tax assets and liabilities will be realized and settled simultaneously.

We recognize a deferred tax asset for unused losses, tax credits, and deductible temporary differences to the extent it is probable that future taxable income will be available to use the asset.

JUDGMENTS

We make significant judgments in interpreting tax rules and regulations when we calculate income tax expense. We make judgments to evaluate whether we can recover a deferred tax asset based on our assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

INCOME TAX EXPENSE

(In millions of dollars)	Years ended December 31	
	2021	2020
Total current tax expense	458	712
Deferred tax expense (recovery):		
Origination (reversal) of temporary differences	111	(129)
Revaluation of deferred tax balances due to legislative changes	-	(3)
Total deferred tax expense (recovery)	111	(132)
Total income tax expense	569	580

Below is a summary of the difference between income tax expense computed by applying the statutory income tax rate to income before income tax expense and the actual income tax expense for the year.

(In millions of dollars, except tax rates)	Years ended December 31	
	2021	2020
Statutory income tax rate	26.5%	26.6%
Income before income tax expense	2,127	2,172
Computed income tax expense	564	578
Increase (decrease) in income tax expense resulting from:		
Non-deductible stock-based compensation	1	-
Non-deductible portion of equity losses	12	10
Income tax adjustment, legislative tax change	-	(3)
Non-taxable income from security investments	(11)	(10)
Other	3	5
Total income tax expense	569	580
Effective income tax rate	26.8%	26.7%

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

DEFERRED TAX ASSETS AND LIABILITIES

Below is a summary of the movement of net deferred tax assets and liabilities during 2021 and 2020.

Deferred tax assets (liabilities) (In millions of dollars)	Property, plant and equipment and inventory	Goodwill and other intangibles	Investments	Non-capital loss carryforwards	Contract and deferred commission cost assets	Other	Total
December 31, 2020	(1,484)	(1,450)	(130)	16	(183)	35	(3,196)
(Expense) recovery in net income	(122)	(116)	(2)	8	59	62	(111)
(Expense) in other comprehensive income	-	-	(3)	-	-	(115)	(118)
Acquisitions	(2)	(12)	-	-	-	-	(14)
December 31, 2021	(1,608)	(1,578)	(135)	24	(124)	(18)	(3,439)

Deferred tax assets (liabilities) (In millions of dollars)	Property, plant and equipment and inventory	Goodwill and other intangibles	Investments	Non-capital loss carryforwards	Contract and deferred commission cost assets	Other	Total
December 31, 2019	(1,366)	(1,318)	(168)	12	(570)	(27)	(3,437)
(Expense) recovery in net income	(108)	(129)	(2)	4	387	(20)	132
Recovery in other comprehensive income	-	-	40	-	-	82	122
Acquisitions	(10)	(3)	-	-	-	-	(13)
December 31, 2020	(1,484)	(1,450)	(130)	16	(183)	35	(3,196)

We have not recognized deferred tax assets for the following items:

(In millions of dollars)	As at December 31	
	2021	2020
Realized and accrued capital losses in Canada that can be applied against future capital gains	75	82
Tax losses in foreign jurisdictions that expire between 2023 and 2040	68	67
Deductible temporary differences in foreign jurisdictions	40	43
Total unrecognized temporary differences	183	192

There are taxable temporary differences associated with our investments in Canadian domestic subsidiaries. We do not recognize deferred tax liabilities for these temporary differences because we are able to control the timing of the reversal and the reversal is not probable in the foreseeable future. Reversing these taxable temporary differences is not expected to result in any significant tax implications.

NOTE 14: EARNINGS PER SHARE

ACCOUNTING POLICY

We calculate basic earnings per share by dividing the net income or loss attributable to our RCI Class A Voting and RCI Class B Non-Voting shareholders by the weighted average number of RCI Class A Voting and RCI Class B Non-Voting shares (Class A Shares and Class B Non-Voting Shares, respectively) outstanding during the year.

We calculate diluted earnings per share by adjusting the net income or loss attributable to Class A and Class B Non-Voting shareholders and the weighted average number of Class A Shares and Class B Non-Voting Shares outstanding for the effect of all dilutive potential common shares. We use the treasury stock method for calculating diluted earnings per share, which considers the impact of employee stock options and other potentially dilutive instruments.

Options with tandem stock appreciation rights or cash payment alternatives are accounted for as cash-settled awards. As these awards can be exchanged for common shares of RCI, they are considered potentially dilutive and are included in the calculation of our diluted net earnings per share if they have a dilutive impact in the period.

EARNINGS PER SHARE CALCULATION

(In millions of dollars, except per share amounts)	Years ended December 31	
	2021	2020
Numerator (basic) - Net income for the year	1,558	1,592
Denominator - Number of shares (in millions):		
Weighted average number of shares outstanding - basic	505	505
Effect of dilutive securities (in millions):		
Employee stock options and restricted share units	1	1
Weighted average number of shares outstanding - diluted	506	506
Earnings per share:		
Basic	\$ 3.09	\$ 3.15
Diluted	\$ 3.07	\$ 3.13

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

For the years ended December 31, 2021 and 2020, accounting for outstanding share-based payments using the equity-settled method for stock-based compensation was determined to be more dilutive than using the cash-settled method. As a result, net income for the year ended December 31, 2021 was reduced by \$3 million (2020 - \$7 million) in the diluted earnings per share calculation.

For the year ended December 31, 2021, there were 4,148,549 options out of the money (2020 - 3,895,948) for purposes of the calculation of earnings per share. These options were excluded from the calculation of the effect of dilutive securities because they were anti-dilutive.

NOTE 15: ACCOUNTS RECEIVABLE

ACCOUNTING POLICY

Accounts receivable represent amounts owing to us that are currently due and collectible, as well as amounts owed to us under device or accessory financing agreements that have not yet been billed. We initially recognize accounts receivable on the date they originate. We measure accounts receivable initially at fair value, and subsequently at amortized cost, with changes recognized in net income. We measure an impairment loss for accounts receivable as the excess of the carrying amount over the present value of future cash flows we expect to derive from it, if any. The excess is allocated to an allowance for doubtful accounts and recognized as a loss in net income.

ACCOUNTS RECEIVABLE BY TYPE

(In millions of dollars)	As at December 31		
	Note	2021	2020
Customer accounts receivable		4,150	3,170
Other accounts receivable		791	656
Allowance for doubtful accounts	17	(240)	(222)
Total accounts receivable		4,701	3,604
Current		3,847	2,856
Long-term		854	748
Total accounts receivable		4,701	3,604

The long-term portion of our accounts receivable is recorded within "financing receivables" on our Consolidated Statements of Financial Position and is composed of our financing receivables that will be billed to customers beyond the next 12 months.

NOTE 16: INVENTORIES

ACCOUNTING POLICY

We measure inventories, including wireless devices and merchandise for resale, at the lower of cost (determined on a weighted average cost basis for wireless devices and accessories and a first-in, first-out basis for other finished goods and merchandise) and net realizable value. We reverse a previous writedown to net realizable value, not to exceed the original recognized cost, if the inventories later increase in value.

INVENTORIES BY TYPE

(In millions of dollars)	As at December 31	
	2021	2020
Wireless devices and accessories	436	399
Other finished goods and merchandise	99	80
Total inventories	535	479

Cost of equipment sales and merchandise for resale includes \$2,432 million of inventory costs for 2021 (2020 - \$2,207 million).

NOTE 17: FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Recognition

We initially recognize cash and cash equivalents, bank advances, accounts receivable, financing receivables, debt securities, and accounts payable and accrued liabilities on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date when we become a party to the contractual provisions of the instrument.

Classification and measurement

We measure financial instruments by grouping them into classes upon initial recognition, based on the purpose of the individual instruments. We initially measure all financial instruments at fair value plus, in the case of our financial instruments not classified as fair value through profit and loss (FVTPL) or FVTOCI, transaction costs that are directly attributable to the acquisition or issuance of the financial instruments. For derivatives designated as cash flow hedges for accounting purposes, the effective portion of the hedge is recognized in accumulated other comprehensive income and the ineffective portion of the hedge is recognized immediately into net income.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The classifications and methods of measurement subsequent to initial recognition of our financial assets and financial liabilities are as follows:

Financial instrument	Classification and measurement method
Financial assets	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Financing receivables	Amortized cost
Investments, measured at FVTOCI	FVTOCI with no reclassification to net income ¹
Financial liabilities	
Bank advances	Amortized cost
Short-term borrowings	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Lease liabilities	Amortized cost
Derivatives ²	
Debt derivatives ³	FVTOCI and FVTPL
Interest rate derivatives	FVTOCI
Expenditure derivatives	FVTOCI
Equity derivatives	FVTPL ⁴

¹ Subsequently measured at fair value with changes recognized in the FVTOCI investment reserve.

² Derivatives can be in an asset or liability position at a point in time historically or in the future.

³ Debt derivatives related to our credit facility and commercial paper borrowings have not been designated as hedges for accounting purposes and are measured at FVTPL. Debt derivatives related to our senior notes and debentures are designated as hedges for accounting purposes and are measured at FVTOCI.

⁴ Subsequent changes are offset against stock-based compensation expense or recovery in operating costs.

Offsetting financial assets and financial liabilities

We offset financial assets and financial liabilities and present the net amount on the Consolidated Statements of Financial Position when we have a legal right to offset them and intend to settle on a net basis or realize the asset and liability simultaneously.

Derivative instruments

We use derivative instruments to manage risks related to certain activities in which we are involved. They include:

Derivatives	The risk they manage	Types of derivative instruments
Debt derivatives	Impact of fluctuations in foreign exchange rates on principal and interest payments for US dollar-denominated senior and subordinated notes and debentures, credit facility borrowings, commercial paper borrowings, and certain lease liabilities	Cross-currency interest rate exchange agreements Forward cross-currency interest rate exchange agreements Forward foreign exchange agreements
Interest rate derivatives	Impact of fluctuations in market interest rates on forecast interest payments for expected long-term debt	Forward interest rate agreements Interest rate swap agreements Bond forwards
Expenditure derivatives	Impact of fluctuations in foreign exchange rates on forecast US dollar-denominated expenditures	Forward foreign exchange agreements and foreign exchange option agreements
Equity derivatives	Impact of fluctuations in share price on stock-based compensation expense	Total return swap agreements

We use derivatives only to manage risk, and not for speculative purposes.

When we designate a derivative instrument as a hedging instrument for accounting purposes, we first determine that the hedging instrument will be highly effective in offsetting the changes in fair value or cash flows of the item it is hedging. We then formally document the relationship between the hedging

instrument and hedged item, including the risk management objectives and strategy and the methods we will use to assess the ongoing effectiveness of the hedging relationship.

We assess, on a quarterly basis, whether each hedging instrument continues to be highly effective in offsetting the changes in the fair value or cash flows of the item it is hedging.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

We assess host contracts in order to identify embedded derivatives. Embedded derivatives are separated from the host contract and accounted for as separate derivatives if the host contract is not a financial asset and certain criteria are met.

Hedge ratio

Our policy is to hedge 100% of the foreign currency risk arising from principal and interest payment obligations on US dollar-denominated senior notes and debentures using debt derivatives. We also hedge up to 100% of the remaining lease payments when we enter into debt derivatives on our US dollar-denominated lease liabilities. We typically hedge up to 100% of forecast foreign currency expenditures net of foreign currency cash inflows using expenditure derivatives. From time to time, we hedge up to 100% of the interest rate risk on forecast future senior note issuances using interest rate derivatives.

Hedging reserve

The hedging reserve represents the accumulated change in fair value of our derivative instruments to the extent they were effective hedges for accounting purposes, less accumulated amounts reclassified into net income.

Deferred transaction costs and discounts

We defer transaction costs and discounts associated with issuing long-term debt and direct costs we pay to lenders to obtain certain credit facilities and amortize them using the effective interest method over the life of the related instrument.

FVTOCI investment reserve

The FVTOCI investment reserve represents the accumulated change in fair value of our equity investments that are measured at FVTOCI less accumulated impairment losses related to the investments and accumulated amounts reclassified into equity.

Impairment (expected credit losses)

We consider the credit risk of a financial asset at initial recognition and at each reporting period thereafter until it is derecognized. For a financial asset that is determined to have low credit risk at the reporting date and that has not had significant increases in credit risk since initial recognition, we measure any impairment loss based on the credit losses we expect to recognize over the next twelve months. For other financial assets, we will measure an impairment loss based on the lifetime expected credit losses. Certain assets, such as trade receivables, financing receivables, and contract assets without significant financing components, must always be recorded at lifetime expected credit losses.

Lifetime expected credit losses are estimates of all possible default events over the expected life of a financial instrument. Twelve-month expected credit losses are estimates of all possible default events within twelve months of the reporting date or over the expected life of a financial instrument, whichever is shorter.

Financial assets that are significant in value are assessed individually. All other financial assets are assessed collectively based on the nature of each asset.

We measure impairment for financial assets as follows:

- *contract assets* – we measure an impairment loss for contract assets based on the lifetime expected credit losses, which is allocated to an allowance for doubtful accounts and recognized as a loss in net income (see note 5);
- *accounts receivable* – we measure an impairment loss for accounts receivable based on the lifetime expected credit losses, which is allocated to an allowance for doubtful accounts and recognized as a loss in net income (see note 15);
- *financing receivables* – we measure an impairment loss for financing receivables based on the lifetime expected credit losses, which is allocated to an allowance for doubtful accounts and recognized as a loss in net income (see note 15); and
- *investments measured at FVTOCI* – we measure an impairment loss for equity investments measured at FVTOCI as the excess of the cost to acquire the asset (less any impairment loss we have previously recognized) over its current fair value, if any. The difference is recognized in the FVTOCI investment reserve.

We consider financial assets to be in default when, in the case of contract assets, accounts receivable, and financing receivables, the counterparty is unlikely to satisfy its obligations to us in full. Our investments measured at FVTOCI cannot default. To determine if our financial assets are in default, we consider the amount of time for which it has been outstanding, the reason for the amount being outstanding (for example, if the customer has ongoing service or, if they have been deactivated, whether voluntarily or involuntarily), and the risk profile of the underlying customers. We typically write off accounts receivable when they have been outstanding for a significant period of time.

ESTIMATES

Fair value estimates related to our derivatives are made at a specific point in time based on relevant market information and information about the underlying financial instruments. These estimates require assessment of the credit risk of the parties to the instruments and the instruments' discount rates. These fair values and underlying estimates are also used in the tests of effectiveness of our hedging relationships.

JUDGMENTS

We make significant judgments in determining whether our financial instruments qualify for hedge accounting. These judgments include assessing whether the forecast transactions designated as hedged items in hedging relationships will materialize as forecast, whether the hedging relationships designated as effective hedges for accounting purposes continue to qualitatively be effective, and determining the methodology to determine the fair values used in testing the effectiveness of hedging relationships.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FINANCIAL RISKS

We are exposed to credit, liquidity, market price, foreign exchange, and interest rate risks. Our primary risk management objective is to protect our income, cash flows, and, ultimately, shareholder value. We design and implement the risk management strategies discussed below to ensure our risks and the related exposures are consistent with our business objectives and risk tolerance. Below is a summary of our potential risk exposures by financial instrument.

Financial instrument	Financial risks
Financial assets	
Cash and cash equivalents	Credit and foreign exchange
Accounts receivable	Credit and foreign exchange
Financing receivables	Credit
Investments, measured at FVTOCI	Liquidity, market price, and foreign exchange
Financial liabilities	
Bank advances	Liquidity
Short-term borrowings	Liquidity, foreign exchange, and interest rate
Accounts payable	Liquidity
Accrued liabilities	Liquidity
Long-term debt	Liquidity, foreign exchange, and interest rate
Lease liabilities	Liquidity and foreign exchange
Derivatives ¹	
Debt derivatives	Credit, liquidity, and foreign exchange
Interest rate derivatives	Credit, liquidity, and interest rate
Expenditure derivatives	Credit, liquidity, and foreign exchange
Equity derivatives	Credit, liquidity, and market price

¹ Derivatives can be in an asset or liability position at a point in time historically or in the future.

CREDIT RISK

Credit risk represents the financial loss we could experience if a counterparty to a financial instrument, from whom we have an amount owing, failed to meet its obligations under the terms and conditions of its contracts with us.

Our credit risk exposure is primarily attributable to our accounts receivable, our financing receivables, and to our debt, interest rate, expenditure, and equity derivatives. Our broad customer base limits the concentration of this risk. Our accounts receivable and financing receivables on the Consolidated Statements of Financial Position are net of allowances for doubtful accounts.

Accounts receivable

Our accounts receivable do not contain significant financing components as defined by IFRS 15 and therefore we measure our allowance for doubtful accounts using lifetime expected credit losses related to our accounts receivable. We believe the allowance for doubtful accounts sufficiently reflects the credit risk associated

with our accounts receivable. As at December 31, 2021, \$442 million (2020 - \$435 million) of gross accounts receivable are considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for the respective customers.

Below is a summary of the aging of our customer accounts receivable, including financing receivables, net of the respective allowances for doubtful accounts.

(In millions of dollars)	As at December 31	
	2021	2020
Customer accounts receivable		
Unbilled financing receivables	2,646	1,806
Less than 30 days past billing date	895	793
30-60 days past billing date	214	207
61-90 days past billing date	89	66
Greater than 90 days past billing date	66	76
Total customer accounts receivable (net of allowances of \$240 and \$222, respectively)	3,910	2,948
Total contract assets (net of allowance of \$3 and \$28, respectively)	204	621
Total customer accounts receivable and contract assets	4,114	3,569

Below is a summary of the activity related to our allowance for doubtful accounts on total customer accounts receivable and contract assets.

(In millions of dollars)	Years ended December 31	
	2021	2020
Balance, beginning of year	250	114
Allowance for doubtful accounts expense	155	307
Net use	(162)	(171)
Balance, end of year	243	250

We use various controls and processes, such as credit checks, deposits on account, and billing in advance, to mitigate credit risk. We monitor and take appropriate action to suspend services when customers have fully used their approved credit limits or violated established payment terms. While our credit controls and processes have been effective in managing credit risk, they cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that our current credit loss experience will continue.

Derivative instruments

Credit risk related to our debt derivatives, interest rate derivatives, expenditure derivatives, and equity derivatives arises from the possibility that the counterparties to the agreements may default on their obligations. We assess the creditworthiness of the counterparties to minimize the risk of counterparty default and do not require collateral or other security to support the credit risk associated with these derivatives. Counterparties to the entire portfolio of our derivatives are financial institutions with a S&P Global Ratings (or the equivalent) ranging from A to AA-.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

LIQUIDITY RISK

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk by managing our commitments and maturities, capital structure, and financial leverage (see note 3). We also manage liquidity risk by continually

monitoring actual and projected cash flows to ensure we will have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Below is a summary of the undiscounted contractual maturities of our financial liabilities and the receivable components of our derivatives as at December 31, 2021 and 2020.

December 31, 2021 (In millions of dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Short-term borrowings	2,200	2,200	2,200	-	-	-
Accounts payable and accrued liabilities	3,416	3,416	3,416	-	-	-
Long-term debt ¹	18,688	18,873	1,551	2,312	3,520	11,490
Lease liabilities	1,957	2,498	336	677	308	1,177
Other long-term financial liabilities	14	14	-	7	2	5
Expenditure derivative instruments:						
Cash outflow (Canadian dollar)	-	1,374	1,240	134	-	-
Cash inflow (Canadian dollar equivalent of US dollar)	-	(1,354)	(1,217)	(137)	-	-
Equity derivative instruments	-	(36)	(36)	-	-	-
Debt derivative instruments accounted for as hedges:						
Cash outflow (Canadian dollar)	-	11,313	1,297	1,504	1,607	6,905
Cash inflow (Canadian dollar equivalent of US dollar) ²	-	(11,717)	(1,084)	(1,822)	(1,521)	(7,290)
Debt derivative instruments not accounted for as hedges:						
Cash outflow (Canadian dollar)	-	1,390	1,390	-	-	-
Cash inflow (Canadian dollar equivalent of US dollar) ²	-	(1,401)	(1,401)	-	-	-
Interest rate derivatives	-	243	243	-	-	-
Net carrying amount of derivatives (asset)	(895)	-	-	-	-	-
	25,380	26,813	7,935	2,675	3,916	12,287

¹ Reflects repayment of the subordinated notes issued in December 2021 on the five-year anniversary.

² Represents Canadian dollar equivalent amount of US dollar inflows matched to an equal amount of US dollar maturities in long-term debt for debt derivatives.

December 31, 2020 (In millions of dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Short-term borrowings	1,221	1,221	1,221	-	-	-
Accounts payable and accrued liabilities	2,714	2,714	2,714	-	-	-
Long-term debt	18,201	18,373	1,450	3,274	1,490	12,159
Lease liabilities	1,835	2,353	278	647	300	1,128
Other long-term financial liabilities	22	22	-	14	2	6
Expenditure derivative instruments:						
Cash outflow (Canadian dollar)	-	2,134	1,305	829	-	-
Cash inflow (Canadian dollar equivalent of US dollar)	-	(2,024)	(1,222)	(802)	-	-
Equity derivative instruments	-	(34)	(34)	-	-	-
Debt derivative instruments accounted for as hedges:						
Cash outflow (Canadian dollar)	-	11,114	86	2,516	937	7,575
Cash inflow (Canadian dollar equivalent of US dollar) ¹	-	(11,702)	(81)	(2,772)	(891)	(7,958)
Debt derivative instruments not accounted for as hedges:						
Cash outflow (Canadian dollar)	-	585	585	-	-	-
Cash inflow (Canadian dollar equivalent of US dollar) ¹	-	(573)	(573)	-	-	-
Net carrying amount of derivatives (asset)	(1,011)	-	-	-	-	-
	22,982	24,183	5,729	3,706	1,838	12,910

¹ Represents Canadian dollar equivalent amount of US dollar inflows matched to an equal amount of US dollar maturities in long-term debt for debt derivatives.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Below is a summary of the net interest payments over the life of the long-term debt, including the impact of the associated debt derivatives, as at December 31, 2021 and 2020.

December 31, 2021 (In millions of dollars)	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Net interest payments	804	1,444	1,321	7,789

December 31, 2020 (In millions of dollars)	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Net interest payments	747	1,322	1,167	8,331

MARKET PRICE RISK

Market price risk is the risk that changes in market prices, such as fluctuations in the market prices of our investments measured at FVTOCI or our share price will affect our income, cash flows, or the value of our financial instruments. The derivative instruments we use to manage this risk are described in this note.

Market price risk - publicly traded investments

We manage risk related to fluctuations in the market prices of our investments in publicly traded companies by regularly reviewing publicly available information related to these investments to ensure that any risks are within our established levels of risk tolerance. We do not engage in risk management practices such as hedging, derivatives, or short selling with respect to our publicly traded investments.

Market price risk - Class B Non-Voting Shares

Our liability related to stock-based compensation is remeasured at fair value each period. Stock-based compensation expense is affected by changes in the price of our Class B Non-Voting Shares during the life of an award, including stock options, restricted share units (RSUs), and deferred share units (DSUs). We use equity derivatives from time to time to manage the exposure in our stock-based compensation liability. As a result of our equity derivatives, a one-dollar change in the price of a Class B Non-Voting Share would not have a material effect on net income.

FOREIGN EXCHANGE RISK

We use debt derivatives to manage risks from fluctuations in foreign exchange rates associated with our US dollar-denominated long-term debt, short-term borrowings, and lease liabilities. We designate the debt derivatives related to our senior notes and debentures and lease liabilities as hedges for accounting purposes against the foreign exchange risk associated with specific debt instruments and lease contracts, respectively. We have not designated the debt derivatives related to our US CP program as

hedges for accounting purposes. We use expenditure derivatives to manage the foreign exchange risk in our operations, designating them as hedges for certain of our forecast operational and capital expenditures. As at December 31, 2021, all of our US dollar-denominated long-term debt, short-term borrowings, and lease liabilities were hedged against fluctuations in foreign exchange rates using debt derivatives. With respect to our long-term debt and US CP program, as a result of our debt derivatives, a one-cent change in the Canadian dollar relative to the US dollar would have no effect on net income.

A portion of our accounts receivable and accounts payable and accrued liabilities is denominated in US dollars. Due to the short-term nature of these receivables and payables, they carry no significant risk from fluctuations in foreign exchange rates as at December 31, 2021.

INTEREST RATE RISK

We are exposed to risk of changes in market interest rates due to the impact this has on interest expense for our short-term borrowings and bank credit facilities. As at December 31, 2021, 89.3% of our outstanding long-term debt and short-term borrowings was at fixed interest rates (2020 - 93.6%).

Sensitivity analysis

Below is a sensitivity analysis for significant exposures with respect to our publicly traded investments, expenditure derivatives, debt derivatives, interest rate derivatives, short-term borrowings, senior notes, and bank credit facilities as at December 31, 2021 and 2020 with all other variables held constant. It shows how net income and other comprehensive income would have been affected by changes in the relevant risk variables.

(Change in millions of dollars)	Net income		Other comprehensive income	
	2021	2020	2021	2020
Share price of publicly traded investments				
\$1 change	-	-	17	14
Debt derivatives				
0.1% change in interest rates	-	-	46	-
Interest rate derivatives				
0.1% change in interest rates	-	-	76	-
Expenditure derivatives - change in foreign exchange rate				
\$0.01 change in Cdn\$ relative to US\$	-	-	8	12
Floating interest rate senior notes				
1% change in interest rates	7	7	-	-
Short-term borrowings				
1% change in interest rates	16	9	-	-

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

DERIVATIVE INSTRUMENTS

As at December 31, 2021 and 2020, all of our US dollar-denominated long-term debt instruments were hedged against fluctuations in foreign exchange rates for accounting purposes. Below is a summary of our net asset (liability) position for our various derivatives.

(In millions of dollars, except exchange rates)	As at December 31, 2021			
	Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)
Debt derivatives accounted for as cash flow hedges:				
As assets	5,859	1.1369	6,661	1,453
As liabilities	5,383	1.3025	7,011	(343)
Short-term debt derivatives not accounted for as hedges:				
As assets	1,104	1.2578	1,389	11
Net mark-to-market debt derivative asset				1,121
Interest rate derivatives accounted for as cash flow hedges:				
As assets (Cdn\$)	-	-	3,250	40
As liabilities (Cdn\$)	-	-	500	(6)
As liabilities (US\$)	2,000	-	-	(277)
Net mark-to-market interest rate derivative liability				(243)
Expenditure derivatives accounted for as cash flow hedges:				
As assets	438	1.2453	545	11
As liabilities	630	1.3151	829	(30)
Net mark-to-market expenditure derivative liability				(19)
Equity derivatives not accounted for as hedges:				
As assets	-	-	265	36
Net mark-to-market asset				895

(In millions of dollars, except exchange rates)	As at December 31, 2020			
	Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)
Debt derivatives accounted for as cash flow hedges:				
As assets	4,550	1.0795	4,912	1,405
As liabilities	4,642	1.3358	6,201	(307)
Short-term debt derivatives not accounted for as hedges:				
As liabilities	449	1.2995	583	(12)
Net mark-to-market debt derivative asset				1,086
Expenditure derivatives accounted for as cash flow hedges:				
As liabilities	1,590	1.3421	2,134	(109)
Equity derivatives not accounted for as hedges:				
As assets	-	-	238	34
Net mark-to-market asset				1,011

Below is a summary of the net cash (payments) proceeds on debt derivatives.

(In millions of dollars)	Years ended December 31	
	2021	2020
Proceeds on debt derivatives related to US commercial paper	2,911	5,542
Proceeds on debt derivatives related to credit facility borrowings	1,003	1,364
Total proceeds on debt derivatives	3,914	6,906
Payments on debt derivatives related to US commercial paper	(2,926)	(5,441)
Payments on debt derivatives related to credit facility borrowings	(1,005)	(1,385)
Total payments on debt derivatives	(3,931)	(6,826)
Net (payments) proceeds on settlement of debt derivatives	(17)	80

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Below is a summary of the changes in fair value of our derivative instruments for 2021 and 2020.

Year ended December 31, 2021 (In millions of dollars)	Debt derivatives (hedged)	Debt derivatives (unhedged)	Interest rate derivatives	Expenditure derivatives	Equity derivatives	Total instruments
Derivative instruments, beginning of year	1,098	(12)	-	(109)	34	1,011
Proceeds received from settlement of derivatives	-	(3,914)	(9)	(1,201)	(3)	(5,127)
Payment on derivatives settled	-	3,931	-	1,305	-	5,236
Increase (decrease) in fair value of derivatives	12	6	(234)	(14)	5	(225)
Derivative instruments, end of year	1,110	11	(243)	(19)	36	895
Mark-to-market asset	1,453	11	40	11	36	1,551
Mark-to-market liability	(343)	-	(283)	(30)	-	(656)
Mark-to-market asset (liability)	1,110	11	(243)	(19)	36	895

Year ended December 31, 2020 (In millions of dollars)	Debt derivatives (hedged)	Debt derivatives (unhedged)	Expenditure derivatives	Equity derivatives	Total instruments
Derivative instruments, beginning of year	1,412	(29)	1	55	1,439
Proceeds received from settlement of derivatives	-	(6,906)	(1,261)	1	(8,166)
Payment on derivatives settled	-	6,826	1,221	-	8,047
(Decrease) increase in fair value of derivatives	(314)	97	(70)	(22)	(309)
Derivative instruments, end of year	1,098	(12)	(109)	34	1,011
Mark-to-market asset	1,405	-	-	34	1,439
Mark-to-market liability	(307)	(12)	(109)	-	(428)
Mark-to-market asset (liability)	1,098	(12)	(109)	34	1,011

Below is a summary of the derivative instruments assets and derivative instruments liabilities reflected on our Consolidated Statements of Financial Position.

(In millions of dollars)	As at December 31	
	2021	2020
Current asset	120	61
Long-term asset	1,431	1,378
	1,551	1,439
Current liability	(467)	(110)
Long-term liability	(189)	(318)
	(656)	(428)
Net mark-to-market asset	895	1,011

As at December 31, 2021, US\$11.2 billion notional amount of our outstanding debt derivatives have been designated as hedges for accounting purposes (2020 - US\$9.2 billion). As at December 31,

2021, 100% of our outstanding expenditure derivatives and interest rate derivatives have been designated as hedges for accounting purposes (2020 - 100% of our outstanding expenditure derivatives).

Debt derivatives

We use cross-currency interest rate agreements and foreign exchange forward agreements (collectively, debt derivatives) to manage risks from fluctuations in foreign exchange rates and interest rates associated with our US dollar-denominated senior notes and debentures, lease liabilities, credit facility borrowings, and US CP borrowings (see note 19). We designate the debt derivatives related to our senior notes, debentures, and lease liabilities as hedges for accounting purposes against the foreign exchange risk or interest rate risk associated with specific issued and forecast debt instruments. Debt derivatives related to our credit facility and US CP borrowings have not been designated as hedges for accounting purposes.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

During 2021 and 2020, we entered and settled debt derivatives related to our credit facility borrowings and US CP program as follows:

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
<i>Credit facilities</i>						
Debt derivatives entered	1,200	1.253	1,503	970	1.428	1,385
Debt derivatives settled	800	1.254	1,003	970	1.406	1,364
Net cash paid on settlement			(2)			(21)
<i>US commercial paper program</i>						
Debt derivatives entered	2,568	1.260	3,235	3,316	1.329	4,406
Debt derivatives settled	2,312	1.259	2,911	4,091	1.330	5,441
Net cash (paid) received on settlement			(15)			101

We did not enter into any debt derivatives in 2021 on issued senior notes. We entered into US\$2 billion of forward starting cross-currency swaps to hedge the foreign exchange and interest risk associated with debt instruments we expect to issue in the future related to the Transaction.

In 2020, we entered into debt derivatives to hedge the foreign currency risk associated with the principal and interest components of the US dollar-denominated senior notes issued (see note 21). Below is a summary of the debt derivatives we entered to hedge senior notes issued during 2020.

	US\$			Hedging effect	
	Principal/Notional amount (US\$)	Maturity date	Coupon rate	Fixed hedged (Cdn\$) interest rate ¹	Equivalent (Cdn\$)
(In millions of dollars, except for coupon and interest rates)					
Effective date					
2020 issuances					
June 22, 2020	750	2022	USD LIBOR + 0.60%	0.955%	1,019

¹ Converting from a fixed US\$ coupon rate to a weighted average Cdn\$ fixed rate.

During 2021 and 2020, we entered and settled debt derivatives related to our outstanding lease liabilities as follows:

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Debt derivatives entered	132	1.273	168	115	1.374	158
Debt derivatives settled	81	1.333	108	43	1.372	59

As at December 31, 2021, we had US\$193 million notional amount of debt derivatives outstanding related to our outstanding lease liabilities (2020 - US\$142 million) with terms to maturity ranging from January 2022 to December 2024 (2020 - January 2021 to December 2023), at an average rate of \$1.301/US\$ (2020 - \$1.352/US\$).

Interest rate derivatives

From time to time, we use bond forward derivatives or interest rate swap derivatives (collectively, interest rate derivatives) to hedge interest rate risk on current and future debt instruments. Our interest rate derivatives are designated as hedges for accounting purposes.

We have entered into interest rate swap derivatives during the year ended December 31, 2021, including:

- \$1,250 million bond forwards to hedge the underlying Government of Canada (GoC) interest rate risk that will form a portion of the interest rate risk associated with anticipated future debt issuances;

- interest rate swap derivatives to hedge the interest rate risk on an additional \$3.25 billion of debt instruments we expect to issue in the future; and
- interest rate swap derivatives to hedge the interest rate risk on US\$2 billion of debt instruments we expect to issue in the future.

Concurrent with our issuance of \$2 billion subordinated notes in December 2021 (see note 21), we terminated \$750 million of bond forwards and received \$9 million upon settlement. As at December 31, 2021, we had \$500 million of bond forwards outstanding.

Concurrent with our issuance of US\$750 million subordinated notes in February 2022 (see note 21), we terminated \$950 million of interest rate swap derivatives and received \$33 million upon settlement.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Expenditure derivatives

Below is a summary of the expenditure derivatives we entered and settled during 2021 and 2020 to manage foreign exchange risk related to certain forecast expenditures.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Expenditure derivatives entered	438	1.244	545	1,560	1.343	2,095
Expenditure derivatives settled	960	1.360	1,306	940	1.299	1,221

As at December 31, 2021, we had US\$1,068 million of expenditure derivatives outstanding (2020 - US\$1,590 million), at an average rate of \$1.287/US\$ (2020 - \$1.342/US\$), with terms to maturity ranging from January 2022 to December 2023 (2020 - January 2021 to December 2022). As at December 31, 2021, our outstanding expenditure derivatives maturing in 2022 were hedged at an average exchange rate of \$1.292/US\$.

Equity derivatives

We have equity derivatives to hedge market price appreciation risk associated with Class B Non-Voting Shares that have been granted under our stock-based compensation programs (see note 25). The equity derivatives were originally entered into at a weighted average price of \$50.37 with terms to maturity of one year, extendible for further one-year periods with the consent of the hedge counterparties. The equity derivatives have not been designated as hedges for accounting purposes.

As at December 31, 2021, we had equity derivatives outstanding for 5.0 million (2020 - 4.6 million) Class B Non-Voting Shares with a weighted average price of \$53.10 (2020 - \$51.82).

During the year ended December 31, 2021, we entered into 0.4 million equity derivatives (2020 - 0.3 million) with a weighted average price of \$60.98 (2020 - \$56.08).

During the year ended December 31, 2021, we reset the weighted average price to \$59.64 and reset the expiry dates to April 2023 (from April 2021) on 0.5 million equity derivatives and received net proceeds of \$3 million.

During the year ended December 31, 2020, we reset the weighted average price to \$54.16 and reset the expiry dates to April 2021 (from April 2020) on 0.5 million equity derivatives and made net payments of \$1 million.

Additionally, we executed extension agreements for the remainder of our equity derivative contracts under substantially the same commitment terms and conditions with revised expiry dates to April 2022 (from April 2021).

FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable, bank advances, short-term borrowings, and accounts payable and accrued liabilities approximate their fair values because of the short-term natures of these financial instruments. The carrying values of our financing receivables also approximate their fair values based on our recognition of an expected credit loss allowance.

We determine the fair value of each of our publicly traded investments using quoted market values. We determine the fair

value of our private investments by using implied valuations from follow-on financing rounds, third-party sale negotiations, or market-based approaches. These are applied appropriately to each investment depending on its future operating and profitability prospects.

The fair values of each of our public debt instruments are based on the period-end estimated market yields, or period-end trading values, where available. We determine the fair values of our debt derivatives and expenditure derivatives using an estimated credit-adjusted mark-to-market valuation by discounting cash flows to the measurement date. In the case of debt derivatives and expenditure derivatives in an asset position, the credit spread for the financial institution counterparty is added to the risk-free discount rate to determine the estimated credit-adjusted value for each derivative. For these debt derivatives and expenditure derivatives in a liability position, our credit spread is added to the risk-free discount rate for each derivative.

The fair values of our equity derivatives are based on the period-end quoted market value of Class B Non-Voting Shares.

Our disclosure of the three-level fair value hierarchy reflects the significance of the inputs used in measuring fair value:

- financial assets and financial liabilities in Level 1 are valued by referring to quoted prices in active markets for identical assets and liabilities;
- financial assets and financial liabilities in Level 2 are valued using inputs based on observable market data, either directly or indirectly, other than the quoted prices; and
- Level 3 valuations are based on inputs that are not based on observable market data.

There were no material financial instruments categorized in Level 3 as at December 31, 2021 and 2020 and there were no transfers between Level 1, Level 2, or Level 3 during the respective periods.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Below is a summary of the financial instruments carried at fair value.

(In millions of dollars)	As at December 31					
	Carrying value		Fair value (Level 1)		Fair value (Level 2)	
	2021	2020	2021	2020	2021	2020
Financial assets						
Investments, measured at FVTOCI:						
Investments in publicly traded companies	1,581	1,535	1,581	1,535	-	-
Held-for-trading:						
Debt derivatives accounted for as cash flow hedges	1,453	1,405	-	-	1,453	1,405
Debt derivatives not accounted for as cash flow hedges	11	-	-	-	11	-
Interest rate derivatives accounted for as cash flow hedges	40	-	-	-	40	-
Expenditure derivatives accounted for as cash flow hedges	11	-	-	-	11	-
Equity derivatives not accounted for as cash flow hedges	36	34	-	-	36	34
Total financial assets	3,132	2,974	1,581	1,535	1,551	1,439
Financial liabilities						
Held-for-trading:						
Debt derivatives accounted for as cash flow hedges	343	307	-	-	343	307
Debt derivatives not accounted for as hedges	-	12	-	-	-	12
Interest rate derivatives accounted for as cash flow hedges	283	-	-	-	283	-
Expenditure derivatives accounted for as cash flow hedges	30	109	-	-	30	109
Total financial liabilities	656	428	-	-	656	428

Below is a summary of the fair value of our long-term debt.

(In millions of dollars)	As at December 31			
	2021		2020	
	Carrying amount	Fair value ¹	Carrying amount	Fair value ¹
Long-term debt (including current portion)	18,688	20,790	18,201	22,006

¹ Long-term debt (including current portion) is measured at Level 2 in the three-level fair value hierarchy, based on year-end trading values.

We did not have any non-derivative held-to-maturity financial assets during the years ended December 31, 2021 and 2020.

NOTE 18: INVESTMENTS

ACCOUNTING POLICY

Investments in publicly traded and private companies

We have elected to irrevocably classify our investments in companies over which we do not have control or significant influence as FVTOCI with no subsequent reclassification to net income because we do not hold these investments with the intent of short-term trading. We account for them as follows:

- publicly traded companies - at fair value based on publicly quoted prices; and
- private companies - at fair value using implied valuations from follow-on financing rounds, third-party sale negotiations, or market-based approaches.

Investments in associates and joint arrangements

An entity is an associate when we have significant influence over the entity's financial and operating policies but do not control the entity. We are generally presumed to have significant influence over an entity when we hold more than 20% of the voting power.

A joint arrangement exists when there is a contractual agreement that establishes joint control over activities and requires unanimous

consent for strategic financial and operating decisions. We classify our interests in joint arrangements into one of two categories:

- joint ventures - when we have the rights to the net assets of the arrangement; and
- joint operations - when we have the rights to the assets and obligations for the liabilities related to the arrangement.

We use the equity method to account for our investments in associates and joint ventures; we recognize our proportionate interest in the assets, liabilities, revenue, and expenses of our joint operations.

We initially recognize our investments in associates and joint ventures at cost and subsequently increase or decrease the carrying amounts based on our share of each entity's income or loss. Distributions we receive from these entities reduce the carrying amounts of our investments.

We eliminate unrealized gains and losses from our investments in associates or joint ventures against our investments, up to the amount of our interest in the entities.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Impairment in associates and joint ventures

At the end of each reporting period, we assess whether there is objective evidence that impairment exists in our investments in associates and joint ventures. If objective evidence exists, we compare the carrying amount of the investment to its recoverable amount and recognize the excess over the recoverable amount, if any, as a loss in net income.

INVESTMENTS BY TYPE

(In millions of dollars)	As at December 31	
	2021	2020
Investments in:		
Publicly traded companies	1,581	1,535
Private companies	53	97
Investments, measured at FVTOCI	1,634	1,632
Investments, associates and joint ventures	859	904
Total investments	2,493	2,536

INVESTMENTS, MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Publicly traded companies

We hold a number of interests in publicly traded companies, including Cogeco Inc. and Cogeco Communications Inc. This year, we recognized realized losses of nil and unrealized gains of \$17 million (2020 - nil of realized losses and \$296 million of unrealized losses) in other comprehensive income.

INVESTMENTS, ASSOCIATES AND JOINT VENTURES

We have interests in a number of associates and joint ventures, some of which include:

Maple Leaf Sports and Entertainment Limited (MLSE)

MLSE, a sports and entertainment company, owns and operates the Scotiabank Arena, the NHL's Toronto Maple Leafs, the NBA's

Toronto Raptors, MLS' Toronto FC, the CFL's Toronto Argonauts, the AHL's Toronto Marlies, and other assets. We, along with BCE Inc. (BCE), jointly own an indirect net 75% equity interest in MLSE with our portion representing a 37.5% equity interest in MLSE. Our investment in MLSE is accounted for as a joint venture using the equity method.

Glentel

Glentel is a large, multicarrier mobile phone retailer with several hundred Canadian wireless retail distribution outlets. We own a 50% equity interest in Glentel, with the remaining 50% interest owned by BCE. Our investment in Glentel is accounted for as a joint venture using the equity method.

Below is a summary of financial information pertaining to our significant associates and joint ventures and our portions thereof.

(In millions of dollars)	As at or years ended December 31	
	2021	2020
Current assets	537	512
Long-term assets	3,254	3,409
Current liabilities	(990)	(857)
Long-term liabilities	(1,177)	(1,358)
Total net assets	1,624	1,706
Our share of net assets	855	900
Revenue	1,805	1,310
Expenses	(1,912)	(1,410)
Net loss	(107)	(100)
Our share of net loss	(44)	(40)

One of our joint ventures has a non-controlling interest that has a right to require our joint venture to purchase that non-controlling interest at a future date at fair value.

NOTE 19: SHORT-TERM BORROWINGS

Below is a summary of our short-term borrowings as at December 31, 2021 and 2020.

(In millions of dollars)	As at December 31	
	2021	2020
Receivables securitization program	800	650
US commercial paper program (net of the discount on issuance)	893	571
Non-revolving credit facility borrowings	507	-
Total short-term borrowings	2,200	1,221

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Below is a summary of the activity relating to our short-term borrowings for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Proceeds received from receivables securitization			150			-
Net proceeds received from receivables securitization			150			-
Proceeds received from US commercial paper	2,568	1.260	3,235	3,316	1.329	4,406
Repayment of US commercial paper	(2,314)	1.259	(2,914)	(4,098)	1.355	(5,552)
Net proceeds received from (repayment of) US commercial paper			321			(1,146)
Proceeds received from non-revolving credit facilities (US\$)	1,200	1.253	1,503	-	-	-
Repayment of non-revolving credit facilities (US\$)	(800)	1.254	(1,003)	-	-	-
Net proceeds received from non-revolving credit facilities			500			-
Net proceeds received from (repayment of) short-term borrowings			971			(1,146)

RECEIVABLES SECURITIZATION PROGRAM

We participate in a receivables securitization program with a Canadian financial institution that allows us to sell certain receivables into the program.

As at December 31, 2021, the proceeds of the sales were committed up to a maximum of \$1,200 million (2020 - \$1,200 million) and the program has a term of three years, ending on December 22, 2023.

	As at December 31	
	2021	2020
(In millions of dollars)		
Receivables sold to buyer as security	2,679	2,130
Short-term borrowings from buyer	(800)	(650)
Overcollateralization	1,879	1,480

	Years ended December 31	
	2021	2020
(In millions of dollars)		
Receivables securitization program, beginning of year	650	650
Net proceeds received from receivables securitization	150	-
Receivables securitization program, end of year	800	650

We continue to service and retain substantially all of the risks and rewards relating to the receivables we sell, and therefore, the receivables remain recognized on our Consolidated Statements of Financial Position and the funding received is recognized as short-term borrowings. The buyer's interest in these trade receivables ranks ahead of our interest. The program restricts us from using the receivables as collateral for any other purpose. The buyer of our trade receivables has no claim on any of our other assets.

US COMMERCIAL PAPER PROGRAM

We have a US CP program that allows us to issue up to a maximum aggregate principal amount of US\$1.5 billion. Funds can be borrowed under this program with terms to maturity ranging from 1 to 397 days, subject to ongoing market conditions. Issuances made under the US CP program are issued at a discount. Borrowings under our US CP program are classified as short-term borrowings on our Consolidated Statements of Financial Position when they are due within one year from the date of the financial statements.

Below is a summary of the activity relating to our US CP program for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
US commercial paper, beginning of year	449	1.272	571	1,223	1.298	1,588
Net proceeds received from (repayment of) US commercial paper	254	1.264	321	(782)	1.465	(1,146)
Discounts on issuance ¹	1	n/m	2	8	1.250	10
(Gain) loss on foreign exchange ¹			(1)			119
US commercial paper, end of year	704	1.268	893	449	1.272	571

n/m - not meaningful

¹ Included in finance costs.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Concurrent with the US CP borrowings, we entered into debt derivatives to hedge the foreign currency risk associated with the principal and interest components of the borrowings under the US CP program (see note 17). We have not designated these debt derivatives as hedges for accounting purposes.

NON-REVOLVING CREDIT FACILITY

In June 2021, we entered into non-revolving credit facilities with an aggregate limit of US\$1.6 billion that mature in June 2022. Any

borrowings under these facilities will be recorded as short-term borrowings as they will be due within 12 months. Borrowings under the facilities are unsecured, guaranteed by RCCI, and rank equally in right of payment with all of our senior notes and debentures. In December 2021, we terminated the undrawn non-revolving credit facilities with an aggregate limit of US\$1.2 billion. In February 2022, we repaid the outstanding US\$400 million and terminated the facility.

Below is a summary of the activity relating to our non-revolving credit facilities for the year ended December 31, 2021.

	Year ended December 31, 2021		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)			
Non-revolving credit facility, beginning of year	-	-	-
Net proceeds received from non-revolving credit facilities	400	1.250	500
Loss on foreign exchange ¹			7
Non-revolving credit facility, end of year	400	1.268	507

¹ Included in finance costs.

COMMITTED CREDIT FACILITY

In March 2021, in connection with the Transaction (see note 30), we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an amount up to \$19 billion. The commitment remains subject to the satisfaction of conditions to effectiveness and drawing, including, without limitation, the completion of credit documentation in respect of such commitment and the completion of the Transaction. The committed facility

cannot be drawn upon until the closing date of the Transaction. It is only available to be drawn to fund part of the acquisition cost of the Transaction and to pay fees and expenses related to the Transaction. If drawn, any drawings must be repaid within 364 days. If undrawn, the facility terminates on the closing date of the acquisition. As a result of entering into the Shaw term loan facility (see note 21), the maximum amount we can draw on this committed facility decreased to \$13 billion.

NOTE 20: PROVISIONS

ACCOUNTING POLICY

Decommissioning and restoration costs

We use network and other assets on leased premises in some of our business activities. We expect to exit these premises in the future and we therefore make provisions for the costs associated with decommissioning the assets and restoring the locations to their original conditions when we have a legal or constructive obligation to do so. We calculate these costs based on a current estimate of the costs that will be incurred, project those costs into the future based on management's best estimates of future trends in prices, inflation, and other factors, and discount them to their present value. We revise our forecasts when business conditions or technological requirements change.

When we recognize a decommissioning liability, we recognize a corresponding asset in property, plant and equipment (as property, plant and equipment or a right-of-use asset, as applicable based on the underlying asset) and depreciate the asset based on the corresponding asset's useful life following our depreciation policies for property, plant and equipment and right-of-use assets, as applicable. We recognize the accretion of the liability as a charge to finance costs on the Consolidated Statements of Income.

Restructuring

We make provisions for restructuring when we have approved a detailed and formal restructuring plan and either the restructuring has started or management has announced the plan's main features to the employees affected by it. Restructuring obligations that have uncertain timing or amounts are recognized as provisions; otherwise they are recognized as accrued liabilities. All charges are recognized in restructuring, acquisition and other on the Consolidated Statements of Income (see note 10).

Onerous contracts

We make provisions for onerous contracts when the unavoidable costs of meeting our obligation under a contract exceed the benefits we expect to realize from it. We measure these provisions at the present value of the lower of the expected cost of terminating the contract or the expected cost of continuing with the contract. We recognize any impairment loss on the assets associated with the contract before we make the provision.

ESTIMATES

We recognize a provision when a past event creates a legal or constructive obligation that can be reasonably estimated and is likely to result in an outflow of economic resources. We recognize a provision even when the timing or amount of the obligation may be uncertain, which can require us to use significant estimates.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

JUDGMENTS

Significant judgment is required to determine when we are subject to unavoidable costs arising from onerous contracts. These judgments may include, for example, whether a certain promise is legally binding or whether we may be successful in negotiations with the counterparty.

Decommissioning and restoration costs

Cash outflows associated with our decommissioning liabilities are generally expected to occur at the decommissioning dates of the assets to which they relate, which are long-term in nature. The timing and extent of restoration work that will ultimately be required for these sites is uncertain.

PROVISIONS DETAILS

(In millions of dollars)	Decommissioning		
	Liabilities	Other	Total
December 31, 2020	45	1	46
Additions	7	-	7
December 31, 2021	52	1	53
Current (recorded in "other current liabilities")	3	-	3
Long-term	49	1	50

NOTE 21: LONG-TERM DEBT

(In millions of dollars, except interest rates)	Due date	Principal amount	Interest rate	As at December 31	
				2021	2020
Senior notes	2021	1,450	5.340%	-	1,450
Senior notes	2022	600	4.000%	600	600
Senior notes	2022	US 750	Floating	951	955
Senior notes	2023	US 500	3.000%	634	637
Senior notes	2023	US 850	4.100%	1,078	1,082
Senior notes	2024	600	4.000%	600	600
Senior notes	2025	US 700	3.625%	886	890
Senior notes	2026	US 500	2.900%	634	637
Senior notes	2027	1,500	3.650%	1,500	1,500
Senior notes	2029	1,000	3.250%	1,000	1,000
Senior debentures ¹	2032	US 200	8.750%	254	255
Senior notes	2038	US 350	7.500%	444	446
Senior notes	2039	500	6.680%	500	500
Senior notes	2040	800	6.110%	800	800
Senior notes	2041	400	6.560%	400	400
Senior notes	2043	US 500	4.500%	634	637
Senior notes	2043	US 650	5.450%	823	827
Senior notes	2044	US 1,050	5.000%	1,331	1,337
Senior notes	2048	US 750	4.300%	951	955
Senior notes	2049	US 1,250	4.350%	1,585	1,592
Senior notes	2049	US 1,000	3.700%	1,268	1,273
Subordinated notes ²	2081	2,000	5.000%	2,000	-
				18,873	18,373
Deferred transaction costs and discounts				(185)	(172)
Less current portion				(1,551)	(1,450)
Total long-term debt				17,137	16,751

¹ Senior debentures originally issued by Rogers Cable Inc. which are unsecured obligations of RCI and for which RCCI was an unsecured guarantor as at December 31, 2021 and 2020.

² The subordinated notes can be redeemed at par on the five-year anniversary or on any subsequent interest payment date.

Each of the above senior notes and debentures are unsecured and, as at December 31, 2021, were guaranteed by RCCI, ranking equally with all of RCI's other senior notes, debentures, bank credit facilities, and letter of credit facilities. We use derivatives to hedge

the foreign exchange risk associated with the principal and interest components of all of our US dollar-denominated senior notes and debentures (see note 17).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The tables below summarize the activity relating to our long-term debt for the years ended December 31, 2021 and 2020.

(In millions of dollars, except exchange rates)	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
Credit facility borrowings (US\$)	-	-	-	970	1.428	1,385
Credit facility repayments (US\$)	-	-	-	(970)	1.406	(1,364)
Net borrowings under credit facilities			-			21
Senior note issuances (Cdn\$)			-			1,500
Senior note issuances (US\$)	-	-	-	750	1.359	1,019
Total senior note issuances			-			2,519
Senior note repayments (Cdn\$)			(1,450)			-
Net (repayment) issuance of senior notes			(1,450)			2,519
Subordinated note issuances (Cdn\$)			2,000			-
Net issuance of long-term debt			550			2,540

(In millions of dollars)	Years ended December 31	
	2021	2020
Long-term debt net of transaction costs, beginning of year	18,201	15,967
Net issuance of long-term debt	550	2,540
Gain on foreign exchange	(50)	(297)
Deferred transaction costs incurred	(31)	(23)
Amortization of deferred transaction costs	18	14
Long-term debt net of transaction costs, end of year	18,688	18,201

In April 2021, we entered into a \$6 billion Shaw term loan facility consisting of three tranches of \$2 billion each. The facility cannot be drawn upon until the closing date of the Transaction. The first tranche matures three years after the Transaction closing date and subsequent tranches mature in years four and five thereafter, respectively. At tranche maturity, any outstanding borrowings under that tranche must be repaid. The interest rate charged on borrowings from the Shaw term loan facility ranges from nil to 1.25% per annum over the bank prime rate or base rate, or 0.65% to 2.25% over the bankers' acceptance rate or London Inter-Bank Offered Rate.

WEIGHTED AVERAGE INTEREST RATE

As at December 31, 2021, our effective weighted average interest rate on all debt and short-term borrowings, including the effect of all of the associated debt derivatives and interest rate derivatives, was 3.95% (2020 - 4.09%).

BANK CREDIT AND LETTER OF CREDIT FACILITIES

Our \$4.0 billion revolving credit facility is available on a fully revolving basis until maturity and there are no scheduled reductions prior to maturity. The interest rate charged on borrowings from the revolving credit facility ranges from nil to 1.25% per annum over the bank prime rate or base rate, or 0.85% to 2.25% over the bankers' acceptance rate or London Inter-Bank Offered Rate.

In 2021, we amended our revolving credit facility to, among other things, increase the total credit limit and extend the maturity dates. We increased the total credit limit from \$3.2 billion to \$4 billion by increasing the limits of the two tranches to \$3 billion and \$1 billion (from \$2.5 billion and \$700 million), respectively. We also extended the maturity date of the \$3 billion tranche from September 2023 to April 2026 and the \$1 billion tranche from September 2022 to April 2024.

SENIOR AND SUBORDINATED NOTES AND DEBENTURES

We pay interest on all of our fixed-rate senior and subordinated notes and debentures on a semi-annual basis.

We have the option to redeem each of our fixed-rate senior notes and debentures, in whole or in part, at any time, if we pay the premiums specified in the corresponding agreements.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Issuance of senior and subordinated notes

Below is a summary of the senior and subordinated notes that we issued in 2021 and 2020.

(In millions of dollars, except interest rates and discounts)

Date issued	Principal amount	Due date	Interest rate	Discount/ premium at issuance	Total gross proceeds ¹ (Cdn\$)	Transaction costs and discounts ² (Cdn\$)
<i>2021 issuance</i>						
December 17, 2021 (subordinated) ³	2,000	2081	5.000%	At par	2,000	20
<i>2020 issuances</i>						
March 31, 2020 (senior)	1,500	2027	3.650%	99.511%	1,500	16
June 22, 2020 (senior)	US 750	2022	USD LIBOR + 0.60%	At par	1,019	5

¹ Gross proceeds before transaction costs, discounts, and premiums.

² Transaction costs, discounts, and premiums are included as deferred transaction costs and discounts in the carrying value of the long-term debt, and recognized in net income using the effective interest method.

³ Deferred transaction costs and discounts in the carrying value of the subordinated notes are recognized in net income using the effective interest method over a five-year period.

Concurrent with the 2020 US dollar-denominated issuances, we entered into debt derivatives to convert all interest and principal payment obligations to Canadian dollars (see note 17).

During the year ended December 31, 2021, we issued \$2 billion subordinated notes due 2081 with an initial coupon of 5% for the first five years. Concurrently, we terminated the \$750 million bond forwards entered into in July 2021 to hedge the interest rate risk associated with future debt issuances. We used the proceeds to partially fund the remaining payment required to obtain the 3500 MHz spectrum licences.

In February 2022, we issued US\$750 million subordinated notes due 2082 with an initial coupon of 5.25% for the first five years. Concurrently, we terminated \$950 million of interest rate derivatives entered into in 2021 to hedge the interest rate risk associated with future debt issuances. We received net proceeds of US\$740 million (\$938 million) from the issuance.

Each of the subordinated notes can be redeemed at par on their respective five-year anniversary or on any subsequent interest payment date. The subordinated notes are unsecured and subordinated obligations of RCI. Payment on these notes will, under certain circumstances, be subordinated to the prior payment in full of all of our senior indebtedness, including our senior notes, debentures, and bank credit facilities. In addition, upon the occurrence of certain events involving a bankruptcy or insolvency of RCI, the outstanding principal and interest of such subordinated notes would automatically convert into preferred shares. We understand that S&P Global Ratings Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch) will only include 50% of the outstanding principal amount of these subordinated notes in their leverage ratio calculation for at least the first five years after their issuance.

In connection with these issuances, the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I and Series II have been authorized for up to 3.3 million and 1.4 million preferred shares, respectively, have no voting rights, have par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

Repayment of senior notes and related derivative settlements

During the year ended December 31, 2021, we repaid the entire outstanding principal amount of our \$1.45 billion 5.34% senior notes at maturity. There were no derivatives associated with these senior notes. We did not repay any senior notes or settle any related debt derivatives during the year ended December 31, 2020.

PRINCIPAL REPAYMENTS

Below is a summary of the principal repayments on our long-term debt due in each of the next five years and thereafter as at December 31, 2021.

(In millions of dollars)	
2022	1,551
2023	1,712
2024	600
2025	886
2026 ¹	2,634
Thereafter	11,490
Total long-term debt	18,873

¹ Reflects repayment of the subordinated notes issued in December 2021 on the five-year anniversary.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

TERMS AND CONDITIONS

As at December 31, 2021 and 2020, we were in compliance with all financial covenants, financial ratios, and all of the terms and conditions of our long-term debt agreements. There were no financial leverage covenants in effect other than those under our bank credit and letter of credit facilities.

The 8.75% debentures due in 2032 contain debt incurrence tests and restrictions on additional investments, sales of assets, and payment of dividends, all of which are suspended in the event the

public debt securities are assigned investment-grade ratings by at least two of three specified credit rating agencies. As at December 31, 2021, these public debt securities were assigned an investment-grade rating by each of the three specified credit rating agencies and, accordingly, these restrictions have been suspended as long as the investment-grade ratings are maintained. Our other senior notes do not have any of these restrictions, regardless of the related credit ratings. The repayment dates of certain debt agreements can also be accelerated if there is a change in control of RCI.

NOTE 22: OTHER LONG-TERM LIABILITIES

(In millions of dollars)	Note	As at December 31	
		2021	2020
Deferred pension liability	23	3	590
Supplemental executive retirement plan	23	96	92
Stock-based compensation	25	49	39
Derivative instruments	17	189	318
Contract liabilities	5	52	69
Other		176	41
Total other long-term liabilities		565	1,149

NOTE 23: POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICY

Post-employment benefits - defined benefit pension plans

We offer contributory and non-contributory defined benefit pension plans that provide employees with a lifetime monthly pension on retirement.

We separately calculate our net obligation for each defined benefit pension plan by estimating the amount of future benefits employees have earned in return for their service in the current and prior years and discounting those benefits to determine their present value.

We accrue our pension plan obligations as employees provide the services necessary to earn the pension. We use a discount rate based on market yields on high-quality corporate bonds at the measurement date to calculate the accrued pension benefit obligation. Remeasurements of the accrued pension benefit obligation are determined at the end of the year and include actuarial gains and losses, returns on plan assets in excess of interest income, and any change in the effect of the asset ceiling. These are recognized in other comprehensive income and retained earnings.

The cost of pensions is actuarially determined and takes into account the following assumptions and methods for pension accounting related to our defined benefit pension plans:

- expected rates of salary increases for calculating increases in future benefits;
- mortality rates for calculating the life expectancy of plan members; and
- past service costs from plan amendments are immediately expensed in net income.

We recognize our net pension expense for our defined benefit pension plans and contributions to defined contribution plans as an

employee benefit expense in operating costs on the Consolidated Statements of Income in the periods the employees provide the related services.

Post-employment benefits - defined contribution pension plan

In 2016, we closed the defined benefit pension plans to new members and introduced a defined contribution pension plan. This change did not impact current defined benefit members at the time; any employee enrolled in any of the defined benefit pension plans at that date continues to earn pension benefits and credited service in their respective plan.

We recognize a pension expense in relation to our contributions to the defined contribution pension plan when the employee provides service to the Company.

Termination benefits

We recognize termination benefits as an expense when we are committed to a formal detailed plan to terminate employment before the normal retirement date and it is not realistic that we will withdraw it.

ESTIMATES

Detailed below are the significant assumptions used in the actuarial calculations used to determine the amount of the defined benefit pension obligation and related expense.

Significant estimates are involved in determining pension-related balances. Actuarial estimates are based on projections of employees' compensation levels at the time of retirement. Retirement benefits are primarily based on career average earnings, subject to certain adjustments. The most recent actuarial funding valuations were completed as at January 1, 2021.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Principal actuarial assumptions

	2021	2020
Weighted average of significant assumptions:		
<i>Defined benefit obligation</i>		
Discount rate	3.3%	2.7%
Rate of compensation increase	1.0% to 4.5%, based on employee age CPM2014Priv with Scale CPM-B	1.0% to 4.5%, based on employee age CPM2014Priv with Scale CPM-B
Mortality rate		
<i>Pension expense</i>		
Discount rate	2.7%	3.2%
Rate of compensation increase	1.0% to 4.5%, based on employee age CPM2014Priv with Scale CPM-B	1.0% to 4.5%, based on employee age CPM2014Priv with Scale CPM-B
Mortality rate		

Sensitivity of key assumptions

In the sensitivity analysis shown below, we determine the defined benefit obligation for our funded plans using the same method used to calculate the defined benefit obligation we recognize on the Consolidated Statements of Financial Position. We calculate sensitivity by changing one assumption while holding the others constant. This leads to limitations in the analysis as the actual change in defined benefit obligation will likely be different from that shown in the table, since it is likely that more than one assumption will change at a time, and that some assumptions are correlated.

	Increase (decrease) in accrued benefit obligation	
(In millions of dollars)	2021	2020
Discount rate		
Impact of 0.5% increase	(251)	(279)
Impact of 0.5% decrease	285	319
Rate of future compensation increase		
Impact of 0.25% increase	17	20
Impact of 0.25% decrease	(17)	(20)
Mortality rate		
Impact of 1 year increase	67	76
Impact of 1 year decrease	(72)	(80)

POST-EMPLOYMENT BENEFITS STRATEGY AND POLICY

We sponsor a number of contributory and non-contributory pension arrangements for employees, including defined benefit and defined contributions plans. We do not provide any non-pension post-retirement benefits. We also provide unfunded supplemental pension benefits to certain executives.

The Rogers Defined Benefit Pension Plan provides a defined pension based on years of service and earnings, with no increases in retirement for inflation. The plan was closed to new members in

2016. Participation in the plan was voluntary and enrolled employees are required to make regular contributions into the plan. An unfunded supplemental pension plan is provided to certain senior executives to provide benefits in excess of amounts that can be provided from the defined benefit pension plan under the Income Tax Act (Canada)'s maximum pension limits.

We also sponsor smaller defined benefit pension plans in addition to the Rogers Defined Benefit Pension Plan. The Pension Plan for Employees of Rogers Communications Inc. and the Rogers Pension Plan for Selkirk Employees are closed legacy defined benefit pension plans. The Pension Plan for Certain Federally Regulated Employees of Rogers Cable Communications Inc. is similar to the main pension plan but only federally regulated employees from the Cable business were eligible to participate; this plan was closed to new members in 2016.

In addition to the defined benefit pension plans, we provide various defined contribution plans to certain groups of employees of the Company and to employees hired after March 31, 2016 who choose to join. Additionally, we provide other tax-deferred savings arrangements, including a Group RRSP and a Group TFSA program, which are accounted for as deferred contribution arrangements.

The Pension Committee of the Board oversees the administration of our registered pension plans, which includes the following principal areas:

- overseeing the funding, administration, communication, and investment management of the plans;
- selecting and monitoring the performance of all third parties performing duties in respect of the plans, including audit, actuarial, and investment management services;
- proposing, considering, and approving amendments to the plans;
- proposing, considering, and approving amendments to the Statement of Investment Policies and Procedures;
- reviewing management and actuarial reports prepared in respect of the administration of the pension plans; and
- reviewing and approving the audited financial statements of the pension plan funds.

The assets of the defined benefit pension plans are held in segregated accounts that are isolated from our assets. They are invested and managed following all applicable regulations and the Statement of Investment Policies and Procedures with the objective of having adequate funds to pay the benefits promised by the plans. Investment and market return risk is managed by:

- contracting professional investment managers to execute the investment strategy following the Statement of Investment Policies and Procedures and regulatory requirements;
- specifying the kinds of investments that can be held in the plans and monitoring compliance;
- using asset allocation and diversification strategies; and
- purchasing annuities from time to time.

The defined benefit pension plans are registered with the Office of the Superintendent of Financial Institutions and are subject to the Federal Pension Benefits Standards Act. Two of the defined contribution pension plans are registered with the Financial Services Regulatory Authority, subject to the Ontario Pension Benefits Act.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The plans are also registered with the Canada Revenue Agency and are subject to the Income Tax Act (Canada). The benefits provided under the plans and the contributions to the plans are funded and administered in accordance with all applicable legislation and regulations.

The defined benefit pension plans are subject to certain risks related to contribution increases, inadequate plan surplus, unfunded obligations, and market rates of return, which we mitigate through the governance described above. Any significant changes to these items may affect our future cash flows.

POST-EMPLOYMENT BENEFIT PLAN DETAILS

Below is a summary of the estimated present value of accrued plan benefits and the estimated market value of the net assets available to provide these benefits for our funded defined benefit pension plans.

(In millions of dollars)	As at December 31		
	Note	2021	2020
Plan assets, at fair value		3,198	2,791
Accrued benefit obligations		(3,171)	(3,365)
Surplus (deficiency) of plan assets over accrued benefit obligations		27	(574)
Effect of asset ceiling limit		(9)	–
Net deferred pension asset (liability)		18	(574)
Consists of:			
Deferred pension asset		21	16
Deferred pension liability	22	(3)	(590)
Net deferred pension asset (liability)		18	(574)

Below is a summary of our pension fund assets.

(In millions of dollars)	Years ended December 31	
	2021	2020
Plan assets, beginning of year	2,791	2,449
Interest income	78	81
Remeasurements, recognized in other comprehensive income and equity	223	163
Contributions by employees	32	34
Contributions by employer	177	150
Benefits paid	(99)	(82)
Administrative expenses paid from plan assets	(4)	(4)
Plan assets, end of year	3,198	2,791

Below is a summary of the accrued benefit obligations arising from funded obligations.

(In millions of dollars)	Years ended December 31	
	2021	2020
Accrued benefit obligations, beginning of year	3,365	2,900
Current service cost	156	146
Interest cost	89	91
Benefits paid	(99)	(82)
Contributions by employees	32	34
Remeasurements, recognized in other comprehensive income and equity	(372)	276
Accrued benefit obligations, end of year	3,171	3,365

Plan assets comprise mainly pooled funds that invest in common stocks and bonds that are traded in an active market. Below is a summary of the fair value of the total pension plan assets by major category.

(In millions of dollars)	As at December 31	
	2021	2020
Equity securities	1,879	1,689
Debt securities	1,302	1,087
Other - cash	17	15
Total fair value of plan assets	3,198	2,791

Below is a summary of our net pension expense. Net interest cost is included in finance costs; other pension expenses are included in salaries and benefits expense in operating costs on the Consolidated Statements of Income.

(In millions of dollars)	Years ended December 31	
	2021	2020
Plan cost:		
Current service cost	156	146
Net interest cost	11	10
Net pension expense	167	156
Administrative expense	4	4
Total pension cost recognized in net income	171	160

Net interest cost, a component of the plan cost above, is included in finance costs and is outlined as follows:

(In millions of dollars)	Years ended December 31	
	2021	2020
Interest income on plan assets	(78)	(81)
Interest cost on plan obligation	89	91
Net interest cost, recognized in finance costs	11	10

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The remeasurement recognized in the Consolidated Statements of Comprehensive Income is determined as follows:

(In millions of dollars)	Years ended December 31	
	2021	2020
Return on plan assets (excluding interest income)	223	163
Change in financial assumptions	390	(272)
Effect of experience adjustments	(18)	(4)
Change in asset ceiling	(9)	-
Remeasurement gain (loss), recognized in other comprehensive income and equity	586	(113)

We also provide supplemental unfunded defined benefit pensions to certain executives. Below is a summary of our accrued benefit obligations, pension expense included in employee salaries and benefits, net interest cost, remeasurements, and benefits paid.

(In millions of dollars)	Years ended December 31	
	2021	2020
Accrued benefit obligation, beginning of year	92	73
Pension expense, recognized in employee salaries and benefits expense	12	13
Net interest cost, recognized in finance costs	3	3
Remeasurements, recognized in other comprehensive income	(7)	8
Benefits paid	(4)	(5)
Accrued benefit obligation, end of year	96	92

We also have defined contribution plans with total pension expense of \$18 million in 2021 (2020 - \$15 million), which is included in employee salaries and benefits expense.

ALLOCATION OF PLAN ASSETS

	Allocation of plan assets		Target asset allocation percentage
	2021	2020	
Equity securities:			
Domestic	11.8%	11.9%	8% to 18%
International	47.0%	48.6%	37% to 67%
Debt securities	40.7%	39.0%	25% to 45%
Other - cash	0.5%	0.5%	0% to 2%
Total	100.0%	100.0%	

Plan assets consist primarily of pooled funds that invest in common stocks and bonds. The pooled funds have investments in our equity securities. As a result, approximately \$12 million (2020 - \$10 million) of plan assets are indirectly invested in our own securities under our defined benefit plans.

We make contributions to the plans to secure the benefits of plan members and invest in permitted investments using the target ranges established by our Pension Committee, which reviews actuarial assumptions on an annual basis.

Below is a summary of the actual contributions to the plans.

(In millions of dollars)	Years ended December 31	
	2021	2020
Employer contribution	177	150
Employee contribution	32	34
Total contribution	209	184

We estimate our 2022 employer contributions to our funded plans to be \$134 million. The actual value will depend on the results of the 2022 actuarial funding valuations. The average duration of the defined benefit obligation as at December 31, 2021 is 17 years (2020 - 18 years).

Plan assets recognized an actual net gain of \$297 million in 2021 (2020 - \$240 million net gain).

We have recognized a cumulative loss in other comprehensive income and retained earnings of \$157 million as at December 31, 2021 (2020 - \$592 million) associated with post-retirement benefit plans.

NOTE 24: SHAREHOLDERS' EQUITY

CAPITAL STOCK

Share class	Number of shares authorized for issue	Features	Voting rights
Preferred shares	400,000,000	<ul style="list-style-type: none"> • Without par value • Issuable in series, with rights and terms of each series to be fixed by the Board prior to the issue of any series 	<ul style="list-style-type: none"> • None
RCI Class A Voting Shares	112,474,388	<ul style="list-style-type: none"> • Without par value • Each share can be converted into one Class B Non-Voting share 	<ul style="list-style-type: none"> • Each share entitled to 50 votes
RCI Class B Non-Voting Shares	1,400,000,000	<ul style="list-style-type: none"> • Without par value 	<ul style="list-style-type: none"> • None

RCI's Articles of Continuance under the Business Corporations Act (British Columbia) impose restrictions on the transfer, voting, and issue of Class A Shares and Class B Non-Voting Shares to ensure we remain qualified to hold or obtain licences required to carry on certain of our business undertakings in Canada. We are authorized to refuse to register transfers of any of our shares to any person who is not a Canadian, as defined in RCI's Articles of Continuance, in order to ensure that Rogers remains qualified to hold the licences referred to above.

In relation to our issuances of subordinated notes in December 2021 and February 2022 (see note 21), the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I has been authorized for up to 3.3 million preferred shares and Series II has been authorized for up to 1.4 million preferred shares. Both series have no voting rights, par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

DIVIDENDS

We declared and paid the following dividends on our outstanding Class A Shares and Class B Non-Voting Shares:

Date declared	Date paid	Dividend per share (dollars)
January 27, 2021	April 1, 2021	0.50
April 20, 2021	July 2, 2021	0.50
July 20, 2021	October 1, 2021	0.50
October 20, 2021	January 4, 2022	0.50
		2.00
January 21, 2020	April 1, 2020	0.50
April 21, 2020	July 2, 2020	0.50
July 21, 2020	October 1, 2020	0.50
October 21, 2020	January 4, 2021	0.50
		2.00

The holders of Class A Shares are entitled to receive dividends at the rate of up to five cents per share but only after dividends at the rate of five cents per share have been paid or set aside on the

Class B Non-Voting Shares. Class A Shares and Class B Non-Voting Shares therefore participate equally in dividends above \$0.05 per share.

On January 26, 2022, the Board declared a quarterly dividend of \$0.50 per Class A Voting Share and Class B Non-Voting Share, to be paid on April 1, 2022, to shareholders of record on March 10, 2022.

NORMAL COURSE ISSUER BID

In April 2020, the TSX accepted a notice of our intention to commence a normal course issuer bid (NCIB) program (2020 NCIB) that allows us to purchase, between April 24, 2020 and April 23, 2021, the lesser of 34.9 million Class B Non-Voting Shares and that number of Class B Non-Voting Shares that can be purchased for an aggregate purchase price of \$500 million. Rogers security holders may obtain a copy of this notice, without charge, by contacting us. We did not purchase any Class B Non-Voting Shares under the 2020 NCIB during the years ended December 31, 2021 or 2020.

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NOTE 25: STOCK-BASED COMPENSATION

ACCOUNTING POLICY

Stock option plans

Cash-settled share appreciation rights (SARs) are attached to all stock options granted under our employee stock option plan. This feature allows the option holder to choose to receive a cash payment equal to the intrinsic value of the option (the amount by which the market price of the Class B Non-Voting Share exceeds the exercise price of the option on the exercise date) instead of exercising the option to acquire Class B Non-Voting Shares. We classify all outstanding stock options with cash settlement features as liabilities and carry them at their fair value, determined using the Black-Scholes option pricing model or a trinomial option pricing model, depending on the nature of the share-based award. We remeasure the fair value of the liability each period and amortize it to operating costs using graded vesting, either over the vesting period or to the date an employee is eligible to retire (whichever is shorter).

Restricted share unit (RSU) and deferred share unit (DSU) plans

We recognize outstanding RSUs and DSUs as liabilities, measuring the liabilities and compensation costs based on the awards' fair values, which are based on the market price of the Class B Non-Voting Shares, and recognizing them as charges to operating costs over the vesting period of the awards. If an award's fair value changes after it has been granted and before the exercise date, we recognize the resulting changes in the liability within operating costs in the year the change occurs. For RSUs, the payment amount is established as of the vesting date. For DSUs, the payment amount is established as of the exercise date.

Employee share accumulation plan

Employees voluntarily participate in the share accumulation plan by contributing a specified percentage of their regular earnings. We match employee contributions up to a certain amount and recognize our contributions as a compensation expense in the year we make them. Expenses relating to the employee share accumulation plan are included in operating costs.

ESTIMATES

Significant management estimates are used to determine the fair value of stock options, RSUs, and DSUs. The table below shows the weighted average fair value of stock options granted during 2021 and 2020 and the principal assumptions used in applying the Black-Scholes model for non-performance-based options, to determine their fair value at the grant date.

	Years ended December 31	
	2021	2020
Weighted average fair value	\$ 7.46	\$ 5.86
Risk-free interest rate	0.3%	1.7%
Dividend yield	3.4%	3.4%
Volatility of Class B Non-Voting Shares	23.1%	16.1%
Weighted average expected life	5.1 years	5.5 years

No performance-based options were issued during the years ended December 31, 2021 and December 31, 2020.

Volatility has been estimated based on the actual trading statistics of our Class B Non-Voting Shares.

STOCK-BASED COMPENSATION EXPENSE

Below is a summary of our stock-based compensation expense, which is included in employee salaries and benefits expense.

(In millions of dollars)	Years ended December 31	
	2021	2020
Stock options	3	(1)
Restricted share units	57	49
Deferred share units	6	(3)
Equity derivative effect, net of interest receipt	(6)	15
Total stock-based compensation expense	60	60

As at December 31, 2021, we had a total liability recognized at its fair value of \$199 million (2020 - \$204 million) related to stock-based compensation, including stock options, RSUs, and DSUs. The current portion of this is \$150 million (2020 - \$165 million) and is included in accounts payable and accrued liabilities. The long-term portion of this is \$49 million (2020 - \$39 million) and is included in other long-term liabilities (see note 22).

The total intrinsic value of vested liabilities, which is the difference between the exercise price of the share-based awards and the trading price of the Class B Non-Voting Shares for all vested share-based awards, as at December 31, 2021 was \$95 million (2020 - \$103 million).

We paid \$76 million in 2021 (2020 - \$60 million) to holders of stock options, RSUs, and DSUs upon exercise using the cash settlement feature, representing a weighted average share price on the date of exercise of \$57.52 (2020 - \$60.00).

STOCK OPTIONS

Options to purchase our Class B Non-Voting Shares on a one-for-one basis may be granted to our employees, directors, and officers by the Board or our Management Compensation Committee. There are 65 million options authorized under various plans; each option has a term of seven to ten years. The vesting period is generally graded vesting over four years; however, the Management Compensation Committee may adjust the vesting terms on the grant date. The exercise price is equal to the fair market value of the Class B Non-Voting Shares, determined as the five-day average before the grant date as quoted on the TSX.

Performance options

We granted no performance-based options to certain key executives in 2021 or 2020. These options vest on a graded basis over four years provided that certain targeted stock prices are met on or after each anniversary date. As at December 31, 2021, we had 1,068,776 performance options (2020 - 1,068,776) outstanding.

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Summary of stock options

Below is a summary of the stock option plans, including performance options.

(In number of units, except prices)	Year ended December 31, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	4,726,634	\$62.10	3,154,795	\$61.82
Granted	1,848,655	\$60.61	1,598,590	\$62.56
Exercised	(10,988)	\$58.45	(17,230)	\$54.80
Forfeited	(70,300)	\$67.58	(9,521)	\$58.45
Outstanding, end of year	6,494,001	\$61.62	4,726,634	\$62.10
Exercisable, end of year	2,373,717	\$59.68	1,470,383	\$56.75

Below is a summary of the range of exercise prices, the weighted average exercise price, and the weighted average remaining contractual life as at December 31, 2021.

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$42.85 - \$44.99	153,937	2.82	\$44.24	153,937	\$44.24
\$45.00 - \$49.99	499,844	2.00	\$48.87	499,844	\$48.87
\$55.00 - \$59.99	1,691,671	7.65	\$58.35	597,601	\$57.93
\$60.00 - \$64.99	3,014,614	7.98	\$62.48	545,941	\$62.66
\$65.00 - \$73.00	1,133,935	6.55	\$72.22	576,394	\$72.16
	6,494,001	7.06	\$61.62	2,373,717	\$59.68

Unrecognized stock-based compensation expense as at December 31, 2021 related to stock-option plans was \$11 million (2020 - \$5 million) and will be recognized in net income over the next four years as the options vest.

RESTRICTED SHARE UNITS

The RSU plan allows employees, directors, and officers to participate in the growth and development of Rogers. Under the terms of the plan, RSUs are issued to the participant and the units issued vest over a period of up to three years from the grant date.

On the vesting date, we will redeem all of the participants' RSUs in cash or by issuing one Class B Non-Voting Share for each RSU. We have reserved 4,000,000 Class B Non-Voting Shares for issue under this plan.

Performance RSUs

We granted 295,958 performance-based RSUs to certain key executives in 2021 (2020 - 219,493). The number of units that vest and will be paid three years from the grant date will be within 30% to 170% of the initial number granted based upon the achievement of certain annual and cumulative three-year non-market targets.

Summary of RSUs

Below is a summary of the RSUs outstanding, including performance RSUs.

(In number of units)	Years ended December 31	
	2021	2020
Outstanding, beginning of year	2,573,894	2,472,774
Granted and reinvested dividends	1,341,801	1,026,067
Exercised	(1,041,890)	(803,266)
Forfeited	(182,517)	(121,681)
Outstanding, end of year	2,691,288	2,573,894

Unrecognized stock-based compensation expense as at December 31, 2021 related to these RSUs was \$64 million (2020 - \$50 million) and will be recognized in net income over the next three years as the RSUs vest.

DEFERRED SHARE UNITS

The DSU plan allows directors, certain key executives, and other senior management to elect to receive certain types of compensation in DSUs. Under the terms of the plan, DSUs are issued to the participant and the units issued cliff vest over a period of up to three years from the grant date.

Performance DSUs

We granted 7,517 performance-based DSUs to certain key executives in 2021 (2020 - 10,513). The number of units that vest

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and may be redeemed by the holder three years from the grant date will be within 50% to 150% of the initial number granted based upon the achievement of certain annual and cumulative three-year non-market targets.

Summary of DSUs

Below is a summary of the DSUs outstanding, including performance DSUs.

(In number of units)	Years ended December 31	
	2021	2020
Outstanding, beginning of year	1,619,941	1,741,884
Granted and reinvested dividends	78,939	80,252
Exercised	(277,439)	(192,718)
Forfeited	(99)	(9,477)
Outstanding, end of year	1,421,342	1,619,941

Unrecognized stock-based compensation expense as at December 31, 2021 related to these DSUs was nil (2020 - nil) and will be recognized in net income over the next three years as the executive DSUs vest. All other DSUs are fully vested.

NOTE 26: RELATED PARTY TRANSACTIONS

CONTROLLING SHAREHOLDER

Voting control of Rogers Communications Inc. is held by the Rogers Control Trust (the Trust) for the benefit of successive generations of the Rogers family and, as a result, the Trust is able to elect all members of the Board and to control the vote on most matters submitted to shareholders, whether through a shareholder meeting or a written consent resolution. The beneficiaries of the Trust are a small group of individuals who are members of the Rogers family, several of whom are also directors of the Board. The trustee is the trust company subsidiary of a Canadian chartered bank.

We entered into certain transactions with private Rogers family holding companies controlled by the Trust. These transactions were recognized at the amount agreed to by the related parties and are subject to the terms and conditions of formal agreements approved by the Audit and Risk Committee. The totals received or paid were less than \$1 million for each of 2021 and 2020.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel include the directors and our most senior corporate officers, who are primarily responsible for planning, directing, and controlling our business activities.

EMPLOYEE SHARE ACCUMULATION PLAN

Participation in the plan is voluntary. Employees can contribute up to 15% of their regular earnings through payroll deductions (up to an annual maximum contribution of \$25 thousand). The plan administrator purchases Class B Non-Voting Shares on a monthly basis on the open market on behalf of the employee. At the end of each month, we make a contribution of 25% to 50% of the employee's contribution that month and the plan administrator uses this amount to purchase additional shares on behalf of the employee. We recognize our contributions made as a compensation expense.

Compensation expense related to the employee share accumulation plan was \$52 million in 2021 (2020 - \$51 million).

EQUITY DERIVATIVES

We have entered into equity derivatives to hedge a portion of our stock-based compensation expense (see note 17) and recognized a \$6 million recovery (2020 - \$15 million expense) in stock-based compensation expense for these derivatives.

Compensation

Compensation expense for key management personnel included in "employee salaries, benefits, and stock-based compensation" and "restructuring, acquisition and other" was as follows:

(In millions of dollars)	Years ended December 31	
	2021	2020
Salaries and other short-term employee benefits	19	11
Post-employment benefits	4	2
Stock-based compensation ¹	21	19
Total compensation	44	32

¹ Stock-based compensation does not include the effect of changes in fair value of Class B Non-Voting Shares or equity derivatives.

Transactions

We have entered into business transactions with Transcontinental Inc., a company that provides us with printing and prepress services. Isabelle Marcoux, C.M., is chair of the board of Transcontinental Inc. and was a Director of RCI until June 2021.

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We recognize these transactions at the amount agreed to by the related parties, which are also reviewed by the Audit and Risk Committee. The amounts owing for these services were unsecured, interest-free, and due for payment in cash within one month of the date of the transaction. Below is a summary of related party activity for the business transactions described above.

(In millions of dollars)	Years ended December 31		Outstanding balance as at December 31	
	2021	2020	2021	2020
Printing and prepress services	3	4	n/a	1

We have also entered into business transactions with companies controlled by our Directors Michael J. Cooper and John C. Kerr, which, as a result of the Board reconstitution in October 2021, are now related parties. These companies include Dream Unlimited Corp. and Vancouver Professional Baseball LLP, respectively. Dream Unlimited Corp. is a real estate company that rents spaces in office and residential buildings. Vancouver Professional Baseball LLP controls the Vancouver Canadians, the Toronto Blue Jays' High-A affiliate minor league team. Total amounts paid to these related parties during the period from October 2021 to December 2021 were nominal.

SUBSIDIARIES, ASSOCIATES, AND JOINT ARRANGEMENTS

We have the following material operating subsidiaries as at December 31, 2021 and 2020:

- Rogers Communications Canada Inc.; and
- Rogers Media Inc.

NOTE 27: GUARANTEES

We had the following guarantees as at December 31, 2021 and 2020 as part of our normal course of business:

BUSINESS SALE AND BUSINESS COMBINATION AGREEMENTS

As part of transactions involving business dispositions, sales of assets, or other business combinations, we may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties, intellectual property right infringement, loss or damages to property, environmental liabilities, changes in laws and regulations (including tax legislation), litigation against the counterparties, contingent liabilities of a disposed business, or reassessments of previous tax filings of the corporation that carries on the business.

SALES OF SERVICES

As part of transactions involving sales of services, we may be required to make payments to counterparties as a result of breaches of representations and warranties, changes in laws and regulations (including tax legislation), or litigation against the counterparties.

We have 100% ownership interest in these subsidiaries. They are incorporated in Canada and have the same reporting period for annual financial statements reporting.

When necessary, adjustments are made to conform the accounting policies of the subsidiaries to those of RCI. There are no significant restrictions on the ability of subsidiaries, joint arrangements, and associates to transfer funds to Rogers as cash dividends or to repay loans or advances, subject to the approval of other shareholders where applicable.

We carried out the following business transactions with our associates and joint arrangements, being primarily MLSE (broadcasting rights) and Glentel (Wireless distribution support). Transactions between us and our subsidiaries have been eliminated on consolidation and are not disclosed in this note.

(In millions of dollars)	Years ended December 31	
	2021	2020
Revenue	31	26
Purchases	180	121

Outstanding balances at year-end are unsecured, interest-free, and settled in cash.

(In millions of dollars)	As at December 31	
	2021	2020
Accounts receivable	112	92
Accounts payable and accrued liabilities	95	59

PURCHASES AND DEVELOPMENT OF ASSETS

As part of transactions involving purchases and development of assets, we may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties, loss or damages to property, changes in laws and regulations (including tax legislation), or litigation against the counterparties.

INDEMNIFICATIONS

We indemnify our directors, officers, and employees against claims reasonably incurred and resulting from the performance of their services to Rogers. We have liability insurance for our directors and officers and those of our subsidiaries.

No amount has been accrued in the Consolidated Statements of Financial Position relating to these types of indemnifications or guarantees as at December 31, 2021 or 2020. Historically, we have not made any significant payments under these indemnifications or guarantees.

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NOTE 28: COMMITMENTS AND CONTINGENT LIABILITIES

ACCOUNTING POLICY

Contingent liabilities are liabilities of uncertain timing or amount and are not recognized until we have a present obligation as a result of a past event, it is probable that we will experience an outflow of resources embodying economic benefits to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

We disclose our contingent liabilities unless the possibility of an outflow of resources in settlement is remote.

JUDGMENTS

We are exposed to possible losses related to various claims and lawsuits against us for which the outcome is not yet known. We therefore make significant judgments in determining the probability of loss when we assess contingent liabilities.

SUMMARY OF COMMITMENTS

Below is a summary of the future minimum payments for our contractual commitments that are not recognized as liabilities as at December 31, 2021.

(In millions of dollars)	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Player contracts ¹	129	204	222	-	555
Purchase obligations ²	327	192	85	19	623
Program rights ³	659	1,151	824	1	2,635
Total commitments	1,115	1,547	1,131	20	3,813

¹ Toronto Blue Jays players' salary contracts into which we have entered and are contractually obligated to pay.

² Contractual obligations under service, product, and wireless device contracts to which we have committed.

³ Agreements into which we have entered to acquire broadcasting rights for sports broadcasting programs and films for periods in excess of one year at contract inception.

Below is a summary of our other contractual commitments that are not included in the table above.

(In millions of dollars)	As at December 31 2021
Acquisition of property, plant and equipment	209
Acquisition of intangible assets	21
Our share of commitments related to associates and joint ventures	387
Total other commitments	617

CONTINGENT LIABILITIES

We have the following contingent liabilities as at December 31, 2021:

Wholesale Internet costing and pricing

On August 15, 2019, in Telecom Order CRTC 2019-288, *Follow-up to Telecom Orders 2016-396 and 2016-448 - Final rates for aggregated wholesale high-speed access services* (Order), the Canadian Radio-television and Telecommunications Commission (CRTC) set final rates for facilities-based carriers' wholesale high-speed access services, including Rogers' third-party Internet access service. The Order set final rates for Rogers that are significantly lower than the interim rates that were previously billed and it further determined that these final rates will apply retroactively to March 31, 2016.

We did not believe the final rates set by the CRTC were just and reasonable as required by the Telecommunications Act as we believed they were below cost. On May 27, 2021, the CRTC released Telecom Decision CRTC 2021-181 *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*. The CRTC decided to adopt

the interim rates in effect prior to the Order as the final rates, with certain modifications, including the removal of the supplementary markup of 10% for incumbent local exchange carriers.

The final rates are lower than the rates we previously billed to the resellers for the period of March 31, 2016 to October 6, 2016. We have recognized a refund of amounts previously billed to the resellers of approximately \$25 million, representing the impact on a retroactive basis for that period.

On May 28, 2021 a wholesale Internet Service Provider (ISP) petitioned the Governor in Council to, among other things, restore the 2019 Order and make the rates established in that order final. In addition, on June 28, 2021, the same wholesale ISP filed a motion seeking leave to appeal the 2021 Decision to the Federal Court of Appeal, which was granted on September 15, 2021. We, along with several other cable companies, have intervened in these matters.

Videotron Ltd.

On October 29, 2021, Videotron Ltd. launched a lawsuit against Rogers in the Quebec Superior Court, in connection with the agreement entered into by the parties in 2013 for the development and operation of a joint LTE network in the province of Quebec. The lawsuit involves allegations by Videotron Ltd. that Rogers has breached its contractual obligations by developing its own network in the territory. Videotron is seeking compensatory damages in the amount of \$850 million. We intend to vigorously defend this lawsuit. We have not recognized a liability for this contingency.

System access fee - Saskatchewan

In 2004, a class action was commenced against providers of wireless communications in Canada under the Class Actions Act (Saskatchewan). The class action relates to the system access fee wireless carriers charge to some of their customers. The plaintiffs are seeking unspecified damages and punitive damages, which would effectively be a reimbursement of all system access fees collected.

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In 2007, the Saskatchewan Court granted the plaintiffs' application to have the proceeding certified as a national, "opt-in" class action where affected customers outside Saskatchewan must take specific steps to participate in the proceeding. In 2008, our motion to stay the proceeding based on the arbitration clause in our wireless service agreements was granted. The Saskatchewan Court directed that its order, in respect of the certification of the action, would exclude customers who are bound by an arbitration clause from the class of plaintiffs.

In 2009, counsel for the plaintiffs began a second proceeding under the Class Actions Act (Saskatchewan) asserting the same claims as the original proceeding. If successful, this second class action would be an "opt-out" class proceeding. This second proceeding was ordered conditionally stayed on the basis that it was an abuse of process.

At the time the Saskatchewan class action was commenced, corresponding claims were filed in multiple jurisdictions across Canada. The claims in all provinces other than Saskatchewan have now been dismissed or discontinued. We have not recognized a liability for this contingency.

911 fee

In June 2008, a class action was launched in Saskatchewan against providers of wireless communications services in Canada. It involves allegations of breach of contract, misrepresentation, and false advertising, among other things, in relation to the 911 fee that had been charged by us and the other wireless telecommunication providers in Canada. The plaintiffs are seeking unspecified damages and restitution. The plaintiffs intend to seek an order certifying the proceeding as a national class action in Saskatchewan. We have not recognized a liability for this contingency.

Income taxes

We provide for income taxes based on all of the information that is currently available and believe that we have adequately provided for these items. The calculation of applicable taxes in many cases, however, requires significant judgment (see note 13) in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities and provisions, and could, in certain circumstances, result in the assessment of interest and penalties.

Other claims

There are certain other claims and potential claims against us. We do not expect any of these, individually or in the aggregate, to have a material adverse effect on our financial results.

Outcome of proceedings

The outcome of all the proceedings and claims against us, including the matters described above, is subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on our business, financial results, or financial condition. If circumstances change and it becomes probable that we will be held liable for claims against us and such claim is estimable, we will recognize a provision during the period in which the change in probability occurs, which could be material to our Consolidated Statements of Income or Consolidated Statements of Financial Position.

NOTE 29: SUPPLEMENTAL CASH FLOW INFORMATION

CHANGE IN NET OPERATING ASSETS AND LIABILITIES

(In millions of dollars)	Years ended December 31	
	2021	2020
Accounts receivable, excluding financing receivables	(78)	455
Financing receivables	(840)	(1,658)
Contract assets	417	1,170
Inventories	(56)	(19)
Other current assets	13	(132)
Accounts payable and accrued liabilities	556	(326)
Contract and other liabilities	25	177
Total change in net operating assets and liabilities	37	(333)

NOTE 30: SHAW TRANSACTION

On March 15, 2021, we announced an agreement with Shaw to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares (collectively, Shaw Shares) for a price of \$40.50 per share. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family and certain related persons (Shaw Family Shareholders) will receive (i) \$16.20 in cash and (ii) 0.417206775 Class B Non-Voting Shares of Rogers per Shaw Share held by the Shaw Family Shareholders. The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt.

The Transaction will be implemented through a court-approved plan of arrangement under the *Business Corporations Act (Alberta)*. On May 20, 2021, Shaw shareholders voted to approve the Transaction at a special shareholders meeting. The Court of Queen's Bench of Alberta issued a final order approving the Transaction on May 25, 2021. The Transaction is subject to other customary closing conditions, including receipt of applicable approvals and expiry of certain waiting periods under the *Broadcasting Act (Canada)*, the *Competition Act (Canada)*, and the *Radiocommunication Act (Canada)* (collectively, Key Regulatory Approvals). Subject to receipt of all required approvals and satisfaction of other conditions prior to closing, the Transaction is expected to close in the first half of 2022. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

In connection with the Transaction, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an original amount up to \$19 billion (see note 19). During the year ended December 31, 2021, we entered into the \$6 billion Shaw term loan facility (see note 21), which served to reduce the amount available under the committed credit facility to \$13 billion. We also expect that RCI will either assume Shaw's senior notes or provide a guarantee of Shaw's payment obligations under those senior notes upon closing the Transaction and, in either case, RCCI will guarantee Shaw's payment obligations under those senior notes.

Under certain circumstances, if the Key Regulatory Approvals are not obtained, or any law or order relating to the Key Regulatory Approvals or the Competition Act is in effect that would make the consummation of the Transaction illegal, and the failure to obtain the Key Regulatory Approvals is not caused by, and is not a result of, the failure by Shaw to perform in all material respects any of its covenants or agreements under the arrangement agreement, we would be obligated to pay a \$1.2 billion reverse termination fee to Shaw. We would also be responsible to reimburse Shaw for certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares.

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Glossary of selected industry terms and helpful links

3G (Third Generation Wireless): The third generation of mobile phone standards and technology. A key goal of 3G standards was to enable mobile broadband data speeds above 384 Kbps. 3G networks enable network operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency. Advanced services include video and multimedia messaging and broadband wireless data, all in a mobile environment.

3.5G (Enhanced Third Generation Wireless): Evolutionary upgrades to 3G services that provide significantly enhanced broadband wireless data performance to enable multi-megabit data speeds. The key 3.5G technologies in North America are HSPA and CDMA EV-DO.

4G (Fourth Generation Wireless): A technology that offers increased voice, video, and multimedia capabilities, a higher network capacity, improved spectral efficiency, and high-speed data rates over current 3G benchmarks. Also referred to as LTE.

4.5G (Enhanced Fourth Generation Wireless): Evolutionary upgrades to 4G services that enables two to three times the download speeds of 4G technology. 4.5G technology has been designed to support virtual and augmented reality, 4K streaming, and other emerging services.

5G (Fifth Generation Wireless): The proposed next generation of wireless telecommunications standards. We expect 5G technology to result in significantly reduced latency compared to LTE, improvements in signalling efficiency and coverage, and the ability to connect to more devices at once than ever before.

4K-Ultra-High Definition Video: Denotes a specific television display resolution of 4096x2160 pixels. 1920x1080 resolution full-HD televisions present an image of around 2 megapixels, while the 4K generation of screens displays an 8 megapixel image.

ABPU (Average Billings per User): This business performance measure, expressed as a dollar rate per month, is predominantly used in the wireless industry to describe the average amount billed to customers per month. ABPU is an indicator of a business' operating performance.

ARPA (Average Revenue per Account): This business performance measure, expressed as a dollar rate per month, is predominantly used in wireless and cable industries to describe the revenue generated per customer account per month. ARPA is an indicator of a wireless and cable business' operating performance.

ARPU (Average Revenue per User): This business performance measure, expressed as a dollar rate per month, is predominantly used in the wireless and cable industries to describe the revenue generated per customer per month. ARPU is an indicator of a wireless or cable business' operating performance.

AWS (Advanced Wireless Services): The wireless telecommunications spectrum band that is used for wireless voice, data, messaging services, and multimedia.

Bandwidth: Bandwidth can have two different meanings: (1) a band or block of radio frequencies measured in cycles per second, or Hertz; or (2) an amount or unit of capacity in a telecommunications transmission network. In general, bandwidth is the available space to carry a signal. The greater the bandwidth, the greater the information-carrying capacity.

BDU (Broadcast Distribution Undertaking): An undertaking for the reception of broadcasting and the retransmission thereof by radio waves or other means of telecommunication to more than one permanent or temporary residence or dwelling unit or to another such undertaking.

bps (Bits per Second): A measurement of data transmission speed used for measuring the amount of data that is transferred in a second between two telecommunications points or within network devices. Kbps (kilobits per second) is thousands of bps; Mbps (megabits per second) is millions of bps; Gbps (gigabits per second) is billions of bps; and Tbps (terabits per second) is trillions of bps.

Broadband: Communications service that allows for the high-speed transmission of voice, data, and video simultaneously at rates of 1.544 Mbps and above.

Bundling: Refers to the coupling of independent products or services offered into one retail package.

BYOD (Bring Your Own Device): Refers to the action that customers are able to sign up for wireless services on a personally purchased device, as opposed to the traditional means of acquiring one through a term contract.

Cable Telephony (Phone): The transmission of real-time voice communications over a cable network.

Churn: This business performance measure is used to describe the disconnect rate of customers to a telecommunications service. It is a measure of customer turnover and is often at least partially reflective of service quality and competitive intensity. It is usually expressed as a percentage and calculated as the number of subscriber units disconnecting in a period divided by the average number of units on the network in the same period.

CLEC (Competitive Local Exchange Carrier): A telecommunications provider company that competes with other, already established carriers, generally the ILEC.

Cloud Computing: The ability to run a program or application on many connected computers simultaneously as the software, data, and services reside in data centres.

CPE (Customer Premise Equipment): Telecommunications hardware, such as a modem or set-top box, that is located at the home or business of a customer.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters and cable TV and telecommunications companies in Canada.

Customer Relationships: This Cable metric refers to dwelling units where at least one of our Cable services is installed and operating and the service(s) are billed accordingly. When there is more than one unit in one dwelling, such as an apartment building, each tenant with at least one of our Cable services is counted as an individual customer relationship, whether the service is invoiced separately or included in the tenant's rent. Institutional units, like hospitals or hotels, are each considered one customer relationship.

Data Centre: A facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections,

environmental controls (e.g., air conditioning, fire suppression), and security controls.

DOCSIS (Data Over Cable Service Interface Specification): A non-proprietary industry standard developed by CableLabs that allows for equipment interoperability from the headend to the CPE. The latest version (DOCSIS 3.1) enables bonding of multiple channels to allow for download speeds up to 10 Gbps and upload speeds up to 2 Gbps, depending upon how many channels are bonded together.

DSL (Digital Subscriber Line): A family of broadband technologies that offers always-on, high-bandwidth (usually asymmetrical) transmission over an existing twisted-pair copper telephone line. DSL shares the same phone line as the telephone service but uses a different part of the phone line's bandwidth.

Edge Computing: The process of obtaining, processing, and analyzing data close to the source of its creation. Edge computing eliminates the need for data to travel through a distant server, reducing latency and bandwidth usage.

Fibre Optics: A method for the transmission of information (voice, video, or data) in which light is modulated and transmitted over hair-thin filaments of glass called fibre optic cables. The bandwidth capacity of fibre optic cable is much greater than that of copper wire and light can travel relatively long distances through glass without the need for amplification.

FTTH (Fibre-to-the-Home)/FTTP (Fibre-to-the-Premise): Represents fibre optic cable that reaches the boundary of the home or premise, such as a box on the outside wall of a home or business.

GSM (Global System for Mobile Communications): A TDMA-based technology and a member of the "second generation" (2G) family of mobile protocols that is deployed widely around the world, especially at the 850, 900, 1800, and 1900 MHz frequency bands.

Hardware Upgrade (HUP): The act of an existing wireless customer upgrading to a new wireless device.

HDR (High Dynamic Range): An imaging technique used to reproduce a greater dynamic range of luminosity than is possible with standard digital imaging or photographic techniques.

Hertz: A unit of frequency defined as one cycle per second. It is commonly used to describe the speeds at which electronics are driven in the radio industry. MHz (megahertz) is millions of hertz; GHz (gigahertz) is billions of hertz; and THz (terahertz) is trillions of hertz.

Homes Passed: Total number of homes that have the potential for being connected to a cable system in a defined geographic area.

Hosting (Web Hosting): The business of housing, serving, and maintaining files for one or more websites or e-mail accounts. Using a hosting service allows many companies to share the cost of a high-speed Internet connection for serving files, as well as other Internet infrastructure and management costs.

Hotspot: A Wi-Fi access point in a public place, such as a café, train station, airport, commercial office property, or conference centre.

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HSPA (High-Speed Packet Access): HSPA is an IP-based packet-data enhancement technology that provides high-speed broadband packet data services over 3G networks. HSPA+ provides high-speed broadband packet data services at even faster speeds than HSPA over 4G networks.

Hybrid Fibre-Coaxial Network Architecture (HFC): A technology in which fibre optic cable and coaxial cable are used in different portions of a network to carry broadband content (such as video, voice, and data) from a distribution facility to a subscriber premise.

ILEC (Incumbent Local Exchange Carrier): The dominant telecommunications company providing local telephone service in a given geographic area when competition began. Typically, an ILEC is the traditional phone company and the original local exchange carrier in a given market.

IoT (Internet of Things): The concept of connecting everyday objects and devices (e.g., appliances and cellular phones) to the Internet and each other. This allows them to sense their environment and communicate between themselves, allowing for the seamless flow of data.

IP (Internet Protocol): The packet-based computer network protocol that all machines on the Internet must know so they can communicate with one another. IP is a set of data switching and routing rules that specify how information is cut up into packets and how they are addressed for delivery between computers.

IPTV (Internet Protocol Television): A system where a digital television signal is delivered using IP. Unlike broadcasting, viewers receive only the stream of content they have requested (by surfing channels or ordering video on demand).

ISED Canada (Innovation, Science and Economic Development Canada): The Canadian federal government department responsible for, amongst other things, the regulation, management, and allocation of radio spectrum and establishing technical requirements for various wireless systems.

ISP (Internet Service Provider): A provider of Internet access service to consumers and/or businesses.

LAN (Local Area Network): A network created via linked computers within a small area, such as a single site or building.

LTE (Long-Term Evolution): A fourth generation cellular wireless technology (also known as 4G) that has evolved and enhanced the UMTS/HSPA+ mobile phone standards. LTE improves spectral efficiency, lowers costs, improves services, and, most importantly, allows for higher data rates. LTE technology is designed to deliver speeds up to 300 Mbps.

LTE Advanced (LTE-A): A mobile communication standard that represents a major enhancement of the LTE standard. With a peak data rate of 1 Gbps, LTE Advanced also offers faster switching between power states and improved performance at the cell edge.

Machine-to-Machine (M2M): The wireless inter-connection of physical devices or objects that are seamlessly integrated into an information network to become active participants in business processes. Services are available to interact with these 'smart objects' over the Internet, query, change their state, and capture any information associated with them.

MVNO (Mobile Virtual Network Operator): A wireless communications service provider that does not own the wireless network infrastructure through which it provides services to its customers.

Near-net: Customer location(s) adjacent to network infrastructure allowing connectivity to the premises to be extended with relative ease.

Off-net: Customer location(s) where network infrastructure is not readily available, necessitating the use of a third-party leased access for connectivity to the premises.

On-net: Customer location(s) where network infrastructure is in place to provide connectivity to the premises without further builds or third-party leases. An on-net customer can be readily provisioned.

OTT (Over-the-Top): Audio, visual, or alternative media distributed via the Internet or other non-traditional media.

Penetration: The degree to which a product or service has been sold into, or adopted by, the base of potential customers or subscribers in a given geographic area. This value is typically expressed as a percentage.

Postpaid: A conventional method of payment for wireless service where a subscriber pays a fixed monthly fee for a significant portion of services. Usage (e.g. long distance) and overages are billed in arrears, subsequent to consuming the services. The fees are often arranged on a term contract basis.

Prepaid: A method of payment for wireless service that requires a subscriber to prepay for a set amount of airtime or data usage in advance of actual usage. Generally, a subscriber's prepaid account is debited at the time of usage so that actual usage cannot exceed the prepaid amount until an additional prepayment is made.

PVR (Personal Video Recorder): A consumer electronics device or application software that records video in a digital format. The term includes set-top boxes with direct-to-disk recording capabilities, which enables video capture and playback to and from a hard disk.

Set-Top Box: A standalone device that receives and decodes programming so that it may be displayed on a television. Set-top boxes may be used to receive broadcast, cable, and satellite programming.

Spectrum: A term generally applied to electromagnetic radio frequencies used in the transmission of sound, data, and video. Various portions of spectrum are designated for use in cellular service, television, FM radio, and satellite transmissions.

Subscription Video-on-Demand (SVOD): Refers to a service that offers, for a monthly charge, access to specific programming with unlimited viewing on an on-demand basis.

TPIA (Third-Party Internet Access): Wholesale high-speed access services of large cable carriers that enable independent service providers to offer retail Internet services to their own end-users.

Video-on-Demand (VOD): A cable service that allows a customer to select and view movies and shows at any time from a library of thousands of titles.

VoIP (Voice over IP): The technology used to transmit real-time voice conversations in data packets over a data network using IP. Such data networks include telephone company networks, cable TV networks, wireless networks, corporate intranets, and the Internet.

VoLTE (Voice over LTE): A platform to provide voice services to wireless customers over LTE wireless networks. The LTE standard only supports packet switching, as it is all IP-based technology. Voice calls in GSM are circuit switched, so with the adoption of LTE, carriers are required to re-engineer their voice call network, while providing continuity for traditional circuit-switched networks on 2G and 3G networks.

Wi-Fi: The commercial name for a networking technology standard for wireless LANs that essentially provide the same connectivity as wired networks, but

at lower speeds. Wi-Fi allows any user with a Wi-Fi-enabled device to connect to a wireless access point.

Helpful links

Canadian Radio-Television and Telecommunications Commission (CRTC)
The CRTC is an independent public organization that regulates and supervises the Canadian broadcasting and telecommunications systems. It reports to Parliament through the Minister of Canadian Heritage. www.crtc.gc.ca

Innovation, Science and Economic Development Canada (ISED Canada)
ISED Canada is a ministry of the federal government whose mission is to foster a growing, competitive, knowledge-based Canadian economy. It also works with Canadians throughout the economy and in all parts of the country to improve conditions for investment, improve Canada's innovation performance, increase Canada's share of global trade, and build an efficient and competitive marketplace. www.ic.gc.ca

Federal Communications Commission (FCC)
The FCC is an independent United States government agency. The FCC was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The FCC's jurisdiction covers the 50 states, the District of Columbia, and U.S. territories. www.fcc.gov

Canadian Wireless Telecommunications Association (CWTA)
The CWTA is the industry trade organization and authority on wireless issues, developments, and trends in Canada. It represents wireless service providers as well as companies that develop and produce products and services for the industry, including handset and equipment manufacturers, content and application creators, and business-to-business service providers. www.cwta.ca

The Wireless Association (CTIA)
The CTIA is an international non-profit membership organization, founded in 1984, representing wireless carriers and their suppliers, as well as providers and manufacturers of wireless data services and products. The CTIA advocates on their behalf before all levels of government. www.ctia.org

GSM Association (GSMA)
The GSMA is a global trade association representing nearly 800 operators with more than 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers, and Internet companies, as well as organizations in adjacent industry sectors. In addition, more than 180 manufacturers and suppliers support the Association's initiatives as associate members. The GSMA works on projects and initiatives that address the collective interests of the mobile industry, and of mobile operators in particular. www.gsma.com

Commission for Complaints for Telecom-television Services (CCTS)
An independent organization dedicated to working with consumers and service providers to resolve complaints about telephone, television, and Internet services. Its structure and mandate were approved by the CRTC. www.ccts-cprst.ca



For a more comprehensive glossary of industry and technology terms, go to rogers.com/glossary

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Corporate and shareholder information

CORPORATE OFFICES

Rogers Communications Inc.
333 Bloor Street East,
Toronto, ON M4W 1G9
416.935.7777

CUSTOMER SERVICE AND PRODUCT INFORMATION

888.764.3771 or rogers.com

SHAREHOLDER SERVICES

If you are a registered shareholder and have inquiries regarding your account, wish to change your name or address, or have questions about lost stock certificates, share transfers, estate settlements or dividends, please contact our transfer agent and registrar:

TSX Trust Company

P.O. Box 700, Postal Station B
Montreal, QC H3B 3K3, Canada
416.682.3860 or 800.387.0825
shareholderinquiries@tmx.com

Duplicate Mailings

If you receive duplicate shareholder mailings from Rogers Communications, please contact TSX Trust Company as detailed above to consolidate your accounts.

INVESTOR RELATIONS

Institutional investors, securities analysts and others requiring additional financial information can visit investors.rogers.com or contact us at:

647.435.6470 or
416.935.7777 (outside North America)
or investor.relations@rci.rogers.com

CORPORATE PHILANTHROPY

For information relating to Rogers' various philanthropic endeavours, refer to the "About Rogers" section of rogers.com

SUSTAINABILITY

Rogers is committed to continuing to grow responsibly and we focus our social and environmental sustainability efforts where we can make the most meaningful impacts on both. To learn more, please visit about.rogers.com/our-impact

STOCK EXCHANGE LISTINGS Toronto Stock Exchange (TSX):

RCI.A – Class A Voting shares
(CUSIP # 775109101)

RCI.B – Class B Non-Voting shares
(CUSIP # 775109200)

New York Stock Exchange (NYSE):

RCI – Class B Non-Voting shares
(CUSIP # 775109200)



DEBT SECURITIES

For details of the public debt securities of the Rogers companies, please refer to the "Debt Securities" section under investors.rogers.com

INDEPENDENT AUDITORS

KPMG LLP

ONLINE INFORMATION

Rogers is committed to open and full financial disclosure and best practices in corporate governance. We invite you to visit investors.rogers.com where you will find additional information about our business, including events and presentations, news releases, regulatory filings, governance practices, corporate social responsibility and our continuous disclosure materials, including quarterly financial releases, annual information forms, and management information circulars. You may also subscribe to our news by email or RSS feeds to automatically receive Rogers news releases electronically.

DIRECT DEPOSIT SERVICE

Shareholders may have dividends deposited directly into accounts held at financial institutions. To arrange direct deposit service, please contact TSX Trust Company as detailed earlier on this page.

COMMON STOCK TRADING AND DIVIDEND INFORMATION

2021	Price RCI.B on TSX			Dividends Declared per Share
	High	Low	Close	
First Quarter	\$65.72	\$54.69	\$57.95	\$0.50
Second Quarter	\$66.08	\$57.90	\$65.90	\$0.50
Third Quarter	\$67.59	\$58.58	\$59.15	\$0.50
Fourth Quarter	\$62.38	\$56.00	\$60.23	\$0.50

Shares Outstanding at December 31, 2021

Class A Voting	111,153,411
Class B Non-Voting	393,771,907

2022 Expected Dividend Dates

Record Date*	Payment Date*
March 10, 2022	April 1, 2022
June 10, 2022	July 4, 2022
September 9, 2022	October 3, 2022
December 9, 2022	January 3, 2023

* Subject to Board approval

Unless indicated otherwise, all dividends paid by Rogers Communications are designated as "eligible" dividends for the purposes of the Income Tax Act (Canada) and any similar provincial legislation.

DIVIDEND REINVESTMENT PLAN (DRIP)

Rogers offers a convenient dividend reinvestment program for eligible shareholders to purchase additional Rogers Communications shares by reinvesting their cash dividends without incurring brokerage fees or administration fees. For plan information and enrolment materials or to learn more about Rogers' DRIP, please visit <https://tsxtrust.com/a/investor-hub> or contact TSX Trust Company as detailed earlier on this page.

ELECTRONIC DELIVERY OF SHAREHOLDER MATERIALS

Registered shareholders can receive electronic notice of financial reports and proxy materials by registering at <https://tsxtrust.com/edelivery>. This approach gets information to shareholders faster than conventional mail and helps Rogers protect the environment and reduce printing and postage costs.

CAUTION REGARDING FORWARD-LOOKING INFORMATION AND OTHER RISKS

This annual report includes forward-looking statements about the financial condition and prospects of Rogers Communications that involve significant risks and uncertainties that are detailed in the "Risks and Uncertainties Affecting our Business" and "About Forward-Looking Information" sections of the MD&A contained herein, which should be read in conjunction with all sections of this annual report.



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Twitter
[@rogers](https://twitter.com/rogers)



LinkedIn
linkedin.com/company/rogers-communications



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The best is yet to come.

A handwritten signature in black ink that reads "Ted Rogers". The signature is written in a cursive style with a long horizontal line extending from the top of the "T" across the top of the "R".

Ted Rogers

**WITNESS STATEMENT OF DEAN PREVOST
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**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “3” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) contains important information about our business and our performance for the year ended December 31, 2021. This MD&A should be read in conjunction with our 2021 Audited Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

All dollar amounts are in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as at March 3, 2022 and was approved by RCI's Board of Directors (the Board). This MD&A includes forward-looking statements and assumptions. See "About Forward-Looking Information" for more information.

We, us, our, Rogers, Rogers Communications, and the Company refer to Rogers Communications Inc. and its subsidiaries. RCI refers to the legal entity Rogers Communications Inc., not including its subsidiaries. Rogers also holds interests in various investments and ventures.

We are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

Effective January 1, 2022, we will be changing the way in which we report certain subscriber metrics in both our Wireless and Cable segments. Commencing in the first quarter of 2022, we will begin presenting postpaid mobile phone subscribers, prepaid mobile phone subscribers, and mobile phone ARPU in our Wireless segment. We will also no longer report blended average billings per unit (ABPU). In Cable, we will begin presenting retail Internet subscribers among other product metrics. These changes are a result of shifts in the ways in which we manage our business, including the significant adoption of our wireless device financing program, and to better align with industry practices. See "Key Performance Indicators" for more information.

In this MD&A, *first quarter* refers to the three months ended March 31, 2021, *second quarter* refers to the three months ended June 30, 2021, *third quarter* refers to the three months ended September 30, 2021, *fourth quarter* refers to the three months ended December 31, 2021, *this year* refers to the twelve months ended December 31, 2021, and *last year* refers to the twelve months ended December 31, 2020. All results commentary is compared to the equivalent periods in 2020 or as at December 31, 2020, as applicable, unless otherwise indicated.

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ABOUT FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (collectively, "forward-looking information"), and assumptions about, among other things, our business, operations, and financial performance and condition approved by our management on the date of this MD&A. This forward-looking information and these assumptions include, but are not limited to, statements about our

objectives and strategies to achieve those objectives, and about our beliefs, plans, expectations, anticipations, estimates, or intentions.

Forward-looking information:

- typically includes words like *could*, *expect*, *may*, *anticipate*, *assume*, *believe*, *likely*, *intend*, *estimate*, *plan*, *project*, *predict*, *potential*, *guidance*, *outlook*, *target*, and similar expressions, although not all forward-looking information includes them;
- includes conclusions, forecasts, and projections that are based on our current objectives and strategies and on estimates, expectations, assumptions, and other factors, that we believe to have been reasonable at the time they were applied but may prove to be incorrect; and
- was approved by our management on the date of this MD&A.

Our forward-looking information includes conclusions, forecasts, and projections related to the following items, among others:

- revenue;
- total service revenue;
- adjusted EBITDA;
- capital expenditures;
- cash income tax payments;
- free cash flow;
- dividend payments;
- the growth of new products and services;
- expected growth in subscribers and the services to which they subscribe;
- the cost of acquiring and retaining subscribers and deployment of new services;
- continued cost reductions and efficiency improvements;
- our debt leverage ratio;
- statements relating to plans we have implemented in response to the COVID-19 pandemic (COVID-19) and its impact on us;
- the expected timing and completion of the proposed acquisition of Shaw Communications Inc. (Shaw) (Transaction);
- the benefits expected to result from the Transaction, including corporate, operational, scale, and other synergies, and their anticipated timing; and
- all other statements that are not historical facts.

Specific forward-looking information included in this MD&A includes, but is not limited to, information and statements under "Financial and Operating Guidance" relating to our 2022 consolidated guidance on total service revenue, adjusted EBITDA, capital expenditures, and free cash flow. All other statements that are not historical facts are forward-looking information.

We base our conclusions, forecasts, and projections (including the aforementioned guidance) on a number of estimates, expectations, assumptions, and other factors, including, among others:

- general economic and industry growth rates;
- currency exchange rates and interest rates;
- product pricing levels and competitive intensity;
- subscriber growth;
- pricing, usage, and churn rates;
- changes in government regulation;

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- technology and network deployment;
- availability of devices;
- timing of new product launches;
- content and equipment costs;
- the integration of acquisitions;
- industry structure and stability; and
- the impact of COVID-19 on our operations, liquidity, financial condition, or results.

Except as otherwise indicated, this MD&A and our forward-looking information do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetization events, mergers, acquisitions, other business combinations, or other transactions that may be considered or announced or may occur after the date on which the statement containing the forward-looking information is made.

RISKS AND UNCERTAINTIES

Actual events and results can be substantially different from what is expressed or implied by forward-looking information as a result of risks, uncertainties, and other factors, many of which are beyond our control, including, but not limited to:

- regulatory changes;
- technological changes;
- economic, geopolitical, and other conditions affecting commercial activity;
- unanticipated changes in content or equipment costs;
- changing conditions in the entertainment, information, and/or communications industries;
- sports-related work stoppages or cancellations and labour disputes;
- the integration of acquisitions;
- litigation and tax matters;
- the level of competitive intensity;
- the emergence of new opportunities;
- external threats, such as epidemics, pandemics, and other public health crises, natural disasters, the effects of climate change, or cyberattacks, among others;
- risks related to the Transaction, including the timing, receipt, and conditions related to the applicable approvals and expiry of certain waiting periods under the *Broadcasting Act (Canada)*, the *Competition Act (Canada)*, and the *Radiocommunication Act (Canada)* (collectively, Key Regulatory Approvals); satisfaction of the various conditions to close the Transaction; financing the Transaction; and the anticipated benefits and successful integration of the businesses and operations of Rogers and Shaw; and the other risks outlined in "Risks and Uncertainties Affecting our Business - Shaw Transaction" in this MD&A; and
- new interpretations and new accounting standards from accounting standards bodies.

These risks, uncertainties, and other factors can also affect our objectives, strategies, and intentions. Many of these risks, uncertainties, and other factors are beyond our control or our current expectations or knowledge. Should one or more of these risks, uncertainties, or other factors materialize, our objectives, strategies, or intentions change, or any other factors or assumptions underlying the forward-looking information prove incorrect, our actual results and our plans could vary significantly from what we currently foresee.

Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and caution them that it would be unreasonable to rely on such statements as creating legal rights regarding our future results or plans. We are under no obligation (and we expressly disclaim any such obligation) to update or alter any statements containing forward-looking information or the factors or assumptions underlying them, whether as a result of new information, future events, or otherwise, except as required by law. All of the forward-looking information in this MD&A is qualified by the cautionary statements herein.

BEFORE MAKING AN INVESTMENT DECISION

Before making any investment decisions and for a detailed discussion of the risks, uncertainties, and environment associated with our business, its operations, and its financial performance and condition, fully review the sections in this MD&A entitled "Regulation in our Industry" and "Environmental, Social, and Governance (ESG)", as well as our various other filings with Canadian and US securities regulators, which can be found at sedar.com and sec.gov, respectively.

FOR MORE INFORMATION

You can find more information about us, including our Annual Information Form, on our website (investors.rogers.com), on SEDAR (sedar.com), and on EDGAR (sec.gov), or you can e-mail us at investor.relations@rci.rogers.com. Information on or connected to these and any other websites referenced in this document does not constitute part of this MD&A.

You can also find information about our governance practices, corporate social responsibility reporting, a glossary of communications and media industry terms, and additional information about our business at investors.rogers.com.

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Executive Summary

ABOUT ROGERS

Rogers is a leading Canadian technology and media company that provides world-class communications services and entertainment to consumers and businesses on our award-winning networks. Our founder, Ted Rogers, purchased his first radio station, CHFI, in 1960. Today we are dedicated to providing industry-leading wireless, cable, sports, and media to millions of customers across Canada. Our shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

Almost all of our operations and sales are in Canada. We have a highly skilled and diversified workforce of approximately 23,000 employees. Our head office is in Toronto, Ontario and we have numerous offices across Canada. We report our results of operations in three reportable segments. See “Understanding Our Business” for more information.

2021 HIGHLIGHTS

KEY FINANCIAL INFORMATION

	Years ended December 31		
	2021	2020	% Chg
(In millions of dollars, except margins and per share amounts)			
Consolidated			
Total revenue	14,655	13,916	5
Total service revenue ¹	12,533	11,955	5
Adjusted EBITDA ²	5,887	5,857	1
Adjusted EBITDA margin ²	40.2%	42.1%	(1.9 pts)
Net income	1,558	1,592	(2)
Adjusted net income ²	1,803	1,725	5
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Adjusted basic earnings per share ²	\$ 3.57	\$ 3.42	4
Capital expenditures ³	2,788	2,312	21
Cash provided by operating activities	4,161	4,321	(4)
Free cash flow ²	1,671	2,366	(29)
Wireless			
Service revenue	6,666	6,579	1
Revenue	8,768	8,530	3
Adjusted EBITDA	4,214	4,067	4
Adjusted EBITDA service margin ⁴	63.2%	61.8%	1.4 pts
Adjusted EBITDA margin ⁵	48.1%	47.7%	0.4 pts
Cable			
Revenue	4,072	3,946	3
Adjusted EBITDA	2,013	1,935	4
Adjusted EBITDA margin	49.4%	49.0%	0.4 pts
Media			
Revenue	1,975	1,606	23
Adjusted EBITDA	(127)	51	n/m
Adjusted EBITDA margin	(6.4)%	3.2%	(9.6 pts)

n/m - not meaningful

¹ As defined. See “Key Performance Indicators”.

² Adjusted EBITDA is a total of segments measure. Adjusted EBITDA margin is a supplementary financial measure. Adjusted basic earnings per share is a non-GAAP ratio. Adjusted net income is a non-GAAP financial measure and is a component of adjusted basic earnings per share. Free cash flow is a capital management measure. These are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies. See “Non-GAAP and Other Financial Measures” for more information about these measures.

³ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

⁴ Calculated using Wireless service revenue.

⁵ Calculated using Wireless total revenue.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

KEY PERFORMANCE INDICATORS

	As at or years ended December 31		
	2021	2020	Chg
Subscriber results (in thousands) ¹			
Wireless postpaid net additions	448	245	203
Wireless prepaid net losses	(94)	(142)	48
Wireless subscribers	11,297	10,943	354
Internet net additions	49	57	(8)
Internet subscribers ²	2,665	2,598	67
Ignite TV net additions	244	218	26
Total Ignite TV subscribers	788	544	244
Customer relationships net additions	31	12	19
Total customer relationships ²	2,581	2,530	51
Additional Wireless metrics ¹			
Postpaid churn (monthly)	0.95%	1.00%	(0.05 pts)
Blended ARPU (monthly) ^{1,3}	\$ 50.26	\$ 50.75	(\$ 0.49)
Additional Cable metrics ¹			
ARPA (monthly) ^{1,3}	\$132.58	\$130.70	\$ 1.88
Penetration	54.9%	55.3%	(0.4 pts)
Ratios			
Capital intensity ^{1,3}	19.0%	16.6%	2.4 pts
Dividend payout ratio of net income ^{1,3}	64.8%	63.4%	1.4 pts
Dividend payout ratio of free cash flow ^{1,3}	60.4%	42.7%	17.7 pts
Return on assets ^{1,3}	3.7%	4.1%	(0.4 pts)
Debt leverage ratio ⁴	3.4	3.0	0.4
Employee-related information			
Total active employees	23,000	24,000	(1,000)

¹ As defined. See "Key Performance Indicators".

² On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

³ Blended ARPU, ARPA, capital intensity, dividend payout ratio of net income, dividend payout ratio of free cash flow, and return on assets are supplementary financial measures. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of these measures.

⁴ Debt leverage ratio is a capital management measure. As a result of our issuance of subordinated notes in December 2021 (see "Managing our Liquidity and Financial Resources"), we have amended our definition of this measure. See "Non-GAAP and Other Financial Measures" and "Financial Condition" for more information about this measure.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FINANCIAL HIGHLIGHTS

Our stable financial position throughout this year enabled us to prioritize the actions we needed to take as a result of COVID-19, continue to make high priority investments in our network, and ensure customers stayed connected during this critical time.

REVENUE

Revenue increased by 5% this year, driven by a 1% increase in Wireless service revenue, a 3% increase in Cable revenue, and a 23% increase in Media revenue.

Wireless service revenue increased by 1% this year, largely as a result of a larger postpaid subscriber base and higher roaming revenue, as COVID-19-related global travel restrictions were generally less strict than in 2020, partially offset by lower average revenue. Wireless equipment revenue increased by 8% as a result of higher device upgrades by existing customers and a shift in the product mix towards higher-value devices, partially offset by fewer of our new subscribers purchasing devices.

Cable revenue increased by 3% this year as a result of the movement of Internet customers to higher speed and usage tiers, the increases in our Internet and Ignite TV subscriber bases, and disciplined promotional activity and Internet service pricing changes in late 2020, partially offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased by 23% this year, primarily as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, shifting revenue to 2021, and higher *Toronto Blue Jays*™ attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

ADJUSTED EBITDA

Adjusted EBITDA increased 1% this year, primarily due to 4% increases in Wireless and Cable adjusted EBITDA, partially offset by the decrease in Media adjusted EBITDA, with a consolidated adjusted EBITDA margin of 40%.

Wireless adjusted EBITDA increased 4% this year, as a result of the flow-through impact of the aforementioned increases in revenue and lower bad debt expense. Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

Cable adjusted EBITDA increased 4% this year, primarily as a result of higher revenue, as discussed above.

Media adjusted EBITDA decreased by \$178 million this year, primarily due to higher programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, higher general operating costs as a result of the resumption of sports and increased activities as COVID-19 restrictions eased, and higher Toronto Blue Jays player payroll and game day costs, partially offset by higher revenue as discussed above.

NET INCOME AND ADJUSTED NET INCOME

Adjusted net income increased 5% this year, primarily as a result of the increase in adjusted EBITDA and lower finance costs. Net income decreased 2%, and was also affected by higher restructuring, acquisition and other costs attributable to the Transaction. See "Review of Consolidated Performance" for more information.

CASH FLOW AND AVAILABLE LIQUIDITY

We returned substantial cash to shareholders this year through the payment of \$1.01 billion in dividends. In addition, we declared a \$0.50 per share dividend on January 26, 2022.

Our cash provided by operating activities decreased by 4% this year, primarily affected by higher income taxes paid and higher restructuring, acquisition and other costs paid associated with the Transaction. Although free cash flow decreased 29% this year, we continued to generate substantial free cash flow of \$1,671 million. The decrease was primarily as a result of higher capital expenditures to support increased network investments and higher cash income taxes due to our transition to a device financing business model.

Our debt leverage ratio was 3.4 as at December 31, 2021, up from 3.0 as at December 31, 2020, driven by higher adjusted net debt, primarily due to an increase in our short-term borrowings from our non-revolving credit facilities used to pay for 3500 MHz spectrum licences and the issuance of \$2 billion of subordinated notes in December 2021.

Our overall weighted average cost of borrowings was 3.95% as at December 31, 2021 (2020 - 4.09%) and our overall weighted average term to maturity on our debt was 11.6 years as at December 31, 2021 (2020 - 12.8 years).

We ended the year with approximately \$4.2 billion of available liquidity¹ (2020 - \$5.7 billion), including \$3.1 billion (2020 - \$2.6 billion) available under our bank and letter of credit facilities, \$0.4 billion (2020 - \$0.6 billion) available under our \$1.2 billion receivables securitization program, and \$0.7 billion (2020 - \$2.5 billion) in cash and cash equivalents.

¹ Available liquidity is a capital management measure. See "Non-GAAP and Other Financial Measures" for more information about this measure.

Shaw Transaction

On March 15, 2021, we announced an agreement with Shaw to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares (collectively, Shaw Shares) for a price of \$40.50 per share. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family and certain related persons (Shaw Family Shareholders) will receive (i) \$16.20 in cash and (ii) 0.417206775 Class B Non-Voting Shares of Rogers per Shaw Share held by the Shaw Family Shareholders. The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt.

The Transaction will be implemented through a court-approved plan of arrangement under the *Business Corporations Act (Alberta)*. On May 20, 2021, Shaw shareholders voted to approve the Transaction at a special shareholders meeting. The Court of Queen's Bench of Alberta issued a final order approving the Transaction on May 25, 2021. The Transaction is subject to other customary closing conditions, including receipt of Key Regulatory Approvals. Subject to receipt of all required approvals and satisfaction of other conditions prior to closing, the Transaction is expected to close in the first half of 2022. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

The combined entity will build on the strong legacy of two family-founded Canadian companies. It will have the scale, assets, and capabilities needed to deliver unprecedented wireline and wireless broadband and network investments, innovation, and growth in new telecommunications services, and greater choice for Canadian consumers and businesses.

The combination will also accelerate the delivery of critical 5G service across Western Canada, from rural areas to dense cities, more quickly than either company could achieve on its own, by bringing together the expertise and assets of both companies.

In connection with the Transaction, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an original amount up to \$19 billion. During the year, we entered into a \$6 billion non-revolving credit facility (Shaw term loan facility), which served to reduce the amount available under the committed credit facility to \$13 billion. See "Managing our

Liquidity and Financial Resources" for more information on the committed credit facility and the Shaw term loan facility. We also expect that RCI will either assume Shaw's senior notes or provide a guarantee of Shaw's payment obligations under those senior notes upon closing the Transaction and, in either case, Rogers Communications Canada Inc. (RCCI) will guarantee Shaw's payment obligations under those senior notes.

In connection with our application for Canadian Radio-Television and Telecommunications Commission (CRTC) approval to acquire Shaw's licensed broadcasting assets, the CRTC held an oral hearing from November 22 to 26, 2021, during which Rogers, Shaw, and 31 intervenors (including Canada Public Affairs Channel Inc. (CPAC) as an interested party) had an opportunity to comment on and respond to questions from the CRTC regarding the application. Final written submissions from intervenors were accepted until December 13, 2021, and Rogers and CPAC submitted final replies on December 20, 2021.

In accordance with the terms of the arrangement agreement, Rogers and Shaw filed pre-merger notifications pursuant to Part IX of the Competition Act to trigger the Competition Bureau's review of the Transaction. Rogers and Shaw have worked cooperatively and constructively to respond to further requests for information, as required under the arrangement agreement. On September 28, 2021, the Competition Bureau issued a public request for information to help further gather and assess facts about the Transaction. The Competition Bureau invited interested parties to share their information or experiences confidentially by October 29, 2021. The Federal Court also issued orders requiring Xplornet Communications Inc., BCE Inc., TELUS Corporation, and Quebecor Inc. to produce records and written information related to mobile wireless services that are relevant to the Competition Bureau's review of the Transaction, which is ongoing.

In accordance with the conditions of Shaw's spectrum licences, Rogers and Shaw filed joint applications with Innovation, Science and Economic Development Canada (ISED Canada) for approval of the indirect transfer of those spectrum licences by the Minister of Innovation, Science and Industry. ISED Canada's review is ongoing.

The Transaction is subject to a number of additional risks. For more information, see "Risks and Uncertainties Affecting our Business - Shaw Transaction".

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Understanding Our Business

Rogers is a leading Canadian technology and media company.

THREE REPORTABLE SEGMENTS

We report our results of operations in three reportable segments. Each segment and the nature of its business are as follows:

Segment	Principal activities
Wireless	Wireless telecommunications operations for Canadian consumers and businesses.
Cable	Cable telecommunications operations, including Internet, television, telephony (phone), and smart home monitoring services for Canadian consumers and businesses, and network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for the business, public sector, and carrier wholesale markets.
Media	A diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping, and digital media.

See “Capability to Deliver Results” for more information about our extensive wireless and cable networks and significant wireless spectrum position.

Wireless and Cable are operated by our wholly owned subsidiary, RCCI, and certain of our other wholly owned subsidiaries. Media is operated by our wholly owned subsidiary, Rogers Media Inc., and its subsidiaries.

PRODUCTS AND SERVICES

WIRELESS

Rogers is a Canadian leader in delivering a range of innovative wireless network technologies and services. We were the first Canadian carrier to launch a 5G network and we have the largest 5G network in Canada, serving over 1,500 communities and 70% of the Canadian population as at December 31, 2021. Our postpaid and prepaid wireless services are offered under the Rogers™, Fido™, and chatr™ brands, and provide consumers and businesses with the latest wireless devices, services, and applications including:

- mobile high-speed Internet access, including our *Rogers Infinite™* unlimited data plans;
- wireless voice and enhanced voice features;
- *Rogers Pro On-the-Go™*, a personalized service experience for device delivery and setup to a customer’s location of choice within the service area;
- Express Pickup, a convenient service for purchasing devices online or through a customer care agent, with the ability to pick up in-store as soon as the same day;
- direct device shipping to the customer’s location of choice;
- device and accessory financing;
- device protection;
- in-store expert device repair service;
- global voice and data roaming, including *Roam Like Home™* and *Fido Roam™*;

- wireless home phone;
- advanced wireless solutions for businesses, including wireless private network services;
- bridging landline phones with wireless phones; and
- machine-to-machine solutions and Internet of Things (IoT) solutions.

CABLE

We are one of the largest cable providers in Canada. Our cable network provides an innovative and leading selection of high-speed broadband Internet access, digital television and online viewing, phone, smart home monitoring, and advanced home WiFi services to consumers in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland. We also provide services to businesses across Canada that aim to meet the increasing needs of today’s critical business applications.

In 2020, in response to COVID-19, we launched customer self-installation capabilities within Cable as a safe, easy, no-contact way for our customers to install our *Ignite Internet™* and *Ignite TV™* services. Since launching in late March 2020, over 86% of our Cable installations have been through the self-install program. We also launched *Blitzz™*, a remote visual assistance tool that enables customers to access support virtually and reduces the need to deploy field technicians for installation and service calls.

In 2021, we launched *Ignite Internet Gigabit 1.5* in select areas, giving customers access to even faster Internet service. We also expanded the *Ignite WiFi™* Hub app with enhanced Active Time Details and Advanced Security to give customers greater control over their home WiFi.

Internet services include:

- Internet access through broadband and fixed wireless access (including basic and unlimited usage packages), security solutions, and e-mail;
- access speeds of up to one gigabit per second (Gbps), covering our entire Cable footprint, with some areas able to receive access speeds of up to 1.5 Gbps;
- *Rogers Ignite™* and Fido Internet unlimited packages, combining fast and reliable speeds with the freedom of unlimited usage and options for self-installation;
- *Rogers Ignite WiFi Hub*, offering a personalized WiFi experience with a simple digital dashboard for customers to manage their home WiFi network, providing visibility and control over family usage; and
- *Rogers™ Smart Home Monitoring*, offering services such as monitoring, security, automation, energy efficiency, and smart control through a smartphone app.

Television services include:

- local and network TV, made available through traditional digital or IP-based *Ignite TV*, including starter and premium channel packages along with à la carte channels;
- on-demand television;
- cloud-based digital video recorders (DVRs) available with *Ignite TV* services;
- voice-activated remote controls, restart features, and integrated apps such as YouTube, Netflix, *Sportsnet NOW™*, Amazon Prime Video, and Disney+ on *Ignite TV*;

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- personal video recorders (PVRs), including Whole Home PVR and 4K PVR capabilities;
- an Ignite TV app, giving customers the ability to experience Ignite TV (including setting recordings) on their smartphone, tablet, laptop, or computer;
- *Ignite™ SmartStream™*, an entertainment add-on for Ignite Internet customers, giving them access to their favourite streaming services in one place;
- Download and Go, the ability to download recorded programs onto your smartphone or tablet to watch at a later time using the Ignite TV app;
- linear and time-shifted programming;
- digital specialty channels; and
- 4K television programming, including regular season Toronto Blue Jays home games and select marquee National Hockey League (NHL) and National Basketball Association (NBA) games.

Phone services include:

- residential and small business local telephony service; and
- calling features such as voicemail, call waiting, and long distance.

Enterprise services include:

- voice, data networking, IP, and Ethernet services over multi-service customer access devices that allow customers to scale and add services, such as private networking, Internet, IP voice, and cloud solutions, which blend seamlessly to grow with their business requirements;
- optical wave, Internet, Ethernet, and multi-protocol label switching services, providing scalable and secure metro and wide area private networking that enables and interconnects critical business applications for businesses that have one or many offices, data centres, or points of presence (as well as cloud applications) across Canada;
- simplified information technology (IT) and network technology offerings with security-embedded, cloud-based, professionally managed solutions;
- extensive cable access network services for primary, bridging, and back-up (including through our wireless network, if applicable) connectivity; and
- specialized telecommunications technical consulting for Internet service providers (ISPs).

MEDIA

Our portfolio of Media assets, with a focus on sports and regional TV and radio programming, reaches Canadians from coast to coast.

In Sports Media and Entertainment, we own the Toronto Blue Jays, Canada's only Major League Baseball (MLB) team, and the *Rogers Centre™* event venue, which hosts the Toronto Blue Jays' home games, concerts, trade shows, and special events.

Our agreement with the NHL (NHL Agreement), which runs through the 2025-2026 NHL season, allows us to deliver more than 1,300 regular season games during a typical season across television, smartphones, tablets, personal computers, and streaming devices, both through traditional streaming services as well as through *NHL LIVE™*. It also grants Rogers national rights on those platforms to the Stanley Cup Playoffs and Stanley Cup Final, all NHL-related special events and non-game events (such as the NHL All-Star Game and the NHL Draft), and rights to sublicense broadcasting rights.

In Television, we operate several conventional and specialty television networks, including:

- Sportsnet's four regional stations along with *Sportsnet ONE™*, *Sportsnet 360™*, and *Sportsnet World™*;
- Citytv™ network, which, together with affiliated stations, has broadcast distribution to approximately 76% of Canadian individuals;
- OMNI™ multicultural broadcast television stations, including OMNI Regional, which provide multilingual newscasts nationally to all digital basic television subscribers;
- specialty channels that include FX™ (Canada), FXX™ (Canada), and OLN™ (formerly Outdoor Life Network); and
- *Today's Shopping Choice™*, Canada's only nationally televised shopping channel, which generates a significant and growing portion of its revenue from online sales.

In Radio, we operate 54 AM and FM radio stations in markets across Canada, including popular radio brands such as 98.1 CHFI™, 680 NEWS™, *Sportsnet The FAN™*, *KISS™*, *JACK FM™*, and *SONIC™*.

We also offer a range of digital services and products, including:

- our digital sports-related assets, including NHL LIVE and SN NOW™;
- other digital assets, including *Citytv NOW™*; and
- a range of other websites, apps, podcasts, and digital products associated with our various brands and businesses.

OTHER

We offer several credit cards, including the *Rogers™ World Elite Mastercard*, *Rogers™ Platinum Mastercard*, and the *Fido™ Mastercard*, which allow customers to earn cashback rewards points on credit card spending.

OTHER INVESTMENTS

We hold interests in a number of associates and joint arrangements, some of which include:

- our 37.5% ownership interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), which owns the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, the Toronto Argonauts, and the Toronto Marlies, as well as various associated real estate holdings; and
- our 50% ownership interest in Glentel Inc. (Glentel), a large provider of multicarrier wireless and wireline products and services with several hundred Canadian retail distribution outlets.

We also hold a number of interests in marketable securities of publicly traded companies, including Cogeco Inc. and Cogeco Communications Inc.

COMPETITION

The telecommunications industry is a highly competitive industry served by many national, regional, and reseller players giving consumers a broad choice in service providers and plan offerings. The industry is very capital intensive and requires meaningful, continual investments to implement next-generation technology and to support existing infrastructure. Given the highly regulated nature of the industry, the already competitive dynamic could be further influenced by regulatory change (see "Regulation in our Industry" for more information).

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Traditional wireline telephony and television services are now offered over the Internet. Consumers continue to change how they choose to communicate or watch video, including with a growing selection of over-the-top (OTT) services, and this is changing the mix of packages and pricing that service providers offer and could affect churn levels.

In the media industry, consumer viewing habits continue to shift towards digital and online media consumption and advertisers are directing more advertising dollars to those media channels. In addition, we now compete with a range of digital and online media companies, including large global companies.

WIRELESS

We compete on customer experience, price, quality of service, scope of services, network coverage, sophistication of wireless technology, breadth of distribution, selection of devices, branding, and positioning.

- Wireless technology - our extensive long-term evolution (LTE) network caters to customers seeking the increased capacity and speed it provides. We are also expanding our 5G network to further these capabilities. We compete with BCE Inc. (Bell) and TELUS Corporation (Telus) at a national level, and with Vidéotron ltée (Videotron), Saskatchewan Telecommunications (SaskTel), and Xplornet Communications Inc. (Xplornet) at a regional level, all of whom operate 5G networks, and with Shaw at a national level and Eastlink Inc. (Eastlink) at a regional level, each of whom operate LTE networks. We also compete with these providers on high-speed packet access (HSPA) and global system for mobile communications (GSM) networks and with providers that use alternative wireless technologies, such as WiFi “hotspots” and mobile virtual network operators (MVNO), such as Primus.
- Product, branding, and pricing - we compete nationally with Bell, Telus, and Shaw, including their flanker brands Virgin Plus (Bell), Lucky Mobile (Bell), Koodo (Telus), Public Mobile (Telus), and Freedom Mobile (Shaw). We also compete with various regional players and resellers.
- Distribution of services and devices - we have one of the largest distribution networks in the country, and compete with other service providers for dealers, prime locations for our own stores, and third-party retail distribution shelf space. We also compete with other service providers on the quality and ease of use of our self-serve options and other digital capabilities.
- Wireless networks - consolidation amongst regional players, or with incumbent carriers, could alter the regional or national competitive landscapes for Wireless. Additionally, certain service providers that currently do not offer wireless products or services have purchased spectrum licences and could enter the market in the future.
- Spectrum - we currently have the largest spectrum position in the country, including the spectrum licences we obtained through the 3500 MHz auction held in 2021. On August 27, 2020, ISED Canada launched a consultation, proposing changes to the spectrum utilization of the 3800 MHz band, making 250 MHz of the spectrum available for 5G. On May 21, 2021, ISED Canada announced the decision to repurpose the 3800 MHz spectrum band to support 5G services. The 3800 MHz spectrum licence auction is expected to take place in early 2023. The 3800 MHz spectrum licences, along with other frequency bands, are essential to the deployment of 5G networks. The outcome of this auction may increase competition. See “Regulation in our Industry” for more information.

CABLE

Internet

We compete with other ISPs that offer fixed-connection residential high-speed Internet access services. Rogers and Fido high-speed Internet services compete directly with, among others:

- Bell’s Internet services in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland, including Virgin Plus; and
- various resellers using wholesale telecommunication company digital subscriber line (DSL) and cable third-party Internet access (TPIA) services in local markets.

A number of different players in the Canadian market also compete for enterprise network and communications services. There are relatively few national providers, but each market has its own competitors that usually focus on the geographic areas in which they have the most extensive networks. In the enterprise market, we compete with facilities- and non-facilities-based telecommunications service providers. In markets where we own network infrastructure, we compete with incumbent fibre-based providers. Our main competitors are as follows:

- Ontario - Bell, Cogeco Data Services, and Digital Colony;
- Quebec - Bell, Telus, and Videotron;
- Atlantic Canada - Bell and Eastlink; and
- Western Canada - Shaw and Telus.

Television

We compete with:

- other Canadian multi-channel broadcast distribution undertakings (BDUs), including Bell, Shaw, and other satellite and IPTV providers;
- OTT video offerings through providers like Netflix, YouTube, Apple, Amazon Prime Video, Crave, Google, Disney+, and other channels streaming their own content; and
- over-the-air local and regional broadcast television signals received directly through antennas, the illegal distribution of Canadian and international channels via video streaming boxes, and the illegal reception of US direct broadcast satellite services.

Phone

While Phone represents a small portion of our business, we compete with other telephony service providers, including:

- Bell’s wireline phone service in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland;
- incumbent local exchange carrier (ILEC) local loop resellers and voice over IP (VoIP) service providers (such as Primus Telecommunications Canada Inc. and Comwave Networks Inc.), other VoIP-only service providers (such as Vonage and Skype), and other voice applications that use the Internet access services of ISPs (such as Facebook and WhatsApp); and
- substitution of wireline for wireless products, including mobile phones and wireless home phone products.

MEDIA

Competition in Sports Media and Entertainment includes other:

- televised and online sports broadcasters;
- Toronto professional teams, for attendance at Toronto Blue Jays games;
- MLB teams, for Toronto Blue Jays players and fans;
- local sporting and special event venues;
- professional sports teams, for merchandise sales revenue; and
- new digital sports media companies.

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Television and Radio, both of which are focused on local and regional content, compete for audiences and advertisers with:

- other Canadian television and radio stations, including those owned and operated by the CBC, Bell Media, and Corus Entertainment;
- OTT video offerings through providers like Netflix, YouTube, Apple, Amazon Prime Video, Crave, Google, Disney+, and other channels streaming their own content;
- OTT radio offerings, such as iHeartRadio, Apple Music, Spotify, Pandora, and Radioplayer Canada;
- other media, including newspapers, magazines, and outdoor advertising; and
- other technologies available on the Internet or through the cloud, such as social media platforms, online web information services, digital assistants, music downloading, and portable media players.

Today's Shopping Choice's model of live, hosted-video sales content and its robust online shopping experience competes with:

- pure play e-commerce retailers servicing Canada;
- select branded retailers in Canada and their related e-commerce websites;
- other available television-shopping channels and infomercials that sell products on television; and
- direct-to-consumer livestream video shopping events, social commerce, and shoppable video technologies that are rapidly emerging online.

Our digital media products compete for readership and advertisers with:

- online information and entertainment websites and apps, including digital news services, streaming services, and content available via social networking services;
- magazines, both digital and printed; and
- other traditional media, such as TV and radio.

INDUSTRY TRENDS

The telecommunications industry in Canada is very capital intensive and highly regulated. Our reportable segments are affected by various overarching trends relating to changing technologies, consumer demands, economic conditions, and regulatory developments, all of which could limit essential future investments in the Canadian marketplace. See "Risks and Uncertainties Affecting our Business" and "Regulation in our Industry" for more information. Below is a summary of the industry trends affecting our specific reportable segments.

WIRELESS TRENDS

The ongoing extensive investment made by Canadian wireless providers has created far-reaching and sophisticated wireless networks that have enabled consumers and businesses to utilize fast multimedia capabilities through wireless data services. Consumer demand for mobile devices, digital media, and on-demand content is pushing providers to build networks that can support the expanded use of applications, mobile video, messaging, and other wireless data. Mobile commerce continues to increase as more devices and platforms adopt secure technology to facilitate wireless transactions.

Wireless providers continue to invest in the next generation of technologies, like 5G, to meet increasing data demands. New products and applications on the wireless network will continue to rely on ultra-reliable, low latency transport networks, capable of supporting both wireless and wireline traffic.

In January 2020, we were the first Canadian carrier to launch a 5G network and, in December 2020, the first Canadian carrier to begin rolling out a 5G standalone core network. Our 5G network is the largest 5G network in Canada, reaching more than 1,500 communities and 70% of the Canadian population as at December 31, 2021.

To help make the cost of new wireless devices more affordable for consumers, Rogers and other Canadian wireless carriers offer wireless device financing programs, whereby consumers can finance up to the full cost of the device over a 24-month term at 0% interest. We believe being able to finance devices over 24 months helps reduce subscriber churn.

In addition to the wireless device financing plans now available, subscribers are increasingly bringing their own devices or keeping their existing devices longer and therefore may not enter into term contracts for wireless services. This may negatively impact subscriber churn, but may also create gross addition subscriber opportunities as a result of increased churn from other carriers. This trend may also negatively impact the monthly service fees charged to subscribers as they shop for plans that best meet their needs.

Wireless market penetration in Canada is approximately 98% of the population (compared to penetration of 129% in the US) and is expected to continue growing, per the Bank of America Merrill Lynch October 2021 Global Wireless Matrix.

CABLE TRENDS

Technology advancement, non-traditional competitors, consumer behaviours, and regulatory developments are key areas influencing Cable. This market is very capital intensive, and a strong Internet offering is the backbone to effectively serving this market. Applications on the Internet are increasingly being used as a substitute for wireline telephone services, and televised content is increasingly available online. Downward television tier migration (cord shaving) and television cancellation with the intent of substitution (cord cutting) have been growing with increased adoption of OTT services.

Cable and wireline companies are expanding their service offerings to include faster broadband Internet. Canadian companies, including Rogers, are increasingly offering download speeds of 1 to 1.5 Gbps and Internet offerings with unlimited bandwidth. Consumers are demanding faster-than-ever speeds for streaming online media, uploading personal content, and playing online video games, and for their ever-growing number of connected devices. In order to help facilitate these speeds, cable and wireline companies are shifting their networks towards higher speed and capacity Data Over Cable Service Interface Specifications (DOCSIS) 3.1 and fibre-to-the-home (FTTH) technologies and they are starting to evolve their networks to be DOCSIS 4.0-capable. These technologies provide faster potential data communication speeds than earlier technologies, allowing both television and Internet

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signals to reach consumers more quickly in order to sustain reliable speeds to address the increasing number of Internet-capable devices.

COVID-19 has required many people to work or study from home simultaneously, and workplaces have also started to shift to partial or fully remote work, further establishing the need for strong cable networks that are able to handle increased capacity than previously existed. Cable and wireline companies have needed to continue adding capacity and managing traffic to continue reliably supporting the needs of Canadians.

Our business customers use fibre-based access and cloud computing to capture and share information in more secure and accessible environments. This, combined with the rise of multimedia and Internet-based business applications, is driving exponential growth in data demand.

Businesses and all levels of government are transforming data centre infrastructure by moving toward virtual data storage and hosting. This is driving demand for more advanced network functionality, robust, scalable services, and supportive dynamic network infrastructure.

Canadian wireline companies are dismantling legacy networks and investing in next-generation platforms that combine voice, data, and video solutions onto a single distribution and access platform. As next-generation platforms become more popular, our competition will begin to include systems integrators and manufacturers.

Devices and machines are becoming more interconnected and there is more reliance on the Internet and other networks to facilitate updates and track usage.

Broadcast television technology continues to improve with 4K TV broadcasts and high dynamic range (HDR) for higher resolution and improved video image colour and saturation.

We offer fixed wireless Internet access services in rural and remote areas and expect this offering to continue to grow as we work towards closing the digital divide.

MEDIA TRENDS

Consumer viewing behaviours are continually evolving and the industry continues to adjust to these changes. Access to live sports and other premium content has become even more important for acquiring and retaining audiences that in turn attract advertisers and subscribers. Therefore, ownership of content and/or long-term agreements with content owners has also become increasingly important to media companies. Leagues, teams, networks, and new digital entrants are also experimenting with the delivery of live sports content through online, social, and virtual platforms, while non-traditional sports are also growing in mindshare.

Consumer demand for digital media, content on mobile devices, and on-demand content is increasing and media products have experienced significant digital uptake, requiring industry players to increase their efforts in digital content and capabilities in order to compete. In response to this trend, advertisers are shifting their spending to premium video and audio products on global digital platforms and social media that enable marketers to narrowly target specific audiences instead of the previous mass marketing approach. This results in lower use of traditional advertising methods and may require a shift in focus.

Competition has changed and traditional media assets in Canada are increasingly being controlled by a small number of competitors with significant scale and financial resources. Technology has allowed new entrants and even individuals to become media players in their own right.

Some of our competitors have become more vertically integrated across both traditional and emerging platforms. Relationships between providers and purchasers of content have become more complex. Global aggregators have also emerged and are competing for both content and viewers.

Our Strategy, Key Performance Drivers, and Strategic Highlights

As part of our long-term vision to become number one, we set annual objectives to measure progress and to address short-term opportunities and risks.

2021 OBJECTIVES

Priority	2021 Objectives
Create best-in-class customer experiences by putting our customers first in everything we do	Accelerate digital and self-serve adoption by building on momentum generated during COVID-19; reinvent experiences across all channels to optimize customer journeys; solve customer problems the first time, or even before, they contact us; and invest in tools, capabilities, and our team to create frictionless digital and frontline experiences.
Invest in our networks and technology to deliver leading performance, reliability, and coverage	Invest in our cable and wireless networks to deliver industry-leading connectivity to our customers; grow our leadership in 5G and reestablish leadership in IoT; expand our network footprint and product reach to connect underserved communities; and modernize our systems by leveraging cloud and data capabilities.
Drive market-leading growth in each of our lines of business	Enhance our marketing and sales capabilities to propel consistent and sustainable customer additions; grow our business in key regional markets across Canada; create products, services, and content that customers will love; and anchor our Media strategy in sports and diversify into digital and sports-related growth areas.
Drive best-in-class financial outcomes for our shareholders	Improve financial performance and drive cost and productivity improvements across Rogers.
Develop our people, drive engagement, and build a high-performing and inclusive culture	Ensure the safety and well-being of our employees and evolve our ways of working; build a culture of inclusion for our team members, customers, and communities; and attract top and diverse talent and develop our team as we build our future workforce.
Be a strong, socially and environmentally responsible leader in our communities	Partner with communities across Canada to deepen engagement and increase impact; grow our presence in a sustainable and environmentally responsible manner; and build our culture and reputation as a great Canadian company.

KEY PERFORMANCE DRIVERS AND 2021 STRATEGIC HIGHLIGHTS

COVID-19 continues to significantly impact Canadians and economies around the world. For much of 2021, extensive public health restrictions have been in place to varying degrees across the country. In the third quarter, provinces generally began relaxing certain public health restrictions implemented in the first half of 2021 as vaccines became more widely available in Canada and vaccination rates continued to increase across the country. Late in the fourth quarter, the Omicron variant re-accelerated the spread of COVID-19 and many Canadian provinces reintroduced various restrictions, including, amongst others, placing capacity limits on organized gatherings and retail stores. We remain focused on keeping our employees safe and our customers connected. While COVID-19 continues to have a significant worldwide impact, we remain confident we have the right team, a strong balance sheet, and the world-class networks that will allow us to get through the pandemic having maintained our long-term focus on growth and doing the right thing for our customers.

The following achievements display the progress we made towards meeting the objectives we set for 2021, as discussed above.

CREATE BEST-IN-CLASS CUSTOMER EXPERIENCES BY PUTTING OUR CUSTOMERS FIRST IN EVERYTHING WE DO

- Improved Wireless postpaid churn by 5 basis points to 0.95%.
- Continued to accelerate our digital-first plan to make it easier for customers, with digital adoption at 86.1%, up from 84.0% in 2020.
- Rogers Pro On-the-Go service has continued expanding across the country, bringing our device delivery and set-up support program access to more than 16 million Canadians.
- Transformed 130 retail stores into dual-door locations that offer both Rogers and Fido brands, growing our distribution footprint nationally to a total of 140 dual-door locations, including our flagship store at Yonge and Dundas in Toronto.
- Launched Express Pickup through our customer care channels, a free service that allows customers to purchase a new device through a customer care agent and pick it up the same day in-store.

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- Launched certified walk-in repairs in select Rogers and Fido locations, offering our customers fast and reliable service to fix batteries, screens, cameras, audio, software, and more.
- Expanded our Fido Payment Program so mobile customers can get accessories for \$0 down and 0% interest, and no taxes upfront.

INVEST IN OUR NETWORKS AND TECHNOLOGY TO DELIVER LEADING PERFORMANCE, RELIABILITY AND COVERAGE

- Expanded Canada's largest and most reliable 5G network which reached more than 1,500 communities and 70% of the Canadian population as at December 31, 2021.
- Invested \$3.3 billion in 3500 MHz spectrum licences, covering 99.4% of the Canadian population, to enhance and accelerate the expansion of Canada's first, largest, and most reliable 5G network. This investment positions Rogers as the largest single investor in 5G spectrum in the country across rural, suburban, and urban markets.
- Awarded Best In Test and recognized as Canada's most reliable 4G and 5G network by uMlaut, the global leader in mobile network benchmarking, for the third year in a row in July, and ranked number one in 5G Reach, 5G Availability, 5G Voice App Experience, 5G Games Experience, and tied first for 5G Upload Speed in Canada by OpenSignal in August.
- Recognized as Canada's most consistent national wireless and broadband provider by Ookla for Q4 2021, with the fastest fixed broadband Internet in Ontario, New Brunswick, and Newfoundland and Labrador.
- Completed the rollout of Canada's first national standalone 5G core to help bring the best of 5G to our customers and achieved the first 5G standalone device certification in Canada.
- Announced a multi-year partnership with Coastal First Nations in British Columbia, which includes a commitment to build five new cell towers, provide more than 100 kilometres of new service coverage along Highway 16 on Graham Island, and improve wireless connectivity throughout Haida Gwaii.
- Announced a \$300 million agreement, alongside the Government of Canada, the Province of Ontario, and the Eastern Ontario Regional Network, to expand wireless connectivity in rural and remote communities throughout eastern Ontario, the largest wireless private-public partnership in Canadian history.
- Announced investments of over \$350 million to connect almost 50,000 homes and businesses in Ontario, New Brunswick, and Newfoundland and Labrador, fully funded by Rogers.
- In partnership with the Governments of Canada and British Columbia, we announced 12 new cell tower sites to enhance wireless coverage along Highway 16 between Prince George and Prince Rupert; we broke ground on the first tower in December 2021.
- Announced the construction of seven new towers along Highway 14 from Sooke to Port Renfrew in partnership with the Governments of Canada and British Columbia, and more than 90 kilometres of new coverage along Highways 95 and 97 in partnership with the government of British Columbia.

DRIVE MARKET-LEADING GROWTH IN EACH OF OUR LINES OF BUSINESS

- Launched Ignite Internet Gigabit 1.5 to eligible customers, giving customers access to even faster Internet service.
- Launched the first "Wireless Private Network" managed solution nationally in Canada, through *Rogers for Business™*, enabling large enterprises to transform their digital capabilities and drive innovation in their business.
- Unveiled Sportsnet's new state-of-the-art NHL Studio, one of the first entirely IP-based sports studios in North America, capable of delivering interactive and immersive content through augmented and virtual reality, real-time data and statistics, and in-broadcast versatility.
- Launched eight streaming services on our Ignite TV and Ignite SmartStream platforms, including Disney+ and Spotify, enhancing Rogers industry-leading selection of streaming services.
- Relaunched Sportsnet NOW, delivering world-class stream quality and reliability combined with new pricing and packaging that gives customers more flexibility and choice; paid subscriber growth is up over 175% year-on-year.
- Launched a Cloud Unified Communications product in Rogers for Business, a feature-rich, cloud-based phone system for enterprise business customers with complex needs.

DRIVE BEST-IN-CLASS FINANCIAL OUTCOMES FOR OUR SHAREHOLDERS

- Earned total service revenue of \$12,533 million, up 5%.
- Attracted 448,000 net Wireless postpaid subscribers, 49,000 net Internet subscribers, and 244,000 net Ignite TV subscribers.
- Generated free cash flow of \$1,671 million and cash provided by operating activities of \$4,161 million.
- Paid dividends of \$1,010 million to our shareholders.

DEVELOP OUR PEOPLE, DRIVE ENGAGEMENT, AND BUILD A HIGH-PERFORMING AND INCLUSIVE CULTURE

- Awarded Canada's Top 100 Employers, including in the Greater Toronto Area, for Young People, Best Diversity Employer, and Greenest Employers by MediaCorp Canada Inc. in November 2021; LinkedIn Canada's Top 25 Companies in April 2021; and Canada's Most Admired Corporate Cultures by Waterstone Human Capital in October 2021.
- Announced and implemented mandatory vaccinations or rapid testing for anyone entering our workplace sites, including all team members, contractors, and visitors.
- Achieved a score of 89% for employee pride in our employee pulse survey in June 2021.

BE A STRONG, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE LEADER IN OUR COMMUNITIES

- Awarded 90 Ted Rogers Community Grants across Canada in 2021, to organizations supporting Canadian youth. Nearly 400 Ted Rogers Community Grants have been awarded since 2017.
- Awarded Ted Rogers Scholarships to 375 young Canadians for post-secondary studies. Nearly three quarters of all scholarships in the Class of 2021 were awarded to youth from equity-deserving communities.

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- Expanded our ESG Report and introduced an interactive multimedia Social Impact Report, celebrating and tracking our impact on the environment and our communities. We now disclose information in accordance with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-Related Financial Disclosures (TCFD) standards, and we committed to supporting the United Nations Sustainable Development Goals.
- Launched a 2021 Orange Shirt Day campaign in support of Indigenous communities across the country. Over the past two years, the Orange Shirt Day campaign has raised \$250,000 for the Orange Shirt Society and the Indian Residential School Survivors Society (IRSSS).
- Launched our new corporate responsibility brand, *Generation Possible™*, the youth and education pillar focused on giving the next generation the chance they need to succeed through Ted Rogers Scholarships, Community Grants, and *Jays Care™ Foundation*. Team Possible is about our team and partners' commitment to making a meaningful impact in communities through volunteering, bridging the digital divide, and partnering with organizations like Women's Shelters Canada.
- Expanded eligibility for *Connected for Success™*, so even more Canadians can connect to social services, learning, employment, and loved ones. Now available to upwards of 750,000 Canadian households, the expanded low-cost high-speed Internet program is available across our Internet footprint in Ontario, New Brunswick, and Newfoundland to eligible customers receiving disability, seniors' or income support, and through rent-geared-to-income community housing partners.

2022 FOCUS AREAS

While we ended 2021 with improving execution, increasing momentum, and solid fundamentals, we want to perform better for our customers and our shareholders. To achieve this, we have set the following focus areas for 2022:

1. Successfully complete the Shaw acquisition and integration
2. Invest in our networks to deliver world-class connectivity to Canadian consumers and business
3. Invest in our customer experience to deliver timely, high-quality customer service consistently to our customers
4. Improve execution and deliver strong financial performance across all lines of business

FINANCIAL AND OPERATING GUIDANCE

2022 FULL-YEAR CONSOLIDATED GUIDANCE

For the full-year 2022, we expect growth in service revenue and adjusted EBITDA will drive higher free cash flow. In 2022, we expect to have the financial flexibility to maintain our network advantages and to continue to return cash to shareholders. We are providing a guidance range for total service revenue this year as this metric more closely reflects our core business with our customers.

(In millions of dollars, except percentages)	2021 Actual	2022 Guidance Ranges ¹	
Total service revenue	12,533	Increase of 4% to	increase of 6%
Adjusted EBITDA	5,887	Increase of 6% to	increase of 8%
Capital expenditures ²	2,788	2,800 to	3,000
Free cash flow	1,671	1,800 to	2,000

¹ Guidance ranges presented as percentages reflect percentage increases over full-year 2021 results.

² Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

The above table outlines guidance ranges for selected full-year 2022 consolidated financial metrics without giving effect to the Transaction (see "Shaw Transaction"), the associated financing, or any other associated transactions or expenses. These ranges take into consideration our current outlook and our 2021 results. The purpose of the financial outlook is to assist investors, shareholders, and others in understanding certain financial metrics relating to expected 2022 financial results for evaluating the performance of our business. This information may not be appropriate for other purposes. Information about our guidance, including the various assumptions underlying it, is forward-looking and should be read in conjunction with "About Forward-Looking Information", "Risks and Uncertainties Affecting our Business", the material assumptions listed below under "Key underlying assumptions", and the related disclosure and information about various economic, competitive, and regulatory assumptions, factors, and risks that may cause our actual future financial and operating results to differ from what we currently expect.

We provide annual guidance ranges on a consolidated full-year basis that are consistent with annual full-year Board-approved plans. Any updates to our full-year financial guidance over the course of the year would only be made to the consolidated guidance ranges that appear above. Guidance ranges will be reassessed once the Transaction has closed.

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Key underlying assumptions

Our 2022 guidance ranges presented in “2022 Full-Year Consolidated Guidance” are based on many assumptions including, but not limited to, the following material assumptions for the full-year 2022:

- a gradual improvement in the general COVID-19 environment throughout 2022, including the continued reopening of the economy, and no further significant restrictions, such as border closures and travel restrictions, capacity restrictions and sports venue closures, or stay-at-home orders and no material negative impact resulting from global supply chain interruptions;
- continued competitive intensity in all segments in which we operate consistent with levels experienced in 2021;
- no significant additional legal or regulatory developments, other shifts in economic conditions, or macro changes in the competitive environment affecting our business activities;
- Wireless customers continue to adopt, and upgrade to, higher-value smartphones at similar rates in 2022 compared to 2021;
- overall wireless market penetration in Canada grows in 2022 at a similar rate as in 2021;
- continued subscriber growth in Internet;
- declining Television subscribers, including the impact of customers migrating to Ignite TV from our legacy product, as subscription streaming services and other over-the-top providers continue to grow in popularity;
- in Media, continued growth in sports and relative stability in other traditional media businesses;
- no significant sports-related work stoppages or cancellations will occur and the current MLB lockout between the owners and the players’ union will be resolved;
- with respect to the increase in capital expenditures:
 - we continue to invest to ensure we have competitive wireless and cable networks through (i) expanding our 5G wireless network, including building on Canada’s first standalone 5G core network and using our 3500 MHz spectrum licences to introduce new 5G innovation and services and (ii) upgrading our hybrid fibre-coaxial network to lower the number of homes passed per node, utilize the latest technologies, and deliver an even more reliable customer experience; and
 - we continue to make expenditures related to our connected home roadmap in 2022 and we make progress on our service footprint expansion projects;
- a substantial portion of our 2022 US dollar-denominated expenditures is hedged at an average exchange rate of \$1.29/US\$;
- key interest rates remain relatively stable throughout 2022; and
- we retain our investment-grade credit ratings.

Capability to Deliver Results

LEADING NETWORKS

WIRELESS

Rogers has one of the most extensive and advanced mobile broadband wireless networks in Canada, which:

- is the only national network in Canada fully owned by a single operator;
- was the first LTE high-speed network in Canada, reaching 96% of the Canadian population as at December 31, 2021 on our LTE network alone;
- was the first 5G network in Canada, reaching over 70% of the Canadian population as at December 31, 2021 on our 5G network alone;
- is supported by voice and data roaming agreements with domestic and international carriers in more than 200 destinations, including LTE and a growing number of 5G roaming operators; and
- includes network sharing arrangements with two regional wireless operators that operate in urban and rural parts of Canada.

We are continuously enhancing our IP service infrastructure for all our wireless services. Advances in technology have transformed the ways in which our customers interact and use the variety of tools available to them in their personal and professional lives. Technology has also changed the way businesses operate.

In early 2020, we launched our 5G network commercially in downtown Vancouver, Toronto, Ottawa, and Montreal and reached over 1,500 communities across Canada as at December 31, 2021. We also became a founding member of the global 5G Future Forum, a first-of-its-kind 5G and mobile edge computing forum that currently includes Verizon, Vodafone, Telstra, KT, and América Móvil.

Our spectrum holdings as at December 31, 2021 include:

Our 5G network currently uses a combination of the 2500 MHz, AWS, and 600 MHz spectrum bands, and is also aggregated with our LTE spectrum bands. 600 MHz spectrum is best suited to carry wireless data across long distances and through buildings, creating more consistent and higher-quality coverage in both remote and urban areas and in smart cities. We have deployed dynamic spectrum sharing, which allows our existing spectrum supporting 4G to also be used for 5G networks. In the future, we will deploy 3.5 GHz spectrum for 5G to add additional capacity to the network.

A number of future investments will be required to successfully operate and maintain our 5G network, including, but not limited to:

- refarming spectrum currently used for 2G and 3G to LTE and 5G;
- densifying our wireless network with additional macro and small cells in key markets; and
- purchasing incremental 5G-ready radio network equipment with lower unit and operational costs, and the ability to aggregate more radio carriers and achieve greater spectral efficiency.

Significant spectrum position

Our wireless services are supported by our significant wireless spectrum licence holdings in low-band, mid-band, and high-band frequency ranges. As part of our network strategy, we expect to continue making significant capital investments in spectrum to:

- support the rapidly growing usage of broadband wireless data services;
- support the expansion and maintenance of our 5G network; and
- introduce new innovative network-enabled features and functionality.

Type of spectrum	Rogers licences	Who the licences support
600 MHz	20 to 40 MHz across Canada, covering 100% of the Canadian population.	4G / 4.5G LTE, and 5G subscribers.
700 MHz	24 MHz in Canada's major geographic markets, covering 95% of the Canadian population.	4G / 4.5G LTE subscribers; future 5G subscribers.
850 MHz	25 MHz across Canada.	2G GSM, 3G HSPA, 4G / 4.5G LTE subscribers; future 5G subscribers.
1900 MHz	60 MHz in all areas of Canada except 40 MHz in northern Quebec, 50 MHz in southern Ontario, and 40 MHz in the Yukon, Northwest Territories, and Nunavut.	4G / 4.5G LTE, and 5G subscribers.
AWS 1700/2100 MHz	40 MHz in British Columbia and Alberta, 30 MHz in southern Ontario, an additional 10 MHz in the Greater Toronto Area, and 20 MHz in the rest of Canada.	4G / 4.5G LTE, and 5G subscribers.
2500 MHz	40 MHz FDD across the majority of Canada except 20 MHz in parts of Quebec and no holdings in Nunavut and the Northwest Territories. Rogers also holds an additional 25 MHz TDD in key population areas in Quebec, Ontario, and British Columbia.	4G / 4.5G LTE, and 5G subscribers.
3500 MHz	Between 20 MHz and 30 MHz across the majority of the Canadian population.	Fixed wireless subscribers; future 5G mobile subscribers.

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We also have access to additional spectrum through the following network sharing agreements:

Type of spectrum	Type of network venture	Who it supports
2300 MHz	Orion Wireless Partnership (Orion) is a joint operation with Bell in which Rogers holds a 50% interest. Orion holds licences for 30 MHz of FDD 2300 MHz spectrum (of which 20 MHz is usable), primarily in eastern Canada, including certain population centres in southern and eastern Ontario, southern Quebec, and smaller holdings in New Brunswick, Manitoba, Alberta, and British Columbia. The Orion fixed wireless LTE national network utilizes the jointly held 2300 MHz bands.	4G subscribers.
850 MHz, 1900 MHz AWS spectrum, 700 MHz, 2500 MHz FDD	Two network-sharing arrangements to enhance coverage and network capabilities: <ul style="list-style-type: none"> • with Bell MTS, which covers 98% of the population across Manitoba; and • with Videotron to provide HSPA and LTE services across the province of Quebec and Ottawa. 	3.5G / 4G HSPA+, 4G LTE, 5G subscribers. 4G LTE subscribers.

CABLE

Our expansive inter-city and intra-city fibre and hybrid fibre-coaxial (HFC) infrastructure delivers services to consumers and businesses in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland. We also operate a transcontinental, facilities-based fibre-optic network with 81,000 kilometres of fibre optic cable that is used to service business customers, including government and other telecommunications service providers. We also use our extensive fibre network for backhaul for wireless cell site traffic. In Canada, the network extends coast-to-coast and includes local and regional fibre, transmission electronics and systems, hubs, points of presence, and IP routing and switching infrastructure. The network also extends to the US from Vancouver south to Seattle; from the Manitoba-Minnesota border through Minneapolis, Milwaukee, and Chicago; from Toronto through Buffalo; and from Montreal through Albany to New York City and Ashburn, allowing us to connect Canada's largest markets, while also reaching key US markets for the exchange of data and voice traffic.

The network is structured to optimize performance and reliability and to allow for the simultaneous delivery of video, voice, and Internet over a single platform. It is generally constructed in rings that interconnect with distribution hubs, providing redundancy to minimize disruptions that can result from fibre cuts and other events.

Homes and commercial buildings are connected to our network through HFC nodes or FTTH. We connect the HFC node to the network using fibre optic cable and the home to the node using coaxial cable or fibre. Using 1.2GHz, 860 MHz, and 750 MHz of cable spectrum in Ontario and Atlantic Canada, respectively, we deliver video, voice, and broadband services to our customers. HFC node segmentation reduces the number of homes passed per HFC node, thereby increasing the bandwidth and capacity per subscriber.

We continually upgrade the network to improve capacity, enhance performance and reliability, reduce operating costs, and introduce new features and functionality. Our investments are focused on:

- uplifting our HFC network to 1.2 GHz (and, over time, 1.8 GHz) while at the same time improving network performance, quality, and reliability by deploying digital fibre optics, removing radio

frequency amplifiers, and reducing homes passed per node to an average of 60;

- increasing capacity per subscriber by enabling the 1.2 GHz (and, over time, 1.8 GHz) of spectrum with additional DOCSIS 3.1 downstream and upstream capacity and deploying DOCSIS 4.0 that, over time, are expected to support downstream speeds up to 10 gigabits per second (Gbps);
- improving video signal compression by moving to more advanced video protocols;
- improving channel and on-demand capacity through switched digital video; and
- increasing our FTTH footprint by connecting more homes, multiple dwelling unit buildings, and business premises directly to fibre.

Broadband Internet service is provided using a DOCSIS CCAP 3.0/3.1 platform, which combines multiple radio frequency channels onto one access point at the customer premise, delivering exceptional performance. Over the last 20 years, HFC node segmentation, along with analog-to-DTV spectrum repurposing and evolution from DOCSIS 1.0 to DOCSIS 3.1, has increased downstream and upstream capacity by approximately 1,000 and 200 times, respectively. This track record of investing in our networks and demonstrating the capability to cost-effectively deploy best-in-class service is one of our key strategies for ensuring that we stay competitive with other service providers that provide Internet service into homes and businesses over copper facilities. By the end of 2016, 100% of our cable network had been upgraded to DOCSIS CCAP technology supporting DOCSIS 3.1 and Ignite Gigabit Internet.

Fixed wireless access services and expanding our cable footprint is a key priority for connecting all areas of Canada, including rural and underserved areas. We are actively investing in the expansion of our network in both Wireless and Cable to leverage what's needed to offer fixed wireless Internet access. We are investing in the next generation of broadband wireless data networks, such as 5G technologies, to support the growing data demand and new products and applications. This requires a strong network, capable of supporting both wireline and wireless data at low latencies to ensure new products and applications operate as intended.

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We have been deploying 1 GHz fibre-to-the-curb (FTTC) in new development areas and transitioning to FTTH since 2005. In 2018, we began upgrading our HFC network to a mix of 1.2 GHz FTTC and FTTH. FTTC provides the foundation for subsequent generations of DOCSIS, including Remote PHY and DOCSIS 4.0, which will improve high-speed Internet accessibility, quality, and tier speed attainability, while increasing the capacity of our HFC network. Rogers FTTH is based on ten gigabit symmetrical passive optical network (XGS-PON) technology that can support symmetrical downstream/upstream speeds up to 10 Gbps per node in select neighbourhoods, with the ability to upgrade the opto-electronics to support even higher speeds in the future as required to meet demand for additional bandwidth.

We continue to invest in and improve our cable network services; for example, with technology to support gigabit Internet speeds, Ignite TV, Rogers 4K TV, our 4K PVR set-top box, and a significant commitment to live broadcasting in 4K, including regular season Toronto Blue Jays home games for 2022 and numerous NHL and NBA games.

Voice-over-cable telephony services are also served using the DOCSIS network. Our offerings ensure a high quality of service by including geographic redundancy and network backup powering. Our phone service includes a rich set of features, such as TV Call Display (available on our NextBox™ set-top boxes), three-way calling, and advanced voicemail features that allow customers to be notified of, and listen to, their home voicemail on their wireless phone or over the Internet.

We own and operate some of the most advanced networks and data centres in Canada. Our data centres provide guaranteed uptime and expertise in collocation, cloud, and managed services solutions. We own and operate nine state-of-the-art, highly reliable, certified data centres across Canada, including:

- Canada's first Tier III Design and Construction certified multi-tenant facility in Toronto;
- Alberta's first Tier III certified data centre; and
- a third Tier III certified data centre in Ottawa.

We leverage our national fibre, cable, and wireless networks and data centre infrastructure to enable businesses to deliver greater value to their customers through proactive network monitoring and problem resolution with enterprise-level reliability, security, and performance. Our primary and secondary Network Operation Centres proactively monitor Rogers' networks to mitigate the risk of service interruptions and to allow for rapid responses to any outages.

CUSTOMER EXPERIENCE

We are committed to providing our customers with the best experience possible. To do this, we have invested in several areas to make it easier and more convenient for customers to interact with us, such as:

- live customer support handled by customer solution specialists located entirely within Canada;
- 24/7 customer support handled by virtual assistant tools that provide customers the option for live chat or scheduled callbacks;
- an innovative Integrated Voice Response (IVR) system that can take calls in English, French, Mandarin, and Cantonese;

- voice authentication technology across all of our contact centres that automatically identifies our registered customers by their voice, increasing security and protecting customers from potential fraud;
- self-serve options, including:
 - the ability for Fido and Rogers customers to complete price plan changes and hardware upgrades online;
 - a simplified login, allowing Fido customers to log in to their accounts online or through the Fido MyAccount app using their Facebook login credentials, eliminating the need to remember multiple login credentials and making self-service easier to access;
 - the ability for customers to install their Internet, TV, home phone, smart home monitoring, and Ignite SmartStream products at their convenience, without the need for a technician visiting their residence;
 - *Rogers EnRoute™*, a tool that gives customers the ability to track on their phone when a technician will arrive for an installation or service call; and
 - the ability for chatr customers to use SMS to easily review account information, balance details, and top up their account;
- customer care available over Facebook Messenger, Twitter, and online chat through our websites;
- Rogers Infinite unlimited data plans with no overage charges;
- 24-month, \$0 down, interest-free wireless device financing on Rogers Infinite plans and through our Fido Payment Program;
- Rogers Pro On-the-Go, a personalized retail service whereby within hours of ordering a new wireless device, a connected solutions professional will meet a customer at their time and location of choice (within the service area) and set up their device based on their preferences;
- Ignite WiFi Hub for all Ignite TV customers to give them ultimate control over their WiFi experience;
- Family Data Manager, a data manager tool, and Data Top Ups, both of which allow Wireless customers to manage and customize their data usage in real-time through MyRogers;
- Fido 5 Extra Hours, which grant Fido customers an additional five hours of data, per billing cycle, at no extra charge;
- Fido XTRA™, a program that gives Fido postpaid Wireless and Internet customers free access to new perks every Thursday, such as deals and giveaways from leading brands on food, drinks, apparel, entertainment, and more;
- a simple online bill, making it easier for customers to read and understand their monthly charges;
- Roam Like Home and Fido Roam, worry-free wireless roaming allowing Canadians to use their wireless plan like they do at home when traveling to included destinations;
- DAY PASS™, a flexible daily payment option for chatr customers;
- Top Up as a Guest, which allows chatr customers to top up an account without signing in;
- *Advantage Mobility™* and *Advantage Security™*, business-grade solutions offered by Rogers for Business to support small- and medium-sized Canadian enterprises with reliable connectivity and network security;
- a *Premium Device Protection™* program, including AppleCare services for Rogers and Fido customers, offering customers more protection and choice;
- Express Pickup, a free service that allows customers to purchase a new device online or through a customer care agent and pick up it up the same day in-store;

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- an online appointment booking tool, allowing customers to conveniently schedule an appointment to speak to a Rogers expert at a specific store and time; and
- Certified Walk-in Repairs, a fast and reliable phone repair service offering customers more convenience, flexibility, and reliability, in 15 cities across Ontario.

POWERFUL BRANDS

The Rogers brand has strong national recognition through our:

- established networks;
- extensive distribution;
- recognizable media content and programming;
- advertising;
- event and venue sponsorships;
- community investment, including the Ted Rogers Scholarship Fund and Ted Rogers Community Grants; and
- naming rights to some of Canada's landmark buildings.

We also own or utilize some of Canada's most recognized brands, including:

- the wireless brands of Rogers, Fido, and chatr;
- the residential brands of Rogers and Fido;
- 23 TV stations and specialty channels, including Sportsnet, Omni, Citytv, FX (Canada), and FXX (Canada);
- 54 radio stations, including 98.1 CHFI, 680 NEWS, Sportsnet The FAN, KISS, JACK FM, and SONiC;
- major league sports teams, including the Toronto Blue Jays, and teams owned by MLSE, such as the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, and the Toronto Argonauts;
- an exclusive 12-year agreement with the NHL, which runs through the 2025-2026 season, that allows us to deliver coverage of professional hockey in Canada; and
- Today's Shopping Choice, a premium online and TV shopping retailer.

WIDESPREAD PRODUCT DISTRIBUTION

WIRELESS

We have an extensive national distribution network and offer our wireless products nationally through multiple channels, including:

- company-owned Rogers, Fido, and chatr retail stores;
- customer self-serve using rogers.com, fido.ca, chatrwireless.com, and e-commerce sites;
- an extensive independent dealer network;
- major retail chains and convenience stores;
- other distribution channels, such as WOW! mobile boutique™, as well as Wireless Wave and TBooth Wireless through our ownership interest in Glentel;
- our contact centres;
- outbound telemarketing; and
- Rogers Pro On-the-Go, a personalized retail service that delivers and sets up new wireless devices to the customer's location of choice within the service area.

CABLE

We distribute our residential cable products using various channels, including:

- company-owned Rogers and Fido retail stores;
- customer self-serve using rogers.com and fido.ca;

- our contact centres, outbound telemarketing, and door-to-door agents; and
- major retail chains.

Our sales team and third-party retailers sell services to the business, public sector, and carrier wholesale markets. An extensive network of third-party channel distributors deals with IT integrators, consultants, local service providers, and other indirect sales relationships. This diverse approach gives greater breadth of coverage and allows for strong sales growth for next-generation services.

FIRST-CLASS MEDIA CONTENT

We deliver highly sought-after sports content enhanced by the following initiatives:

- an exclusive 12-year agreement with the NHL, which runs through the 2025-2026 season, that allows us to deliver coverage of professional hockey in Canada across television, smartphones, tablets, and the Internet;
- exclusive broadcasting and distribution rights of the Toronto Blue Jays in Canada through our ownership of the team;
- NHL LIVE, an online OTT destination for NHL action on any screen;
- SN NOW, Canada's first OTT sports service, offering 24/7 access to Sportsnet's TV content;
- the MLB Network, a 24-hour network dedicated to baseball, brought to Canada on Rogers television services; and
- a 10-year, multi-platform agreement that runs through August 2024, which makes Rogers the exclusive wholesaler and Canadian distributor of World Wrestling Entertainment's (WWE) flagship programming.

ENGAGED PEOPLE

For our team of approximately 23,000 employees, we strive to create a great workplace, focusing on all aspects of the employee experience, which include:

- engaging employees and building high-performing teams through initiatives including engagement surveys and leadership development programs;
- aiming to attract and retain top talent through effective training and development, performance-driven employee recognition programs, and career progression programs for front-line employees;
- maintaining our commitment to diversity and inclusion; and
- providing a safe, collaborative, and agile workplace that provides employees the tools and training to be successful.

FINANCIAL STRENGTH AND FLEXIBILITY

We have an investment-grade balance sheet and substantial available liquidity of \$4.2 billion as at December 31, 2021. Our capital resources consist primarily of cash balances, cash provided by operating activities, available lines of credit, funds available under our receivables securitization program, issuances of US dollar-denominated commercial paper (US CP) under our US CP

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

program, and long-term debt. We also owned approximately \$1,581 million of marketable equity securities in publicly traded companies as at December 31, 2021.

The following information is forward-looking and should be read in conjunction with "About Forward-Looking Information", "Financial and Operating Guidance", "Risks and Uncertainties Affecting our Business", and our other disclosures about various economic, competitive, and regulatory assumptions, factors, and risks that could cause our actual future financial and operating results to differ from those currently expected.

The Transaction will have a significant impact on our capital structure as we anticipate issuing significant debt in order to consummate the Transaction; however, we expect we will have sufficient capital resources to satisfy our anticipated cash funding requirements in 2022, including the Transaction, funding of dividends on our common shares, repayment of maturing short-term borrowings and long-term debt, and other financing and investing activities. This takes into account our opening cash balance, cash provided by operating activities, and funds available to us under credit facilities, our receivables securitization program, our US CP program, and other bank facilities or debt issued, including, for the purposes of the Transaction as necessary, the \$13 billion committed credit facility and the \$6 billion Shaw term loan facility. As at December 31, 2021, there were no significant

restrictions on the flow of funds between RCI and its subsidiary companies.

We believe we can satisfy foreseeable additional funding requirements through additional financing, which, depending on market conditions, could include restructuring our existing bank credit and letter of credit facilities, entering into new bank credit facilities, issuing long-term or short-term debt, amending the terms of our receivables securitization or US CP programs, or issuing equity. We may also opportunistically refinance a portion of existing debt depending on market conditions and other factors. There is no assurance, however, that these financing initiatives will or can be done as they become necessary.

**WIDESPREAD SHAREHOLDER BASE AND
DIVIDENDS**

RCI's Class B Non-Voting common shares (Class B Non-Voting Shares) are widely held and actively trade on the TSX and the NYSE with a combined average daily trading volume of approximately 1.9 million shares in 2021. In addition, RCI's Class A Voting common shares (Class A Shares) trade on the TSX. At the discretion of the Board, we pay an equal dividend on both classes of shares. In 2021, each share paid an annualized dividend of \$2.00.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

2021 Financial Results

See “Accounting Policies” in this MD&A and the notes to our 2021 Audited Consolidated Financial Statements for important accounting policies and estimates as they relate to the following discussion.

We use several key performance indicators to measure our performance against our strategy and the results of our peers and

competitors. Many of these are not defined terms under IFRS and should not be considered alternative measures to net income or any other financial measure of performance under IFRS. See “Key Performance Indicators” and “Non-GAAP and Other Financial Measures” for more information.

SUMMARY OF CONSOLIDATED RESULTS

(In millions of dollars, except margins and per share amounts)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Wireless	8,768	8,530	3
Cable	4,072	3,946	3
Media	1,975	1,606	23
Corporate items and intercompany eliminations	(160)	(166)	(4)
Revenue	14,655	13,916	5
Total service revenue	12,533	11,955	5
Adjusted EBITDA			
Wireless	4,214	4,067	4
Cable	2,013	1,935	4
Media	(127)	51	n/m
Corporate items and intercompany eliminations	(213)	(196)	9
Adjusted EBITDA	5,887	5,857	1
Adjusted EBITDA margin	40.2%	42.1%	(1.9 pts)
Net income	1,558	1,592	(2)
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Diluted earnings per share	\$ 3.07	\$ 3.13	(2)
Adjusted net income	1,803	1,725	5
Adjusted basic earnings per share	\$ 3.57	\$ 3.42	4
Adjusted diluted earnings per share ¹	\$ 3.56	\$ 3.40	5
Capital expenditures	2,788	2,312	21
Cash provided by operating activities	4,161	4,321	(4)
Free cash flow	1,671	2,366	(29)

¹ Adjusted diluted earnings per share is a non-GAAP ratio. Adjusted net income, a non-GAAP financial measure, is a component of adjusted diluted earnings per share. These are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other companies. See “Non-GAAP and Other Financial Measures” for more information about these measures.

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC****KEY CHANGES IN FINANCIAL RESULTS YEAR
OVER YEAR****REVENUE**

Wireless service revenue increased this year as a result of a larger postpaid subscriber base and higher roaming revenue as COVID-19-related global travel restrictions were generally less strict than last year, partially offset by lower overage revenue. Wireless equipment revenue increased this year as a result of higher device upgrades by existing customers and a shift in the product mix towards higher-value devices, partially offset by fewer of our new subscribers purchasing devices.

Cable revenue increased this year as a result of the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increase in total customer relationships over the past year, due to growth in our Internet and Ignite TV subscriber bases, and disciplined promotional activity and Internet service pricing changes in late 2020, partially offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased this year as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, shifting revenue to 2021, and higher Toronto Blue Jays attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

ADJUSTED EBITDA

Adjusted EBITDA increased this year, primarily due to increases in Wireless and Cable adjusted EBITDA, partially offset by the decrease in Media adjusted EBITDA, which led to an adjusted EBITDA margin of 40%.

Wireless adjusted EBITDA increased this year primarily as a result of the flow-through impact of the aforementioned increases in revenue and lower bad debt expense. This gave rise to a Wireless adjusted EBITDA margin of 48.1%. Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

Cable adjusted EBITDA increased this year as a result of the revenue growth as discussed above, which led to a Cable adjusted EBITDA margin of 49.4%.

Media adjusted EBITDA decreased this year primarily as a result of higher programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, higher general operating costs, and higher Toronto Blue Jays player payroll and game day costs, partially offset by higher revenue as discussed above.

NET INCOME AND ADJUSTED NET INCOME

Net income decreased as a result of higher restructuring, acquisition and other costs attributable to the Transaction. Adjusted net income increased this year primarily as a result of higher adjusted EBITDA and lower finance costs.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

WIRELESS

ROGERS IS CANADA'S LARGEST PROVIDER OF WIRELESS COMMUNICATIONS SERVICES

As at December 31, 2021, we had:

- approximately 11.3 million wireless subscribers; and
- approximately 31% subscriber and revenue share of the Canadian wireless market.

WIRELESS FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Service revenue	6,666	6,579	1
Equipment revenue	2,102	1,951	8
Revenue	8,768	8,530	3
Operating expenses			
Cost of equipment	2,142	1,932	11
Other operating expenses	2,412	2,531	(5)
Operating expenses	4,554	4,463	2
Adjusted EBITDA	4,214	4,067	4
Adjusted EBITDA service margin ¹	63.2%	61.8%	1.4 pts
Adjusted EBITDA margin ²	48.1%	47.7%	0.4 pts
Capital expenditures	1,515	1,100	38

¹ Calculated using service revenue.

² Calculated using total revenue.

WIRELESS SUBSCRIBER RESULTS ¹

(In thousands, except churn, blended ABPU, and blended ARPU)	Years ended December 31		
	2021	2020	Chg
Postpaid			
Gross additions	1,565	1,381	184
Net additions	448	245	203
Total postpaid subscribers ²	10,131	9,683	448
Churn (monthly)	0.95%	1.00%	(0.05 pts)
Prepaid			
Gross additions	512	550	(38)
Net losses	(94)	(142)	48
Total prepaid subscribers ²	1,166	1,260	(94)
Churn (monthly)	4.20%	4.38%	(0.18 pts)
Blended ARPU (monthly)	\$ 50.26	\$ 50.75	(\$ 0.49)
Blended ABPU (monthly) ³	\$ 63.45	\$ 63.24	\$ 0.21

¹ Subscriber counts and subscriber churn are key performance indicators. See "Key Performance Indicators".

² As at end of period.

³ Blended ABPU is a non-GAAP ratio. Adjusted Wireless service revenue is a non-GAAP financial measure and is a component of blended ABPU. This is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other companies. See "Non-GAAP and Other Financial Measures" for more information about this measure.

REVENUE

Our revenue depends on the size of our subscriber base, the revenue per user, the revenue from the sale of wireless devices, and other equipment revenue.

Service revenue

Service revenue includes revenue derived from voice and data services from:

- postpaid and prepaid monthly fees;
- data usage;
- airtime;
- long distance charges;
- essential services charges;
- inbound and outbound roaming charges; and
- certain other fees and charges.

The 1% increase in service revenue this year was a result of:

- a larger postpaid subscriber base; and
- higher roaming revenue as COVID-19-related global travel restrictions were generally less strict than last year; partially offset by
- a decrease in overage revenue as a result of strong customer adoption of our Rogers Infinite unlimited data plans.

The 1% decrease in blended ARPU was primarily a result of an increase in our subscribers on lower monthly price plans.

The stable blended ABPU was primarily a result of the increased roaming revenue offset by the decline in overage revenue.

We believe the increases in gross and net additions to our postpaid subscriber base and the improved postpaid churn this year were a result of strong execution and an increase in market activity by Canadians with the ongoing opening of the economy.

Equipment revenue

Equipment revenue includes revenue from sales of mobile devices to subscribers through fulfillment by Wireless' customer service groups, websites, telesales, corporate stores, and independent dealers, agents, and retailers.

The 8% increase in equipment revenue this year was a result of:

- higher device upgrades by existing customers; and
- a shift in the product mix towards higher-value devices; partially offset by
- fewer of our new subscribers purchasing devices.

OPERATING EXPENSES

We record operating expenses in two categories:

- the cost of wireless devices and equipment; and
- all other expenses involved in day-to-day operations, to service existing subscriber relationships, and to attract new subscribers.

The 11% increase in the cost of equipment this year was a result of the same factors discussed in equipment revenue above.

Although a decrease from 2020, the ongoing long-term shift to customers financing their device purchases is reflected in the general improvement in our equipment margin.

The 5% decrease in other operating expenses this year was a result of:

- lower bad debt expense as we recorded a provision last year due to the economic uncertainty relating to COVID-19; and
- various cost efficiencies and productivity initiatives; partially offset by
- higher advertising and channel costs.

ADJUSTED EBITDA

The 4% increase in adjusted EBITDA this year was a result of the revenue and expense changes discussed above.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

CABLE

ONE OF CANADA'S LEADING PROVIDERS OF HIGH-SPEED INTERNET, CABLE TELEVISION, AND PHONE SERVICES

As at December 31, 2021, we had:

- approximately 2.7 million high-speed Internet subscribers;
- approximately 0.8 million Ignite TV subscribers; and
- a network passing approximately 4.7 million homes in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland.

CABLE FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue			
Service revenue	4,052	3,936	3
Equipment revenue	20	10	100
Revenue	4,072	3,946	3
Operating expenses	2,059	2,011	2
Adjusted EBITDA	2,013	1,935	4
Adjusted EBITDA margin	49.4%	49.0%	0.4 pts
Capital expenditures	913	940	(3)

CABLE SUBSCRIBER RESULTS ¹

(In thousands, except ARPA and penetration)	Years ended December 31		
	2021	2020	Chg
Internet ²			
Net additions	49	57	(8)
Total Internet subscribers ^{3,4}	2,665	2,598	67
Ignite TV			
Net additions	244	218	26
Total Ignite TV subscribers ³	788	544	244
Homes passed ³	4,700	4,578	122
Customer relationships			
Net additions	31	12	19
Total customer relationships ^{3,4}	2,581	2,530	51
ARPA (monthly)	\$132.58	\$130.70	\$ 1.88
Penetration ³	54.9%	55.3%	(0.4 pts)

¹ Subscriber counts are key performance indicators. See "Key Performance Indicators".

² Internet subscriber results include Smart Home Monitoring subscribers.

³ As at end of period.

⁴ On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

REVENUE

Service revenue

Service revenue includes revenue derived from:

- monthly subscription and additional use service revenue from residential, small business, enterprise, public sector, and wholesale Internet access subscribers;
- monthly service revenue from our smart home monitoring products;
- modem, television set-top box, and other equipment rental fees;
- IPTV and digital cable services, such as:
 - basic service fees;
 - tier service fees;
 - access fees for use of channel capacity by third parties; and
 - premium and specialty service subscription fees, including pay-per-view service fees and video-on-demand service fees;
- monthly service fees;
- calling features, such as voicemail, call waiting, and caller ID; and
- long distance calling.

The 3% increase in Cable service revenue this year was a result of:

- the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increase in total customer relationships over the past year, due to growth in our Internet and Ignite TV subscriber bases; and
- a 1% increase in ARPA as a result of disciplined promotional activity and Internet service pricing changes in late 2020; partially offset by
- declines in our legacy television and home phone subscriber bases.

Equipment revenue

Equipment revenue includes revenue generated from the sale of television set-top boxes, Internet modems and other equipment, and smart home monitoring equipment. The increase in equipment revenue this year was a result of higher Ignite equipment sales.

OPERATING EXPENSES

We record Cable operating expenses in three categories:

- the cost of programming;
- the cost of equipment revenue (television set-top boxes, Internet modem and other equipment, and smart home monitoring equipment); and
- all other expenses involved in day-to-day operations, to service and retain existing subscriber relationships, and to attract new subscribers.

The 2% increase in operating expenses this year was a result of:

- higher customer care costs; partially offset by
- various cost efficiencies and productivity initiatives.

ADJUSTED EBITDA

The 4% increase in adjusted EBITDA this year was a result of the revenue and expense changes described above.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

MEDIA

DIVERSIFIED CANADIAN MEDIA COMPANY

We have a broad portfolio of media properties, which most significantly includes:

- sports media and entertainment, such as Sportsnet and the Toronto Blue Jays;
- our exclusive national 12-year NHL Agreement, which runs through the 2025-2026 season;
- category-leading television and radio broadcasting properties;
- multi-platform televised and online shopping; and
- digital media.

MEDIA FINANCIAL RESULTS

(In millions of dollars, except margins)	Years ended December 31		
	2021	2020	% Chg
Revenue	1,975	1,606	23
Operating expenses	2,102	1,555	35
Adjusted EBITDA	(127)	51	n/m
Adjusted EBITDA margin	(6.4)%	3.2%	(9.6 pts)
Capital expenditures	115	79	46

REVENUE

Media revenue is earned from:

- advertising sales across its television, radio, and digital media properties;
- subscriptions to televised and OTT products;
- ticket sales, fund redistribution and other distributions from MLB, and concession sales; and
- retail product sales.

The 23% increase in revenue this year was a result of:

- higher advertising and subscription revenue, primarily as a result of the delayed starts of the 2020-2021 NHL and NBA seasons; and
- higher Toronto Blue Jays attendance-related revenue as COVID-19 restrictions eased and fan attendance was permitted.

OPERATING EXPENSES

We record Media operating expenses in four primary categories:

- the cost of broadcast content, including sports programming and production;
- Toronto Blue Jays player compensation;
- the cost of retail products sold; and
- all other expenses involved in day-to-day operations.

The 35% increase in operating expenses this year was a result of:

- higher programming and production costs as a result of the delayed starts of the 2020-2021 NHL and NBA seasons;
- higher other general operating costs as a result of the resumption of sports and increased activities as COVID-19 restrictions eased; and
- higher Toronto Blue Jays player payroll and game day costs, primarily as a result of the shortened 2020 MLB season.

ADJUSTED EBITDA

The decrease in adjusted EBITDA this year was a result of the revenue and expense changes described above.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

CAPITAL EXPENDITURES

Capital expenditures include costs associated with acquiring property, plant and equipment and placing it into service. The telecommunications business requires extensive and continual investments, including investment in new technologies and the expansion of capacity and geographical reach. Expenditures related to the acquisition of spectrum licences and additions to right-of-use assets are not included in capital expenditures and do not factor into the calculation of free cash flow or capital intensity. See “Managing our Liquidity and Financial Resources”, “Key Performance Indicators”, and “Non-GAAP and Other Financial Measures” for more information.

Capital expenditures are significant and have a material impact on our cash flows; therefore, our management teams focus on planning, funding, and managing them. We believe this measure best reflects our cost of property, plant and equipment in a given period and is a simpler measure for comparing between periods.

(In millions of dollars, except capital intensity)	Years ended December 31		
	2021	2020	% Chg
Wireless	1,515	1,100	38
Cable	913	940	(3)
Media	115	79	46
Corporate	245	193	27
Capital expenditures ¹	2,788	2,312	21
Capital intensity	19.0%	16.6%	2.4 pts

¹ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

WIRELESS

The increase in capital expenditures in Wireless this year was a result of investments made to upgrade our wireless network to continue delivering reliable performance for our customers. We continued to emphasize our 5G deployments in the 600 MHz band and other bands as we have deployed our 5G network in more than 1,500 communities and we continued rolling out our 5G standalone core network in Montreal, Ottawa, Toronto, and Vancouver.

CABLE

The decrease in capital expenditures in Cable this year was a result of the recognition of capital efficiencies and improved capital intensity. We have continued upgrading our network infrastructure, including additional fibre deployments to increase our FTTH and FTTC distribution. These upgrades will lower the number of homes passed per node and incorporate the latest technologies to help deliver more bandwidth and an even more reliable customer experience as we progress in our connected home roadmap, including service footprint expansion and upgrades to our DOCSIS 3.1 platform to evolve to DOCSIS 4.0, to offer increased download speeds over time.

MEDIA

The increase in capital expenditures this year was primarily a result of higher broadcast infrastructure expenditures, including investments in new production studios, partially offset by lower stadium and facility investments at the Toronto Blue Jays.

CORPORATE

The increase in corporate capital expenditures this year was a result of higher investments in our information technology.

CAPITAL INTENSITY

Capital intensity increased this year as a result of higher capital expenditures, partially offset by higher revenue, as discussed above.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

REVIEW OF CONSOLIDATED PERFORMANCE

This section discusses our net income and other expenses that do not form part of the segment discussions above.

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Depreciation and amortization	2,585	2,618	(1)
Restructuring, acquisition and other	324	185	75
Finance costs	849	881	(4)
Other expense	2	1	100
Income tax expense	569	580	(2)
Net income	1,558	1,592	(2)

ADJUSTED EBITDA

See “Key Changes in Financial Results Year Over Year” for a discussion of the increase in adjusted EBITDA this year.

DEPRECIATION AND AMORTIZATION

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Depreciation of property, plant and equipment	2,322	2,390	(3)
Depreciation of right-of-use assets	246	217	13
Amortization	17	11	55
Total depreciation and amortization	2,585	2,618	(1)

Total depreciation and amortization decreased this year, primarily as a result of certain assets becoming fully amortized, partially offset by, of the cumulative impact of increasing capital expenditures and additions to right-of-use assets over the past several years. See “Capital Expenditures” for more information.

RESTRUCTURING, ACQUISITION AND OTHER

During the year ended December 31, 2021, we incurred \$324 million (2020 - \$185 million) in restructuring, acquisition and other expenses, which included \$137 million (2020 - nil) of certain costs relating to the Transaction, including certain costs related to the committed credit facility and other costs incurred directly related to the Transaction. The remaining costs in 2021 were primarily severance costs associated with the targeted restructuring of our employee base, certain contract termination costs, incremental, temporary costs incurred in response to COVID-19, and other costs. In 2020, these costs were primarily incremental, temporary employee compensation and other costs incurred in response to COVID-19 as well as severance costs associated with the targeted restructuring of our employee base.

FINANCE COSTS

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Interest on borrowings ¹	745	780	(4)
Interest on lease liabilities	74	70	6
Interest on post-employment benefits liability	14	13	8
Loss on foreign exchange	10	107	(91)
Change in fair value of derivative instruments	(6)	(97)	(94)
Capitalized interest	(17)	(19)	(11)
Other	29	27	7
Total finance costs	849	881	(4)

¹ Interest on borrowings includes interest on short-term borrowings and on long-term debt.

The 4% decrease in finance costs this year was primarily a result of lower interest on borrowings due to the repayment of our \$1.45 billion senior notes at maturity in March 2021.

Foreign exchange and change in fair value of derivative instruments
We recognized \$10 million in net foreign exchange losses in 2021 (2020 - \$107 million in net losses). These losses were primarily attributed to our US CP program borrowings.

These foreign exchange losses were offset by the \$6 million gain related to the change in fair value of derivatives (2020 - \$97 million gain) that was primarily attributed to the debt derivatives, which were not designated as hedges for accounting purposes, we used to substantially offset the foreign exchange risk related to these US dollar-denominated borrowings.

See “Managing our Liquidity and Financial Resources” for more information about our debt and related finance costs.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INCOME TAX EXPENSE

Below is a summary of the difference between income tax expense computed by applying the statutory income tax rate to income before income tax expense and the actual income tax expense for the year.

(In millions of dollars, except tax rates)	Years ended December 31	
	2021	2020
Statutory income tax rate	26.5%	26.6%
Income before income tax expense	2,127	2,172
Computed income tax expense	564	578
Increase (decrease) in income tax expense resulting from:		
Non-deductible stock-based compensation	1	-
Non-deductible portion of equity losses	12	10
Income tax adjustment, legislative tax change	-	(3)
Non-taxable income from security investments	(11)	(10)
Other items	3	5
Total income tax expense	569	580
Effective income tax rate	26.8%	26.7%
Cash income taxes paid	700	418

Our effective income tax rate this year was 26.8% compared to 26.7% for 2020. The effective income tax rate for 2021 and 2020 approximated the statutory income tax rate.

Cash income taxes paid increased this year primarily as a result of the timing of installment payments. Our transition to a device financing business model in 2020 resulted in earlier recognition of equipment revenue for income tax purposes. As a result, our cash income taxes for 2021 increased by approximately \$300 million, reflecting our final 2020 tax installment.

NET INCOME

Net income was 2% lower than last year. See "Key Changes in Financial Results Year Over Year" for more information.

(In millions of dollars, except per share amounts)	Years ended December 31		
	2021	2020	% Chg
Net income	1,558	1,592	(2)
Basic earnings per share	\$ 3.09	\$ 3.15	(2)
Diluted earnings per share	\$ 3.07	\$ 3.13	(2)

ADJUSTED NET INCOME

Adjusted net income was 5% higher compared to 2020, primarily as a result of higher adjusted EBITDA, lower depreciation and amortization, and lower finance costs, partially offset by higher income tax expense.

(In millions of dollars, except per share amounts)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Depreciation and amortization	2,585	2,618	(1)
Finance costs	849	881	(4)
Other expense	2	1	100
Income tax expense ¹	648	632	3
Adjusted net income	1,803	1,725	5
Adjusted basic earnings per share	\$ 3.57	\$ 3.42	4
Adjusted diluted earnings per share	\$ 3.56	\$ 3.40	5

¹ Income tax expense above excludes a \$79 million recovery (2020 - \$52 million recovery) for the year ended December 31, 2021 related to the income tax impact for adjusted items.

EMPLOYEES

Employee salaries and benefits represent a material portion of our expenses. As at December 31, 2021, we had approximately 23,000 employees (2020 - 24,000) across all of our operating groups, including shared services and the corporate office. Total salaries and benefits for full-time and part-time employees in 2021 were \$2,181 million (2020 - \$1,847 million).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

2020 FULL-YEAR RESULTS COMPARED TO 2019

(In millions of dollars, except margins)	Years ended December 31		
	2020	2019	% Chg
Revenue			
Wireless	8,530	9,250	(8)
Cable	3,946	3,954	-
Media	1,606	2,072	(22)
Corporate items and intercompany eliminations	(166)	(203)	(18)
Revenue	13,916	15,073	(8)
Total service revenue	11,955	12,965	(8)
Adjusted EBITDA			
Wireless	4,067	4,345	(6)
Cable	1,935	1,919	1
Media	51	140	(64)
Corporate items and intercompany eliminations	(196)	(192)	2
Adjusted EBITDA	5,857	6,212	(6)
Adjusted EBITDA margin	42.1%	41.2%	0.9 pts
Net income	1,592	2,043	(22)
Adjusted net income	1,725	2,135	(19)

Revenue

Consolidated revenue decreased in 2020, reflecting a revenue decline of 8% in Wireless and decline of 22% in Media.

Wireless service revenue decreased as a result of lower roaming revenue due to global travel restrictions during COVID-19 and lower overage revenue as a result of the continued adoption of our Rogers Infinite unlimited data plans.

Cable revenue was in line with 2019.

Media revenue decreased by 22% as a result of lower sports-related revenues, including at the Toronto Blue Jays, due to the impact of COVID-19, the suspension of major sports leagues from mid-March until the third quarter, and the postponed start of the 2020-2021 NHL and NBA seasons, which traditionally start early in the fourth quarter, as well as lower advertising revenue related to softness in the advertising market, partially offset by higher revenues at Today's Shopping Choice.

Adjusted EBITDA

Consolidated adjusted EBITDA decreased in 2020 to \$5,857 million, reflecting decreases in Wireless and Media, partially offset by an increase in Cable.

Wireless adjusted EBITDA decreased 6% as a result of the decrease in service revenue as discussed above, partially offset by the shift to device financing, which significantly improved the Wireless equipment margin, and various cost efficiencies and productivity initiatives.

Cable adjusted EBITDA increased by 1% in 2020 as a result of various cost efficiencies.

Media adjusted EBITDA decreased 64% primarily as a result of decreased revenue as discussed above, partially offset by lower sports-related costs due to the suspension of major sports leagues from mid-March until the third quarter and the postponed start of the 2020-2021 NHL and NBA seasons.

Net income and adjusted net income

Net income and adjusted net income both decreased in 2020 primarily as a result of lower adjusted EBITDA. Net income decreased to \$1,592 million in 2020 from \$2,043 million in 2019 and adjusted net income decreased to \$1,725 million in 2020 from \$2,135 million in 2019.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

QUARTERLY RESULTS

Below is a summary of our quarterly consolidated financial results and key performance indicators for 2021 and 2020.

QUARTERLY CONSOLIDATED FINANCIAL SUMMARY

(In millions of dollars, except per share amounts)	2021					2020				
	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3	Q2	Q1
Revenue										
Wireless	8,768	2,415	2,215	2,064	2,074	8,530	2,291	2,228	1,934	2,077
Cable	4,072	1,023	1,016	1,013	1,020	3,946	1,019	988	966	973
Media	1,975	516	473	546	440	1,606	409	489	296	412
Corporate items and intercompany eliminations	(160)	(35)	(38)	(41)	(46)	(166)	(39)	(40)	(41)	(46)
Total revenue	14,655	3,919	3,666	3,582	3,488	13,916	3,680	3,665	3,155	3,416
Total service revenue	12,533	3,232	3,149	3,131	3,021	11,955	3,023	3,086	2,797	3,049
Adjusted EBITDA										
Wireless	4,214	1,086	1,107	1,008	1,013	4,067	1,034	1,089	918	1,026
Cable	2,013	518	516	492	487	1,935	520	508	454	453
Media	(127)	(26)	33	(75)	(59)	51	82	89	(35)	(85)
Corporate items and intercompany eliminations	(213)	(56)	(56)	(51)	(50)	(196)	(46)	(48)	(43)	(59)
Adjusted EBITDA	5,887	1,522	1,600	1,374	1,391	5,857	1,590	1,638	1,294	1,335
Deduct (add):										
Depreciation and amortization	2,585	658	642	647	638	2,618	666	663	650	639
Restructuring, acquisition and other	324	101	63	115	45	185	73	49	42	21
Finance costs	849	218	207	206	218	881	228	219	214	220
Other expense (income)	2	(12)	20	(7)	1	1	2	6	7	(14)
Net income before income tax expense	2,127	557	668	413	489	2,172	621	701	381	469
Income tax expense	569	152	178	111	128	580	172	189	102	117
Net income	1,558	405	490	302	361	1,592	449	512	279	352
Earnings per share:										
Basic	\$ 3.09	\$ 0.80	\$ 0.97	\$ 0.60	\$ 0.71	\$ 3.15	\$ 0.89	\$ 1.01	\$ 0.55	\$ 0.70
Diluted	\$ 3.07	\$ 0.80	\$ 0.94	\$ 0.60	\$ 0.70	\$ 3.13	\$ 0.89	\$ 1.01	\$ 0.54	\$ 0.68
Net income	1,558	405	490	302	361	1,592	449	512	279	352
Add (deduct):										
Restructuring, acquisition and other	324	101	63	115	45	185	73	49	42	21
Income tax impact of above items	(79)	(20)	(17)	(30)	(12)	(52)	(22)	(13)	(11)	(6)
Adjusted net income	1,803	486	536	387	394	1,725	500	548	310	367
Adjusted earnings per share:										
Basic	\$ 3.57	\$ 0.96	\$ 1.06	\$ 0.77	\$ 0.78	\$ 3.42	\$ 0.99	\$ 1.09	\$ 0.61	\$ 0.73
Diluted	\$ 3.56	\$ 0.96	\$ 1.03	\$ 0.76	\$ 0.77	\$ 3.40	\$ 0.99	\$ 1.08	\$ 0.60	\$ 0.71
Capital expenditures	2,788	846	739	719	484	2,312	656	504	559	593
Cash provided by operating activities	4,161	1,147	1,319	1,016	679	4,321	947	986	1,429	959
Free cash flow	1,671	468	507	302	394	2,366	568	868	468	462

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

FOURTH QUARTER 2021 RESULTS

Results commentary in “Fourth Quarter 2021 Results” compares the fourth quarter of 2021 with the fourth quarter of 2020.

Revenue

Total revenue and total service revenue increased by 6% and 7%, respectively, in the fourth quarter, driven by revenue growth in our Wireless and Media businesses.

Wireless service revenue increased by 6% in the fourth quarter, mainly as a result of larger postpaid subscriber base and higher roaming revenue, as COVID-19-related global travel restrictions were generally less strict than last year. Wireless equipment revenue increased by 4%, as a result of higher device upgrades by existing subscribers, and higher gross additions, partially offset by increased promotional activity during key selling periods.

Cable revenue was stable in the fourth quarter, primarily as a result of the movement of Internet customers to higher speed and usage tiers in our Ignite Internet offerings and the increases in our Internet and Ignite TV subscriber bases, offset by declines in our legacy television and home phone subscriber bases.

Media revenue increased by 26% in the fourth quarter, primarily as 2020 was impacted by the postponement of the start of the 2020-2021 NHL and NBA seasons.

Adjusted EBITDA and margins

Consolidated adjusted EBITDA decreased 4% in the fourth quarter and our adjusted EBITDA margin decreased by 440 basis points driven by the impact of Media.

Wireless adjusted EBITDA increased by 5%, primarily as a result of the flow-through of revenue growth. This gave rise to a Wireless adjusted EBITDA service margin of 62.6%.

Cable adjusted EBITDA was in line with last year, resulting in a Cable adjusted EBITDA margin of 50.6% in the fourth quarter.

Media adjusted EBITDA decreased by \$108 million in the fourth quarter, primarily due to higher sports programming and production costs as a result of the postponement of the start of the 2020-2021 NHL and NBA seasons, partially offset by higher revenue as discussed above.

Net income and adjusted net income

Net income and adjusted net income decreased in the fourth quarter by 10% and 3%, respectively, primarily as a result of lower adjusted EBITDA.

QUARTERLY TRENDS AND SEASONALITY

Our operating results generally vary from quarter to quarter as a result of changes in general economic conditions and seasonal fluctuations, among other things, in each of our reportable segments. This means our results in one quarter are not necessarily indicative of how we will perform in a future quarter. Wireless, Cable, and Media each have unique seasonal aspects to, and certain other historical trends in, their businesses.

COVID-19 significantly affected our operating results in 2020 and 2021 in addition to the typical seasonal fluctuations in our business that are described below. In Wireless, the decline in customer travel due to global travel restrictions resulted in lower-than-pre-pandemic

roaming revenue. In Media, major professional sports leagues postponed their 2019-20 seasons between March and July 2020 and recommenced with contracted seasons from July to September 2020. The NBA and NHL also postponed and condensed their 2020-21 seasons to late December 2020 and early January 2021, respectively. These changes caused sports-related revenue and expenses, such as programming rights amortization, to be recognized at different points in time than is typical. Furthermore, the effect of the Toronto Blue Jays being able to allow limited game-day attendance this year and play a full season compared to the stricter public health restrictions in the prior year has resulted in increased revenue and operating expenses this year.

We expect COVID-19 will continue to affect our operating results in 2022 and there is continued uncertainty surrounding the duration and potential outcomes of COVID-19.

Fluctuations in net income from quarter to quarter can also be attributed to losses on the repayment of debt, foreign exchange gains or losses, changes in the fair value of derivative instruments, other income and expenses, restructuring, acquisition and other costs, impairment of assets, and changes in income tax expense.

Wireless

Trends affecting both Wireless revenue and adjusted EBITDA reflect:

- the growing number of wireless subscribers;
- greater usage of wireless data;
- higher wireless equipment revenue as more consumers shift to financing higher-value devices, along with ongoing disciplined promotional activity; and
- decreasing postpaid churn, which we believe is beginning to reflect the realization of our enhanced customer service efforts; partially offset by
- lower overage revenue as customers continue to adopt our unlimited data plans.

Additional trends affecting Wireless adjusted EBITDA reflect higher costs related to the increasing number of subscribers.

We continue to target organic growth in higher-value postpaid subscribers, reflected in the increasing proportion of postpaid subscribers relative to prepaid subscribers. Prepaid plans are evolving to have properties similar to those of traditional postpaid plans. We believe this evolution provides consumers with greater choice of subscribing to a postpaid or prepaid service plan. Growth in our customer base over time has resulted in higher costs for customer service, retention, credit, and collection; however, most of the cost increases have been offset by gains in operating efficiencies.

Wireless operating results are influenced by the timing of our marketing and promotional expenditures and higher levels of subscriber additions, resulting in higher subscriber acquisition- and activation-related expenses, typically in the third and fourth quarters. Conversely, periods with higher activity may adversely impact subscriber churn metrics as a result of heightened competitive activity. The third and fourth quarters typically experience higher volumes of activity as a result of “back to school” and holiday season-related consumer behaviour. Aggressive promotional offers are often advertised during these periods and also contribute to the impact on subscriber metrics. In contrast, we

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typically see lower subscriber additions in the first quarter of the year.

The launch of popular new wireless device models can also affect the level of subscriber activity. Highly anticipated device launches typically occur in the spring and fall seasons of each year. Wireless roaming revenue is dependent on customer travel volumes and timing, which is affected by the foreign exchange rate of the Canadian dollar and general economic conditions.

Cable

Trends affecting Cable service revenue primarily reflect:

- higher Internet subscription fees as customers increasingly upgrade to higher-tier speed plans, including those with unlimited usage;
- customers adopting Ignite TV;
- general service pricing increases; and
- the shift of business customers from lower-margin, off-net legacy long distance and data services to higher-margin, next-generation services and data centre businesses; partially offset by
- competitive losses of legacy Television and Phone subscribers;
- Television subscribers downgrading their service plans; and
- lower additional usage of our products and services as service plans are increasingly bundling more features, such as unlimited usage or a greater number of TV channels.

Trends affecting Cable adjusted EBITDA primarily reflect:

- higher Internet operating margins, as a result of the shift from conventional Television to Internet services; and
- the shift to a self-install model for most of our Cable products; partially offset by
- higher premium supplier fees in Television as a result of bundling more value-added offerings into our Cable products.

Cable's operating results are affected by modest seasonal fluctuations in subscriber additions and disconnections, typically caused by:

- university and college students who live in residence moving out early in the second quarter and cancelling their service as well as students moving in late in the third quarter and signing up for cable service;
- individuals temporarily suspending service for extended vacations or seasonal relocations;
- the timing of service pricing changes; and
- the focused marketing we generally conduct in our fourth quarter.

Cable operating results are also influenced by trends in cord shaving and cord cutting, which has resulted in fewer subscribers watching traditional cable television, as well as a lower number of Television subscribers. In addition, trends in the use of wireless products and Internet or social media as substitutes for traditional home phone products have resulted in fewer Phone subscribers. Cable results from our business customers do not generally have any unique seasonal aspects.

Media

Trends affecting Media revenue and adjusted EBITDA are generally the result of:

- fluctuations in advertising and consumer market conditions;
- subscriber rate increases;
- higher sports and rights costs, including increases as we move further along in our NHL Agreement;
- general cord shaving and cord cutting by television subscribers regardless of service provider; and
- continual investment in primetime and specialty programming relating to both our broadcast networks (such as Citytv) and our specialty channels (such as FX (Canada)).

Seasonal fluctuations relate to:

- periods of increased consumer activity and their impact on advertising and related retail cycles, which tend to be most active in the fourth quarter due to holiday spending and slower in the first quarter;
- the MLB season, where:
 - games played are concentrated in the spring, summer, and fall months (generally the second and third quarters of the year);
 - revenue related to game day ticket sales, merchandise sales, and advertising are concentrated in the spring, summer, and fall months (generally the second and third quarters of the year), with postseason games commanding a premium in advertising revenue and additional revenue from game day ticket sales and merchandise sales, if and when the Toronto Blue Jays play in the postseason (in the fourth quarter of the year); and
 - programming and production costs and player payroll are expensed based on the number of games aired or played, as applicable; and
- the NHL season, where:
 - regular season games are concentrated in the fall and winter months (generally the first and fourth quarters of the year) and playoff games are concentrated in the spring months (generally the second quarter of the year). We expect a correlation between the quality of revenue and earnings and the extent of Canadian teams' presence during the playoffs;
 - programming and production costs are expensed based on the timing of when the rights are aired or are expected to be consumed; and
 - advertising revenue and programming expenses are concentrated in the fall, winter, and spring months, with playoff games commanding a premium in advertising revenue.

Other expenses

Depreciation and amortization trails capital expenditures and, in recent years, has been trending upward as a result of an increase in our general depreciable asset base, related significantly to the ongoing expansions of our wireless and cable networks. The increasing trend is a direct result of increasing capital expenditures in previous years as we worked to upgrade our wireless network for the launch of 5G services and roll out Ignite TV, Ignite Gigabit Internet, and 4K TV to our Cable footprint. We expect future depreciation and amortization to align with ongoing capital expenditures and additions to right-of-use assets.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

OVERVIEW OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31 (In millions of dollars)	2021	2020	\$ Chg	% Chg	Explanation of significant changes
Assets					
Current assets:					
Cash and cash equivalents	715	2,484	(1,769)	(71)	See "Managing our Liquidity and Financial Resources".
Accounts receivable	3,847	2,856	991	35	Primarily reflects the increase in financing receivables.
Inventories	535	479	56	12	Reflects an increase in Wireless devices to mitigate the risk of the COVID-19 impact on supply chains.
Current portion of contract assets	115	533	(418)	(78)	Reflects our transition of consumer offerings to device financing agreements.
Other current assets	497	516	(19)	(4)	n/m
Current portion of derivative instruments	120	61	59	97	Primarily reflects changes in the market value of certain interest rate derivatives as a result of changes in the interest rate environment.
Total current assets	5,829	6,929	(1,100)	(16)	
Property, plant and equipment	14,666	14,018	648	5	Primarily reflects capital expenditures and additions to right-of-use assets partially offset by depreciation expense.
Intangible assets	12,281	8,926	3,355	38	Primarily reflects the acquisition of 3500 MHz spectrum licences.
Investments	2,493	2,536	(43)	(2)	n/m
Derivative instruments	1,431	1,378	53	4	Primarily reflects changes in the market values of certain debt derivatives as a result of changes in the interest rate environment.
Financing receivables	854	748	106	14	Reflects our continued transition of consumer offerings to device financing agreements.
Other long-term assets	385	346	39	11	n/m
Goodwill	4,024	3,973	51	1	n/m
Total assets	41,963	38,854	3,109	8	
Liabilities and shareholders' equity					
Current liabilities:					
Short-term borrowings	2,200	1,221	979	80	Reflects an increase in borrowings under our receivables securitization program, US CP program, and non-revolving credit facilities.
Accounts payable and accrued liabilities	3,416	2,714	702	26	Reflects increased spending as the economy recovered from COVID-19.
Income tax payable	115	344	(229)	(67)	Reflects a decrease in taxes owed as a result of the final 2020 installment payment.
Other current liabilities	607	243	364	150	Primarily reflects changes in the market value of certain interest rate derivatives as a result of changes in the interest rate environment.
Contract liabilities	394	336	58	17	n/m
Current portion of long-term debt	1,551	1,450	101	7	Reflects the reclassifications to current of our US\$750 million senior notes due March 2022 and our \$600 million senior notes due June 2022, including the impact of foreign exchange on the US dollar-denominated debt, partially offset by the repayment of \$1,450 million senior notes in March 2021.
Current portion of lease liabilities	336	278	58	21	Reflects liabilities related to the current portion of new leases entered.
Total current liabilities	8,619	6,586	2,033	31	
Provisions	50	42	8	19	n/m
Long-term debt	17,137	16,751	386	2	Reflects the issuance of our \$2 billion subordinated notes, partially offset by reclassifications to current of our US\$750 million senior notes due March 2022 and our \$600 million senior notes due June 2022.
Lease liabilities	1,621	1,557	64	4	Reflects liabilities related to new leases entered.
Other long-term liabilities	565	1,149	(584)	(51)	Primarily reflects changes in market values of certain debt derivatives as a result of changes in the Canadian and US interest rate environment.
Deferred tax liabilities	3,439	3,196	243	8	Primarily reflects an increase in temporary differences between the accounting and tax bases for certain assets and liabilities.
Total liabilities	31,431	29,281	2,150	7	
Shareholders' equity	10,532	9,573	959	10	Reflects changes in retained earnings and equity reserves.
Total liabilities and shareholders' equity	41,963	38,854	3,109	8	

Managing our Liquidity and Financial Resources

SOURCES AND USES OF CASH

OPERATING, INVESTING, AND FINANCING ACTIVITIES

(In millions of dollars)	Years ended December 31	
	2021	2020
Cash provided by operating activities before changes in net operating assets and liabilities, income taxes paid, and interest paid	5,626	5,880
Change in net operating assets and liabilities	37	(333)
Income taxes paid	(700)	(418)
Interest paid	(802)	(808)
Cash provided by operating activities	4,161	4,321
Investing activities:		
Capital expenditures	(2,788)	(2,312)
Additions to program rights	(54)	(57)
Changes in non-cash working capital related to capital expenditures and intangible assets	67	(37)
Acquisitions and other strategic transactions, net of cash acquired	(3,404)	(103)
Other	46	(49)
Cash used in investing activities	(6,133)	(2,558)
Financing activities:		
Net proceeds received from (repayment of) short-term borrowings	971	(1,146)
Net issuance of long-term debt	550	2,540
Net (payments) proceeds on settlement of debt derivatives and forward contracts	(8)	80
Transaction costs incurred	(31)	(23)
Principal payments of lease liabilities	(269)	(213)
Dividends paid	(1,010)	(1,011)
Cash provided by financing activities	203	227
Change in cash and cash equivalents	(1,769)	1,990
Cash and cash equivalents, beginning of year	2,484	494
Cash and cash equivalents, end of year	715	2,484

OPERATING ACTIVITIES

The 4% decrease in cash provided by operating activities this year was primarily affected by higher income taxes paid.

INVESTING ACTIVITIES

Capital expenditures

We spent \$2,788 million this year on property, plant and equipment before related changes in non-cash working capital items, which was 21% higher than 2020. See "Capital Expenditures" for more information.

Acquisitions and other strategic transactions

This year, we paid \$3.3 billion for the acquisition of 3500 MHz spectrum licences. We also made four individually immaterial acquisitions complementary to our existing lines of business in Cable and Media.

FINANCING ACTIVITIES

This year, we received net amounts of \$1,482 million (2020 - received net amounts of \$1,451 million) on our short-term borrowings, long-term debt, and related derivatives, net of transaction costs. See "Financial Risk Management" for more information on the cash flows relating to our derivative instruments.

Short-term borrowings

Our short-term borrowings consist of amounts outstanding under our receivables securitization program, our short-term non-revolving credit facilities, and our US CP program. Below is a summary of our short-term borrowings as at December 31, 2021 and 2020.

(In millions of dollars)	Years ended December 31	
	2021	2020
Receivables securitization program	800	650
US commercial paper program (net of the discount on issuance)	893	571
Non-revolving credit facility borrowings	507	-
Total short-term borrowings	2,200	1,221

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

The table below summarizes the activity relating to our short-term borrowings for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Proceeds received from receivables securitization			150			-
Net proceeds received from receivables securitization			150			-
Proceeds received from US commercial paper	2,568	1.260	3,235	3,316	1.329	4,406
Repayment of US commercial paper	(2,314)	1.259	(2,914)	(4,098)	1.355	(5,552)
Net proceeds received from (repayment of) US commercial paper			321			(1,146)
Proceeds received from non-revolving credit facilities (US\$)	1,200	1.253	1,503	-	-	-
Repayment of non-revolving credit facilities (US\$)	(800)	1.254	(1,003)	-	-	-
Net proceeds received from non-revolving credit facilities			500			-
Net proceeds received from (repayment of) short-term borrowings			971			(1,146)

We have a US CP program that allows us to issue up to a maximum aggregate principal amount of US\$1.5 billion. Funds can be borrowed under this program with terms to maturity ranging from 1 to 397 days, subject to ongoing market conditions. Any issuances made under the US CP program will be issued at a discount. The obligations of RCI under the US CP program are unsecured and guaranteed by RCCI, and rank equally in right of payment with all our senior notes and debentures. See “Financial Condition” for more information.

Concurrent with our US CP issuances and non-revolving credit facility borrowings, we entered into debt derivatives to hedge the foreign currency risk associated with the principal and interest components of the borrowings. See “Financial Risk Management” for more information.

In June 2021, we entered into non-revolving credit facilities with an aggregate limit of US\$1.6 billion that mature in June 2022. Any borrowings under these facilities will be recorded as short-term borrowings as they will be due within 12 months. Borrowings under the facilities are unsecured, guaranteed by RCCI, and rank equally in right of payment with all of our senior notes and debentures. In

December 2021, we terminated the undrawn non-revolving credit facilities with an aggregate limit of US\$1.2 billion. In February 2022, we repaid the outstanding US\$400 million and terminated the facility.

In March 2021, in connection with the Transaction, we entered into a binding commitment letter for a committed credit facility with a syndicate of banks in an amount up to \$19 billion. The commitment remains subject to the satisfaction of conditions to effectiveness and drawing, including, without limitation, the completion of credit documentation in respect of such commitment and the completion of the Transaction. The committed facility cannot be drawn upon until the closing date of the Transaction. It is only available to be drawn to fund part of the acquisition cost of the Transaction and to pay fees and expenses related to the Transaction. If drawn, any drawings must be repaid within 364 days. If undrawn, the facility terminates on the closing date of the acquisition. As a result of entering into the Shaw term loan facility (see “Long-term debt” below), the maximum amount we can draw on this committed facility decreased to \$13 billion.

Long-term debt

Our long-term debt consists of amounts outstanding under our bank and letter of credit facilities and the senior notes, debentures, and subordinated notes we have issued. The tables below summarize the activity relating to our long-term debt for the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Credit facility borrowings (US\$)	-	-	-	970	1.428	1,385
Credit facility repayments (US\$)	-	-	-	(970)	1.406	(1,364)
Net borrowings under credit facilities			-			21
Senior note issuances (Cdn\$)			-			1,500
Senior note issuances (US\$)	-	-	-	750	1.359	1,019
Total senior note issuances			-			2,519
Senior note repayments (Cdn\$)			(1,450)			-
Net (repayment) issuance of senior notes			(1,450)			2,519
Subordinated note issuances (Cdn\$)			2,000			-
Net issuance of long-term debt			550			2,540

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(In millions of dollars)	Years ended December 31	
	2021	2020
Long-term debt net of transaction costs, beginning of year	18,201	15,967
Net issuance of long-term debt	550	2,540
Gain on foreign exchange	(50)	(297)
Deferred transaction costs incurred	(31)	(23)
Amortization of deferred transaction costs	18	14
Long-term debt net of transaction costs, end of year	18,688	18,201

The revolving credit facility is unsecured, guaranteed by RCCI, and ranks equally with all of our senior notes and debentures.

In April 2021, we entered into a \$6 billion Shaw term loan facility consisting of three tranches of \$2 billion each. The facility cannot be drawn upon until the closing date of the Transaction. The first tranche matures three years after the Transaction closing date and subsequent tranches mature in years four and five thereafter, respectively. At tranche maturity, any outstanding borrowings under that tranche must be repaid. The interest rate charged on borrowings from the Shaw term loan facility ranges from nil to 1.25% per annum

over the bank prime rate or base rate, or 0.65% to 2.25% over the bankers' acceptance rate or London Inter-Bank Offered Rate.

In April 2021, we amended our revolving credit facility to, among other things, increase the total credit limit and extend the maturity dates. We increased the total credit limit from \$3.2 billion to \$4 billion by increasing the limits of the two tranches to \$3 billion and \$1 billion (from \$2.5 billion and \$700 million), respectively. We also extended the maturity date of the \$3 billion tranche from September 2023 to April 2026 and the \$1 billion tranche from September 2022 to April 2024.

Issuance of senior and subordinated notes and related debt derivatives

Below is a summary of the senior and subordinated notes that we issued in 2021 and 2020. In 2021, the proceeds were used to partially fund the purchase of 3500 MHz spectrum licences. In 2020, the proceeds were used to repay outstanding US CP and bank credit facility borrowings, and for general corporate purposes.

(In millions of dollars, except interest rates and discounts)

Date issued	Principal amount	Due date	Interest rate	Discount/premium at issuance	Total gross proceeds ¹ (Cdn\$)	Transaction costs and discounts ² (Cdn\$)
<i>2021 issuance</i>						
December 17, 2021 (subordinated) ³	2,000	2081	5.000%	At par	2,000	20
<i>2020 issuances</i>						
March 31, 2020 (senior)	1,500	2027	3.650%	99.511%	1,500	16
June 22, 2020 (senior)	US 750	2022	USD LIBOR + 0.60%	At par	1,019	5

¹ Gross proceeds before transaction costs, discounts, and premiums.

² Transaction costs, discounts, and premiums are included as deferred transaction costs and discounts in the carrying value of the long-term debt, and recognized in net income using the effective interest method.

³ Deferred transaction costs and discounts in the carrying value of the subordinated notes are recognized in net income using the effective interest method over a five-year period.

The US dollar-denominated senior notes issued in 2020 were issued pursuant to a public offering in the US. The Canadian dollar-denominated senior notes issued in 2020 were issued pursuant to a public offering in Canada.

Concurrent with the US dollar-denominated issuances, we entered into debt derivatives to convert all interest and principal payment obligations on the senior notes to Canadian dollars at a fixed interest rate. See "Financial Risk Management" for more information.

The issued senior notes are unsecured and guaranteed by RCCI, ranking equally with all of our other unsecured senior notes and debentures, bank credit facilities, and letter of credit facilities.

In December 2021, we issued \$2 billion subordinated notes due 2081 with an initial coupon of 5% for the first five years. Concurrently, we terminated the \$750 million bond forwards entered into in July 2021 to hedge the interest rate risk associated with future debt issuances. We used the proceeds to partially fund the remaining payment required to obtain the 3500 MHz spectrum licences.

In February 2022, we issued US\$750 million subordinated notes due 2082 with an initial coupon of 5.25% for the first five years. Concurrently, we terminated \$950 million of interest rate derivatives entered into in 2021 to hedge the interest rate risk associated with future debt issuances. We received net proceeds of US\$740 million (\$938 million) from the issuance.

Each of the subordinated notes can be redeemed at par on their respective five-year anniversary or on any subsequent interest payment date. The subordinated notes are unsecured and subordinated obligations of RCI. Payment on these notes will, under certain circumstances, be subordinated to the prior payment in full of all of our senior indebtedness, including our senior notes, debentures, and bank credit facilities. In addition, upon the occurrence of certain events involving a bankruptcy or insolvency of RCI, the outstanding principal and interest of such subordinated notes would automatically convert into preferred shares. We understand that S&P Global Ratings Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch) will only include 50% of the outstanding principal amount of these subordinated notes in their leverage ratio calculation for at least the first five years after their issuance.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

In connection with these issuances, the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I and Series II have been authorized for up to 3.3 million and 1.4 million preferred shares, respectively, have no voting rights, have par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

Repayment of senior notes and related derivative settlements

During the year ended December 31, 2021, we repaid the entire outstanding principal amount of our \$1.45 billion 5.34% senior notes at maturity. There were no derivatives associated with these senior notes. We did not repay any senior notes or settle any related debt derivatives during the year ended December 31, 2020.

Dividends

In 2021, we declared and paid dividends on each of RCI's outstanding Class A Shares and Class B Non-Voting Shares. We paid \$1,010 million in cash dividends. See "Dividends and Share Information" for more information.

Shelf prospectuses

We have two shelf prospectuses that qualify the offering of debt securities from time to time. One shelf prospectus qualifies the public offering of up to \$4 billion of our debt securities in each of the provinces of Canada (Canadian Shelf) and the other shelf prospectus (together with a corresponding registration statement filed with the

US Securities and Exchange Commission) qualifies the public offering of up to US\$4 billion of our debt securities in the United States and Ontario (US Shelf). Both the Canadian Shelf and the US Shelf expire in May 2022. We have issued nil under the Canadian Shelf and an aggregate of US\$750 million of securities under the US Shelf. The subordinated notes we issued in December 2021 and February 2022 were not issued under the Canadian Shelf or US Shelf, respectively.

FREE CASH FLOW

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Adjusted EBITDA	5,887	5,857	1
Deduct (add):			
Capital expenditures ¹	2,788	2,312	21
Interest on borrowings, net of capitalized interest	728	761	(4)
Cash income taxes ²	700	418	67
Free cash flow	1,671	2,366	(29)

¹ Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

² Cash income taxes are net of refunds received.

The 29% decrease in free cash flow this year was primarily a result of higher cash income taxes due to our transition to a device financing business model and higher capital expenditures.

FINANCIAL CONDITION

AVAILABLE LIQUIDITY

Below is a summary of our total available liquidity from our cash and cash equivalents, bank credit facilities, letters of credit facilities, and short-term borrowings.

As at December 31, 2021						
(In millions of dollars)	Total sources	Drawn	Letters of credit	US CP program ¹	Net available	
Cash and cash equivalents	715	-	-	-	715	
Bank credit facilities ² :						
Revolving	4,000	-	8	894	3,098	
Non-revolving	507	507	-	-	-	
Outstanding letters of credit	72	-	72	-	-	
Receivables securitization ²	1,200	800	-	-	400	
Total	6,494	1,307	80	894	4,213	

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

As at December 31, 2020						
(In millions of dollars)	Total sources	Drawn	Letters of credit	US CP program ¹	Net available	
Cash and cash equivalents	2,484	-	-	-	2,484	
Bank credit facilities ² :						
Revolving	3,200	-	8	573	2,619	
Outstanding letters of credit	101	-	101	-	-	
Receivables securitization ²	1,200	650	-	-	550	
Total	6,985	650	109	573	5,653	

¹ The US CP program amounts are gross of the discount on issuance.

² The total liquidity sources under our bank credit facilities and receivables securitization represents the total credit limits per the relevant agreements. The amount drawn and letters of credit are currently outstanding under those agreements. The US CP program amount represents our currently outstanding US CP borrowings that are backstopped by our revolving credit facility.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

Subsequent to the final payment for the 3500 MHz spectrum licence acquisition in December 2021, we cancelled \$360 million of letters of credit and US\$1.2 billion of non-revolving credit facilities, which reduced total liquidity sources to \$6.5 billion as at December 31, 2021.

In addition to the sources of available liquidity noted above, we held \$1,581 million of marketable securities in publicly traded companies as at December 31, 2021 (2020 - \$1,535 million).

Weighted average cost of borrowings

Our borrowings had a weighted average cost of 3.95% as at December 31, 2021 (2020 - 4.09%) and a weighted average term to maturity of 11.6 years (2020 - 12.8 years). These figures reflect the repayment of our subordinated notes on the five-year anniversary.

COVENANTS

The provisions of our \$4.0 billion revolving bank credit facility described in "Sources and Uses of Cash" impose certain restrictions on our operations and activities, the most significant of which are leverage-related maintenance tests. As at December 31, 2021 and 2020, we were in compliance with all financial covenants, financial ratios, and all of the terms and conditions of our debt agreements. Throughout 2021, these covenants did not impose restrictions of any material consequence on our operations.

CREDIT RATINGS

Credit ratings provide an independent measure of credit quality of an issue of securities and can affect our ability to obtain short-term and long-term financing and the terms of the financing. If rating agencies lower the credit ratings on our debt, particularly a downgrade below investment-grade, it could adversely affect our cost of financing and access to liquidity and capital.

We have engaged each of S&P, Moody's, and Fitch to rate certain of our public debt issues. Below is a summary of the credit ratings on RCI's outstanding senior and subordinated notes and debentures (long-term) and US CP (short-term) as at December 31, 2021.

Issuance	S&P	Moody's	Fitch
Corporate credit issuer default rating	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Senior unsecured debt	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Subordinated debt	BBB- Credit Watch Negative	Baa3 under review	BBB- Rating Watch Negative
US commercial paper	A-2 Rating Watch Negative	P-2 under review	N/A ¹

¹ We have not sought a rating from Fitch for our short-term obligations.

As a result of our agreement to acquire Shaw and the related commitments in connection with the Transaction, both S&P and Fitch have placed us on credit watch with negative implications. Moody's has placed our credit ratings on review for downgrade. We expect S&P, Moody's, and Fitch to complete their reviews upon closing of the Transaction. See "Shaw Transaction" and "Risks and Uncertainties Affecting our Business - Shaw Transaction" for more information on our agreement with Shaw and the Transaction.

Ratings for long-term debt instruments across the universe of composite rates range from AAA (S&P and Fitch) or Aaa (Moody's), representing the highest quality of securities rated, to D (S&P), Substantial Risk (Fitch), and C (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to range from BBB- (S&P and Fitch) or Baa3 (Moody's) to AAA (S&P and Fitch) or Aaa (Moody's).

Ratings for short-term debt instruments across the universe of composite rates ranges from A-1+ (S&P), F1+ (Fitch), or P-1 (Moody's), representing the highest quality of securities rated, to C (S&P and Fitch), and not prime (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to be ratings of at least A-3 (S&P), F3 (Fitch), or P-3 (Moody's) quality or higher.

Credit ratings are not recommendations to purchase, hold, or sell securities, nor are they a comment on market price or investor suitability. There is no assurance that a rating will remain in effect for a given period, or that a rating will not be revised or withdrawn entirely by a rating agency if it believes circumstances warrant it. The ratings on our senior debt provided by S&P, Fitch, and Moody's are investment-grade ratings.

ADJUSTED NET DEBT AND DEBT LEVERAGE RATIO

We use adjusted net debt and debt leverage ratio to conduct valuation-related analysis and make capital structure-related decisions. Adjusted net debt includes long-term debt, net debt derivative assets or liabilities, short-term borrowings, lease liabilities, and cash and cash equivalents.

(In millions of dollars, except ratios)	As at	As at
	December 31	December 31
	2021	2020
Long-term debt ¹	18,873	18,373
Subordinated notes adjustment ²	(1,000)	-
Net debt derivative assets valued without any adjustment for credit risk ³	(1,278)	(1,101)
Short-term borrowings	2,200	1,221
Lease liabilities	1,957	1,835
Cash and cash equivalents	(715)	(2,484)
Adjusted net debt ^{2,4}	20,037	17,844
Divided by: trailing 12-month adjusted EBITDA	5,887	5,857
Debt leverage ratio	3.4	3.0

¹ Includes current and long-term portion of long-term debt before deferred transaction costs and discounts.

² For the purposes of calculating adjusted net debt and debt leverage ratio, we believe adjusting 50% of the value of our subordinated notes is appropriate as this methodology factors in certain circumstances with respect to priority for payment and this approach is commonly used to evaluate debt leverage by rating agencies.

³ For purposes of calculating adjusted net debt and debt leverage ratio, we believe including debt derivatives valued without adjustment for credit risk is commonly used to evaluate debt leverage and for market valuation and transactional purposes.

⁴ Adjusted net debt is a capital management measure. See "Non-GAAP and Other Financial Measures" for more information about this measure.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

In addition, as at December 31, 2021, we held \$1,581 million of marketable securities in publicly traded companies (2020 – \$1,535 million).

Our adjusted net debt increased by \$2,193 million from December 31, 2020 as a result of:

- an increase in short-term borrowings from our non-revolving credit facilities, US CP program, and receivables securitization program;
- a decrease in our net cash position; and
- an increase in long-term debt from subordinated note issuances.

See “Overview of Financial Position” for more information.

PENSION OBLIGATIONS

Our defined benefit pension plans were in a net asset position of approximately \$18 million as at December 31, 2021 (2020 – net liability position of \$574 million). During 2021, our net deferred

pension asset increased by \$592 million primarily as a result of a net decrease in the plan obligations resulting from higher discount rates and the return earned on the plan assets.

We made a total of \$177 million (2020 – \$150 million) of contributions to our funded defined benefit pension plans this year. We expect our total estimated funding requirements for our funded defined benefit pension plans to be \$134 million in 2022 and to be adjusted annually thereafter based on various market factors, such as interest rates, expected returns, and staffing assumptions.

Changes in factors such as the discount rate, participation rates, increases in compensation, and the expected return on plan assets can affect the accrued benefit obligation, pension expense, and the deficiency of plan assets over accrued obligations in the future. See “Accounting Policies” for more information.

FINANCIAL RISK MANAGEMENT

We use derivative instruments from time to time to manage risks related to our business activities, summarized as follows:

Derivative	The risk they manage	Types of derivative instruments
Debt derivatives	Impact of fluctuations in foreign exchange rates on principal and interest payments for US dollar-denominated senior and subordinated notes and debentures, credit facility borrowings, commercial paper borrowings, and certain lease liabilities	Cross-currency interest rate exchange agreements Forward cross-currency interest rate exchange agreements Forward foreign exchange agreements
Interest rate derivatives	Impact of fluctuations in market interest rates on forecast interest payments for expected long-term debt	Forward interest rate agreements Interest rate swap agreements Bond forwards
Expenditure derivatives	Impact of fluctuations in foreign exchange rates on forecast US dollar-denominated expenditures	Forward foreign exchange agreements and foreign exchange option agreements
Equity derivatives	Impact of fluctuations in share price on stock-based compensation expense	Total return swap agreements

We also manage our exposure to fluctuating interest rates and we have fixed the interest rate on 89.3% (2020 – 93.6%) of our debt, including short-term borrowings, as at December 31, 2021.

DEBT DERIVATIVES

We use cross-currency interest rate agreements and forward foreign exchange agreements (collectively, debt derivatives) to manage risks from fluctuations in foreign exchange rates and interest rates associated with our US dollar-denominated senior notes and debentures, lease liabilities, credit facility borrowings, and US CP borrowings. We designate the debt derivatives related to our senior notes, debentures, and lease liabilities as hedges for accounting purposes against the foreign exchange risk or interest rate risk associated with specific issued and forecast debt instruments. Debt derivatives related to our credit facility and US CP borrowings have not been designated as hedges for accounting purposes.

Issuance of debt derivatives related to senior notes

We did not enter into any debt derivatives in 2021 on issued senior notes. We entered into US\$2 billion of forward starting cross-currency swaps to hedge the foreign exchange and interest risk associated with debt instruments we expect to issue in the future related to the Transaction. These derivatives have been designated as hedges for accounting purposes.

Effective date	Principal/Notional amount (US\$)	US\$		Hedging effect	
		Maturity date	Coupon rate	Fixed hedged (Cdn\$) interest rate ¹	Equivalent (Cdn\$)
<i>2020 issuances</i>					
June 22, 2020	750	2022	USD LIBOR + 0.60%	0.955%	1,019

¹ Converting from a fixed US\$ coupon rate to a weighted average Cdn\$ fixed rate.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

Settlement of debt derivatives related to senior notes

We did not settle any debt derivatives related to senior notes during 2021 and 2020.

As at December 31, 2021, we had US\$9,050 million of US dollar-denominated senior notes and debentures, all of which were hedged using debt derivatives.

(In millions of dollars, except exchange rates, percentages, and years)	As at December 31	
	2021	2020
US dollar-denominated long-term debt ¹	US\$ 9,050	US\$ 9,050
Hedged with debt derivatives	US\$ 9,050	US\$ 9,050
Hedged exchange rate	1.2069	1.2069
Percent hedged ²	100.0%	100.0%
Amount of borrowings at fixed rates ³		
Total borrowings	\$ 20,514	\$ 18,994
Total borrowings at fixed rates	\$ 18,323	\$ 17,773
Percent of borrowings at fixed rates	89.3%	93.6%
Weighted average interest rate on borrowings	3.95%	4.09%
Weighted average term to maturity	11.6 years	12.8 years

¹ US dollar-denominated long-term debt reflects the hedged exchange rate and the hedged interest rate.

² Pursuant to the requirements for hedge accounting under IFRS 9, *Financial instruments*, as at December 31, 2021 and December 31, 2020, RCI accounted for 100% of its debt derivatives related to senior notes as hedges against designated US dollar-denominated debt. As a result, as at December 31, 2021 and 2020, 100% of our US dollar-denominated senior notes and debentures are hedged for accounting and economic purposes.

³ Borrowings include long-term debt, including the impact of debt derivatives, and short-term borrowings associated with our US CP program, receivables securitization program, and non-revolving credit facilities.

Debt derivatives related to credit facilities and US CP

During the year, we entered into debt derivatives related to our credit facility and US CP borrowings as a result of a favourable interest rate spread obtained from borrowing funds in US dollars. We used these derivatives to offset the foreign exchange and interest rate risk on our US dollar-denominated credit facility and commercial paper borrowings.

Below is a summary of the debt derivatives we entered and settled related to our credit facility borrowings and US CP program during 2021 and 2020.

(In millions of dollars, except exchange rates)	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
<i>Credit facilities</i>						
Debt derivatives entered	1,200	1.253	1,503	970	1.428	1,385
Debt derivatives settled	800	1.254	1,003	970	1.406	1,364
Net cash paid on settlement			(2)			(21)
<i>US commercial paper program</i>						
Debt derivatives entered	2,568	1.260	3,235	3,316	1.329	4,406
Debt derivatives settled	2,312	1.259	2,911	4,091	1.330	5,441
Net cash (paid) received on settlement			(15)			101

Lease liabilities

Below is a summary of the debt derivatives we entered and settled related to our outstanding lease liabilities during 2021 and 2020.

(In millions of dollars, except exchange rates)	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
Debt derivatives entered	132	1.273	168	115	1.374	158
Debt derivatives settled	81	1.333	108	43	1.372	59

As at December 31, 2021, we had US\$193 million notional amount of debt derivatives outstanding related to our outstanding lease liabilities (2020 - US\$142 million) with terms to maturity ranging from January 2022 to December 2024 (2020 - January 2021 to December 2023), at an average rate of \$1.301/US\$ (2020 - \$1.352/US\$).

See "Mark-to-market value" for more information about our debt derivatives.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INTEREST RATE DERIVATIVES

From time to time, we use bond forward derivatives or interest rate swap derivatives (collectively, interest rate derivatives) to hedge interest rate risk on current and future debt instruments. Our interest rate derivatives are designated as hedges for accounting purposes.

We have entered into interest rate swap derivatives during the year ended December 31, 2021, including:

- \$1,250 million bond forwards to hedge the underlying Government of Canada (GoC) interest rate risk that will form a portion of the interest rate risk associated with anticipated future debt issuances;

- interest rate swap derivatives to hedge the interest rate risk on an additional \$3.25 billion of debt instruments we expect to issue in the future; and
- interest rate swap derivatives to hedge the interest rate risk on US\$2 billion of debt instruments we expect to issue in the future.

Concurrent with our issuance of \$2 billion subordinated notes in December 2021, we terminated \$750 million of bond forwards and received \$9 million upon settlement. As at December 31, 2021, we had \$500 million of bond forwards outstanding.

Concurrent with our issuance of US\$750 million subordinated notes in February 2022, we terminated \$950 million of interest rate swap derivatives and received \$33 million upon settlement.

EXPENDITURE DERIVATIVES

We use foreign currency derivative contracts (expenditure derivatives) to hedge the foreign exchange risk on the notional amount of certain forecast US dollar-denominated expenditures. Below is a summary of the expenditure derivatives we entered and settled to manage foreign exchange risk related to certain forecast expenditures.

	Year ended December 31, 2021			Year ended December 31, 2020		
	Notional (US\$)	Exchange rate	Notional (Cdn\$)	Notional (US\$)	Exchange rate	Notional (Cdn\$)
(In millions of dollars, except exchange rates)						
Expenditure derivatives entered	438	1.244	545	1,560	1.343	2,095
Expenditure derivatives settled	960	1.360	1,306	940	1.299	1,221

The expenditure derivatives noted above have been designated as hedges for accounting purposes.

As at December 31, 2021, we had US\$1,068 million of expenditure derivatives outstanding (2020 - US\$1,590 million), at an average rate of \$1.287/US\$ (2020 - \$1.342/US\$), with terms to maturity ranging from January 2022 to December 2023 (2020 - January 2021 to December 2022). As at December 31, 2021, our outstanding expenditure derivatives maturing in 2022 are hedged at an average exchange rate of \$1.292/US\$.

EQUITY DERIVATIVES

We use stock-based compensation derivatives (equity derivatives) to hedge the market price appreciation risk of the Class B Non-Voting Shares granted under our stock-based compensation programs. As at December 31, 2021, we had equity derivatives for 5.0 million (2020 - 4.6 million) Class B Non-Voting Shares with a weighted average price of \$53.10 (2020 - \$51.82). These derivatives have not been designated as hedges for accounting purposes. We record changes in their fair value as a stock-based compensation expense, or offset thereto, which serves to offset a substantial portion of the impact of changes in the market price of Class B Non-Voting Shares on the accrued value of the stock-based compensation liability for our stock-based compensation programs.

During the year ended December 31, 2021, we entered into 0.4 million equity derivatives (2020 - 0.3 million) with a weighted average price of \$60.98 (2020 - \$56.08).

During the year ended December 31, 2021, we reset the weighted average price to \$59.64 (2020 - \$54.16) on 0.5 million (2020 - 0.5 million) equity derivatives and received net proceeds of \$3 million (2020 - made net payments of \$1 million). At the same time in 2021, we reset the expiry dates to April 2023 (from April 2021).

Additionally, we executed extension agreements for the remainder of our equity derivative contracts under substantially the same commitment terms and conditions with revised expiry dates to April 2022 (from April 2021).

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

MARK-TO-MARKET VALUE

We record our derivatives using an estimated credit-adjusted, mark-to-market valuation, calculated in accordance with IFRS.

(In millions of dollars, except exchange rates)	As at December 31, 2021				(In millions of dollars, except exchange rates)	As at December 31, 2020			
	Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)		Notional amount (US\$)	Exchange rate	Notional amount (Cdn\$)	Fair value (Cdn\$)
Debt derivatives accounted for as cash flow hedges:					Debt derivatives accounted for as cash flow hedges:				
As assets	5,859	1.1369	6,661	1,453	As assets	4,550	1.0795	4,912	1,405
As liabilities	5,383	1.3025	7,011	(343)	As liabilities	4,642	1.3358	6,201	(307)
Short-term debt derivatives not accounted for as hedges:					Short-term debt derivatives not accounted for as hedges:				
As assets	1,104	1.2578	1,389	11	As liabilities	449	1.2995	583	(12)
Net mark-to-market debt derivative asset				1,121	Net mark-to-market debt derivative asset				1,086
Interest rate derivatives accounted for as cash flow hedges:					Expenditure derivatives accounted for as cash flow hedges:				
As assets (Cdn\$)	-	-	3,250	40	As liabilities	1,590	1.3421	2,134	(109)
As liabilities (Cdn\$)	-	-	500	(6)	Equity derivatives not accounted for as hedges:				
As liabilities (US\$)	2,000	-	-	(277)	As assets	-	-	238	34
Net mark-to-market interest rate derivative liability				(243)	Net mark-to-market asset				1,011
Expenditure derivatives accounted for as cash flow hedges:									
As assets	438	1.2453	545	11					
As liabilities	630	1.3151	829	(30)					
Net mark-to-market expenditure derivative liability				(19)					
Equity derivatives not accounted for as hedges:									
As assets	-	-	265	36					
Net mark-to-market asset				895					

DIVIDENDS AND SHARE INFORMATION

DIVIDENDS

Below is a summary of the dividends that have been declared and paid on RCI's outstanding Class A Shares and Class B Non-Voting Shares.

Declaration date	Record date	Payment date	Dividend per share (dollars)	Dividends paid (in millions of dollars)
January 27, 2021	March 10, 2021	April 1, 2021	0.50	252
April 20, 2021	June 10, 2021	July 2, 2021	0.50	253
July 20, 2021	September 9, 2021	October 1, 2021	0.50	253
October 20, 2021	December 10, 2021	January 4, 2022	0.50	252
January 21, 2020	March 10, 2020	April 1, 2020	0.50	252
April 21, 2020	June 10, 2020	July 2, 2020	0.50	253
July 21, 2020	September 9, 2020	October 1, 2020	0.50	253
October 21, 2020	December 10, 2020	January 4, 2021	0.50	252

On January 26, 2022, the Board declared a quarterly dividend of \$0.50 per Class A Voting Share and Class B Non-Voting Share, to be paid on April 1, 2022, to shareholders of record on March 10, 2022.

We currently expect that the remaining record and payment dates for the 2022 declaration of dividends will be as follows, subject to the declaration by the Board each quarter at its sole discretion:

Declaration date	Record date	Payment date
April 19, 2022	June 10, 2022	July 4, 2022
June 9, 2022	September 9, 2022	October 3, 2022
November 8, 2022	December 9, 2022	January 3, 2023

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NORMAL COURSE ISSUER BID

In April 2020, the TSX accepted a notice of our intention to commence a normal course issuer bid (NCIB) program (2020 NCIB) that allows us to purchase, between April 24, 2020 and April 23, 2021, the lesser of 34.9 million Class B Non-Voting Shares and that number of Class B Non-Voting Shares that can be purchased under the 2020 NCIB for an aggregate purchase price of \$500 million. Rogers security holders may obtain a copy of this notice, without charge, by contacting us. We did not purchase any Class B Non-Voting Shares under the 2020 NCIB during the years ended December 31, 2021 and December 31, 2020.

OUTSTANDING COMMON SHARES

	As at December 31	
	2021	2020
Common shares outstanding ¹		
Class A Voting	111,153,411	111,154,811
Class B Non-Voting	393,771,907	393,770,507
Total common shares	504,925,318	504,925,318
Options to purchase Class B Non-Voting Shares		
Outstanding options	6,494,001	4,726,634
Outstanding options exercisable	2,373,717	1,470,383

¹ Holders of our Class B Non-Voting Shares are entitled to receive notice of and to attend shareholder meetings; however, they are not entitled to vote at these meetings except as required by law or stipulated by stock exchanges. If an offer is made to purchase outstanding Class A Shares, there is no requirement under applicable law or our constating documents that an offer be made for the outstanding Class B Non-Voting Shares, and there is no other protection available to shareholders under our constating documents. If an offer is made to purchase both classes of shares, the offer for the Class A Shares may be made on different terms than the offer to the holders of Class B Non-Voting Shares.

As at February 28, 2022, 111,153,411 Class A Shares, 393,771,907 Class B Non-Voting Shares, and 6,412,258 options to purchase Class B Non-Voting Shares were outstanding.

We use the weighted average number of shares outstanding to calculate earnings per share and adjusted earnings per share.

(Number of shares in millions)	Years ended December 31	
	2021	2020
Basic weighted average number of shares outstanding	505	505
Diluted weighted average number of shares outstanding	506	506

PREFERRED SHARES

In relation to our issuances of subordinated notes in December 2021 and February 2022, the Board approved the creation of new Series I and Series II preferred shares, respectively. Series I has been authorized for up to 3.3 million preferred shares and Series II has been authorized for up to 1.4 million preferred shares. Both series have no voting rights, par values of \$1,000 per share, and will be issued automatically upon the occurrence of certain events involving a bankruptcy or insolvency of RCI to holders of the respective subordinated notes.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

CONTRACTUAL OBLIGATIONS

Below is a summary of our obligations under firm contractual arrangements as at December 31, 2021. See notes 3, 17, and 28 to our 2021 Audited Consolidated Financial Statements for more information. In addition to the below, our share of commitments relating to associates and joint ventures is \$387 million.

(In millions of dollars)	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Short-term borrowings	2,200	-	-	-	2,200
Long-term debt ^{1,2}	1,551	2,312	3,520	11,490	18,873
Net interest payments	804	1,444	1,321	7,789	11,358
Lease liabilities	336	677	308	1,177	2,498
Debt derivative instruments ³	213	(318)	86	(385)	(404)
Expenditure derivative instruments ³	23	(3)	-	-	20
Interest rate derivatives ³	243	-	-	-	243
Player contracts ⁴	129	204	222	-	555
Purchase obligations ⁵	327	192	85	19	623
Property, plant and equipment	82	85	42	-	209
Intangible assets	21	-	-	-	21
Program rights ⁶	659	1,151	824	1	2,635
Other long-term liabilities	-	7	2	5	14
Total	6,588	5,751	6,410	20,096	38,845

¹ Principal obligations of long-term debt (including current portion) due at maturity.

² Reflects repayment of the subordinated notes issued in December 2021 on the five-year anniversary.

³ Net (receipts) disbursements due at maturity. US dollar amounts have been translated into Canadian dollars at the Bank of Canada year-end rate.

⁴ Toronto Blue Jays players' salary contracts into which we have entered and are contractually obligated to pay.

⁵ Contractual obligations under service, product, and wireless device contracts to which we have committed.

⁶ Agreements into which we have entered to acquire broadcasting rights for sports broadcasting programs and films for periods in excess of one year at contract inception.

OFF-BALANCE SHEET ARRANGEMENTS

GUARANTEES

As a regular part of our business, we enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving business sale and business combination agreements, sales of services, and purchases and development of assets. Due to the nature of these indemnifications, we are unable to make a reasonable estimate of the maximum potential amount we could be required to pay counterparties. Historically, we have not made any significant payment under these indemnifications or guarantees. See note 27 to our 2021 Audited Consolidated Financial Statements.

Environmental, Social, and Governance (ESG)

ENVIRONMENTAL AND SOCIAL

Our purpose is to connect Canadians to a world of possibilities, and the moments that matter most. For more than 60 years, through the vision of our founder, Ted Rogers, we are committed to being a good corporate citizen and making a positive impact in the communities we serve.

In 2021, as COVID-19 evolved, we continued to adapt aspects of our operations to keep our customers connected and our employees safe. We also launched our new corporate responsibility brand, *Generation Possible* and *Team Possible*. *Generation Possible* focuses on giving the next generation the chance they need to succeed through Ted Rogers Scholarships, Ted Rogers Community Grants, and Jays Care Foundation. *Team Possible* is about our team's and partners' commitment to make a meaningful impact in communities through areas such as volunteering, bridging the digital divide, and partnering with organizations like Women's Shelters Canada to provide critical digital lifelines.

We are focused on growing in a socially and environmentally responsible manner through an environmental, social, and governance program, building on our reputation as a great Canadian company.

The material aspects of our ESG platform are grouped into six focus areas that are listed below, along with our approaches in addressing them:

EMPLOYEE EXPERIENCE

- **Employee Experience:** We were recognized as one of the best places to work in Canada across numerous awards in 2021, including: Canada's Top 100 Employers, Greater Toronto Area Top Employers, Top Employers for Young People, Best Diversity Employer, and Greenest Employers. We reclaimed certification for Canada's Most Admired Corporate Cultures 2021 and Jim Reid, our former Chief Human Resources Officer (CHRO), was recognized as one of Canada's 50 Best Executives in the Globe & Mail Report on Business.
- **Talent Management:** It is our goal to invest in building the skills, capabilities, and careers of our people to support their success and to make Rogers the best place to work in Canada. It is important we live our values, develop our teams, and continue to support our employees on their career journeys. Our CHRO oversees talent management, while the Human Resources Committee assists the Board in monitoring, reviewing, and approving compensation and benefit policies and practices.
- **Inclusion and Diversity:** We continued to deliver on the five-year Inclusion & Diversity strategy we launched in 2020. We recognized and celebrated days of significance for equity-deserving groups, evolved structure and governance of our I&D Council to accelerate our plan, developed and introduced new training and resources to our teams including Allyship, Psychological Safety, Unconscious Bias, and Inclusive Hiring, and hosted over 100 safe talk sessions with 3,200 participants across our teams.

- **Safety and Well-being:** We are committed to supporting our employees' safety and well-being holistically, focusing on the whole employee, including their safety and physical and mental health at work and in their lives. Our top priority throughout the pandemic has been the safety and well-being of our team. To increase our support, we gave employees and their families access to additional benefits like increased mental health coverage and virtual healthcare. We regularly host company-wide information sessions on COVID-19 and bring in well-being and medical experts to share their knowledge. On average, almost 4,000 team members join these sessions with an average effectiveness score of 94%. We continuously share ongoing updates from our CHRO on our policies, safety procedures guided by Canada Public Health, and resources on mental health and well-being. We launched a voluntary Return to Workplace Pilot Program with more than 600 team members across Canada and announced mandatory vaccinations or rapid testing will be required for anyone entering workplace sites, including team members, contractors, and visitors. We also introduced a new Flexible Benefits Program to all benefits-eligible team members to provide more personalization and choice to meet the diverse needs of our team and implemented dedicated mental health and well-being campaigns to drive adoption of self-care and resilience.
- We are also committed to providing and maintaining safe working environments for employees, volunteers, contractors, visitors, and members of the public who may be affected by our activity. We have a robust, risk-based safety management system that is focused on identifying our greatest safety risks, preventing injuries through multi-faceted programs, and auditing our performance to ensure continuous improvement over time. Our results show significant improvements in areas of focus and this approach will continue in years to come.

CUSTOMER EXPERIENCE

- **Customer Service and Transparency:** We believe in putting customers first in everything we do to deliver the best experience, regardless of how customers choose to interact with us. We continue to focus on self-serve options for our customers and invest in training and tools for our customer-facing teams.
- **Network Leadership and Innovation:** Innovation is part of our DNA, whether it is bringing new products or the latest network technologies to market. In 2021, we invested \$2.8 billion in capital expenditures, with much of that investment going to our wireless and cable networks. We focus on core performance and reliability and invest in our wireless network to build and maintain our 5G network.
- **Product Responsibility:** We have programs and policies in place to manage a range of product responsibility issues. For example, we have policies in place to comply with all relevant safety regulations and codes, we have programs and teams to manage and advise on our accessibility offerings, and we operate stewardship programs to manage the proper disposal and recycling of our used products, including Rogers Trade-Up and FidoTrade™.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

- Customer Privacy and Information Security: We actively work to improve transparency and we strive to be an industry leader in the privacy space. Our Privacy Policy outlines our responsibilities and practices regarding the protection of the personal information of our employees and customers. Our Chief Privacy Officer oversees our compliance with this policy and all applicable laws, and responds to requests from law enforcement for customer data.

COMMUNITY INVESTMENT

Giving back and supporting the communities where we live and work was especially important in 2021. In 2021, we provided \$70 million in cash and in-kind donations to support various organizations and causes.

Below are some of the impacts Rogers had on communities in 2021 through Generation Possible and Team Possible.

Generation Possible

- Continued to invest in the next generation of leaders and change makers, awarding Ted Rogers Scholarships to more than 375 young Canadians for their post-secondary studies. Nearly three quarters of all scholarships in the Class of 2021 were awarded to youth from equity-deserving communities (BIPOC, LGBTQ2S+, and women). With the Class of 2021, almost 1,800 students have received a Ted Rogers Scholarship since the program launched in 2017.
- Awarded 90 Ted Rogers Community Grants across Canada in 2021, to support organizations that are making a meaningful difference in the lives of thousands of Canadian youth. With more funding across more communities this year than ever before, nearly 400 Ted Rogers Community Grants have been awarded since launching the program in 2017.

Team Possible

- Rogers Group of Funds and Creative BC, with the support of the Indigenous Screen Office, announced a new \$1 million multi-year fund to support Indigenous storytellers in British Columbia. The fund will further enable Indigenous screen content with representation across all aspects of production and it will amplify Indigenous voices within Canada's motion picture industry for a rapidly expanding audience at home and around the world.
- Rogers Group of Funds, the Black Screen Office, and the Canadian Independent Screen Fund for BIPOC Creators launched a first-of-its-kind \$750,000 script development fund for Black and People of Colour creators across Canada. The fund supports creators' projects for networks, studios, cable, and streaming platforms with the first 16 recipients announced in Fall 2021.
- Awarded \$7.5 million in funding through Rogers Group of Funds to support Canadian storytellers and content creators through the Rogers Cable Network and Documentary Funds, with a focus on supporting projects from equity-deserving creators.
- Rogers employees successfully completed the 60,000 Hours Volunteer Challenge in July 2021, contributing almost 22,000 volunteer hours in 2021. Through our annual Give Together Month, employees had the opportunity to donate to the charity of their choice in November 2021, with Rogers matching up to \$1,000 per employee. This helped our team contribute to over 1,000 charities last year.

- Continued to bridge the digital divide by expanding Connected for Success eligibility so even more Canadians can connect to social services, learning, employment, and loved ones. Now available to over 750,000 Canadian households, the expanded low-cost high-speed Internet program is available across our Internet footprint in Ontario, New Brunswick, and Newfoundland to eligible customers receiving disability, seniors' or income support, and through rent-geared-to-income community housing partners.
- Extended our goodwill devices and plans donation program to provide thousands of phones and plans as digital lifelines to more than 325 shelters and transition houses across Canada. These devices help women and their children safely escape violence and abuse, connect youth to mentors, and support LGBTQ2S+ youth and allies.
- Committed to donating \$1 million through a multi-year partnership with the B.C. Search and Rescue Association (BCSARA) to support immediate disaster relief in the province and provide long-term support to critical services following the devastating floods in British Columbia. It also supports the organization's legacy fund and new technology and specialized equipment for the 79 local teams and 3,000 professional volunteers.
- Supported Indigenous communities across the country with our 2021 Orange Shirt Day campaign. Since 2020, the Orange Shirt Day campaign has raised \$250,000 for the Orange Shirt Society and the Indian Residential School Survivors Society (IRSS). The new 2021 Orange Shirts were available on Today's Shopping Choice, with proceeds being divided between the Orange Shirt Society and the IRSS.

ENVIRONMENTAL RESPONSIBILITY

- Environmental Policy: We maintain a formal Environmental Policy that sets out how we conduct business in an environmentally responsible manner. Rogers also maintains an Environmental Management System, including 25 separate procedures to support our Environmental Policy and manage environmental risks across our operations.
- Oversight: We have an Energy Executive Council and an Environmental Compliance Committee to manage and govern our energy utilization and environmental risks, respectively, supporting decision-making to advance our strategies and program effectiveness in both areas. In addition, the ESG Committee assists the Board in fulfilling its oversight responsibilities of relevant environmental sustainability, social responsibility, and governance policies, strategies, and programs and the actions we can take to be a responsible corporate citizen.
- Energy Use and Climate Change: We recognize the implications of our energy use and the potential climate change impacts associated with increasing worldwide energy usage (such as droughts, water shortages and quality, extreme weather events, flooding, wildfires, social inequities, etc.). We are committed to managing our operations in order to reduce our impact on the environment, strive to ensure stakeholder satisfaction, and maintain investor confidence. Annually, we measure and disclose details on our energy use and greenhouse gas (GHG) emissions across our buildings and retail stores, cell transmission sites, power supply stations, data centres, fleet, employee travel and

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

commuting, and the operations of the Toronto Blue Jays and Rogers Centre. We continue to invest in programs that reduce energy and associated GHG emissions, including LED lighting retrofits, cooling optimization strategies across our headends, and decommissioning equipment for better energy performance and space utilization. To drive continuous improvement in our performance, we also have targets to reduce our GHG emissions and energy use by 2025 based on 2011 levels.

- **Waste Reduction:** Reducing the amount of waste we produce is another important way in which we manage our environmental footprint. To reduce and responsibly manage the waste we produce, we look for opportunities to avoid waste generation through collaboration with our supply chain, run programs to recycle and reuse end of life materials and equipment, and work to increase employees' recycling behaviours through our "Get Up and Get Green" program.

ECONOMY AND SOCIETY

- **Economic Performance:** We strive to offer innovative solutions for customers, create diverse and well-paying jobs, support small businesses, pay taxes to all levels of government, and deliver dividends to shareholders. In 2021, we directly contributed \$14.3 billion to the Canadian economy and, as at December 31, 2021, employed 23,000 team members across the country. Beyond these direct economic impacts, our performance produces indirect economic benefits, including locally procured goods and services and significant charitable donations.
- **Supply Chain Management:** Suppliers are key to our success, which is why we ensure we have strong supplier selection processes and management, and we strive to conduct business with socially and environmentally responsible companies that share our values. We have strong, sound procurement processes and demand that our suppliers adhere to our Supplier Code of Conduct. This code sets out expectations for our suppliers in terms of ethical, social, labour, health and safety, and environmental behaviours. We continue to support inclusion and diversity in our communities through the development and implementation of our supplier diversity program and through collaboration with non-profit organizations.

See our 2020 ESG report on our website (about.rogers.com/our-impact) for more information about our social, environmental, and governance performance. We expect to release our 2021 ESG report in the coming months.

GOVERNANCE AT ROGERS

Rogers is a family-founded, family-controlled company and we take pride in our proactive and disciplined approach to ensuring that our governance structure and practices instill confidence in our shareholders.

Voting control of Rogers Communications Inc. is held by the Rogers Control Trust (the Trust), the beneficiaries of which are members of the Rogers family. The Trust holds voting control of RCI for the benefit of successive generations of the Rogers family via the Trust's ownership of 98% of the outstanding Class A Shares of RCI (2020 - 98%). The Rogers family are substantial stakeholders and owned approximately 29% of our equity as at December 31,

2021 (2020 - 29%) through its ownership of a combined total of 147 million (2020 - 147 million) Class A Shares and Class B Non-Voting Shares. As a result, the Trust is able to elect all members of the Board and to control the vote on most matters submitted to shareholders, whether through a shareholder meeting or a written consent resolution.

The Board is currently made up of four members of the Rogers family and another nine directors who bring a rich mix of experience as business leaders in North America. Each of our directors is firmly committed to effective governance, strong oversight, and the ongoing creation of shareholder value. The Board as a whole is committed to sound corporate governance and continually reviews its governance practices and benchmarks them against acknowledged leaders and evolving legislation. The Board believes that Rogers' governance system is effective and that there are appropriate structures and procedures in place.

GOVERNANCE BEST PRACTICES

We have adopted many best practices for effective governance, including:

- separation of the CEO and Chair roles;
- an independent lead director;
- formal corporate governance policies and charters;
- a code of business conduct and whistleblower hotline;
- director share ownership requirements;
- Board and committee in camera discussions;
- annual reviews of Board and Committee performance;
- Audit and Risk Committee meetings with internal and external auditors;
- an orientation program for new directors;
- regular Board and committee education sessions;
- committee authority to retain independent advisors; and
- director material relationship standards.

We comply with all relevant corporate governance guidelines and standards as a Canadian public company listed on the TSX and as a foreign private issuer listed on the NYSE in the US.

BOARD OVERSIGHT

The Board delegates certain responsibilities to its eight standing committees to ensure proper oversight and accountability:

- **Audit and Risk Committee** - reviews our accounting policies and practices, the integrity of our financial reporting processes and procedures, and the financial statements and other relevant disclosure for release to shareholders and the public. It assists the Board in its oversight of our compliance with legal and regulatory requirements for financial reporting, assesses our accounting and financial control systems, and evaluates the qualifications, independence, and work of our internal and external auditors. It also reviews risk management policies and associated processes used to manage major risk exposures.
- **Corporate Governance Committee** - assists the Board to ensure it has appropriate systems and procedures for carrying out its responsibilities. This committee develops governance policies and practices, recommends them to the Board for approval, and leads the Board in its periodic review of Board and committee performance.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Nominating Committee - identifies prospective candidates to serve on the Board. Nominated directors can be elected by shareholders at a meeting, appointed by the Board, or appointed by written consent resolution. The committee also recommends nominees for each Board committee, including each committee chair.
- Human Resources Committee - assists the Board in monitoring, reviewing, and approving compensation and benefit policies and practices. It is also responsible for recommending the compensation of senior management and monitoring senior executive succession planning.
- ESG Committee - assists the Board in fulfilling its oversight responsibilities of relevant environmental sustainability, social responsibility, and governance policies, strategies, and programs and the actions we can take to be a responsible corporate citizen.
- Executive Committee - assists the Board in discharging its responsibilities between meetings, including acting in such areas

as are specifically designated and authorized at a preceding Board meeting to consider matters that may arise from time to time.

- Finance Committee - reviews our investment strategies, general debt, and equity structure and reports on them to the Board.
- Pension Committee - oversees the administration of our retiree pension plans and reviews the investment performance and provisions of the plans.

You can find more details about governance at Rogers on our Investor Relations website (investors.rogers.com), including:

- a complete statement of our corporate governance practices;
- our codes of conduct and ethics;
- charters for each of the Board's standing committees;
- director biographies; and
- a summary of the differences between the NYSE corporate governance rules that apply to US-based companies and our governance practices as a non-US-based issuer listed on the NYSE.

Board of Directors and its Standing Committees

● Chair ○ Member

As at March 3, 2022

	Audit and Risk	Corporate Governance	ESG	Executive	Finance	Human Resources	Nominating	Pension
Edward S. Rogers ¹				●	●		●	
Jack L. Cockwell, c.m.	○	○				○		
Michael J. Cooper								
Ivan Fecan	○					●		
Robert J. Gemmell ²	●	●		○	○		○	
Alan D. Horn, CPA, CA				○	○			●
Jan L. Innes			○			○	○	○
John (Jake) C. Kerr, c.m. O.B.C.		○						
Philip B. Lind, c.m.			○					
Loretta A. Rogers								
Martha L. Rogers			●					
Melinda M. Rogers-Hixon					○		○	○
Tony Staffieri								

¹ Chair of the Board

² Lead Director

CORPORATE GOVERNANCE UPDATES

In October 2021, the Board was reconstituted with the appointment of Jack L. Cockwell, Michael J. Cooper, Ivan Fecan, Jan L. Innes, and John C. Kerr. The Board appointed Robert J. Gemmell, an independent director, as Lead Director in November 2021.

In November 2021, Tony Staffieri was appointed Interim President and CEO and subsequently, in January 2022, appointed President and CEO and a member of the Board. He had previously served as Chief Financial Officer. In September 2021, Paulina Molnar was appointed Interim Chief Financial Officer. In January 2022, Glenn Brandt was appointed Chief Financial Officer.

As a result of the above changes, the Board now consists of six independent directors and seven non-independent directors.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

INCOME TAX AND OTHER GOVERNMENT PAYMENTS

We proactively manage our tax affairs to enhance our business decisions and optimize after-tax free cash flow available for investment in our business and shareholder returns. We have comprehensive policies and procedures to ensure we are compliant with all tax laws and reporting requirements, including filing and making all income and sales tax returns and payments on a timely basis. As a part of this process, we pursue open and cooperative relationships with revenue authorities to minimize audit effort and reduce tax uncertainty. We also engage with government policy makers on taxation matters that affect Rogers and its shareholders, employees, customers, and other stakeholders.

INCOME TAX PAYMENTS

Our total income tax expense of \$569 million in 2021 is close to the expense computed on our accounting income at the statutory rate of 26.5%. Cash income tax payments totaled \$700 million in 2021. The primary reason our cash income tax is higher than our income tax expense is due to the timing of installment payments and our transition to a device financing business model, which results in earlier recognition of equipment revenue for income tax purposes.

OTHER GOVERNMENT PAYMENTS

In addition to paying income tax on the profits we earn, we contribute significantly to Canadians by paying taxes and fees to federal, provincial, and municipal governments, including:

- various taxes on the salaries and wages we pay (payroll taxes) to approximately 23,000 employees;
- property and business taxes;
- unrecoverable sales taxes and custom duties; and
- broadcast, spectrum, and other regulatory fees.

As outlined in the table below, the total cost to Rogers of these payments in 2021 was \$1,384 million.

(In millions of dollars)	Years ended December 31	
	2021	2020
Income taxes paid	700	418
Add:		
Unrecoverable sales taxes paid	9	8
Payroll taxes paid	135	137
Regulatory and spectrum fees paid ¹	490	492
Property and business taxes paid	50	50
Taxes paid and other government payments ²	1,384	1,105

¹ Includes an allocation of \$252 million relating to the \$3.3 billion, \$24 million, and \$1.7 billion we paid for the acquisition of spectrum licences in 2014, 2015, and 2019 respectively.

² Taxes paid and other government payments is a non-GAAP financial measure. This is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other companies. See "Non-GAAP and Other Financial Measures" for more information about this measure.

We also collected on behalf of the government \$1,995 million in sales taxes on our products and services and \$667 million in employee payroll taxes.

Risk Management

We strive to continually strengthen our risk management capabilities to protect and enhance shareholder value. The purpose of risk management is not to eliminate risk but to optimize trade-offs between risk and return to maximize value to the organization. As such, Rogers will knowingly take certain risks in order to generate earnings and encourage innovation that advance us as a customer-centric market leader. To maintain our reputation and trust, we will always work to ensure the impacts (financial, operational, strategic, regulatory, privacy, and cybersecurity) of our risk-taking activities are understood and are in line with our strategic objectives and company values.

RISK GOVERNANCE

The Board has overall responsibility for risk governance and oversees management in identifying the key risks we face in our business and implementing appropriate risk assessment processes to manage these risks. It delegates certain risk oversight and management duties to the Audit and Risk Committee.

The Audit and Risk Committee discusses risk policies with management and the Board and assists the Board in overseeing our compliance with legal and regulatory requirements.

The Audit and Risk Committee also reviews:

- the adequacy of the internal controls that have been adopted to safeguard assets from loss and unauthorized use, to prevent, deter, and detect fraud, and to ensure the accuracy of the financial records;
- the processes for identifying, assessing, and managing risks;
- our exposure to major risks and trends and management's implementation of risk policies and actions to monitor and control these exposures, including cybersecurity, privacy, technology, and environmental;
- the implementation of new major systems and changes to existing major systems;
- our business continuity and disaster recovery plans;
- any special audit steps adopted due to material weaknesses or significant deficiencies that may be identified; and
- other risk management matters from time to time as determined by the Audit and Risk Committee or directed by the Board.

ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management (ERM) program uses the "3 Lines of Defence" framework to identify, assess, manage, monitor, and communicate risks. Our business units and departments, led by the Executive Leadership Team, are the first line of defence and are accountable for managing or accepting the risks. Together, they identify and assess key risks, define controls and action plans to minimize these risks, and enhance our ability to meet our business objectives.

ERM is the second line of defence. ERM helps management identify the key and emerging risks in meeting our corporate and business unit objectives in line with our risk appetite. At the business unit and department level, ERM works with management to provide governance and advice in managing the key risks and associated controls to mitigate these risks. Business Continuity is a function within ERM which also assists the business in mitigating key risks. Specifically, the Business Continuity function oversees

incident management and planning to maintain customer service, operation of our network and businesses in the event of threats and natural disasters. Such threats include cyberattacks or equipment failures that could cause various degrees of network outages; supply chain disruptions; natural disaster threats; epidemics; pandemics; and political instability. Our ERM program also includes insurance coverage allowing us to transfer certain risks. Lastly, ERM works with Internal Audit to monitor the adequacy and effectiveness of controls to reduce risks to an acceptable level.

Annually, ERM carries out a corporate risk assessment. The assessment includes reviewing risk and audit reports and industry benchmarks and, conducting an annual risk survey of all senior leaders. Based on the survey results, ERM, in consultation with senior management, identifies the key risks to achieving our corporate objectives. ERM reports the results of the annual corporate risk assessment to the Executive Leadership Team, the Audit and Risk Committee, and the Board and provides quarterly risk updates.

ERM also facilitates management's completion of the financial statement fraud risk assessment which aims to ensure there is no potential fraud or misstatement in our financial statements and disclosures and to assess whether controls are adequately designed and operating effectively to mitigate financial statement fraud risk.

Internal Audit is the third line of defence. Internal Audit is an independent and objective assurance function that evaluates the design and operational effectiveness of internal controls and risk management processes supporting the mitigation of risks that may affect the achievement of our objectives.

The Executive Leadership Team and the Audit and Risk Committee are responsible for approving our enterprise risk policies. Our ERM methodology and policies rely on the expertise of our management and employees to identify risks and opportunities and implement risk mitigation strategies as required.

RISKS AND UNCERTAINTIES AFFECTING OUR BUSINESS

This section describes the principal risks and uncertainties that could have a material adverse effect on our business and financial results. Any discussion about risks should be read in conjunction with "About Forward-Looking Information".

SHAW TRANSACTION

The Transaction with Shaw is subject to a number of risks, many of which are outside the control of Rogers and Shaw. These are described below.

Key Regulatory Approvals and other conditions

To complete the Transaction, each of Rogers and Shaw must make certain filings with, and obtain certain consents and approvals from, various governmental and regulatory authorities, including the Competition Bureau, ISED Canada, and the CRTC. Rogers and Shaw have not yet obtained the Key Regulatory Approvals, all of

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

which are required to complete the Transaction. In addition, governmental or regulatory agencies could deny permission for, or seek to block or challenge, the Transaction or the transfer or deemed transfer of specific assets, including spectrum licences, or impose material conditions relating to the Transaction or any such transfer. If any one of the Key Regulatory Approvals is not obtained, or any applicable law or order is in effect which makes the consummation of the Transaction illegal, the Transaction will not be completed.

In addition, a substantial delay in obtaining the Key Regulatory Approvals could result in the Transaction not being completed. In particular, if the Transaction is not completed by June 13, 2022, either Rogers or Shaw may terminate the arrangement agreement, in which case the Transaction will not be completed. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

Under certain circumstances, if the Key Regulatory Approvals are not obtained, or any law or order relating to the Key Regulatory Approvals or the Competition Act is in effect that would make the consummation of the Transaction illegal, and the failure to obtain the Key Regulatory Approvals is not caused by, and is not a result of, the failure by Shaw to perform in all material respects any of its covenants or agreements under the arrangement agreement, we would be obligated to pay a \$1.2 billion reverse termination fee to Shaw (see “Termination of the arrangement agreement, costs, and termination fee” below). We would also be responsible to reimburse Shaw for certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares.

The completion of the Transaction is subject to a number of other conditions precedent, some of which are outside of the control of Rogers and Shaw, including there not having occurred a Material Adverse Effect or Purchaser Material Adverse Effect (as such terms are defined in the arrangement agreement) and the satisfaction of certain other customary closing conditions.

There can be no certainty, nor can Rogers or Shaw provide any assurance, that all conditions precedent to the Transaction will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver.

Termination of the arrangement agreement, costs, and termination fee

The arrangement agreement may be terminated by Rogers or Shaw in certain circumstances, in which case the Transaction will not be completed. Accordingly, there is no certainty, nor can we provide any assurance, that the arrangement agreement will not be terminated by us or Shaw prior to completion of the Transaction.

We must pay certain costs relating to the Transaction, such as legal, accounting, tax, and financing-related fees, even if the Transaction is not completed, which may be significant. In addition, if the Transaction is not completed for certain reasons, we may be required to pay a reverse termination fee of \$1.2 billion to Shaw and certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares, the result of which could have a material adverse effect on our business, results of operations, financial position, and our ability to fund growth prospects and current operations.

If the Transaction is not completed or is delayed, our share price and future business and financial results could be negatively affected. Any non-completion or delay of the Transaction may also negatively impact the relationships we have with our employees (including a potential lack of focus on our business), suppliers, vendors, distributors, retailers, dealers, or customers, including that such groups could cease doing business with us or curtail their activities with us.

Financing and potential credit rating consequences

The arrangement agreement does not contain a financing condition. Although we have a binding commitment letter for a committed credit facility of up to \$13 billion and have entered into the \$6 billion Shaw term loan facility in order to finance the Transaction, the obligation of the lenders under each of the committed facility and the Shaw term loan facility to provide the financing is subject to certain conditions, including, in the case of the committed credit facility, the completion of credit documentation in respect of such commitment. In the event the Transaction cannot be completed due to a failure to obtain the financing required to close the Transaction, either because the conditions to the committed credit facility and/or the Shaw term loan facility are not satisfied or other events arise which prevent us from consummating the debt financing, we may be unable to fund the consideration required to complete the Transaction, in which case we would be required to pay the reverse termination fee of \$1.2 billion and certain costs relating to the May 2021 exercise of our right to require Shaw to redeem its issued and outstanding preferred shares.

In addition to assuming approximately \$6 billion of existing Shaw debt, we expect to issue up to \$19 billion in new debt to finance the Transaction. As a result, we anticipate the combined company will have over \$40 billion of consolidated debt upon closing. The increased level of debt could decrease our flexibility in responding to changing business and economic conditions, increase our interest expense, and potentially make it more difficult to obtain additional financing or refinance existing financing. The increase in our debt service obligations could adversely affect our results, financial condition, and our ability to fund growth prospects and could reduce our funds available for other business purposes.

Additionally, as a result of the significant increase in outstanding debt, there is a risk that our credit ratings could be adversely affected, including the potential for a downgrade below investment-grade. A downgrade in our credit ratings could result in difficulty issuing debt in the future or higher borrowing costs and may otherwise affect our share price. If Shaw's existing senior notes are subject to a downgrade below investment-grade constituting a “change of control trigger event” (as defined in Shaw's senior note indenture), Shaw would be required to offer to purchase its senior notes at 101% of their principal amount plus accrued interest following closing of the Transaction, potentially having an adverse impact on the combined company's financial condition.

Expected synergies and integration

Achieving the anticipated benefits of the Transaction depends on our ability to consolidate and integrate Shaw's businesses, operations, and workforce in a manner that facilitates growth opportunities and achieves the projected cost savings and revenue growth without adversely affecting the combined company's current operations. Even if we successfully integrate Shaw's businesses, the anticipated benefits of the Transaction may not be fully realized or they could take longer to realize than expected.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

In addition to the day-to-day operations of Rogers, management will need to focus on the Transaction and all related activities, including integration. If completion of the Transaction is delayed, there could be adverse effects on our business, results of operations, or financial condition.

Shaw actions prior to closing

The arrangement agreement restricts Shaw from taking certain actions outside of the ordinary course of business while the Transaction is pending, including, among other things, certain acquisitions or dispositions of businesses and assets, entering into or amending certain contracts, repurchasing or issuing securities, making significant capital expenditures, and incurring indebtedness, in each case subject to certain exceptions. As a result of these restrictions, Shaw may not have the flexibility to appropriately respond to certain events, which may result in us recognizing lower-than-expected synergies once the Transaction closes.

OUTBREAK OF COVID-19 AND RELATED PANDEMIC

As COVID-19 continues to significantly impact the well-being of individuals and the Canadian and global economies, we maintained our programs to help employees manage through COVID-19 and provide support and services to our customers and audiences. We are focused on operating and maintaining our wireless and cable networks, our media operations, and the key business operations required to ensure service continuity for customers. We have continued work-from-home arrangements for employees while we review and follow directions from the government to ensure the safety of our team and to provide us time to implement necessary safeguards to accommodate a gradual approach in reopening our sites to employees.

Public and private sector regulations, policies, and other measures aimed at reducing the transmission of COVID-19 include the imposition of business closures, travel restrictions, the promotion of physical distancing, and the adoption of work-from-home and online education by companies, schools, and institutions. These measures are impacting how customers use our networks, products, and services, the manner or extent to which we can offer certain products and services, and the ability of certain suppliers and vendors to provide products and services to us. Notably, due to travel restrictions and advisories, roaming revenue has decreased from pre-pandemic levels. Additionally, our cable network experienced a significant increase in data usage as employers shifted to work-from-home models and as schools shifted to online education.

In early 2021, public health restrictions that were implemented in late 2020 were lifted to certain extents across the country. In March 2021, several Canadian provinces declared a third wave of COVID-19 had commenced and provinces adjusted restrictions. In the third quarter, provinces generally began relaxing certain public health restrictions implemented in the first half of 2021 as vaccines became more widely available in Canada and vaccination rates increased across the country. In August 2021, Canada entered a fourth wave of COVID-19 and several Canadian provinces introduced proof of vaccination requirements to access non-essential businesses and services. Late in the fourth quarter, the Omicron variant re-accelerated the spread of COVID-19 and many Canadian provinces reintroduced various restrictions,

amongst others, including placing capacity limits on organized gatherings and retail stores.

Additionally, COVID-19 has caused a global semiconductor chip shortage due to supply chain disruptions and an increase in demand for electronics. Although we are taking proactive steps to minimize its impacts, this has resulted, and could continue to result, in increased lead times on our network equipment and wireless devices.

The full future extent and impact of COVID-19 is unknown. Potential adverse impacts of the pandemic include, but are not limited to:

- the risk of a material reduction in demand for our products and services due to businesses closing or downsizing, job losses and associated financial hardship, or, more generally, a declining level of retail activity, which may lead to a decline in revenue as a result of:
 - lower Wireless subscriber activity, including lower equipment revenue;
 - lower roaming and overage revenue as customers are unable or unwilling to travel and continue to stay home;
 - customers downgrading or cancelling their services;
 - the restriction of fan attendance at major sports league games, the potential suspension or shortening of future major sports league seasons, and the associated television programming; and/or
 - a decrease in population growth resulting from lower levels of immigration due to travel and border restrictions;
- an increase in delinquent or unpaid bills, which could lead to increased bad debt expense;
- issues delivering certain products and services, or maintaining or upgrading our networks, due to store closures and supply chain disruptions; and
- additional capital expenditures to maintain or expand our networks in order to accommodate substantially increased network usage.

While we expect certain cost savings to offset some of the lower revenue, we also cannot predict the extent to which they would be offset.

Due to the uncertainty surrounding the duration and potential outcomes of COVID-19, including the results of measures taken to slow the spread and the broader impact COVID-19 may have on the Canadian and global economies or financial markets, it is difficult to predict the overall impact on our operations, liquidity, financial condition, or results; however, COVID-19 has had, and may continue to have, a material, adverse impact on our results. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to us.

CYBERSECURITY

Our industry is vulnerable to cybersecurity risks that are growing in both frequency and complexity. Rogers, along with our suppliers, employs systems and network infrastructure that are subject to cyberattacks, which may include theft of assets, unauthorized access to proprietary or sensitive information, destruction or corruption of data, ransomware attacks, or operational disruption. A significant cyberattack against our, or our suppliers', critical network infrastructure and supporting information systems could result in service disruptions, litigation, loss of customers, incurring significant costs, and/or reputational damage.

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Management has committed to an information and cybersecurity program designed to reinforce the importance of remaining a secure, vigilant, and resilient organization. Our ongoing success depends on protecting our sensitive data, including personal information about our customers and employees. We rely on security awareness training, policies, procedures, and IT systems to protect this information. Success also depends on Rogers continuing to monitor these risks, leveraging external threat intelligence, internal monitoring, reviewing best practices, and implementing controls as required to mitigate them. We have insurance coverage against certain damages related to cybersecurity breaches, intrusions, and attacks, amongst other things.

External threats to the network and our business generally are constantly changing and there is no assurance we will be able to protect the network from all future threats. The impact of such attacks may affect our customer service or our financial results.

PRIVACY

In the evolving digital world, privacy and how organizations are handling personal information is becoming an increasing priority for consumers. Ensuring appropriate governance over this data has become even more critical. As the move to digital transactions has been accelerated by COVID-19, companies continue to gain greater amounts of data on customers and employees. The nature of the products and services we offer our customers means we are entrusted with a significant amount of personal information. This means that ensuring there are appropriate safeguards and privacy protections in place is a priority for us. We are the stewards of this data and this responsibility is of the utmost importance to us. If a privacy breach were to occur and personal information was made public, there could be a material adverse effect on our reputation and our business.

TECHNOLOGY

New technologies

Our network plans assume the availability of new technology for both wireless and wireline networks, including 5G technology in the wireless industry and future DOCSIS enhancements and evolutions in the wireline industry. While we work with industry standards bodies and our vendors to ensure timely delivery of new technology, there are no assurances these technologies will be available as and when required.

As new technologies become available, we expect a substantial portion of our future revenue growth may come from new and advanced services, and companies such as Rogers will need to continue to invest significant capital resources to develop our networks and implement in an agile framework to meet customers and business timelines. It is possible, however, that there may not be sufficient consumer demand, or that we may not anticipate or satisfy demand for certain products and services or be able to offer or market these new products and services successfully to subscribers. If we do not attract subscribers to new products and services profitably or keep pace with changing consumer preferences, we could experience slower revenue growth and increased churn. This could have a material adverse effect on our business, results of operations, and financial condition.

Several technologies have affected the way our services are delivered, including:

- broadband;
- IP-based voice, data, and video delivery services;
- increased use of optical fibre technologies to businesses and residences;
- broadband wireless access and wireless services using a radio frequency spectrum to which we may have limited or no access; and
- applications and services using cloud-based technology, independent of carrier or physical connectivity.

These technologies may also lead to significantly different cost structures for users and therefore affect the long-term viability of some of our current technologies. Some of these technologies have allowed competitors to enter our markets with similar products or services at lower costs. These competitors may also be larger, have greater access to financial resources, and/or have fewer regulatory restrictions than Rogers. Additional competitors with advances in technology, such as high-speed Internet service from low Earth orbit satellite operators like Starlink, have entered the Canadian market and could potentially have a material adverse impact on our operations and results.

The continued emergence and growth of subscriber-based satellite and digital radio products could affect AM and FM radio audience listening habits and have a negative effect on the results of our radio stations. Certain audiences are also migrating away from traditional broadcast platforms to the Internet as more video and audio content streaming becomes available.

Reliance on technology

Our technologies, processes, and systems are operationally complex and increasingly interconnected. Further, our businesses depend on IT systems for day-to-day operations and critical elements of our network infrastructure and IT systems are concentrated in various physical facilities. If we are unable to operate our systems, make enhancements to accommodate customer growth and new products and services, or if our systems experience disruptions or failures, it could have an adverse effect on our ability to acquire new subscribers, service customers, manage subscriber churn, produce accurate and timely subscriber invoices, generate revenue growth, and manage operating expenses. This could have an adverse impact on our results and financial position.

Impact of failures on customer service

Customers have high expectations of reliable and consistent performance of our networks. Failure to maintain high service levels and to effectively manage network traffic could have an impact on the customer experience, potentially resulting in an increase in customer churn. Due to the increased demand and traffic on our networks, there could be capacity and congestion pressures. If our networks or key network components fail, it could, in some circumstances, result in a loss of service for our customers for certain periods and have an adverse effect on our results and our financial position.

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We work to protect our networks and our service from the impact of natural disasters and major weather events such as ice storms, wind storms, forest fires, flooding, earthquakes, or landslides where it is necessary and feasible to do so. There are no assurances that a future event will not cause service outages and that such outages would not affect our results. Service disruptions or outages could also affect our operations if not quickly resolved, potentially causing a risk of billing delays or errors. If we fail to have appropriate response strategies and protocols in place to handle service outages in the face of these types of events, they could have an impact on our revenue and our customer experience. Recovering from these disasters could require significant resources and remediation costs, which are difficult to estimate.

COMPETITIVE INTENSITY

Competitive behaviour and market dynamics are continuously changing in our fast-paced industry. There is no assurance that our current or future competitors will not provide services that are superior to ours or at lower prices, adapt more quickly to evolving industry trends or changing market requirements, enter markets in which we operate, or introduce competing services. The federal government also continues to promote competition and affordability, and is committed to universal high-speed Internet for every Canadian by 2030. Any of these factors could increase churn or reduce our business market share or revenue.

The strategic offering of unlimited wireless plans continues to offer greater value to our customers and has helped us take a significant step towards simplifying our products and services. However, depending on economic conditions and the response from our competitors and/or current and potential customers, we may need to extend lower wireless pricing offers to attract new customers and retain existing subscribers. As wireless penetration of the population deepens, new wireless customers may generate lower average monthly revenue, which could slow revenue growth.

Global technology giants continue to ramp up content spending into new markets such as sports media, resulting in increased competition for our Media and Cable segments. This may result in an increase in subscriber churn as customers now have additional choices of supplementary sources of media content.

Competition is increasing for content programming rights from both traditional linear television broadcasters and online competitors. Online providers are moving towards self-made, self-hosted exclusive content, and may compete for rights more aggressively than expected, such that traditional broadcasters may not gain access to desirable programming. Overall increased competition for content will likely increase costs of programming rights. As broadcasters and distributors sign longer-term agreements to secure programming rights, this could affect the availability of desirable programming rights and result in lower revenue due to a lack of access to these rights. Lower revenue in turn could adversely affect the operating results of our business if we are unable to recover programming investments through advertising revenue and subscription fee increases that reflect the market.

In addition, the CRTC Broadcasting Distribution Regulations do not allow cable operators to obtain exclusive contracts in buildings where it is technically feasible to install two or more transmission systems.

Continued deployments of fibre networks by competitors may lead to an increase in the reach, speed, and stability of their wireline-related services. This could result in an increase in churn pertaining to our wireline business segment services.

Improvements in the quality of streaming video over the Internet, coupled with increasing availability of television shows and movies online through OTT content providers, has resulted in competition for viewership and increased competition for Canadian cable television service providers. As a result, we have noticed an increase in cord cutting and cord shaving as consumers continue to withdraw from traditional cable services. If advances in technology are made to any alternative Canadian multi-channel broadcasting distribution system, our cable services may face increased competition. In addition, as the technology for wireless Internet continues to develop, it is, in some instances, replacing traditional wireline Internet.

REGULATORY RISKS

Changes in government regulations

Substantially all of our business activities are regulated by ISED Canada and/or the CRTC. Any regulatory changes or decisions could adversely affect our consolidated results of operations. The most significant outstanding regulatory proceedings to our business are various appeals related to the wholesale Internet costing and pricing regime (see "Regulation in our Industry" and "Litigation Risks").

Regulatory changes or decisions made by these regulators could adversely impact our results on a consolidated basis. This regulation relates to, among other things, licensing and related fees, competition, the cable television programming services we must distribute, wireless and wireline interconnection agreements, the rates we may charge to provide access to our networks by third parties, the resale of our networks and roaming on our networks, our operation and ownership of communications systems, and our ability to acquire an interest in other communications systems. In addition, the costs of providing services may be increased from time to time as a result of compliance with industry or legislative initiatives to address consumer protection concerns or such Internet-related issues as copyright infringement, unsolicited commercial e-mail, cybercrime, and lawful access.

Generally, our licences are granted for a specified term and are subject to conditions on the maintenance of these licences. These licensing conditions and related fees may be modified at any time by the regulators. The regulators may decide not to renew a licence when it expires, and any failure by us to comply with the conditions on the maintenance of a licence could result in a revocation or forfeiture of any of our licences or the imposition of fines. Our cable, wireless, and broadcasting licences generally may not be transferred without regulatory approval.

The licences include conditions requiring us to comply with Canadian ownership restrictions of the applicable legislation. We are currently in compliance with all of these Canadian ownership and control requirements. If these requirements were violated, we would be subject to various penalties, possibly including, in the extreme case, the loss of a licence.

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Spectrum

Radio spectrum is one of the fundamental assets required to carry on our Wireless business. Our ability to continue to offer and improve current services and to offer new services depends on, among other factors, continued access to, and deployment of, adequate spectrum, including the ability to both renew current spectrum licences and acquire new spectrum licences.

If we cannot acquire and retain needed spectrum, whether due to the government providing favourable spectrum auctions for regional carriers through set asides and lower rates, through increased costs for us to purchase spectrum licences at auction, or otherwise, we may not be able to continue to offer and improve our current services and deploy new services on a timely basis, including providing competitive data speeds our customers want. As a result, our ability to attract and retain customers could be adversely affected. In addition, an inability to acquire and retain needed spectrum could affect network quality and result in higher capital expenditures.

Changes to government spectrum fees could significantly increase our payments and therefore materially reduce our net income.

Radio frequency emissions

From time to time, media and other reports have highlighted alleged links between radio frequency emissions from wireless devices (including new 5G technology) and various health concerns, including cancer, and interference with various medical devices, including hearing aids and pacemakers. This may discourage the use of wireless devices or expose us to potential litigation even though there are no definitive reports or studies stating that these health issues are directly attributable to radio frequency emissions. Future regulatory actions may result in more restrictive standards on radio frequency emissions from low-powered devices like wireless devices. We cannot predict the nature or extent of any restrictions.

Obtaining access to support structures and municipal rights of way

To build and support the rollout of 5G, and to continue upgrading our cable network, we must continue to have access to support structures and municipal rights of way to install equipment on municipal poles and buildings, and on First Nations land. We can apply to the CRTC to obtain a right of access under the Telecommunications Act in areas where we cannot secure access to municipal rights of way. Failure to obtain access could increase our costs and adversely affect our business.

The Supreme Court of Canada ruled in 2003, however, that the CRTC does not have the jurisdiction to establish the terms and conditions of accessing the poles of hydroelectric companies. As a result, we normally obtain access under terms established by the provincial utility boards.

On October 30, 2020, the CRTC launched consultations 2020-366 regarding potential regulatory measures to make access to poles owned by Canadian carriers more efficient. The CRTC expressed concerns that untimely and costly access to poles owned by Canadian carriers has negative impacts on the deployment of efficient broadband-capable networks, particularly in areas of Canada with limited or no access to such networks. Therefore, the CRTC initiated a proceeding to identify and implement regulatory

measures that will make access to such poles more efficient. We are actively participating in the process.

On December 10, 2021, a regulation was filed under Part VI.1 of the Ontario Energy Board Act, O. Reg. 842/21 requiring the Ontario Energy Board (OEB) to establish a generic, province-wide pole attachment charge for 2022. The Regulation further requires the OEB to set the charge for 2023 and subsequent years by adjusting the prior year's charge for inflation, resulting in the calculation of the charge becoming a mechanistic exercise. On December 16, 2021, the OEB published Decision and Order EB-2021-0302, *Wireline Pole Attachment Charge*. The OEB calculated the charge for 2022 at \$34.76 per attacher per year per pole, in accordance with the directions set out in O. Reg. 842/21. The 2021 charge was \$44.50. This charge applies to every distributor that is required as a condition of licence to provide access to telecom attachments and to charge the amount approved by the OEB.

CUSTOMER EXPERIENCE

Creating best-in-class customer experiences is an important strategic priority for us, as we understand that great customer experience is key to our long-term success. Our customers' loyalty and their likelihood to recommend Rogers are both dependent upon our ability to provide a service experience that meets or exceeds their expectations. We handle many customer interactions annually, ranging from potential new customers making in-store purchases to existing customers calling for technical support and everything in between. We understand that every time a customer uses one of our services, such as making a call on their wireless device, browsing the Internet or watching their favourite show using their Internet or television services, or listening to one of our radio stations, their experience affects all future interactions with the Rogers brand. If our products do not deliver the usage experience our customers expect from us, and if we do not have clear, simple, and fair interactions with our customers, it could cause confusion and frustrate our customers. This could result in the potential for lost sales opportunities and increased churn, both of which could have negative effects on our reputation, results of operations, and financial condition.

RESULTS PERFORMANCE

We strive to drive profitable growth in all markets we serve. This means we will focus on core growth drivers in each of our businesses, including increasing subscribers and reducing churn, expanding products in our enterprise business, and stabilizing our Media performance. At the same time, our goal is to continue to develop strong capabilities in cost management to support investments that will fuel our future. If we are not successful in achieving these goals, as a result of economic conditions or the competitive landscape, this could negatively impact confidence with investors and external stakeholders, and ultimately our stock price.

TALENT ACQUISITION AND RETENTION

A significant transformation is underway in our industry, and as competition for talent increases, our success is highly dependent on our ability to attract and retain a high-performing, diverse, and engaged workforce, including in key growth areas, such as the network, IT, and digital fields. Our focus must be on providing

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career and development opportunities, competitive compensation and benefits, fostering an inclusive and diverse workplace, and a great employee experience. Failure to maintain and achieve this focus, and changes to our workforce as a result of factors such as turnover and restructuring, failing to develop internal succession, cost reduction initiatives, ongoing union negotiations, or other events, could have an adverse effect on the customer experience, and as a result our revenue and profitability.

RELIANCE ON SUPPLY CHAIN AND THIRD PARTIES

We have outsourcing, managed service, and supplier arrangements with third parties to provide certain essential components of our business operations to our employees and customers. These include, but are not limited to, certain critical infrastructure components and devices; facilities or property management functions; contact centre support; installation and service technicians; network and IT functions; and invoice printing. Some of these essential suppliers are relatively small in number and we have limited operational or financial control over them. If interruptions in these services or at these suppliers occur, including due to the ongoing global supply chain issues, it could adversely affect our ability to service our customers. Additionally, in the course of fulfilling service arrangements, third-party service providers must ensure our information is appropriately protected and safeguarded. Failure to do so may affect Rogers through increased regulatory risk, reputational damage, and damage to the customer experience.

FINANCIAL RISKS

Capital commitments, liquidity, debt, and interest payments

Our capital commitments and financing obligations could have important consequences, including:

- requiring us to dedicate a substantial portion of cash provided by operating activities to pay interest, principal amounts, and dividends, which reduces funds available for other business purposes, including other financial operations;
- making us more vulnerable to adverse economic and industry conditions;
- limiting our flexibility in planning for, and reacting to, changes in our business and industry;
- putting us at a competitive disadvantage compared to competitors who may have more financial resources and/or less financial leverage; or
- restricting our ability to obtain additional financing to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our financial obligations depends on our future operating performance and on economic, financial, competitive, and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow in the future and financings may not be available to provide sufficient net proceeds to meet our obligations or to successfully execute our business strategy.

Credit ratings

Credit ratings provide an independent measure of credit quality of a securities issuer and can affect our ability to obtain short- and long-term financing and the terms of the financing. If rating

agencies lower the credit ratings on our debt, particularly a downgrade below investment-grade, it could adversely affect our cost of financing and access to liquidity and capital.

Capital markets

External capital market conditions could affect our ability to make strategic investments and meet ongoing capital funding requirements. Risk factors include a reduction in lending activity, disruptions in capital markets, and regulatory requirements for an increase in bank capitalization, which could either reduce the availability, or increase the cost of capital.

Income taxes and other taxes

We collect, pay, and accrue significant amounts of income and other taxes, such as federal and provincial sales, employment, and property taxes.

We have recorded significant amounts of deferred and current income tax liabilities and expense, and calculated these amounts based on substantively enacted income tax rates in effect at the relevant time. A legislative change in these rates could have a material effect on the amounts recorded and payable in the future.

We provide for income and other taxes based on all currently available information and believe that we have adequately provided for these items. The calculation of applicable taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets, liabilities, and expense, and could, in certain circumstances, result in the assessment of interest and penalties.

While we believe we have paid and provided for adequate amounts of tax, our business is complex and significant judgment is required in interpreting how tax legislation and regulations apply to us.

OTHER RISKS

Economic conditions

Our businesses are affected by general economic conditions and consumer confidence and spending. Recessions, declines in economic activity, and economic uncertainty can erode consumer and business confidence and reduce discretionary spending. Any of these factors can negatively affect us through reduced advertising, lower demand for our products and services, decreased revenue and profitability, and higher churn and bad debt expense. A significant portion of our broadcasting and digital revenue comes from the sale of advertising and is affected by the strength of the economy.

Strategy and business plans

Our strategy is vital to our long-term success. Changing strategic priorities or adding new strategic priorities could compromise existing initiatives and could have a material adverse effect on our business, results of operations, and financial condition.

We develop business plans, execute projects, and launch new ventures to grow our business. If the expected benefits from these do not materialize, this could have a material adverse effect on our business, results of operations, and financial condition.

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Our products, services, and networks rely, in part, on certain vendors. Should our vendors not deliver solutions that operate as intended, our business and financial results could be adversely affected. This may result in subscriber losses, lower revenue, and unfavourable customer satisfaction.

Monitoring and controlling fraudulent activities

As a large company with tens of thousands of employees and a range of desirable and valuable products and services, fraud prevention requires a disciplined program covering governance, exposure identification and assessment, prevention, detection, and reporting. This program must consider corruption and misappropriation of assets by employees and/or external parties. Fraud events can result in financial loss and brand degradation. In addition to unauthorized access to digital boxes and Internet modems, a sample of potential examples of fraud relevant to us include (i) inappropriate use of our cable or wireless networks, (ii) subscription fraud and fraudulent account takeovers for purpose of hardware theft or SIM swapping, (iii) intentional manipulation of financial statements by employees and/or external parties, and (iv) copyright theft and other forms of unauthorized use that undermine the exclusivity of our content offerings.

Unauthorized access to digital boxes or Internet modems

With a significant number of Canadians purchasing illegal pre-loaded set-top boxes and illegally streaming our television products, cord-shaving, cord-cutting and customer churn rates could increase. To address this, we use encryption technology developed and supported by our vendors to protect our cable signals from unauthorized access and to control access to programming based on subscription packages. We also use encryption and security technologies to prevent unauthorized access to our Internet service.

There is no assurance that we will be able to effectively prevent unauthorized decoding of television signals or Internet access in the future. If we are unable to control cable access with our encryption technology, and subscriptions to digital programming, including premium video-on-demand and subscription video-on-demand, this could result in a decline in our Cable revenue.

Legal and ethical compliance

We rely on our employees, officers, Board, suppliers, and other business partners to behave consistently with applicable legal and ethical standards in all jurisdictions in which we operate, including, but not limited to, anti-bribery laws and regulations. Situations where individuals or others, whether inadvertently or intentionally, do not adhere to our policies, applicable laws and regulations, or contractual obligations may expose us to litigation and the possibility of damages, sanctions, and fines, or of being disqualified from bidding on contracts. This may have an adverse effect on our results, financial position, reputation, and brand.

Acquisitions, divestitures, or investments

Acquiring complementary businesses and technologies, developing strategic alliances, and divesting portions of our business are often required to optimally execute our business strategy. Some areas of our operations (and adjacent businesses) are subject to rapidly evolving technologies and consumer usage

and demand trends. It is possible that we may not effectively forecast the value of consumer demand or risk of competing technologies resulting in higher valuations for acquisitions or missed opportunities.

Services, technologies, key personnel, or businesses of companies we acquire may not be effectively integrated into our business or service offerings, or our alliances may not be successful. We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all.

Decline of television subscribers in Canada (cord-cutting and cord-shaving)

The number of households that subscribe to television service in Canada continues to decline. Other video offerings available to consumers (for example, direct-to-consumer subscription and free services), as well as piracy, have contributed to this trend. If this decline continues, it could have a material adverse effect on our results of operations.

Migrating from conventional to digital media

Our Media business operates in many industries that can be affected by customers migrating from conventional to digital media, which is driving shifts in the quality and accessibility of data and mobile alternatives to conventional media. We have been shifting our focus towards the digital market. Increasing competition for advertising revenue from digital platforms, such as search engines, social networks, and digital content alternatives, has resulted in advertising dollars migrating from conventional television broadcasters to digital platforms. The impact is greater on conventional over-the-air broadcast networks, such as Citytv and OMNI, which do not have a second revenue stream from subscription revenue. Our Media results could be adversely affected if we are unsuccessful in shifting advertising dollars from conventional to digital platforms.

Our market position in radio and television

Advertising dollars typically migrate to media properties that are leaders in their respective markets and categories, particularly when advertising budgets are tight. Our radio and television properties may not continue performing how they currently perform. Advertisers base a substantial part of their purchasing decisions on ratings data generated by industry associations and agencies. If our radio and television ratings decrease substantially, our advertising sales volumes and the rates that we charge advertisers could be adversely affected.

Climate change

Climate change is an increasingly important consideration in all businesses, including the telecommunications business. Failure of climate change mitigation and adaptation efforts could affect our business through potential disruption of our operations or supply chains, damage to our infrastructure, and the effects on the communities we serve. The physical risk to our infrastructure caused by extreme weather disturbances related to climate change can significantly affect our ability to maintain secure communication services to all our customers, including governments and health and emergency services.

Climate change and the environment are drawing more attention through evolving public interest. Many aspects of our operations

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are subject to evolving and increasingly stringent federal, provincial, and local environmental, health, and safety laws and regulations. Such laws and regulations impose requirements with respect to matters such as the release of substances into the environment, corrective and remedial action concerning such releases, and the proper handling and management of substances. These evolving considerations and more stringent laws and regulations could lead to increased costs for compliance and rising costs of utilities. Failure to recognize and adequately respond could result in fines, regulatory scrutiny, or damage to our reputation or brand.

Controlling shareholder ownership risk

Rogers is a family-founded, family-controlled company. Voting control of Rogers Communications Inc. is held by the Trust for the benefit of successive generations of the Rogers family and, as a result, the Trust is able to elect all members of the Board and to control the vote on most matters submitted to shareholders, whether through a shareholder meeting or a written consent resolution. The beneficiaries of the Trust are a small group of individuals who are members of the Rogers family, several of whom are also directors of the Board. The trustee is the trust company subsidiary of a Canadian chartered bank.

As at December 31, 2021, private Rogers family holding companies controlled by the Trust owned approximately 98% of our outstanding Class A Shares (2020 - 98%) and approximately 10% of our Class B Non-Voting Shares (2020 - 10%), or in total approximately 29% of the total shares outstanding (2020 - 29%). Only Class A Shares carry the right to vote in most circumstances.

LITIGATION RISKS

Wholesale Internet costing and pricing

On August 15, 2019, in Telecom Order CRTC 2019-288, *Follow-up to Telecom Orders 2016-396 and 2016-448 - Final rates for aggregated wholesale high-speed access services* (Order), the CRTC set final rates for facilities-based carriers' wholesale high-speed access services, including Rogers' TPIA service. The Order set final rates for Rogers that are significantly lower than the interim rates that were previously billed and it further determined that these final rates will apply retroactively to March 31, 2016.

We did not believe the final rates set by the CRTC were just and reasonable as required by the Telecommunications Act as we believed they were below cost. On May 27, 2021, the CRTC released Telecom Decision CRTC 2021-181 *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*. The CRTC decided to adopt the interim rates in effect prior to the Order as the final rates, with certain modifications, including the removal of the supplementary markup of 10% for incumbent local exchange carriers.

The final rates are lower than the rates we previously billed to the resellers for the period of March 31, 2016 to October 6, 2016. We have recognized a refund of amounts previously billed to the resellers of approximately \$25 million, representing the impact on a retroactive basis for that period.

On May 28, 2021 a wholesale ISP petitioned the Governor in Council to, among other things, restore the 2019 Order and make the rates established in that order final. In addition, on June 28, 2021, the same wholesale ISP filed a motion seeking leave to appeal the 2021 Decision to the Federal Court of Appeal, which

was granted on September 15, 2021. We, along with several other cable companies, have intervened in these matters.

System access fee - Saskatchewan

In 2004, a class action was commenced against providers of wireless communications in Canada under the Class Actions Act (Saskatchewan). The class action relates to the system access fee wireless carriers charge to some of their customers. The plaintiffs are seeking unspecified damages and punitive damages, which would effectively be a reimbursement of all system access fees collected.

In 2007, the Saskatchewan Court granted the plaintiffs' application to have the proceeding certified as a national, "opt-in" class action where affected customers outside Saskatchewan must take specific steps to participate in the proceeding. In 2008, our motion to stay the proceeding based on the arbitration clause in our wireless service agreements was granted. The Saskatchewan Court directed that its order, in respect of the certification of the action, would exclude customers who are bound by an arbitration clause from the class of plaintiffs.

In 2009, counsel for the plaintiffs began a second proceeding under the Class Actions Act (Saskatchewan) asserting the same claims as the original proceeding. If successful, this second class action would be an "opt-out" class proceeding. This second proceeding was ordered conditionally stayed on the basis that it was an abuse of process.

At the time the Saskatchewan class action was commenced, corresponding claims were filed in multiple jurisdictions across Canada. The claims in all provinces other than Saskatchewan have now been dismissed or discontinued. We have not recognized a liability for this contingency.

911 fee

In June 2008, a class action was launched in Saskatchewan against providers of wireless communications services in Canada. It involves allegations of breach of contract, misrepresentation, and false advertising, among other things, in relation to the 911 fee that had been charged by us and the other wireless telecommunication providers in Canada. The plaintiffs are seeking unspecified damages and restitution. The plaintiffs intend to seek an order certifying the proceeding as a national class action in Saskatchewan. We have not recognized a liability for this contingency.

Videotron Ltd.

On October 29, 2021, Videotron Ltd. launched a lawsuit against Rogers in the Quebec Superior Court, in connection with the agreement entered into by the parties in 2013 for the development and operation of a joint LTE network in the province of Quebec. The lawsuit involves allegations by Videotron Ltd. that Rogers has breached its contractual obligations by developing its own network in the territory. Videotron is seeking compensatory damages in the amount of \$850 million. We intend to vigorously defend this lawsuit. We have not recognized a liability for this contingency.

Other claims

There are certain other claims and potential claims against us. We do not expect any of these, individually or in the aggregate, to have a material adverse effect on our financial results.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Outcome of proceedings

The outcome of all the proceedings and claims against us, including the matters described above, is subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on our business, financial results, or financial condition. If circumstances change and it becomes probable that we will be held liable for claims against us and such claim is estimable, we will recognize a provision during the period in which the change in probability occurs, which could be material to our Consolidated Statements of Income or Consolidated Statements of Financial Position.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as at December 31, 2021, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a-15 promulgated under the US Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at that date.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

Our internal control system is designed to give management and the Board reasonable assurance that our financial statements are prepared and fairly presented in accordance with IFRS as issued by the IASB. The system is intended to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are reliable. Management also takes steps to assure the flow of information and communication is effective, and monitors performance and our internal control procedures.

Management assessed the effectiveness of our internal control over financial reporting as at December 31, 2021, based on the criteria set out in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that it was effective at that date. Our independent auditors, KPMG LLP, have issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. This report is included in our 2021 Audited Consolidated Financial Statements filed on SEDAR (sedar.com).

All internal control systems, however, no matter how well designed, have inherent limitations, and even systems that have been determined to be effective can only provide reasonable assurance about the preparation and presentation of financial statements.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

There have been no changes in 2021 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Regulation in our Industry

Our business, except for the non-broadcasting operations of Media, is regulated by two groups:

- ISED Canada on behalf of the Minister of Innovation, Science and Industry; and
- the CRTC, under the Telecommunications Act and the Broadcasting Act.

Regulation relates to the following, among other things:

- wireless spectrum and broadcasting licensing;
- competition;
- the cable television programming services we must, and can, distribute;
- wireless and wireline interconnection agreements;
- rates we can charge third parties for access to our network;
- the resale of services on our networks;
- roaming on our networks and the networks of others;
- ownership and operation of our communications systems; and
- our ability to acquire an interest in other communications systems.

Regulatory changes or decisions can adversely affect our results of operations.

Our costs of providing services may increase from time to time as we comply with industry or legislative initiatives to address consumer protection concerns or Internet-related issues like copyright infringement, unsolicited commercial e-mail, cybercrime, and lawful access.

Generally, our spectrum and broadcast licences are granted for a specified term and are subject to conditions for maintaining these licences. Regulators can modify these licensing conditions at any time, and they can decide not to renew a licence when it expires. If we do not comply with the conditions, a licence may be forfeited or revoked, or we may be fined.

The licences have conditions that require us, amongst other things, to comply with Canadian ownership restrictions of the applicable legislation. We are currently in compliance with these conditions. If we violate the requirements, we would be subject to various penalties, including the loss of a licence in extreme cases.

Cable, wireless, and broadcasting licences generally cannot be transferred without regulatory approval.

CANADIAN BROADCASTING AND TELECOMMUNICATIONS OPERATIONS

The CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting and telecommunications system. Our Canadian broadcasting operations - including our cable television systems, radio and television stations, and specialty services - are licensed (or operated under an exemption order) and regulated by the CRTC under the Broadcasting Act.

The CRTC is also responsible under the Telecommunications Act for the regulation of telecommunications carriers, including:

- Wireless' mobile voice and data operations; and
- Cable's Internet and telephone services.

Our cable and telecommunications retail services are not currently subject to price regulation, other than our affordable entry-level

basic cable television service ordered by the CRTC and introduced in 2016, as the CRTC believes there is enough competition for these services provided by other carriers to protect the interests of users and has forborne from regulating them. Regulations can and do, however, affect the terms and conditions under which we offer these services.

SPECTRUM LICENCES

ISED Canada sets technical standards for telecommunications under the *Radiocommunication Act (Canada)* (Radiocommunication Act) and the Telecommunications Act. It licences and oversees:

- the technical aspects of the operation of radio and television stations;
- the frequency-related operations of cable television networks; and
- spectrum for wireless communications systems in Canada.

ROYALTIES

The Copyright Board of Canada (Copyright Board) oversees the administration of copyright royalties in Canada and establishes the royalties to be paid for the use of certain copyrighted works. It sets the copyright tariff royalties that Canadian broadcasting undertakings, including cable, radio, television, and specialty services, pay to copyright collectives.

BILLING AND CONTRACTS

Manitoba, Newfoundland and Labrador, Ontario, and Quebec have enacted consumer protection legislation for wireless, wireline, and Internet service contracts. This legislation addresses the content of such contracts, the determination of the early cancellation fees that can be charged to customers, the use of security deposits, the cancellation and renewal rights of customers, the sale of prepaid cards, and the disclosure of related costs. Rogers is also currently subject to the CRTC Wireless Code, the CRTC Television Service Provider Code of Conduct that became effective on September 1, 2017, and the CRTC Internet Code that became effective on January 31, 2020. See "CRTC Wireless Code of Conduct" and "CRTC Internet Code" for more information.

FOREIGN OWNERSHIP AND CONTROL

Non-Canadians can own and control, directly or indirectly:

- up to 33.3% of the voting shares and the related votes of a holding company that has a subsidiary operating company licenced under the Broadcasting Act, and
- up to 20% of the voting shares and the related votes of the operating licensee company may be owned and controlled directly or indirectly by non-Canadians.

Combined, these limits can enable effective foreign control of up to 46.7%.

The chief executive officer and 80% of the members of the board of directors of the operating licensee must be resident Canadians. There are no restrictions on the number of non-voting shares that may be held by non-Canadians at either the holding company or the licensee company level. Neither the Canadian carrier nor its parent may be otherwise controlled in fact by non-Canadians.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Subject to appeal to the federal Cabinet, the CRTC has the jurisdiction to determine as a question of fact whether a given licensee is controlled by non-Canadians.

Pursuant to the Telecommunications Act and associated regulations, the same rules also apply to Canadian telecommunications carriers such as Wireless, except that there is no requirement that the chief executive officer be a resident Canadian. We believe we are in compliance with the foregoing foreign ownership and control requirements.

On June 29, 2012, Bill C-38 amending the Telecommunications Act passed into law. The amendments exempt telecommunications companies with less than 10% of total Canadian telecommunications market measured by revenue from foreign investment restrictions. Companies that are successful in growing their market shares in excess of 10% of total Canadian telecommunications market revenue other than by way of merger or acquisitions will continue to be exempt from the restrictions.

CRTC REVIEW OF BASIC TELECOMMUNICATIONS SERVICES

After an extensive proceeding examining which telecommunications services Canadians require to participate meaningfully in the digital economy and the CRTC's role in ensuring the availability of affordable basic telecommunications services to all Canadians, the CRTC released Telecom Regulatory Policy CRTC 2016-496, *Modern telecommunications services – The path forward for Canada's digital economy*, on December 21, 2016.

The CRTC set as its universal service objective that Canadians, in urban areas as well as in rural and remote areas, have access to voice services and broadband Internet access services, on both fixed and mobile wireless networks. To measure the successful achievement of this objective, the CRTC has established several criteria, including:

- 90% of Canadian residential and business fixed broadband Internet access service subscribers should be able to access speeds of at least 50 Mbps download and 10 Mbps upload, and to subscribe to a service offering with an unlimited data allowance by 2021, with the remaining 10% of the population receiving such service by 2031; and
- the latest generally deployed mobile wireless technology should be available not only in Canadian homes and businesses, but on as many major transportation roads as possible in Canada.

To help attain the universal service objective, the CRTC will begin to shift the focus of its regulatory frameworks from wireline voice services to broadband Internet access services. As such, the following services that form part of the universal service objective are considered basic telecommunications services within the meaning of subsection 46.5(1) of the Telecommunications Act:

- fixed and mobile wireless broadband Internet access services; and
- fixed and mobile wireless voice services.

To assist in extending broadband into under-served rural and remote locations, the CRTC stated that it would establish a new broadband fund to which all entities providing Internet services in Canada must contribute. The specifics of the fund, including guiding principles, fund design, and assessment criteria, were established in Telecom Regulatory Policy CRTC 2018-377, *Development of the Commission's Broadband Fund*, released on

September 27, 2018. Two calls for applications occurred in 2019. 2020 marks the first year of payments into the fund, with a maximum funding level of \$100 million in the first year of implementation. This level will increase by \$25 million annually over the following four years to reach an annual cap of \$200 million, with the incremental increases in years four and five contingent on a review of the fund in the third year to ensure it is being managed efficiently and is achieving its intended purpose.

A percent of revenue levy has been applied on wireline and wireless voice revenues since 2000 to support providing voice service to designated high-cost local voice serving area and to provide a national video relay service (VRS). In 2019, a 0.52% levy on wireline and wireless voice revenues generated \$94.2 million in subsidies. The voice service subsidy component is declining year-over-year because in Telecom Regulatory Policy CRTC 2018-213, *Phase-out of the local voice service subsidy regime*, the CRTC determined that the current \$115 million local service subsidy for incumbent local telephone company high-cost serving areas would be phased out in six equal increments between 2019 and 2021 such that the voice subsidy will be eliminated by the end of 2021.

For 2020, the \$100 million funding requirements of the Broadband Fund will be added to the voice and VRS requirements, resulting in an increased projected subsidy requirement of \$170.7 million per Telecom Decision CRTC 2019-395, *Final 2019 revenue-percent charge and related matters*, released on December 4, 2019. The percent of revenue levy currently applied to wireline and wireless voice revenues will be extended to also apply to Internet and texting revenue and is set for 2020 on an interim basis at 0.45% on this expanded revenue base, subject to finalization based on actual revenues in late 2020.

CANADA'S ANTI-SPAM LEGISLATION

Canada's anti-spam legislation was passed into law on December 15, 2010 and came into force on July 1, 2014. Sections of such legislation related to the unsolicited installation of computer programs or software came into force on January 15, 2015. A private right of action that was to come into place under the legislation effective July 1, 2017 was deferred. We believe we are in compliance with this legislation.

MANDATORY NOTIFICATION OF PRIVACY BREACHES

On June 18, 2015, Bill S-4 - the Digital Privacy Act was passed into law. It made several amendments to PIPEDA, including the introduction of mandatory breach notification rules that came into force on November 1, 2018. Businesses must now notify impacted individuals and the federal Privacy Commissioner of a privacy breach where it is reasonable to believe the breach creates a real risk of significant harm to the individual. Notification must be completed as soon as feasible after it is determined a breach occurred. Businesses must also keep records of breaches and provide these records to the Privacy Commissioner upon request. The Privacy Commissioner may also launch an investigation or audit based on the information contained in the breach report. Failure to provide notification or maintain records could result in fines up to \$100,000 per violation. In late 2019, the Privacy Commissioner conducted a review of breach reporting among seven telecommunications services providers, issuing a report with recommendations for best practices for industry.

GOVERNMENT OF CANADA REVIEW OF THE BROADCASTING ACT

On February 2, 2022, the Federal Government introduced Bill C-11, the Online Streaming Act. Bill C-11 will amend the Broadcasting Act and make related and consequential amendments to other acts. The goal of Bill C-11 is to support Canada's cultural policy objectives of producing Canadian stories in the midst of a changing broadcasting landscape. The main amendments would subject online streaming services to CRTC regulation and require specific investment in Canadian cultural enterprises and include diverse programming, including Indigenous content. The CRTC will decide how the new regulatory regime is to be implemented subject to the guidance that would be provided by the Government in a policy direction to be issued when (and if) the Bill is passed.

WIRELESS

3500 AND 3800 MHZ SPECTRUM LICENCE BANDS

The 3500 MHz band is key spectrum needed to support 5G technologies. To align with international standards, ISED Canada moved to implement a fundamental reallocation to allow flexible use of both mobile and fixed services in the band.

On June 6, 2019, ISED Canada released its Decision (2019 Decision) on its *Consultation on Revisions to the 3500 MHz Band to Accommodate Flexible Use and Preliminary Consultation on Changes to the 3800 MHz Band*. The 2019 Decision determined that ISED Canada would issue flexible use licences in a 200 MHz frequency range from 3450-3650 MHz. Existing wireless licensees in this range that meet all of their conditions of licence were eligible to be issued flexible use licences covering the same geographic area for the following spectrum amounts:

- any licensee that holds 75 MHz of existing spectrum or more will be eligible to apply for 60 MHz;
- any licensee that holds 50 MHz of existing spectrum will be eligible to apply for 50 MHz; and
- all other licensees will be eligible to apply for 20 MHz.

Rogers and Bell previously held 3500 MHz spectrum licences across the country in Inukshuk™, a partnership between the two companies. Inukshuk held between 100-175 MHz of 3500 MHz spectrum in most major urban markets in Canada. Because Inukshuk held 75 or more MHz of 3500 MHz spectrum in each of the top 10 service areas in Canada by population, it was eligible to retain 60 MHz in those areas. In September 2020, Rogers and Bell unwound Inukshuk and transferred to each partner 50% of Inukshuk's 3500 MHz holdings. As such, in accordance with the Decision and the transfer, Rogers in effect, will retain 30 MHz of 3500 MHz spectrum licences for re-designation to flexible use licences in each of the top 10 service areas in Canada by population.

Because much of the 3500 MHz spectrum band is currently in use, the 2019 Decision set out a transition process to protect existing users and new licensees from interference as they transition to new flexible use licences. The transition process will follow a six-month cycle and last approximately five years.

ISED Canada's 3500 MHz spectrum licence auction began on June 15, 2021 and ended on July 23, 2021. The results were

publicly released on July 29, 2021. Twenty-three companies participated in the auction and 1,495 of 1,504 licences were awarded to fifteen of those participants, with a total value of \$8.91 billion. We won 325 licences across the country at a cost of \$3.3 billion. We made our first deposit of \$665 million on August 13, 2021 and had expected to make final payment and receive the spectrum licences on October 4, 2021.

On September 22, 2021, due to concerns of possible interference between the frequency bands used for 5G communications and the bands used for certain aviation navigation tools, ISED Canada published its *Addendum to Consultation on Amendments to SRSP-520, Technical Requirements for Fixed and/or Mobile Systems, Including Flexible Use Broadband Systems, in the Band 3450-3650 MHz*, thereby delaying the issuance of, and final payment for, the spectrum licences.

In November 2021, ISED Canada published an updated version of SRSP-520, which imposes measures to address the protection of certain aviation navigation tools from interference. The revised date for final payment and issuance of the spectrum licences was December 17, 2021. We took possession of these licences after making final payment.

On August 27, 2020, ISED Canada launched its *Consultation on the Technical and Policy Framework for the 3650-4200 MHz Band and Changes to the Frequency Allocation of the 3500-3650 MHz Band* to address potential changes to the spectrum utilization policy, band plans, and the technical and policy considerations to optimize the use of the 3700-4200 MHz bands to support 5G wireless technologies deployment. On May 21, 2021, ISED Canada released its *Decision on the Technical and Policy Framework for the 3650-4200 MHz Band and Changes to the Frequency Allocation of the 3500-3650 MHz Band*, announcing the decision to repurpose the 3800 MHz spectrum band to support 5G services. On December 17, 2021, ISED Canada launched a follow-up proceeding, *Consultation on a Policy and Licensing Framework for Spectrum in the 3800 MHz band*, to determine the auction format and rules. Initial comments were due on February 15, 2022. The 3800 MHz auction is expected to take place in early 2023.

TRANSFERS, DIVISIONS, AND SUBORDINATE LICENSING OF SPECTRUM LICENCES

In June 2013, ISED Canada released Framework Relating to Transfers, Divisions and Subordinate Licensing of Spectrum Licences for Commercial Mobile Spectrum. The Framework lays out the criteria ISED Canada will consider and the processes it will use when it reviews spectrum licence transfers, including prospective transfers that could arise from purchase or sale options and other agreements. Key items to note are that:

- ISED Canada will review all spectrum transfer requests, and will not allow any that result in "undue spectrum concentration" and reduced competition. Decisions will be made on a case-by-case basis and will be issued publicly to increase transparency; and
- licensees must ask for a review within 15 days of entering into any agreement that could lead to a prospective transfer. ISED Canada will review the agreement as though the licence transfer that could arise from it has been made.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

CRTC WIRELESS CODE OF CONDUCT

In June 2013, the CRTC issued its Wireless Code of Conduct (Wireless Code) that came into effect in December 2013. The Wireless Code imposes several obligations on wireless carriers, including maximum contract term length, roaming bill caps, device unlocking requirements, and contract summaries. It also lays out the rules for device subsidies and early cancellation fees. Under the Wireless Code, if a customer cancels a contract early, carriers can only charge the outstanding balance of the device subsidy they received, which decreases by an equal amount every month over no more than 24 months.

On June 15, 2017, the CRTC released its decision on the three-year review of the Wireless Code (Telecom Regulatory Policy CRTC 2017-200, *Review of the Wireless Code*). The CRTC determined that as of December 1, 2017, all individual and small business wireless service customers will have the right to have their cellular phones and other mobile devices unlocked, free of charge, upon request. In addition, all newly purchased devices must be provided unlocked from that day forward. The CRTC also determined that for family or shared plans (multi-line plans), the account holder must, by default, be the one who consents to data overage and data roaming charges beyond the established caps (\$50 and \$100 per month, respectively). Wireless service providers may, however, allow account holders to authorize other users on a family or shared plan to consent to additional charges. The CRTC also made clear that in all instances, the caps apply on a per account basis, regardless of the number of devices, for multi-line plans and individual lines on the account.

In July 2019, Rogers introduced wireless device financing agreements with both 24- and 36-month terms. On August 30, 2019, the CRTC initiated Telecom Notice of Consultation CRTC 2019-309, *Show cause proceeding and call for comments - The Wireless Code - Device financing plans, to consider whether device financing plans, including those with terms longer than 24 months, are compliant with the Wireless Code*. We voluntarily ceased offering device financing arrangements with terms greater than 24 months at that time. Final reply submissions were filed on October 29, 2019. On March 4, 2021, the CRTC released Telecom Decision CRTC 2021-98, *Wireless Code - Application to device financing plans*, confirming that the Wireless Code does apply to device financing plans sold with a wireless service plan and that device financing plans must comply with all relevant protections of the Wireless Code. The CRTC also established that device financing plans are similar to device subsidies when determining early cancellation fees under the Wireless Code.

TOWER SHARING POLICY

In March 2013, ISED Canada released Revised Frameworks for Mandatory Roaming and Antenna Tower and Site Sharing, concluding a consultation initiated in 2012. It sets out the current rules for tower and site sharing, among other things. The key terms of the tower and site sharing rules are:

- all holders of spectrum licences, radio licences, and broadcasting certificates must share towers and antenna sites, where technically feasible, at commercial rates; and
- the timeframe for negotiating agreements is 60 days, after which arbitration according to ISED Canada arbitration rules will begin.

In Telecom Regulatory Policy 2015-177, *Regulatory framework for wholesale mobile wireless services*, released in May 2015, the CRTC determined that it would not mandate or require general wholesale tariffs for tower and site sharing. At the same time, it determined that its existing powers and processes are sufficient to address tower and site sharing disputes related to rates, terms, and conditions. As a result, carriers may use the arbitration process established by ISED Canada, or they may request the CRTC to intervene in the event that tower and site sharing negotiations fail.

POLICY DIRECTION TO THE CRTC ON TELECOMMUNICATIONS

On February 26, 2019, the Minister of Innovation, Science and Economic Development tabled a Proposed Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation. The Direction signals the government's intention to require the CRTC to consider competition, affordability, consumer interests, and innovation in its telecommunications decisions and to demonstrate to Canadians in those decisions that it has done so.

On June 17, 2019, the *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives to Promote Competition, Affordability, Consumer Interests and Innovation* came into effect after review and revision. It requires the CRTC to consider competition, affordability, consumer interests, and innovation in its telecommunications decisions and to demonstrate to Canadians in those decisions that it has done so.

CRTC REVIEW OF MOBILE WIRELESS SERVICES

On February 28, 2019, through Telecom Notice of Consultation CRTC 2019-57, *Review of mobile wireless services*, the CRTC initiated its five-year review to examine the state of the mobile wireless market and to determine whether further action is required to improve choice and affordability for Canadians. After extensive written submissions were filed in 2019, a two-week oral hearing began on February 18, 2020. Final written submissions were filed on July 15, 2020.

On April 15, 2021 the CRTC issued Telecom Regulatory Policy 2021-130, *Review of mobile wireless services*. The CRTC mandated wholesale mobile virtual network operator (MVNO) access, seamless handoff for mandated wholesale roaming, and new mandatory low-cost and occasional-use retail rate plans; however, mandated MVNO access will only be provided if certain conditions are met as described briefly below.

The CRTC decided that mandated wholesale MVNO access must be offered by the national carriers, and SaskTel in Saskatchewan, but only made available to eligible regional wireless carriers that hold mobile spectrum licences, and only in the areas that are covered by their licences. The terms and conditions associated with mandated MVNO access must be approved by the CRTC, while rates will be subject to commercial negotiation, backstopped by final offer arbitration, with the CRTC acting as arbitrator. Mandated MVNO access will be limited to a seven-year period commencing on the date the CRTC finalizes the terms and conditions. This time limit is intended to provide the regional carriers sufficient time to expand their networks while maintaining investment incentives.

The national wireless carriers must also provide seamless handoff as part of the mandatory roaming they must offer to the regional wireless carriers. Seamless handoff will ensure that calls in progress are not dropped when customers travel outside their home network coverage and into the coverage of their roaming provider. The CRTC also directed the national wireless carriers to offer 5G roaming where the roaming network offers 5G service on its own network and to file proposed revised terms and conditions within 90 days for CRTC approval.

Finally, the CRTC mandated retail rate plans for low-cost and occasional use. These plans were implemented on July 14, 2021.

CABLE

COPYRIGHT RETRANSMISSION OF DISTANT SIGNALS

Pursuant to section 31(2) of the Copyright Act, television service providers are permitted to retransmit programming within distant over-the-air television signals as part of a compulsory licensing regime. Rates for the distribution of the programming are established through negotiation or set by the Copyright Board. Distributors and content providers (the Collectives) were unable to agree on a new rate for the distribution of distant signals after the expiration of the then-current agreement in 2013. A proceeding was initiated by the Copyright Board in 2015 and a decision was rendered on December 18, 2018. The decision increased the rate paid by broadcast distribution undertakings (BDUs) by approximately 8% for 2014, a further 7.5% for 2015, and a further 2.5% for 2016, with 2017 and 2018 held constant at the 2016 rate. For the period of 2019 to 2023, an interim rate was set at the 2016 rate of \$1.17.

The Collectives appealed the Copyright Board's decision on the 2014 to 2018 rates, seeking to have the rates increased to an average of approximately \$2.20 for the five-year period. On July 22, 2021, the Federal Court of Appeal (Court) released a decision in which it determined the 2014 and 2015 rates would be final but agreed with the Collectives that errors were made with respect to the 2016 to 2018 rates. The Copyright Board could hold a new proceeding as soon as early 2022 to determine the rates from 2016 onwards. In the meantime, the BDUs, including Rogers, have filed a motion for Leave to Appeal the Court's decision with the Supreme Court of Canada. Due to the significant uncertainty surrounding both the outcome and the amount, if any, we might have to pay, we have not recorded a liability for this contingency at this time. The fees we currently pay the Collectives are not material.

DIFFERENTIAL PRICING RELATED TO INTERNET DATA PLANS

On April 20, 2017, the CRTC released Telecom Regulatory Policy CRTC 2017-104, *Framework for assessing the differential pricing practices of Internet service providers*, setting out the evaluation criteria it will apply to determine whether a specific differential pricing practice complies with subsection 27(2) of the Telecommunications Act on a case-by-case basis, as follows:

- the degree to which the treatment of data is agnostic (i.e., data is treated equally regardless of its source or nature);
- whether the offering is exclusive to certain customers or certain content providers;
- the impact on Internet openness and innovation; and
- whether there is financial compensation involved.

Of these criteria, the degree to which data is treated agnostically will generally carry the most weight. The overriding expectation is that all content and applications will be treated in a neutral manner. Zero-rating of account management functions (e.g., monitoring of Internet data usage or the payment of bills online) will generally be permitted.

WHOLESALE INTERNET COSTING AND PRICING

On August 15, 2019, in Telecom Order CRTC 2019-288, *Follow-up to Telecom Orders 2016-396 and 2016-448 - Final rates for aggregated wholesale high-speed access services* (2019 Order), the CRTC set final rates for facilities-based carriers' wholesale HAS, including Rogers' TPIA service. The 2019 Order set final rates for Rogers that are significantly lower than the interim rates that were previously billed and it further determined that these final rates will apply retroactively to March 31, 2016. We do not believe the final rates set by the CRTC are just and reasonable as required by the *Telecommunications Act* as we believe they are below cost.

On September 13, 2019, Rogers, in conjunction with the other large Canadian cable companies (Cable Carriers), filed a motion for Leave to Appeal pursuant to Section 64(1) of the *Telecommunications Act* with the Federal Court of Appeal (Court) and an associated motion for an interlocutory Stay of the 2019 Order. On November 22, 2019, the Court granted Leave to Appeal and an interlocutory Stay of the 2019 Order. On September 10, 2020, the Court dismissed the Cable Carriers' appeal and simultaneously vacated the interlocutory Stay previously granted.

On November 13, 2019, Rogers, again in conjunction with the other Cable Carriers, filed an appeal of the 2019 Order with the Federal Cabinet, pursuant to Section 12(1) of the *Telecommunications Act*, asking the Cabinet to order the CRTC to reconsider its August 15, 2019 decision in conjunction with the CRTC's previously announced review of the entire wholesale regulatory framework. On August 15, 2020, the Federal Cabinet recognized that the final rates did not always appropriately balance the policy objectives of the wholesale network and were concerned that they would undermine investment in high-quality networks. They however decided not to refer the matter back to the CRTC, given that the matter was already before them as a result of the review and vary application filed by Rogers and the other Cable Carriers.

On December 13, 2019, Rogers, again in conjunction with the other Cable Carriers, filed an Application with the CRTC seeking review and variance and stay of the 2019 Order pursuant to sections 27(1), 61(2), and 62 of the *Telecommunications Act*, Part 1 of the *Canadian Radio-television and Telecommunications Commission Rules of Practice and Procedure*, and Telecommunications Information Bulletin CRTC 2011-214, *Revised Guidelines for review and vary applications*. Specifically, we seek:

- a) review and variance of the methodology and the resulting rates approved for the Cable Carriers' aggregated wholesale HAS in the 2019 Order in conjunction with the CRTC's planned review of its approach to setting the rates for wholesale telecommunications services generally;
- b) review and variance of the determination in the 2019 Order regarding retroactivity such that any new wholesale rates for Cable Carrier HAS services apply only on a prospective basis; and

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- c) in the event that the interlocutory stay of the 2019 Order granted by the Federal Court of Appeal is terminated or varied, an interim stay of the 2019 Order pending completion of the Commission's determinations in respect of both (a) and (b) above.

On September 28, 2020, the CRTC issued a Stay of Order 2019-288 pending review of the appropriateness of the rates established in the 2019 Order. On November 12, 2020, Rogers, again in conjunction with the other Cable Carriers, filed a motion for Leave to Appeal the Court's decision with the Supreme Court of Canada. The Supreme Court of Canada dismissed the request for Leave on February 25, 2021 without reasons.

On May 27, 2021, the CRTC released Telecom Decision CRTC 2021-181 *Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services* (2021 Decision) in which it adopted the interim rates in effect prior to the 2019 Order as the final rates, with certain modifications, including the removal of the supplementary markup of 10% for incumbent local exchange carriers.

On May 28, 2021, a wholesale ISP petitioned the Governor in Council to, among other things, restore the 2019 Order and make the rates established in that order final. In addition, on June 28, 2021, the same wholesale ISP filed a motion seeking leave to appeal the 2021 Decision to the Federal Court of Appeal, which was granted on September 15, 2021. We, along with several other cable companies, have intervened in these matters.

CRTC INTERNET CODE

On July 31, 2019, the CRTC released Telecom Regulatory Policy CRTC 2019-269, *The Internet Code*, establishing a mandatory code of conduct (Code) for large facilities-based ISPs that applies to the companies' provision of fixed wireline Internet access services to individual customers. As is the case for the Wireless, Deposit and Disconnection, and Television Service Provider Codes already in place, the Commission for Complaints for Telecom-television Services Inc. (CCTS) will administer the Code. The Code came into effect on January 31, 2020.

CRTC REVIEW OF WHOLESALE WIRELINE TELECOMMUNICATIONS SERVICES

On July 22, 2015, the CRTC released its decision on the regulatory framework for wholesale wireline services (Telecom Regulatory Policy 2015-326, *Review of wholesale wireline services and associated policies*), determining which wireline services, and under what terms and conditions, facilities-based telecommunications carriers must make available to other telecommunications service providers, such as resellers. The CRTC determined that wholesale high-speed access services, which are used to support retail competition for services, such as local phone, television, and Internet access, would continue to be mandated. The provision of provincially aggregated services, however, would no longer be mandated and would be phased out in conjunction with the implementation of a disaggregated service with connections at telephone company central offices and cable company head-ends. The requirement to implement disaggregated wholesale high-speed access services will include making them available over fibre-to-the-premises (FTTP) access facilities. Regulated rates will continue to be based on long-run increment cost studies.

On September 20, 2016, the CRTC released Telecom Decision CRTC 2016-379, *Follow-up to Telecom Regulatory Policy 2015-326 - Implementation of a disaggregated wholesale high-speed access service, including over fibre-to-the premises access facilities*, addressing the technical implementation of new, disaggregated, high-speed access TPIA, a service that will provide access to FTTP facilities as ordered in the CRTC's July 22, 2015 ruling. The decision is consistent with the positions submitted by Rogers in our filings. Proposed tariffs and supporting cost studies for the new service were filed on January 9, 2017, with further information filed later in 2017 and 2018. A decision on final rates was anticipated in 2020 but was temporarily suspended on June 11, 2020 by CRTC Telecom Notice of Consultation 2020-187, *Call for comments - Appropriate network configuration for disaggregated wholesale high-speed access services*. Initial comments for this proceeding were filed on October 5, 2020 and reply comments were filed on December 7, 2020.

CRTC REVIEW OF LOCAL AND COMMUNITY PROGRAMMING

On June 15, 2016, the CRTC released Broadcasting Regulatory Policy CRTC 2016-224, *Policy framework for local and community television*. The CRTC created a new model for BDU contributions to Canadian programming that took effect on September 1, 2017. Annual contributions will remain at 5% of annual gross broadcasting revenues; however, of that amount, in all licensed cable systems, up to 1.5% (rather than the previous 2%) can be used to fund community channel programming. Of this revenue, 0.3% must now go to a newly created Independent Local News Fund for independently owned local TV stations, and the remaining funding will continue to go to the Canada Media Fund and independent production funds. This decision provides the flexibility for BDUs that operate community channels in large markets (Montreal, Toronto, Edmonton, Calgary, and Vancouver) to now direct their community channel revenues from those markets to fund either community channel programming in smaller markets, or to fund local news on TV stations (such as Citytv, in the case of Rogers). Rogers has closed its Greater Toronto Area community channels and redirected these revenues.

TELEVISION SERVICES DISTRIBUTION

On March 19, 2015, the CRTC released the third of its decisions related to its Let's Talk TV proceeding. The CRTC ordered distributors to offer customers an option for a small basic service consisting only of Canadian local channels (local radio is optional), national mandatory services, community and provincial legislature channels, and, should they wish, US 4+1 networks beginning March 1, 2016. The retail rate for this entry-level service will be capped at \$25 per month (excluding equipment). Effective March 1, 2016, we began offering a small basic service consisting of Canadian local channels, national mandatory services, community and provincial legislature channels, and the US 4+1 networks.

The CRTC also adopted phased-in requirements for selling channels to customers "à la carte" and as part of "pick-packs". All channels above the basic tier must be offered on an à la carte basis and in smaller, reasonably priced packages as of December 2016. As a BDU, we are permitted to continue to offer our existing basic service and programming packages. The CRTC also revised its

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existing “preponderance” rule so that consumers will have to be offered, but will not have to receive, a majority of Canadian services.

A number of changes to the Wholesale Code (formerly the Vertical Integration (VI) Code) addressing, amongst other matters, penetration-based rate cards and minimum guarantees were also made. All licensed programmers and BDUs are to comply with the Wholesale Code, which came into effect on January 22, 2016.

The decision also addressed rules for distribution of foreign services authorized for distribution in Canada, including requirements that foreign services make their channels available “à la carte” and in “pick-packs” or in smaller pre-assembled packages and abide by the Wholesale Code. Access rules for VI-owned services and independent services, channel packaging, and buy-through rules for multicultural services were also addressed.

On March 26, 2015, in the final decision related to Let’s Talk TV, the CRTC announced plans to establish a Television Service Provider (TVSP) Code of Conduct to govern certain aspects of the relationship between TVSPs and their customers as well as to allow consumers to complain to the Commissioner for Complaints for Telecommunications Services about their providers which came into effect on September 1, 2017.

ROGERS CABLE TV LICENCE RENEWALS

On August 2, 2018, in Broadcasting Decision CRTC 2018-265, *Rogers - Licence renewal for various terrestrial broadcasting*

distribution undertakings, the CRTC renewed Rogers’ Broadcasting Distribution Undertaking licences in Ontario and Atlantic Canada for a full seven-year licence term with conditions substantially consistent with Rogers’ application.

CRTC PROCEEDING ON FUTURE PROGRAMMING DISTRIBUTION MODELS

On October 12, 2017, prompted by Order in Council P.C. 2017-1195, the CRTC initiated a proceeding (Broadcasting Notice of Consultation CRTC 2017-359, *Call for comments on the Governor in Council’s request for a report on future programming distribution models*) to report on the distribution model or models of programming that are likely to exist in the future; how and through whom Canadians will access that programming; and the extent to which these models will ensure a vibrant domestic market that is capable of supporting the continued creation, production, and distribution of Canadian programming, in both official languages, including original entertainment and information programming.

On May 30, 2018, the CRTC issued its report on future programming distribution models requested by the government in September 2017 through Order in Council P.C. 2017-1195. The report proposes new tools and regulatory approaches to support the production and promotion of audio and video content made by and for Canadians. The report will inform the government’s review of the Broadcasting Act and Telecommunications Act.

Other Information

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Management makes judgments, estimates, and assumptions that affect how accounting policies are applied, the amounts we report in assets, liabilities, revenue, and expenses, and our related disclosure about contingent assets and liabilities. Significant changes in our assumptions, including those related to our future business plans and cash flows, could materially change the amounts we record. Actual results could be different from these estimates.

These estimates are critical to our business operations and understanding our results of operations. We may need to use additional judgment because of the sensitivity of the methods and assumptions used in determining the asset, liability, revenue, and expense amounts.

ESTIMATES

REVENUE FROM CONTRACTS WITH CUSTOMERS

Determining the transaction price

The transaction price is the amount of consideration that is enforceable and to which we expect to be entitled in exchange for the goods and services we have promised to our customer. We determine the transaction price by considering the terms of the contract and business practices that are customary within that particular line of business. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

Determining the stand-alone selling price and the allocation of the transaction price

The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account reasonably available information relating to the market conditions, entity-specific factors, and the class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which Rogers is entitled. Any amounts above the minimum enforceable amounts are recognized as revenue as they are earned.

FAIR VALUE

We use estimates to determine the fair value of assets acquired and liabilities assumed in an acquisition, using the best available information, including information from financial markets. These estimates include key assumptions such as discount rates, attrition rates, and terminal growth rates for performing discounted cash flow analyses.

LEASES

We estimate the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option. We make certain qualitative and quantitative assumptions when deriving the value of the economic incentive.

USEFUL LIVES

We depreciate the cost of property, plant and equipment over their estimated useful lives by considering industry trends and company-specific factors, including changing technologies and expectations for the in-service period of certain assets at the time. We reassess our estimates of useful lives annually, or when circumstances change, to ensure they match the anticipated life of the technology from a revenue-producing perspective. If technological change happens more quickly, or in a different way, than anticipated, we might have to reduce the estimated life of property, plant and equipment, which could result in a higher depreciation expense in future periods or an impairment charge to write down the value. We monitor and review our depreciation rates and asset useful lives at least once a year and change them if they are different from our previous estimates. We recognize the effect of changes in estimates in net income prospectively.

CAPITALIZING DIRECT LABOUR, OVERHEAD, AND INTEREST

Certain direct labour, overhead, and interest costs associated with the acquisition, construction, development, or improvement of our networks are capitalized to property, plant and equipment. The capitalized amounts are calculated based on estimated costs of projects that are capital in nature, and are generally based on a per-hour rate. In addition, interest costs are capitalized during development and construction of certain property, plant and equipment. Capitalized amounts increase the cost of the asset and result in a higher depreciation expense in future periods.

IMPAIRMENT OF ASSETS

Indefinite-life intangible assets (including goodwill and spectrum and/or broadcast licences) are assessed for impairment on an annual basis, or more often if events or circumstances warrant, and finite-life assets (including property, plant and equipment and other intangible assets) are assessed for impairment if events or circumstances warrant. The recoverable amount of a cash-generating unit (CGU) involves significant estimates such as future cash flows, terminal growth rates, and discount rates. If key estimates differ unfavourably in the future, we could experience impairment charges that could decrease net income.

FINANCIAL INSTRUMENTS

The fair values of our derivatives are recorded using an estimated credit-adjusted mark-to-market valuation. If the derivatives are in an asset position (i.e. the counterparty owes Rogers), the credit spread for the bank counterparty is added to the risk-free discount rate to determine the estimated credit-adjusted value. If the derivatives are in a liability position (i.e. Rogers owes the counterparty), our credit spread is added to the risk-free discount rate. The estimated credit-

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adjusted value of derivatives requires assessment of the credit risk of the parties to the instruments and the instruments' discount rates.

For all derivative instruments where hedge accounting is applied, we are required to ensure that the hedging relationships meet hedge effectiveness criteria. Hedge effectiveness testing requires the use of both judgments and estimates.

PENSION BENEFITS

When we account for defined benefit pension plans, assumptions are made in determining the valuation of benefit obligations. Assumptions and estimates include the discount rate, the rate of future compensation increase, and the mortality rate. Changes to these primary assumptions and estimates would affect the pension expense, pension asset and liability, and other comprehensive income. Changes in economic conditions, including financial markets and interest rates, may also have an impact on our pension plans, as there is no assurance that the plans will be able to earn the assumed rate of return. Market-driven changes may also result in changes in the discount rates and other variables that could require us to make contributions in the future that differ significantly from the current contributions and assumptions incorporated into the actuarial valuation process.

Below is a summary of the effect an increase or decrease in the primary assumptions and estimates would have had on our accrued benefit obligation as at December 31, 2021.

(In millions of dollars)	Increase (decrease) in accrued benefit obligation
Discount rate	
Impact of 0.5% increase	(251)
Impact of 0.5% decrease	285
Rate of future compensation increase	
Impact of 0.25% increase	17
Impact of 0.25% decrease	(17)
Mortality rate	
Impact of 1 year increase	67
Impact of 1 year decrease	(72)

STOCK-BASED COMPENSATION

Stock option plans

Our employee stock option plans attach cash-settled share appreciation rights (SARs) to all new and previously granted options. The SAR feature allows the option holder to elect to receive a cash payment equal to the intrinsic value of the option, instead of exercising the option and acquiring Class B Non-Voting Shares. We measure stock-based compensation to employees at fair value. We determine the fair value of options using our Class B Non-Voting Share price and option pricing models, and record all outstanding stock options as liabilities. The liability is marked to market each period and is amortized to expense using a graded vesting approach over the period during which employee services are rendered, or over the period to the date an employee is eligible to retire, whichever is shorter. The expense in each period is affected by the change in the price of our Class B Non-Voting Shares during the period.

Restricted share unit (RSU) and deferred share unit (DSU) plans

We recognize outstanding RSUs and DSUs as liabilities, measuring the liabilities and compensation costs based on the awards' fair values, which are based on the market price of the Class B Non-Voting Shares, and recognizing them as charges to operating costs over the vesting period of the awards. If an award's fair value changes after it has been granted and before the exercise date, we recognize the resulting changes in the liability within operating costs in the year the change occurs. For RSUs, the payment amount is established as of the vesting date. For DSUs, the payment amount is established as of the exercise date.

JUDGMENTS

REVENUE FROM CONTRACTS WITH CUSTOMERS

Distinct goods and services

We make judgments in determining whether a promise to deliver goods or services is considered distinct. We account for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. For items we do not sell separately, we estimate stand-alone selling prices using the adjusted market assessment approach.

Determining costs to obtain or fulfill a contract

Determining the costs we incur to obtain or fulfill a contract that meet the deferral criteria within IFRS 15 requires us to make significant judgments. We expect incremental commission fees paid to internal and external representatives as a result of obtaining contracts with customers to be recoverable.

Residual value arrangements

Under certain customer offers, we allow customers to defer a component of the device cost until contract termination. We use judgment in determining whether these arrangements constitute revenue-generating arrangements or leases. In making this determination, we use judgment to assess the extent of control over the devices that passes to our customer, including whether the customer has a significant economic incentive at contract inception to return the device at contract termination.

LEASES

We make judgments in determining whether a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide us with the right to substantially all of the economic benefits from the use of the asset.

We also make judgments in determining whether or not we have the right to control the use of the identified asset. We have that right when we have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decisions about how and for what purpose the asset is used are predetermined, we have the right to direct the use of the asset if we have the right to operate the asset or if we designed the asset in a way that predetermines how and for what purpose the asset will be used.

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We make judgments in determining the incremental borrowing rate used to measure our lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest that we would have to pay to borrow at a similar term and with a similar security.

Certain of our leases contain extension or renewal options that are exercisable only by us and not by the lessor. At lease commencement, we assess whether we are reasonably certain to exercise any of the extension options based on our expected economic return from the lease. We typically exercise extension options on our leases, especially related to our networks, primarily due to the significant cost that would be required to relocate our network towers and related equipment. We periodically reassess whether we are reasonably certain to exercise the options and account for any changes at the date of the reassessment.

USEFUL LIVES AND DEPRECIATION AND AMORTIZATION METHODS

We make significant judgments in choosing methods for depreciating our property, plant and equipment that we believe most accurately represent the consumption of benefits derived from those assets and are most representative of the economic substance of the intended use of the underlying assets.

We amortize the cost of intangible assets with finite lives over their estimated useful lives. We review their useful lives, residual values, and the amortization methods at least once a year.

We do not amortize intangible assets with indefinite lives (spectrum licences, broadcast licences, and certain brand names) as there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows for us. We make judgments to determine that these assets have indefinite lives, analyzing all relevant factors, including the expected usage of the asset, the typical life cycle of the asset, and anticipated changes in the market demand for the products and services the asset helps generate. After review of the competitive, legal, regulatory, and other factors, it is our view that these factors do not limit the useful lives of our spectrum licences, broadcast licences, and certain brand names.

Judgment is also applied in choosing methods for amortizing our intangible assets and program rights that we believe most accurately represent the consumption of those assets and are most representative of the economic substance of the intended use of the underlying assets.

IMPAIRMENT OF ASSETS

We make judgments in determining CGUs and the allocation of goodwill to CGUs or groups of CGUs for the purpose of impairment testing. The allocation of goodwill involves considerable management judgment in determining the CGUs (or groups of CGUs) that are expected to benefit from the synergies of a business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and indefinite-life intangible assets are allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which is not higher than an operating segment.

RESTRUCTURING, ACQUISITION AND OTHER COSTS

We make significant judgments in determining the appropriate classification of costs to be included in restructuring, acquisition and other.

HEDGE ACCOUNTING

We make significant judgments in determining whether our financial instruments qualify for hedge accounting, including our determination of hedge effectiveness. These judgments include assessing whether the forecast transactions designated as hedged items in hedging relationships will materialize as forecast, whether the hedging relationships designated as effective hedges for accounting purposes continue to qualitatively be effective, and determining the methodology to determine the fair values used in testing the effectiveness of hedging relationships.

SEGMENTS

We make significant judgments in determining our operating segments. These are components that engage in business activities from which they may earn revenue and incur expenses, for which operating results are regularly reviewed by our chief operating decision makers to make decisions about resources to be allocated and to assess component performance, and for which discrete financial information is available.

INCOME TAXES AND OTHER TAXES

We accrue income and other tax provisions based on information currently available in each of the jurisdictions in which we operate. While we believe we have paid and provided for adequate amounts of tax, our business is complex and significant judgment is required in interpreting how tax legislation and regulations apply to us. Our tax filings are subject to audit by the relevant government revenue authorities and the results of the government audit could materially change the amount of our actual income tax expense, income tax payable or receivable, other taxes payable or receivable, and deferred income tax assets and liabilities and could, in certain circumstances, result in the assessment of interest and penalties.

CONTINGENCIES

Considerable judgment is involved in the determination of contingent liabilities. Our judgment is based on information currently known to us, and the probability of the ultimate resolution of the contingencies. If it becomes probable that a contingent liability will result in an outflow of economic resources, we will record a provision in the period the change in probability occurs. The amount of the loss involves judgment based on information available at that time. Any provision recognized for a contingent liability could be material to our consolidated financial position and results of operations.

ONEROUS CONTRACTS

Significant judgment is required to determine when we are subject to unavoidable costs arising from onerous contracts. These judgments may include, for example, whether a certain promise is legally binding or whether we may be successful in negotiations with the counterparty.

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TRANSACTIONS WITH RELATED PARTIES

We have entered into certain transactions in the normal course of business with related parties in which we have an equity interest, being primarily MLSE (primarily broadcasting rights) and Glentel (Wireless distribution support). The amounts received from or paid to these parties were as follows:

(In millions of dollars)	Years ended December 31		
	2021	2020	% Chg
Revenue	31	26	19
Purchases	180	121	49

We have entered into business transactions with Transcontinental Inc., a company that provides us with printing and prepress services. Isabelle Marcoux, C.M., is chair of the board of Transcontinental Inc. and was a Director of RCI until June 2021.

(In millions of dollars)	Years ended December 31	
	2021	2020
Printing and prepress services	3	4

We have also entered into business transactions with companies controlled by our Directors Michael J. Cooper and John C. Kerr, which, as a result of the Board reconstitution in October 2021, are now related parties. These companies include Dream Unlimited Corp. and Vancouver Professional Baseball LLP, respectively. Dream Unlimited Corp. is a real estate company that rents spaces in office and residential buildings. Vancouver Professional Baseball LLP controls the Vancouver Canadians, the Toronto Blue Jays' High-A affiliate minor league team. Total amounts paid to these related parties during the period from October 2021 to December 2021 were nominal.

We have also entered into certain transactions with the Trust and companies it controls. These transactions are subject to formal agreements approved by the Audit and Risk Committee. Total amounts paid to these related parties generally reflect the charges to Rogers for occasional business use of aircraft, net of other administrative services, and were less than \$1 million for each of 2021 and 2020.

These transactions are measured at the amount agreed to by the related parties, which are also reviewed by the Audit and Risk Committee. The amounts owing are unsecured, interest-free, and due for payment in cash within one month from the date of the transaction.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN 2021

We adopted the following IFRS amendments in 2021. They did not have a material effect on our financial statements.

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, and IFRS 7)*, addressing issues that might affect

financial reporting after the reform of an interest rate benchmark. There is significant uncertainty over the timing of when the replacements for IBORs will be effective and what those replacements will be. We will actively monitor the IBOR reform and consider circumstances as we renew or enter into new financial instruments.

- Amendments to IFRS 16, *Leases*, allowing lessees to not assess whether a COVID-19-related rent concession is a lease modification.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The IASB has issued the following new standard and amendments that will become effective in future years and could have an impact on our consolidated financial statements in future periods:

- IFRS 17, *Insurance Contracts*, a replacement of IFRS 4, *Insurance Contracts*, that aims to provide consistency in the application of accounting for insurance contracts (January 1, 2023).
- Amendments to IFRS 3, *Business Combinations - Updating a Reference to the Conceptual Framework*, updating a reference in IFRS 3 to now refer to the Conceptual Framework (January 1, 2022).
- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before intended use*, prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations (January 1, 2022).
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts*, specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract (January 1, 2022).
- Amendments to IAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*, clarifying the classification requirements in the standard for liabilities as current or non-current (January 1, 2023).
- Amendments to IAS 1, *Presentation of Financial Statements - Disclosure of Accounting Policies*, requiring entities to disclose material, instead of significant, accounting policy information (January 1, 2023).
- Amendments to IAS 8, *Accounting Policies - Changes in Accounting Estimates and Errors*, clarifying the definition of "accounting policies" and "accounting estimates" (January 1, 2023).
- Amendments to IAS 12, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023).

We do not expect IFRS 17, *Insurance Contracts*, or the amendments effective January 1, 2022, will have an effect on our consolidated financial statements. We are assessing the impacts, if any, the remaining amendments will have on our consolidated financial statements; however we currently do not expect any material impacts.

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KEY PERFORMANCE INDICATORS

We measure the success of our strategy using a number of key performance indicators, which are outlined below. We believe these key performance indicators allow us to appropriately measure our performance against our operating strategy and against the results of our peers and competitors. The following key performance indicators are not measurements in accordance with IFRS and should not be considered alternatives to net income or any other measure of performance under IFRS. They include:

- subscriber counts;
 - Wireless;
 - Cable; and
 - homes passed (Cable);
- Wireless subscriber churn (churn);
- Wireless blended average billings per user (ABPU);
- Wireless blended average revenue per user (ARPU);
- Cable average revenue per account (ARPA);
- Cable customer relationships;
- Cable market penetration (penetration);
- capital intensity;
- total service revenue;
- dividend payout ratios; and
- return on assets.

SUBSCRIBER COUNTS

We determine the number of subscribers to our services based on active subscribers. When subscribers are deactivated, either voluntarily or involuntarily for non-payment, they are considered deactivations in the period the services are discontinued. We use subscriber counts to measure our core business performance and ability to benefit from recurring revenue streams. We use homes passed (Cable) as a measure for our potential market penetration within a defined geographical area.

Subscriber count (Wireless)

- A wireless subscriber is represented by each identifiable telephone number.
- We report wireless subscribers in two categories: postpaid and prepaid. Postpaid and prepaid include voice-only subscribers, data-only subscribers, and subscribers with service plans integrating both voice and data.
- Usage and overage charges for postpaid subscribers are billed a month in arrears. Prepaid subscribers cannot incur usage and/or overage charges in excess of their plan limits or account balance.
- Wireless prepaid subscribers are considered active for a period of 90 days from the date of their last revenue-generating usage.

Subscriber count (Cable)

- Cable Ignite TV and Internet subscribers are represented by a dwelling unit.
- When there is more than one unit in a single dwelling, such as an apartment building, each tenant with cable service is counted as an individual subscriber, whether the service is invoiced separately or included in the tenant's rent. Institutional units, such as hospitals or hotels, are each considered one subscriber.

- Cable Ignite TV and Internet subscribers include only those subscribers who have service installed and operating, and who are being billed accordingly.
- Subscriber counts exclude certain business services delivered over our fibre network and data centre infrastructure, and circuit-switched local and long distance voice services and legacy data services where access is delivered using leased third-party network elements and tariffed ILEC services.

Homes passed (Cable)

Homes passed are represented by the total number of addresses that either are Cable subscribers or are non-subscribers, but have the ability to access our cable services, within a defined geographical area. When there is more than one unit in a single dwelling, such as an apartment building, each unit that is a Cable subscriber, or has the ability to access our cable services, is counted as an individual home passed. Institutional or commercial units, such as hospitals or hotels, are each considered one home passed.

SUBSCRIBER CHURN

Subscriber churn (churn) is a measure of the number of subscribers that deactivated during a period as a percentage of the total subscriber base, usually calculated on a monthly basis. Subscriber churn measures our success in retaining our subscribers. We calculate it by dividing the number of Wireless subscribers that deactivated (usually in a month) by the aggregate numbers of subscribers at the beginning of the period. When used or reported for a period greater than one month, subscriber churn represents the sum of the number of subscribers deactivating for each period divided by the sum of the aggregate number of subscribers at the beginning of each period.

BLENDED AVERAGE BILLINGS PER USER (WIRELESS)

We use blended ABPU as a measure that approximates the average amount we invoice an individual subscriber on a monthly basis. Blended ABPU helps us identify trends and measure our success in attracting and retaining higher-value subscribers. Blended ABPU is also a non-GAAP ratio. See "Non-GAAP and Other Financial Measures" for more information about this measure.

BLENDED AVERAGE REVENUE PER USER (WIRELESS)

Blended ARPU helps us identify trends and measure our success in attracting and retaining higher-value subscribers. Blended ARPU is a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

AVERAGE REVENUE PER ACCOUNT (CABLE)

Average revenue per account (ARPA) measures total average spending by a single customer account on Cable products. We use it to identify trends and measure our success in attracting and retaining multiple-service accounts. ARPA is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

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CUSTOMER RELATIONSHIPS

Customer relationships are represented by dwelling units where at least one of our Cable services (i.e. Internet, legacy television or Ignite TV, and/or home phone) are installed and operating, and the service or services are billed accordingly. When there is more than one unit in one dwelling, such as an apartment building, each tenant with at least one of our Cable services is counted as an individual customer relationship, whether the service is invoiced separately or included in the tenant's rent. Institutional units, like hospitals or hotels, are each considered one customer relationship.

MARKET PENETRATION

Market penetration (penetration) measures our success at attracting new households to our brands and products within our network footprint. Market penetration is calculated by dividing customer relationships by homes passed. An increasing market penetration rate reflects more new customer relationships than new homes passed.

CAPITAL INTENSITY

Capital intensity allows us to compare the level of our capital expenditures to that of other companies within the same industry. Our capital expenditures do not include expenditures on spectrum licences or additions to right-of-use assets. We use it to evaluate the performance of our assets and when making decisions about capital expenditures. We believe that certain investors and analysts use capital intensity to measure the performance of asset purchases and construction in relation to revenue. Capital intensity is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

TOTAL SERVICE REVENUE

We use total service revenue to measure our core business performance from the provision of services to our customers separate from revenue generated from the sale of equipment we have acquired from device manufacturers and resold. Included in this metric is our retail revenue from Today's Shopping Choice and

the Toronto Blue Jays, which are also core to our business. We calculate total service revenue by subtracting equipment revenue from total revenue.

DIVIDEND PAYOUT RATIOS

We calculate the dividend payout ratio by dividing dividends declared for the year by net income or free cash flow for the year. We use dividends as a percentage of net income and free cash flow to conduct analysis and assist with determining the dividends we should pay. Dividend payout ratio of net income and dividend payout ratio of free cash flow are also supplementary financial measures. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of these measures.

RETURN ON ASSETS

We use return on assets to measure our efficiency in using our assets to generate net income. Return on assets is also a supplementary financial measure. See "Non-GAAP and Other Financial Measures" for an explanation as to the composition of this measure.

2022 KEY PERFORMANCE INDICATOR CHANGES

Effective January 1, 2022, we will begin disclosing mobile phone subscribers in Wireless, which will represent devices with voice-only or voice-and-data plans. Our current definition includes devices on data-only plans and customers who subscribe to our wireless home phone service. As a result, our definition of ARPU will also shift to mobile phone ARPU. We will also no longer report ABPU given the significant adoption of our wireless device financing program resulting in this metric being less meaningful.

In Cable, we will adjust our definition of an Internet subscriber such that it will only include retail Internet subscribers, which will represent customers who have Internet service installed and operating, and are being billed directly by us. Our current definition includes TPIA subscribers and Smart Home Monitoring subscribers.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

NON-GAAP AND OTHER FINANCIAL MEASURES

We use the following “non-GAAP financial measures” and other “specified financial measures” (each within the meaning of applicable Canadian securities laws). These are reviewed regularly by management and the Board in assessing our performance and making decisions regarding the ongoing operations of our business and its ability to generate cash flows. Some or all of these measures may also be used by investors, lending institutions, and credit rating agencies as indicators of our operating performance, of our ability to incur and service debt, and as measurements to value companies in the telecommunications sector. These are not standardized measures under IFRS, so may not be reliable ways to compare us to other companies.

Non-GAAP financial measures			
<i>Specified financial measure</i>	<i>How it is useful</i>	<i>How we calculate it</i>	<i>Most directly comparable IFRS financial measure</i>
Adjusted net income	<ul style="list-style-type: none"> To assess the performance of our businesses before the effects of the noted items, because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. 	Net income add (deduct) restructuring, acquisition and other; loss (recovery) on sale or wind down of investments; loss (gain) on disposition of property, plant and equipment; (gain) on acquisitions; loss on non-controlling interest purchase obligations; loss on repayment of long-term debt; loss on bond forward derivatives; and income tax adjustments on these items, including adjustments as a result of legislative changes.	Net income
Taxes paid and other government payments	<ul style="list-style-type: none"> To assess how much cash we pay in taxes and fees to federal, provincial, and municipal governments. 	Income taxes paid add unrecoverable sales taxes paid; payroll taxes paid, regulatory and spectrum fees paid; and property and business taxes paid.	Income taxes paid
Adjusted Wireless service revenue	<ul style="list-style-type: none"> To facilitate the calculation of Wireless blended average billings per user (see Non-GAAP ratios). 	Wireless service revenue add (deduct) amortization of contract assets and contract liabilities to accounts receivable; and financing receivable billings.	Wireless service revenue

Non-GAAP ratios		
<i>Specified financial measure</i>	<i>How it is useful</i>	<i>How we calculate it</i>
Adjusted basic earnings per share	<ul style="list-style-type: none"> To assess the performance of our businesses before the effects of the noted items, because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply that they are non-recurring. 	Adjusted net income divided by basic weighted average shares outstanding.
Adjusted diluted earnings per share		Adjusted net income including the dilutive effect of stock-based compensation divided by diluted weighted average shares outstanding.
Wireless blended average billings per user (ABPU)	<ul style="list-style-type: none"> To help us identify trends in our total monthly billings per subscriber and to measure our success in attracting and retaining higher-value subscribers. 	Adjusted Wireless service revenue divided by average total number of Wireless subscribers for the relevant period.

Total of segments measures	
<i>Specified financial measure</i>	<i>Most directly comparable IFRS financial measure</i>
Adjusted EBITDA	Net income

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Capital management measures	
Specified financial measure	How it is useful
Free cash flow	<ul style="list-style-type: none"> To show how much cash we generate that is available to repay debt and reinvest in our company, which is an important indicator of our financial strength and performance. We believe that some investors and analysts use free cash flow to value a business and its underlying assets.
Adjusted net debt	<ul style="list-style-type: none"> We believe this helps investors and analysts analyze our debt and cash balances while taking into account the impact of debt derivatives on our US dollar-denominated debt.
Debt leverage ratio	<ul style="list-style-type: none"> We believe this helps investors and analysts analyze our ability to service our debt obligations.
Available liquidity	<ul style="list-style-type: none"> To help determine if we are able to meet all of our commitments, to execute our business plan, and to mitigate the risk of economic downturns.

Supplementary financial measures	
Specified financial measure	How we calculate it
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.
Wireless blended average revenue per user (ARPU)	Wireless service revenue divided by average total number of Wireless subscribers for the relevant period.
Cable average revenue per account (ARPA)	Cable service revenue divided by average total number of customer relationships for the relevant period.
Capital intensity	Capital expenditures divided by revenue.
Return on assets	Net income divided by total assets.
Dividend payout ratio of net income	Dividends declared divided by net income.
Dividend payout ratio of free cash flow	Dividends declared for the year divided by free cash flow (defined above).

RECONCILIATION OF ADJUSTED EBITDA

	Years ended December 31	
(In millions of dollars)	2021	2020
Net income	1,558	1,592
Add (deduct):		
Income tax expense	569	580
Other expense	2	1
Finance costs	849	881
Restructuring, acquisition and other	324	185
Depreciation and amortization	2,585	2,618
Adjusted EBITDA	5,887	5,857

RECONCILIATION OF ADJUSTED NET INCOME

	Years ended December 31	
(In millions of dollars)	2021	2020
Net income	1,558	1,592
Add (deduct):		
Restructuring, acquisition and other	324	185
Income tax impact of above items	(79)	(52)
Adjusted net income	1,803	1,725

RECONCILIATION OF ADJUSTED WIRELESS SERVICE REVENUE AND BLENDED ABPU

	Years ended December 31	
(In millions of dollars, except subscribers (in 000s) and months)	2021	2020
Wireless service revenue	6,666	6,579
Add (deduct):		
Amortization of contract assets and contract liabilities to accounts receivable	362	1,209
Financing receivable billings	1,388	410
Adjusted Wireless service revenue	8,416	8,198
Divided by:		
Average Wireless subscribers	11,054	10,804
Months per period	12	12
Blended ABPU	\$ 63.45	\$ 63.24

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

SUMMARY OF FINANCIAL RESULTS OF LONG-TERM DEBT GUARANTOR

Our outstanding public debt, amounts drawn on our \$4.6 billion bank credit and letter of credit facilities, and derivatives are unsecured obligations of RCI, as obligor, and RCCI, as either co-obligor or guarantor, as applicable.

The selected unaudited consolidating summary financial information for RCI for the periods identified below, presented with a separate column for: (i) RCI, (ii) RCCI, (iii) our non-guarantor subsidiaries on a combined basis, (iv) consolidating adjustments, and (v) the total consolidated amounts, is set forth as follows:

Years ended December 31 (unaudited)	RCI ¹		RCCI ¹		Non-guarantor subsidiaries ¹		Consolidating adjustments ¹		Total	
(In millions of dollars)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Selected Statements of Income data measure:										
Revenue	–	–	12,769	12,400	2,073	1,703	(187)	(187)	14,655	13,916
Net income (loss)	1,558	1,592	1,528	1,316	105	171	(1,633)	(1,487)	1,558	1,592
As at December 31 (unaudited)										
(In millions of dollars)	RCI ¹		RCCI ^{1,2}		Non-guarantor subsidiaries ¹		Consolidating adjustments ¹		Total	
(In millions of dollars)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Selected Statements of Financial Position data measure:										
Current assets	29,982	27,186	28,825	26,326	10,089	9,929	(63,067)	(56,512)	5,829	6,929
Non-current assets	33,290	31,184	28,959	24,835	3,717	3,650	(29,832)	(27,744)	36,134	31,925
Current liabilities	30,993	27,264	32,942	28,167	9,378	9,294	(64,694)	(58,139)	8,619	6,586
Non-current liabilities	18,943	18,740	4,960	5,080	181	152	(1,272)	(1,278)	22,812	22,694

¹ For the purposes of this table, investments in subsidiary companies are accounted for by the equity method.

² Amounts recorded in current liabilities and non-current liabilities for RCCI do not include any obligations arising as a result of being a guarantor or co-obligor, as the case may be, under any of RCI's long-term debt.

WITNESS STATEMENT OF DEAN PREVOST

PUBLIC

FIVE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

(In millions of dollars, except per share amounts, subscriber count results, churn, ARPU, ARPA, percentages, and ratios)	As at or years ended December 31				
	2021	2020	2019	2018 ¹	2017 ²
Revenue					
Wireless	8,768	8,530	9,250	9,200	8,569
Cable	4,072	3,946	3,954	3,932	3,894
Media	1,975	1,606	2,072	2,168	2,153
Corporate items and intercompany eliminations	(160)	(166)	(203)	(204)	(247)
Total revenue	14,655	13,916	15,073	15,096	14,369
Total service revenue	12,533	11,955	12,965	12,974	12,550
Adjusted EBITDA					
Wireless	4,214	4,067	4,345	4,090	3,726
Cable	2,013	1,935	1,919	1,874	1,819
Media	(127)	51	140	196	127
Corporate items and intercompany eliminations	(213)	(196)	(192)	(177)	(170)
Total adjusted EBITDA	5,887	5,857	6,212	5,983	5,502
Net income	1,558	1,592	2,043	2,059	1,845
Adjusted net income	1,803	1,725	2,135	2,241	1,902
Cash provided by operating activities	4,161	4,321	4,526	4,288	3,938
Free cash flow	1,671	2,366	2,278	2,134	1,685
Capital expenditures	2,788	2,312	2,807	2,790	2,436
Earnings per share					
Basic	\$ 3.09	\$ 3.15	\$ 3.99	\$ 4.00	\$ 3.58
Diluted	\$ 3.07	\$ 3.13	\$ 3.97	\$ 3.99	\$ 3.57
Adjusted earnings per share					
Basic	\$ 3.57	\$ 3.42	\$ 4.17	\$ 4.35	\$ 3.69
Diluted	\$ 3.56	\$ 3.40	\$ 4.15	\$ 4.34	\$ 3.68
Statements of Financial Position:					
Assets					
Property, plant and equipment	14,666	14,018	13,934	11,780	11,143
Goodwill	4,024	3,973	3,923	3,905	3,905
Intangible assets	12,281	8,926	8,905	7,205	7,244
Investments	2,493	2,536	2,830	2,134	2,561
Other assets	8,499	9,401	7,427	6,894	5,637
Total assets	41,963	38,854	37,019	31,918	30,490
Liabilities and Shareholders' Equity					
Long-term liabilities	22,812	22,695	21,639	16,903	16,111
Current liabilities	8,619	6,586	5,964	6,836	6,883
Total liabilities	31,431	29,281	27,603	23,739	22,994
Shareholders' equity	10,532	9,573	9,416	8,179	7,496
Total liabilities and shareholders' equity	41,963	38,854	37,019	31,918	30,490
Subscriber count results (in thousands) ³					
Wireless subscribers ⁴	11,297	10,943	10,840	10,783	10,482
Internet subscribers ^{5,6}	2,665	2,598	2,534	2,430	2,321
Ignite TV subscribers ⁷	788	544	326	n/a	n/a
Customer relationships ^{6,7}	2,581	2,530	2,510	n/a	n/a
Additional Wireless metrics ³					
Postpaid churn (monthly)	0.95%	1.00%	1.11%	1.10%	1.20%
Blended ARPU (monthly)	\$ 50.26	\$ 50.75	\$ 55.49	\$ 55.64	\$ 54.23
Additional Cable metrics					
ARPA (monthly) ⁷	\$132.58	\$130.70	\$131.71	n/a	n/a
Penetration ⁷	54.9%	55.3%	56.1%	n/a	n/a
Additional consolidated metrics					
Revenue growth	5%	(8)%	-%	5%	5%
Adjusted EBITDA growth	1%	(6)%	4%	9%	9%
Dividends declared per share	\$ 2.00	\$ 2.00	\$ 2.00	\$ 1.92	\$ 1.92
Dividend payout ratio of net income ³	64.8%	63.4%	50.0%	48.0%	53.6%
Dividend payout ratio of free cash flow ³	60.4%	42.7%	44.9%	55.8%	58.6%
Return on assets ³	3.7%	4.1%	5.5%	6.5%	6.1%
Debt leverage ratio	3.4	3.0	2.9	2.5	2.7

¹ 2018 and prior reported figures have not been restated applying IFRS 16.

² 2017 reported figures have been restated applying IFRS 15.

³ As defined. See "Key Performance Indicators".

⁴ Effective October 1, 2019, and on a prospective basis, we reduced our Wireless postpaid subscriber base by 53,000 subscribers to remove a low-ARPU public services customer that was in the process of migrating to another service provider. We believe adjusting our base for a customer of this size that migrates off our network provides a more meaningful reflection of the underlying organic performance of our Wireless business. Effective April 1, 2019, we adjusted our Wireless prepaid subscriber base to remove 127,000 subscribers as a result of a change to our deactivation policy from 180 days to 90 days to be more consistent within the industry.

⁵ Internet subscriber results include Smart Home Monitoring subscribers.

⁶ On September 30, 2020, we acquired approximately 2,000 Internet subscribers and customer relationships as a result of our acquisition of Ruralwave Inc., which are not included in net additions, but do appear in the ending total balance for 2020. On October 1, 2020, we acquired approximately 5,000 Internet subscribers and 6,000 customer relationships as a result of our acquisition of Cable Cable Inc., which are not included in net additions, but do appear in the ending total balance for December 31, 2020. On September 1, 2021, we acquired approximately 18,000 Internet subscribers and 20,000 customer relationships as a result of our acquisition of Seaside Communications, which are not included in net additions, but do appear in the ending total balance for December 31, 2021.

⁷ Ignite TV subscribers, customer relationships, ARPA, and penetration have not been presented for periods prior to 2018. We commenced using the aforementioned measures as key performance indicators in the first quarter of 2020. See "Key Performance Indicators".

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “4” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**



ROGERS COMMUNICATIONS INC.
ANNUAL INFORMATION FORM
(for the fiscal year ended December 31, 2021)

March 3, 2022

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Annual Information Form Index

The following is an index of the Annual Information Form (AIF) of Rogers Communications Inc. referencing the requirements of Form 51-102F2 and Form 52-110F1 of the Canadian Securities Administrators. Certain parts of this Annual Information Form are contained in Rogers Communications Inc.'s Management's Discussion and Analysis (MD&A) for the fiscal year ended December 31, 2021 (2021 MD&A) and Rogers Communications Inc.'s 2021 Annual Audited Consolidated Financial Statements, each of which is filed on SEDAR at sedar.com and incorporated herein by reference as noted below. All dollar amounts are in Canadian dollars unless otherwise stated.

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ITEM 3 - Corporate Structure

ITEM 3.1 - NAME, ADDRESS, AND INCORPORATION

Rogers Communications Inc. is a leading diversified Canadian technology and media company. RCI was amalgamated under the Business Corporations Act (British Columbia). The registered office is located at 2900-550 Burrard Street, Vancouver, British Columbia, V6C 0A3 and the head office is located at 333 Bloor Street East, 10th Floor, Toronto, Ontario, M4W 1G9.

We, us, our, Rogers, Rogers Communications, and the Company refer to Rogers Communications Inc. and its subsidiaries. *RCI* refers to the legal entity Rogers Communications Inc., not including its subsidiaries. Rogers also holds interests in various investments and ventures.

TMRogers and related marks are trademarks of Rogers Communications Inc. or an affiliate, used under licence. All other brand names, logos, and marks are trademarks and/or copyright of their respective owners. ©2022 Rogers Communications

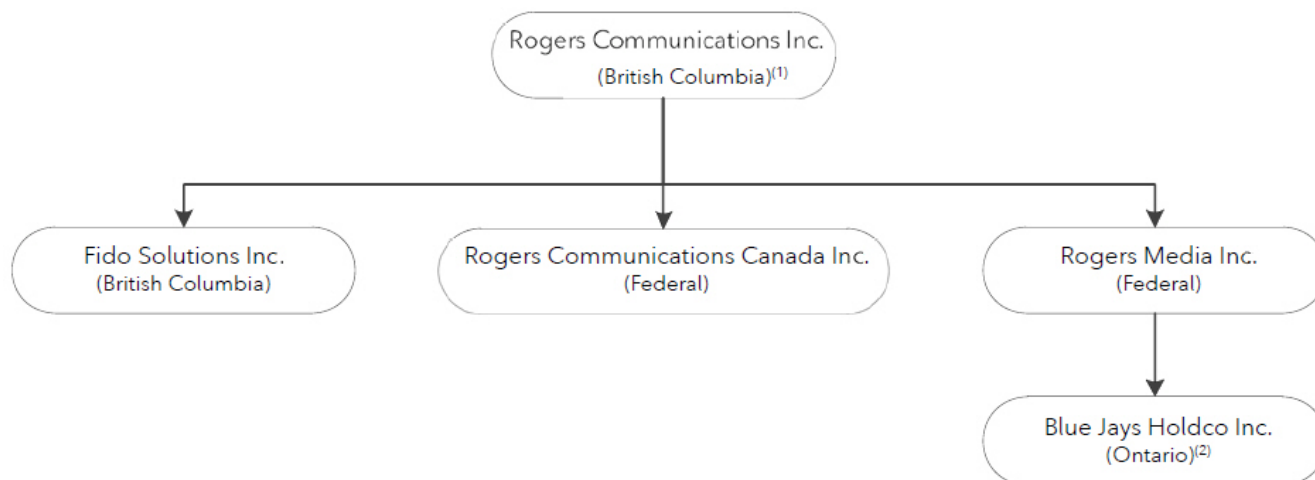
THREE REPORTABLE SEGMENTS

For the purposes of this AIF, we report our results of operations in three reportable segments:

Segment	Principal activities
Wireless	Wireless telecommunications operations for Canadian consumers and businesses.
Cable	Cable telecommunications operations, including Internet, television, telephony (phone), and smart home monitoring services for Canadian consumers and businesses, and network connectivity through our fibre network and data centre assets to support a range of voice, data, networking, hosting, and cloud-based services for the business, public sector, and carrier wholesale markets.
Media	A diversified portfolio of media properties, including sports media and entertainment, television and radio broadcasting, specialty channels, multi-platform shopping, and digital media.

ITEM 3.2 - INTERCORPORATE RELATIONSHIPS

The following summary organization chart illustrates the structure of the principal subsidiaries of RCI and indicates the jurisdiction of organization of each entity shown as at January 1, 2022.



(1) Ownership percentages are 100%

(2) Blue Jays Holdco Inc., together with its subsidiaries, holds a 100% interest in the Toronto Blue Jays Baseball Club (Toronto Blue Jays) and Rogers Centre.

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OVERVIEW

Rogers is Canada's Largest Provider of Wireless Communications Services

As at December 31, 2021, we had:

- approximately 11.3 million subscribers; and
- approximately 31% subscriber and revenue share of the Canadian wireless market.

One of Canada's Leading Providers of High-Speed Internet, Cable Television, and Phone Services

As at December 31, 2021, we had:

- approximately 2.7 million high-speed Internet subscribers;
- approximately 0.8 million Ignite TV subscribers; and
- a network passing approximately 4.7 million homes in Ontario, New Brunswick, and on the island of Newfoundland.

Diversified Canadian Media Company

We have a broad portfolio of media properties, which most significantly includes:

- sports media and entertainment, such as Sportsnet™ and the *Toronto Blue Jays*™;
- our exclusive national 12-year *National Hockey League* (NHL) Agreement, which runs through the 2025-2026 season;
- category-leading television and radio broadcasting properties;
- multi-platform televised and online shopping; and
- digital media.

PRODUCTS AND SERVICES

Wireless

Rogers is a Canadian leader in delivering a range of innovative wireless network technologies and services. We were the first Canadian carrier to launch a 5G network and we have the largest 5G network in Canada, serving over 1,500 communities and 70% of the Canadian population as at December 31, 2021. Our postpaid and prepaid wireless services are offered under the Rogers™, Fido™, and chatr™ brands, and provide consumers and businesses with the latest wireless devices, services, and applications including:

- mobile high-speed Internet access, including our *Rogers Infinite*™ unlimited data plans;
- wireless voice and enhanced voice features;
- *Rogers Pro On-the-Go*™, a personalized service experience for device delivery and set up to a customer's location of choice within the service area;
- Express Pickup, a convenient service for purchasing devices online or through a customer care agent, with the ability to pick up in-store as soon as the same day;
- direct device shipping to the customer's location of choice;
- device and accessory financing;
- device protection;
- in-store expert device repair service;
- global voice and data roaming, including *Roam Like Home*™ and *Fido Roam*™;
- wireless home phone;
- advanced wireless solutions for businesses, including wireless private network services;
- bridging landline phones with wireless phones through products like *Rogers Unison*™; and
- machine-to-machine solutions and Internet of Things (IoT) solutions.

Cable

We are one of the largest cable providers in Canada. Our cable network provides an innovative and leading selection of high-speed broadband Internet access, digital television and online viewing, phone, smart home monitoring, and advanced home WiFi services to consumers in Ontario, New Brunswick, Nova Scotia, and on the island of Newfoundland. We also provide services to businesses across Canada that aim to meet the increasing needs of today's critical business applications.

In 2020, in response to COVID-19, we launched customer self-installation capabilities within Cable as a safe, easy, no-contact way for our customers to install our *Ignite Internet*™ and *Ignite TV*™ services. Since launching in late March 2020, over 86% of our Cable installations have been through the self-install program. We also launched *Blitzz*™, a remote visual assistance tool that enables customers to access support virtually and reduces the need to deploy field technicians for installation and service calls.

In 2021, we launched Ignite Internet Gigabit 1.5 in select areas, giving customers access to even faster Internet service. We also expanded the *Ignite WiFi*™ Hub app with enhanced Active Time Details and Advanced Security to give customers greater control over their home WiFi.

Internet services include:

- Internet access through broadband and fixed wireless access (including basic and unlimited usage packages), security solutions, and e-mail;

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- access speeds of up to one gigabit per second (Gbps), covering our entire Cable footprint, with some areas able to receive access speeds of up to 1.5 Gbps;
- *Rogers Ignite™* and Fido Internet unlimited packages, combining fast and reliable speeds with the freedom of unlimited usage and options for self-installation;
- Rogers Ignite WiFi Hub, offering a personalized WiFi experience with a simple digital dashboard for customers to manage their home WiFi network, providing visibility and control over family usage; and
- *Rogers™ Smart Home Monitoring*, offering services such as monitoring, security, automation, energy efficiency, and smart control through a smartphone app.

Television services include:

- local and network TV, made available through traditional digital or IP-based Ignite TV, including starter and premium channel packages along with à la carte channels;
- on-demand television;
- cloud-based digital video recorders (DVRs) available with Ignite TV services;
- voice-activated remote controls, restart features, and integrated apps such as YouTube, Netflix, *Sportsnet NOW™*, and Amazon Prime Video, and Disney+ on Ignite TV;
- personal video recorders (PVRs), including Whole Home PVR and 4K PVR capabilities;
- an Ignite TV app, giving customers the ability to experience Ignite TV (including setting recordings) on their smartphone, tablet, laptop, or computer;
- *Ignite™ SmartStream™*, an entertainment add-on for Ignite Internet customers, giving customers access to their favourite streaming devices in one place;
- Download and Go, the ability to download recorded programs onto a customer's smartphone or tablet to watch at a later time using the Ignite TV app;
- linear and time-shifted programming;
- digital specialty channels; and
- 4K television programming, including regular season *Toronto Blue Jays™* home games and select marquee NHL and National Basketball Association (NBA) games.

Phone services include:

- residential and small business local telephony service; and
- calling features such as voicemail, call waiting, and long distance.

Enterprise services include:

- voice, data networking, Internet protocol (IP), and Ethernet services over multi-service customer access devices that allow customers to scale and add services, such as private networking, Internet, IP voice, and cloud solutions, which blend seamlessly to grow with their business requirements;
- optical wave, Internet, Ethernet, and multi-protocol label switching services, providing scalable and secure metro and wide area private networking that enables and interconnects critical business applications for businesses that have one or many offices, data centres, or points of presence (as well as cloud applications) across Canada;
- simplified information technology (IT) and network technology offerings with security-embedded, cloud-based, professionally managed solutions;
- extensive cable access network services for primary, bridging, and back-up (including through our wireless network, if applicable) connectivity; and
- specialized telecommunications technical consulting for Internet service providers (ISPs).

Media

Our portfolio of Media assets, with a focus on sports and regional TV and radio programming, reaches Canadians from coast to coast.

In Sports Media and Entertainment, we own the Toronto Blue Jays, Canada's only Major League Baseball (MLB) team, and the *Rogers Centre™* event venue, which hosts the Toronto Blue Jays' home games, concerts, trade shows, and special events.

Our NHL Agreement, which runs through the 2025-2026 NHL season, allows us to deliver more than 1,300 regular season games during a typical season across television, smartphones, tablets, and personal computers, and streaming devices both through traditional streaming services as well as through NHL LIVE™. It also grants Rogers national rights on those platforms to the Stanley Cup Playoffs and Stanley Cup Final, all NHL-related special events and non-game events (such as the NHL All-Star Game and the NHL Draft), and rights to sublicense broadcasting rights.

In Television, we operate several conventional and specialty television networks, including:

- Sportsnet's four regional stations along with *Sportsnet ONET™*, *Sportsnet 360™*, and *Sportsnet World™*;
- Citytv™ network, which, together with affiliated stations, has broadcast distribution to approximately 76% of Canadian individuals;
- OMNI™ multicultural broadcast television stations, including OMNI Regional, which provide multilingual newscasts nationally to all digital basic television subscribers;

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- specialty channels that include FX™ (Canada), FXX™ (Canada), and OLN™ (formerly Outdoor Life Network); and
- *Today's Shopping Choice*™, Canada's only nationally televised shopping channel, which generates a significant and growing portion of its revenue from online sales.

In Radio, we operate 54 AM and FM radio stations in markets across Canada, including popular radio brands such as 98.1 CHFI™, 680 NEWS™, *Sportsnet The FAN*™, *KiSS*™, *JACK FM*™, and *SONiC*™.

We also offer a range of digital services and products, including:

- our digital sports-related assets, including NHL LIVE and *SN NOW*™;
- other digital assets, including *Citytv NOW*™; and
- a range of other websites, apps, podcasts, and digital products associated with our various brands and businesses.

Other

We offer several credit cards, including the *Rogers™ World Elite Mastercard*, *Rogers™ Platinum Mastercard*, and the *Fido™ Mastercard*, which allow customers to earn cashback rewards points on credit card spending.

Other Investments

We hold interests in a number of associates and joint arrangements, some of which include:

- our 37.5% ownership interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), which owns the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, the Toronto Argonauts, and the Toronto Marlies, as well as various associated real estate holdings; and
- our 50% ownership interest in Glentel Inc. (Glentel), a large provider of multicarrier wireless and wireline products and services with several hundred Canadian retail distribution outlets.

We also hold a number of interests in marketable securities of publicly traded companies, including Cogeco Inc. and Cogeco Communications Inc.

WIDESPREAD PRODUCT DISTRIBUTION

Wireless

We have an extensive national distribution network and offer our wireless products nationally through multiple channels, including:

- company-owned Rogers, Fido, and chatr retail stores;
- customer self-serve using *rogers.com*, *fido.ca*, *chatrwireless.com*, and e-commerce sites;
- an extensive independent dealer network;
- major retail chains and convenience stores;
- other distribution channels, such as *WOW! mobile boutique*™, as well as *Wireless Wave* and *TBooth Wireless* through our ownership interest in Glentel;
- our contact centres;
- outbound telemarketing; and
- *Rogers Pro On-the-Go*, a personalized retail service that delivers and sets up new wireless devices to the customer's location of choice within the service area.

Cable

We distribute our residential cable products using various channels, including:

- company-owned Rogers and Fido retail stores;
- customer self-serve using *rogers.com* and *fido.ca*;
- our contact centres, outbound telemarketing, and door-to-door agents; and
- major retail chains.

Our sales team and third-party retailers sell services to the business, public sector, and carrier wholesale markets. An extensive network of third-party channel distributors deals with IT integrators, consultants, local service providers, and other indirect sales relationships. This diverse approach gives greater breadth of coverage and allows for strong sales growth for next-generation services.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

ITEM 4 - General Development of the Business

ITEM 4.1 - THREE-YEAR HISTORY

RECENT DEVELOPMENTS

2022 Highlights to Date

- Declared a quarterly dividend of \$0.50 per each outstanding Class A Voting Share and Class B Non-Voting Share in January 2022.
- Issued US\$750 million subordinated notes due 2082 with an initial coupon of 5.25% for the first five years in February. We received net proceeds of US\$740 (\$938) million from the issuance.

2021 Highlights

For revenue and other financial information on the two most recently completed financial years, see the section entitled "2021 Financial Results" in our 2021 MD&A.

On March 15, 2021, we announced an agreement with Shaw Communications Inc. (Shaw) to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares for a price of \$40.50 per share (Transaction). The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt. See Item 4.2 for more information on the Transaction.

Create best-in-class customer experiences by putting our customers first in everything we do

- Improved Wireless postpaid churn by 5 basis points to 0.95%.
- Continued to accelerate our digital-first plan to make it easier for customers, with digital adoption at 86.1%, up from 84.0% in 2020.
- *Rogers Pro On-the-Go™* service has continued expanding across the country, bringing our device delivery and set-up support program access to more than 16 million Canadians.
- Transformed 130 retail stores into dual-door locations that offer both Rogers™ and Fido™ brands, growing our distribution footprint nationally to a total of 140 dual-door locations, including our flagship store at Yonge and Dundas in Toronto.
- Launched Express Pickup through our customer care channels, a free service that allows customers to purchase a new device through a customer care agent and pick it up the same day in-store.
- Launched certified walk-in repairs in select Rogers and Fido locations, offering our customers fast and reliable service to fix batteries, screens, cameras, audio, software, and more.
- Expanded our Fido Payment Program so mobile customers can get accessories for \$0 down and 0% interest, and no taxes upfront.

Invest in our networks and technology to deliver leading performance, reliability and coverage

- Expanded Canada's largest and most reliable 5G network which reached more than 1,500 communities and 70% of the Canadian population as at December 31, 2021.
- Invested \$3.3 billion in 3500 MHz spectrum licences, covering 99.4% of the Canadian population, to enhance and accelerate the expansion of Canada's first, largest, and most reliable 5G network. This investment positions Rogers as the largest single investor in 5G spectrum in the country across rural, suburban, and urban markets.
- Awarded Best In Test and recognized as Canada's most reliable 4G and 5G network by *umlaut*, the global leader in mobile network benchmarking, for the third year in a row in July, and ranked number one in 5G Reach, 5G Availability, 5G Voice App Experience, 5G Games Experience, and tied first for 5G Upload Speed in Canada by *OpenSignal* in August.
- Recognized as Canada's most consistent national wireless and broadband provider by *Ookla* for Q4 2021, with the fastest fixed broadband Internet in Ontario, New Brunswick, and Newfoundland and Labrador.
- Completed the rollout of Canada's first national standalone 5G core to help bring the best of 5G to our customers and achieved the first 5G standalone device certification in Canada.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Announced a multi-year partnership with Coastal First Nations in British Columbia, which includes a commitment to build five new cell towers, provide more than 100 kilometres of new service coverage along Highway 16 on Graham Island, and improve wireless connectivity throughout Haida Gwaii. We broke ground on the first tower in December 2021.
- Announced a \$300 million agreement, alongside the Government of Canada, the Province of Ontario, and the Eastern Ontario Regional Network, to expand wireless connectivity in rural and remote communities throughout eastern Ontario, the largest wireless private-public partnership in Canadian history.
- Announced investments of over \$350 million to connect almost 50,000 homes and businesses in Ontario, New Brunswick, and Newfoundland and Labrador, fully funded by Rogers.
- In partnership with the Governments of Canada and British Columbia, we announced 12 new cell tower sites to enhance wireless coverage along Highway 16 between Prince George and Prince Rupert; we broke ground on the first tower in December 2021.
- Announced the construction of seven new towers along Highway 14 from Sooke to Port Renfrew in partnership with Governments of Canada and British Columbia, and more than 90 kilometres of new coverage along Highways 95 and 97 in partnership with the government of British Columbia.

Drive market-leading growth in each of our lines of business

- Launched Ignite Internet Gigabit 1.5 to eligible customers, giving customers access to even faster Internet service.
- Launched the first "Wireless Private Network" managed solution nationally in Canada, through Rogers for Business, enabling large enterprises to transform their digital capabilities and drive innovation in their business.
- Unveiled Sportsnet's new state-of-the-art NHL Studio, one of the first entirely IP-based sports studios in North America, capable of delivering interactive and immersive content through augmented and virtual reality, real-time data and statistics, and in-broadcast versatility.
- Launched eight streaming services on our Ignite TV and *Ignite™ SmartStream™* platforms, including Disney+ and Spotify, enhancing Rogers industry-leading selection of streaming services.
- Relunched Sportsnet NOW, delivering world-class stream quality and reliability combined with new pricing and packaging that gives customers more flexibility and choice; paid subscriber growth is up over 175% year-on-year.
- Launched a Cloud Unified Communications product in *Rogers for Business™*, a feature-rich, cloud-based phone system for enterprise business customers with complex needs.

Drive best-in-class financial outcomes for our shareholders

- Earned total service revenue of \$12,533 million, up 5%.
- Attracted 448,000 net Wireless postpaid subscribers, 49,000 net Internet subscribers, and 244,000 net Ignite TV subscribers.
- Generated free cash flow¹ of \$1,671 million and cash provided by operating activities of \$4,161 million.
- Paid dividends of \$1,010 million to our shareholders.

Develop our people, drive engagement, and build a high-performing and inclusive culture

- Awarded Canada's Top 100 Employers, including in the Greater Toronto Area, for Young People, Best Diversity Employer, and Greenest Employers by MediaCorp Canada Inc. in November 2021; LinkedIn Canada's Top 25 Companies in April 2021; and Canada's Most Admired Corporate Cultures by Waterstone Human Capital in October 2021.
- Announced and implemented mandatory vaccinations or rapid testing for anyone entering our workplace sites, including all team members, contractors, and visitors.
- Achieved a score of 89% for employee pride in our employee pulse survey in June 2021.

¹ Free cash flow is a capital management measure. See "Non-GAAP and Other Financial Measures" in our 2021 MD&A for more information about this measure, available at www.sedar.com.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Be a strong, socially and environmentally responsible leader in our communities

- Awarded 90 Ted Rogers Community Grants across Canada in 2021, to organizations supporting Canadian youth. Nearly 400 Ted Rogers Community Grants have been awarded since 2017.
- Awarded Ted Rogers Scholarships to 375 young Canadians for post-secondary studies. Nearly three quarters of all scholarships in the Class of 2021 were awarded to youth from equity-deserving communities.
- Expanded our ESG Report and introduced an interactive multimedia Social Impact Report, celebrating and tracking our impact on the environment and our communities. We now disclose information in accordance with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-Related Financial Disclosures (TCFD) standards, and we committed to supporting the United Nations Sustainable Development Goals.
- Launched a 2021 Orange Shirt Day campaign in support of Indigenous communities across the country. Over the past two years, the Orange Shirt Day campaign has raised \$250,000 for the Orange Shirt Society and the Indian Residential School Survivors Society (IRSSS).
- Launched our new corporate responsibility brand, *Generation Possible*[™], the youth and education pillar focused on giving the next generation the chance they need to succeed through Ted Rogers Scholarships, Community Grants, and *Jays Care*[™] Foundation. Team Possible is about our team and partners' commitment to making a meaningful impact in communities through volunteering, bridging the digital divide, and partnering with organizations like Women's Shelters Canada.
- Expanded eligibility for Connected for Success, so even more Canadians can connect to social services, learning, employment, and loved ones. Now available to upwards of 750,000 Canadian households, the expanded low-cost high-speed Internet program is available across our Internet footprint in Ontario, New Brunswick, and Newfoundland to eligible customers receiving disability, seniors' or income support, and through rent-geared-to-income community housing partners.

Other highlights

- Declared a quarterly dividend of \$0.50 per each outstanding Class A Voting Share and Class B Non-Voting Share during 2021.
- Issued \$2 billion subordinated notes due 2081 with an initial coupon of 5% for the first five years in December. We received net proceeds of \$1,980 million from the issuance.
- Ended the year with approximately \$4.2 billion of available liquidity², including \$3.1 billion available under our bank and letter of credit facilities, \$0.4 billion available under our \$1.2 billion receivables securitization program, and \$0.7 billion in cash and cash equivalents.

2020 Highlights

Create best-in-class customer experiences by putting our customers first in everything we do

- Improved Wireless postpaid churn by 11 basis points to 1.00%.
- Accelerated our digital-first plan and added self-serve options during COVID-19, with overall digital adoption up 6 points to 84% and virtual assistant conversations up over 130%.
- Moved to 100% Canada-based customer care specialists and opened our Kelowna customer solution centre virtually.
- Introduced an Ignite self-installation program, including a Drop & Go option, as a safe, easy, no-contact way for customers to install our Ignite Internet and Ignite TV services, with over 93% of customers easily installing their products themselves since the beginning of April.
- Launched Blitzz, a remote visual assistance tool, with our technical support team to enable prompt virtual assistance and reduce the need to deploy field technicians for installation and service calls.
- Launched Express Pickup, making us the only national carrier to give customers the convenience of ordering online and picking up in-store on the same day.
- Launched WeFix, a new smartphone repair service at select retail locations allowing customers to get their devices repaired within hours.

² Available liquidity is a capital management measure. See "Non-GAAP and Other Financial Measures" and "Financial Condition" in our 2021 MD&A for more information about this measure, available at www.sedar.com.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Expanded Pro On-the-Go to cities across Canada, including Vancouver, Calgary, Edmonton, and Ottawa, a Canadian telecommunications exclusive that brings the store to the customer's door, as soon as the same day, with free phone delivery and one-on-one expert setup support.
- Expanded financing to device accessories to make the latest accessories affordable for Rogers customers, including AirPods, Google Nest products, cases, screen protectors, chargers, smart bulbs, and more.
- Increased adoption of 5G-ready Rogers Infinite unlimited data plans to over 2.5 million subscribers, the largest unlimited customer base in Canada.
- Grew adoption of Fido Data Overage Protection plans to two-thirds of Fido customers.
- Launched chatr credit cards to help more Canadian residents build or rebuild their credit, facilitating participation in the digital economy.
- Launched *DAY PASS*[™], a daily payment option, and Top Up as a Guest, which allows customers to top up an account without signing in, on chatr, both new features focused on affordability and flexibility.
- Supported customers with goodwill measures at the onset of COVID-19 by waiving pay-per-use international roaming fees in all available destinations until April 30, 2020 and long-distance voice calling fees across Canada until June 30, 2020.
- Implemented flexible payment options for customers facing financial uncertainty as a result of COVID-19, with no account suspensions or disconnections for a designated period of time.
- Appointed a Chief Customer Officer as a member of our Executive Leadership Team to strengthen the voice of our customers and frontline teams and launched Connecting with our Customers, where people leaders spend a day with frontline teams to strengthen their understanding of the customer experience and customer improvement processes.

Invest in our networks and technology to deliver leading performance and reliability

- Launched and expanded Canada's first and largest 5G network serving over 170 cities and towns.
- Started rolling out Canada's first 5G standalone core network in Montreal, Ottawa, Toronto, and Vancouver to be ready to support future devices and chipsets as they become available.
- Awarded best wireless network in Canada for the second year in a row, in July, by umlaut, the global leader in mobile network benchmarking, and earned the number one spot in the Canada Wireless Network Quality Study by J.D. Power in the West and Ontario, in April.
- Ranked fastest broadband Internet provider in Ontario and New Brunswick and Canada's most consistent national wireless network and Internet provider in the fourth quarter, according to Ookla's Speedtest results.
- Evolved our 5G partner ecosystem and 5G research and development, including through the launch of Canada's first 5G smart city in Kelowna in partnership with the University of British Columbia and the launch of the 5G Create Lab at Communtech to develop leading 5G solutions.
- Became a founding member of the 5G Future Forum, which is focused on developing interoperable 5G standards across key geographic regions, including the Americas, Asia-Pacific, and Europe.
- Strengthened our Advanced Services portfolio to help make it easier for businesses and governments to serve their customers and citizens, including with new IoT collaborations, and established the Rogers Internet of Things Chair with the University of Calgary to advance IoT research.
- Expanded our cable network through the acquisition of Cable Cable Inc. and Ruralwave Inc., local telecommunications companies in the Ontario Kawartha Lakes region, and announced a partnership with Southwestern Integrated Fibre Technology (SWIFT) to bring services to underserved communities in the Regional Municipality of Waterloo and Dufferin, Norfolk, Oxford and Simcoe counties in Ontario.
- Started rolling out wireless home broadband Internet service to more than 100 communities in Southwestern Ontario as part of our commitment to expand connectivity to rural and remote areas.
- Added capacity and managed traffic where needed to ensure customers stayed connected during COVID-19, with total traffic on our wireline networks up by over 50% during the first months of COVID-19 as more people started working from home.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Launched and added capacity for government 1-800 numbers to serve citizens during the public health crisis and enabled temporary COVID-19 health assessment centres.

Deliver innovative solutions and compelling content that our customers will love

- Launched Ignite SmartStream, an entertainment add-on for Ignite Internet customers, to give customers access to their favourite streaming services in one place.
- Launched an exclusive offer in Canada to provide the first six months free when signing up to Apple Music for customers on select *Rogers Infinite™* plans, delivering more value to our customers.
- Launched 14 new apps and subscription video on-demand services on Ignite TV and expanded free content on Ignite TV with the introduction of new apps, including Fun at Home and Health at Home, tubi, XITE, and zone-ify; launched access to Amazon Music so customers can listen to their favourite music, as well as thousands of playlists and stations.
- Launched *Rogers Smart Community™* in partnership with 1VALET to deliver a new platform that consolidates building and management activities into one seamless experience for multi-residential communities and condominiums.
- Leveraged our media assets to advance inclusion and diversity, including a prime-time special *Ending Racism: What Will it Take?*, a new digital series *LIVE: #Cityline Real on Race*, and a new Sportsnet interview series *Top of HER Game™*.
- Launched two new national daily newscasts in Arabic and Filipino on OMNI Television to reflect these communities and shed light on underreported topics and issues.
- Brought gender equality in sports to the forefront with the first all-female broadcast team to call an NHL game, a week-long national programming campaign shining the spotlight on female sports game-changers, and partnered with Ryerson University on the Sportsnet Diversity & Gender Equity program.
- Provided free access for our customers to a rotating selection of channels for a select period of time during COVID-19 and temporarily removed data usage caps for customers on limited home Internet plans so they could stream, surf, and connect during the initial phase of the pandemic.
- Created original content and programming for Sportsnet viewers with the suspension of live sports during COVID-19.
- Delivered industry-leading coverage with the return of live sports, with Sportsnet™ the most-watched sports media brand in Canada in 2020 and Sportsnet National the number-one Canadian network overall in primetime in August.

Drive profitable growth in all the markets we serve

- Expanded consolidated adjusted EBITDA margin³ by 90 basis points.
- Attracted 245,000 net Wireless postpaid subscribers, 57,000 net Internet subscribers, and 218,000 net Ignite TV subscribers.
- Generated free cash flow of \$2,366 million, up 4%.

Develop our people and a high performance culture

- Achieved an all-time high employee engagement score of 87% in our annual employee survey, up two points from 2019 and seven points above best-in-class.
- Achieved an all-time high score of 93% for employee pride in a company-wide pulse survey during the first months of COVID-19, six points above best-in-class.
- Received Canada's Top 100 Employers Award (2021) for the eighth year in a row, by Mediacorp Canada Inc., including Top Employers in the Greater Toronto Area (2021), Top Employers for Young People in Canada (2021), and Best Diversity Employers in Canada (2020).
- Reclaimed certification for Canada's Most Admired Corporate Cultures by Waterstone Human Capital in 2020.
- Accelerated progress during COVID-19 on our plan to offer increased flexibility to our employees through work-from-home programs across the company, with 90% of employees currently working remotely, including approximately 7,000 customer solution specialists.

³ Adjusted EBITDA margin is a supplementary financial measure. See "Non-GAAP and Other Financial Measures" in our 2021 MD&A for an explanation as to the composition of this measure, available at www.sedar.com.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Delivered enhanced programs and employee communications to ensure employees were supported and informed during COVID-19, with 83% of our teams reporting in our annual employee survey they felt supported on well-being & work-life balance during COVID-19.
- Extended our employee virtual health care solution in partnership with Sun Life to give employees and their families quick access to health care professionals during COVID-19.
- Launched a new five-year Inclusion and Diversity (I&D) Strategy with measurable targets, including representation goals for equity-seeking groups across the business, and held 85 I&D events and listening sessions through our Employee Resource Groups.
- Launched *For the Love of Work™*, Made Possible by Rogers, a podcast that explores key themes at the heart of a winning employee experience, including resilience, inclusion and diversity, and values, to attract talent and build pride within our team; ranked top 5 in Careers Canada charts on Apple Podcasts from October to December.

Be a strong, socially responsible leader in our communities across Canada

- Partnered with Food Banks Canada (FBC) and Jays Care Foundation for Step Up to the Plate, the largest food hamper program in the organization's history to distribute eight million meals for Canadian families; launched an awareness campaign across our media and digital assets to raise money for FBC to address acute food shortages during COVID-19; and donated more than one million meals through a corporate donation and employee contributions.
- Launched the 60,000 Hours Challenge as part of The 60 Project to mark our 60th anniversary in 2020, with employee volunteers supporting over 200 organizations.
- Announced a \$10 million commitment over the next five years in free advertising and creative services to charities and small businesses that support Black, Indigenous and People of Colour (BIPOC) and equity-seeking communities by leveraging our sports and media assets as part of our I&D plan.
- Raised approximately \$1 million through the Hearts and Smiles campaign in support of The Frontline Fund to help Canada's frontline health care workers during COVID-19.
- Provided thousands of devices and free voice and data plans as digital lifelines to vulnerable Canadians to help them stay connected, in partnership with Women's Shelters Canada, National Aboriginal Circle Against Family Violence, Big Brothers Big Sisters of Canada, Pflag Canada, LGBTQ2S+ organizations, seniors' homes, hospitals, and youth organizations.
- Provided advertising space across our media and digital assets to promote sheltersafe.ca for women escaping violence and abuse and provided financial support through our Fido brand to national organizations supporting LGBTQ2S+ people.
- Launched the Team Rogers Community Draft to support families as children return to sport, with assistance toward league fees and access to mentorship.
- Partnered with the Orange Shirt Society, in its efforts to expand Indigenous education across Canada and raise awareness on Indigenous reconciliation, with a specially designed t-shirt for Orange Shirt Day by Ojibwe artist Patrick Hunter sold on Today's Shopping Choice and raising nearly \$100,000, with all proceeds going to the society.
- Donated \$1 million to the Jays Care Foundation to deliver programs to support 35,000 youth across Canada, including virtual summer camps for 10,000 marginalized youth.
- Awarded scholarships, through the Ted Rogers Scholarship Fund, to over 400 young people to pursue post-secondary education, with an estimated 75% of community recipients from BIPOC.
- Provided nearly \$1 million in community grants for the 2019-2020 year to organizations across Canada that support youth and education.
- Expanded our low-cost Internet program Connected for Success to reach over 250,000 households with 340 housing partners.

Other highlights

- Declared a quarterly dividend of \$0.50 per each outstanding Class A Voting Share and Class B Non-Voting Share during 2020.
- Issued \$1.5 billion 7-year 3.65% senior notes in March. We received net proceeds of \$1,484 million from the issuance.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Issued US\$750 million 2-year LIBOR + 0.60% senior notes in June and fully hedged the foreign exchange risk. We received net proceeds of \$1,014 million from the issuance.
- Ended the year with approximately \$5.7 billion of available liquidity, including \$2.6 billion available under our bank and letter of credit facilities, \$0.6 billion available under our \$1.2 billion receivables securitization program and \$2.5 billion in cash and cash equivalents.
- In April 2020, the TSX accepted a notice of our intention to commence a normal course issuer bid (NCIB) program (2020 NCIB) that allows us to purchase, during the twelve-month period beginning April 24, 2020 and ending April 23, 2021, the lesser of 34.9 million Class B Non-Voting Shares and that number of Class B Non-Voting Shares that could be purchased under the 2020 NCIB for an aggregate purchase price of \$500 million. Rogers security holders may obtain a copy of this notice, without charge, by contacting us. We have not purchased any Class B Non-Voting Shares under the 2020 NCIB.

2019 Highlights

Create best-in-class customer experiences by putting our customers first in everything we do

- Increased our customer likelihood to recommend scores across all business units.
- Improved service levels in our call centres and reduced the average handle time.
- Grew online digital adoption and reduced call volume into our call centres.
- Launched Rogers Infinite unlimited data plans with no overage charges, the first national Canadian carrier to introduce such plans.
- Introduced 24-month \$0 down, interest-free wireless device financing on Rogers Infinite plans.
- Attracted 1.4 million customers to our new Rogers Infinite unlimited data plans.
- Announced a new customer solutions centre in Kelowna, BC, to better serve our customers across time zones.
- Launched Rogers Pro On-the-Go, a new, personalized retail service that delivers and sets up new wireless devices to the customer's location of choice within the service area.
- Launched Fido Data Overage Protection, which pauses data usage when a customer's limit is reached so they can enjoy their wireless services worry-free.
- Ended the year with over 325,000 subscribers on Ignite TV, the foundation of our Connected Home future.
- Invested in our IT infrastructure to improve system stability, decreasing customer-impacting minutes by over 80%.

Invest in our networks and technology to deliver leading performance and reliability

- Secured 20-year 600 MHz spectrum licences covering all provinces and territories across the country for a total price of \$1.7 billion to give our customers the best wireless experience. This low-frequency spectrum is a critical foundation for deploying 5G technology across Canada.
- Announced our initial rollout of Canada's first 5G network in downtown Vancouver, Toronto, Ottawa, and Montreal in preparation for the commercial availability of 5G devices in 2020.
- Became a founding member of the 5G Future Forum, which will collaborate to develop interoperable 5G standards for Mobile Edge Computing across key geographic regions, including the Americas, Asia-Pacific, and Europe.
- Turned on Canada's first 5G-powered campus at the University of British Columbia to facilitate pre-commercial research and testing of 5G applications and announced a three-year partnership agreement with the University of Waterloo to advance 5G research.
- Announced the launch of a 5G innovation hub that will test 5G applications and use cases at Communtech in Waterloo.
- Awarded "Best in Test" for overall wireless customer experience nationally by Umlaut, a global mobile network benchmarking leader, based on measurement testing conducted between May 6 and July 15, 2019.
- Awarded, in October 2019, the 2019 Speedtest® Award for Canada's Fastest Internet by Ookla, a global leader in fixed broadband mobile network testing.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

- Announced a reciprocal roaming arrangement with AT&T to extend LTE-M coverage for IoT customers throughout Canada and the United States.

Deliver innovative solutions and compelling content that our customers will love

- Launched Sportsnet Now and Amazon Prime Video on Ignite TV.
- Launched Ignite TV in Newfoundland and New Brunswick.
- Invested \$683 million during the 2019 broadcast year to create and produce compelling Canadian content.
- Launched the Ignite WiFi Hub app and introduced Wall-to-Wall WiFi pods to manage home WiFi networks and enhance WiFi connectivity in homes.
- Partnered with the Aboriginal Peoples Television Network to broadcast the first-ever NHL game in Plains Cree.

Drive profitable growth in all the markets we serve

- Achieved our revised 2019 guidance targets.
- Grew adjusted EBITDA⁴ by 4%.
- Attracted 334,000 net new wireless postpaid subscribers and 104,000 net new Internet subscribers.
- Returned \$1.7 billion to shareholders through dividend payments and share repurchases.

Develop our people and a high performance culture

- Achieved a company-wide engagement score of 85%, five points above global best-in-class companies.
- Recognized, in November 2019, as one of Canada's Top 100 employers by MediaCorp Canada Inc. for the 7th year in a row.
- Recognized, in November 2019, as one of Canada's Most Admired Corporate Cultures by Waterstone.
- Recognized, in July 2019, as one of the 50 Most Engaged Workplaces in North America by Achievers for our leadership and innovation in engaging our employees and workplaces.
- Named to the 2019 Bloomberg Gender-Equality Index in January 2019, which named 230 companies committed to transparency in gender reporting and advancing women's equality in the workplace.
- Recognized, in March 2019, as one of Canada's Best Diversity Employers by MediaCorp Canada Inc.
- Named, in May 2019, to the LGBT Corporate Canadian Index, an index that recognizes companies advancing equality.
- Announced a \$10 million investment to support a new cybersecurity centre at Ryerson University focused on building diverse digital skills of the future and to help fulfill our ongoing demand for skilled cybersecurity professionals.

Be a strong, socially responsible leader in our communities across Canada

- Contributed \$14 billion in economic value to the Canadian economy.
- Contributed over \$60 million through cash and in-kind investments to help our communities thrive.
- Made a meaningful difference in the lives of youth through the Ted Rogers Scholarship Fund, Jays Care Foundation, and the Ted Rogers Community Grants program.
- Expanded our *Connected for Success*TM affordable broadband program to 335 community housing partners.
- Raised over \$2 million for over 1,100 charities during Give Together Month, with Rogers matching employee donations up to \$1,000.
- Volunteered 20,000 hours to support 80 volunteer events across Canada for our second annual *Give Together*TM Volunteer Days.

⁴ Adjusted EBITDA is a total of segments measure. See "Non-GAAP and Other Financial Measures" in our 2021 MD&A for more information about this measure, available at www.sedar.com.

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Other highlights

- Declared a quarterly dividend of \$0.50 per each outstanding Class A Voting Share and Class B Non-Voting Share during 2019.
- Issued \$1.0 billion 10-year 3.25% senior notes in April. We received net proceeds of \$993 million from the issuance.
- Issued US\$1.25 billion 30-year 4.35% senior notes in April and fully hedged the foreign exchange risk. We received net proceeds of \$1,656 million from the issuance.
- Issued US\$1.0 billion 30-year 3.7% senior notes in November and fully hedged the foreign exchange risk. We received net proceeds of \$1,283 million from the issuance.
- In April 2019, the TSX accepted a notice of our intention to commence a normal course issuer bid (NCIB) program (2019 NCIB) that allowed us to purchase, during the twelve-month period beginning April 24, 2019 and ending April 23, 2020, the lesser of 35.7 million Class B Non-Voting Shares and that number of Class B Non-Voting Shares that could be purchased under the 2019 NCIB for an aggregate purchase price of \$500 million. In 2019, we purchased 9.9 million shares under our NCIB programs for \$655 million. Pursuant to the 2019 NCIB, we repurchased for cancellation 7.7 million Class B Non-Voting Shares for \$500 million, thereby purchasing the maximum allowed under the 2019 NCIB. Pursuant to the 2018 NCIB, as defined below under 2018 Highlights, we repurchased for cancellation 2.2 million Class B Non-Voting Shares for \$155 million.

ITEM 4.2 - SIGNIFICANT ACQUISITIONS

On March 15, 2021, we announced an agreement to acquire all of Shaw's issued and outstanding Class A Participating Shares and Class B Non-Voting Participating Shares (collectively, Shaw Shares) for a price of \$40.50 per share. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family and certain related persons (Shaw Family Shareholders) will receive (i) \$16.20 in cash and (ii) 0.417206775 Class B Non-Voting Shares of Rogers per Shaw Share held by the Shaw Family Shareholders. The Transaction is valued at approximately \$26 billion, including the assumption of approximately \$6 billion of Shaw debt.

The Transaction will be implemented through a court-approved plan of arrangement under the *Business Corporations Act (Alberta)*. On May 20, 2021, Shaw shareholders voted to approve the Transaction at a special shareholders meeting. The Court of Queen's Bench of Alberta issued a final order approving the Transaction on May 25, 2021. The Transaction is subject to other customary closing conditions, including making certain filings with, and obtaining certain consents and approvals from, various governmental and regulatory authorities, including the Competition Bureau, ISED Canada, and the CRTC. Subject to receipt of all required approvals and satisfaction of other conditions prior to closing, the Transaction is expected to close in the first half of 2022. Rogers has extended the outside date for closing the Transaction from March 15, 2022 to June 13, 2022 in accordance with the terms of the arrangement agreement.

For a description of the Shaw Transaction, please see "Shaw Transaction" on page 16 of our 2021 MD&A.

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ITEM 5 - Narrative Description of the Business

ITEM 5.1 - GENERAL - BUSINESS OVERVIEW

This section incorporates by reference the following sections contained in our 2021 MD&A:

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PROPERTIES, TRADEMARKS, ENVIRONMENTAL, AND OTHER MATTERS

In most instances, the Company, through its subsidiaries, owns the assets essential to its operations. Our major fixed assets are:

- transmitters; microwave systems; antennae; buildings; electronic transmission, receiving, and processing accessories; and other wireless network equipment (including switches, radio channels, base station equipment, microwave facilities, and cell equipment);
- coaxial and fibre optic cables; set-top terminals, cable modems, and home monitoring equipment; electronic transmission, receiving, processing, digitizing, and distributing equipment; IP routers; data storage servers and network management equipment; and microwave equipment and antennae; and
- radio and television broadcasting equipment (including television cameras and television and radio production facilities and studios).

We either own or license the operating systems and software related to these assets. We also lease various distribution facilities from third parties, including space on utility poles and underground ducts for the placement of some of the cable distribution system. We either own or lease land or premises for the placement of hub sites, head-ends, switches, and space for other portions of the cable distribution system. We also lease premises and space on buildings for the placement of antenna towers. We have highly clustered and technologically advanced broadband cable networks in the provinces of Ontario, New Brunswick, and on the island of Newfoundland.

We operate a North American transcontinental fibre-optic network extending 81,000 kilometres, providing a significant North American geographic footprint connecting Canada's largest markets while also reaching key US markets for the exchange of data and voice traffic, also known as peering.

We own or have licensed various brands and trademarks used in our businesses. Certain of our trade names and properties are protected by trademark and/or copyright. We maintain customer lists for our businesses. Our intellectual property, including our trade names, brands, properties, and customer lists, is important to our operations.

In 2021, we spent approximately \$0.2 million relating to environmental protection and management requirements. Environmental protection and management requirements applicable to our operations are not expected to have a significant effect on our capital expenditures, earnings, or competitive position in the current or future fiscal years.

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ITEM 5.2 - RISK FACTORS

The following section is incorporated by reference herein: “Risks and Uncertainties Affecting Our Business” contained on pages 60 to 69 of our 2021 MD&A.

ITEM 6 - Dividends

ITEM 6.1 - DIVIDENDS

On January 26, 2022, the RCI Board of Directors (the Board) declared a quarterly dividend of \$0.50 per Class A Voting Share and Class B Non-Voting Share, to be paid on April 1, 2022, to shareholders of record on March 10, 2022.

The table below shows when dividends have been declared and paid on the Class A Voting Shares and Class B Non-Voting Shares for the three most recently completed financial years.

Declaration date	Record date	Payment date	Dividend per share (dollars)	Dividends paid (in millions of dollars)
January 27, 2021	March 10, 2021	April 1, 2021	0.50	252
April 20, 2021	June 10, 2021	July 2, 2021	0.50	253
July 20, 2021	September 9, 2021	October 1, 2021	0.50	253
October 20, 2021	December 10, 2021	January 4, 2022	0.50	252
January 21, 2020	March 10, 2020	April 1, 2020	0.50	252
April 21, 2020	June 10, 2020	July 2, 2020	0.50	253
July 21, 2020	September 9, 2020	October 1, 2020	0.50	253
October 21, 2020	December 10, 2020	January 4, 2021	0.50	252
January 24, 2019	March 12, 2019	April 1, 2019	0.50	257
April 19, 2019	June 10, 2019	July 2, 2019	0.50	256
June 5, 2019	September 9, 2019	October 1, 2019	0.50	256
October 23, 2019	December 11, 2019	January 2, 2020	0.50	253

ITEM 7 - Description of Capital Structure

ITEM 7.1 - GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The information required under the heading General Description of Capital Structure is contained in the 2021 Audited Consolidated Financial Statements, Note 24, and is incorporated herein by reference.

Each Class A Voting Share of RCI carries the right to fifty votes on a poll and may be voted at the meetings of shareholders of RCI. Holders of Class B Non-Voting Shares of RCI and any series of preferred shares of RCI are entitled to receive notice of and to attend meetings of shareholders of RCI, but except as required by law or stipulated by stock exchanges, are not entitled to vote at such meetings. If an offer is made to purchase outstanding Class A Voting Shares, there is no requirement under applicable law or RCI's constating documents that an offer be made for the outstanding Class B Non-Voting Shares and there is no other protection available to holders of Class B Non-Voting Shares under RCI's constating documents. If an offer is made to purchase both Class A Voting Shares and Class B Non-Voting Shares, the offer for the Class A Voting Shares may be made on different terms than the offer made to the holders of Class B Non-Voting Shares.

ITEM 7.2 - CONSTRAINTS

RESTRICTIONS ON THE TRANSFER, VOTING, AND ISSUE OF SHARES

We have ownership interests in several Canadian entities licensed or authorized to operate under applicable communications laws (the Laws) including the:

- Broadcasting Act (Canada);
- Telecommunications Act (Canada); and
- Radiocommunication Act (Canada).

The Laws have foreign ownership limits (the Limits) for various classes of licensed or authorized entities. A copy of the Limits can be obtained from our Corporate Secretary. The Laws also impose a number of restrictions on changes in

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effective control of licensees or authorized entities, and the transfer of licences held by them. RCI's Articles of Amalgamation therefore impose restrictions on the issue and transfer of its shares and the exercise of voting rights to ensure that we, and any corporation existing in a Canadian jurisdiction in which we have an interest, are:

- qualified to hold or obtain any cable television, broadcasting, or telecommunications licence or authorized to operate a similar entity under the Laws; and
- not in breach of the Laws or any licences issued to us or to any of our Canadian subsidiaries, associates, or affiliates under the Laws.

If the Board considers that RCI's, or its subsidiaries', ability to hold and obtain licences, or to remain in compliance with the Laws, may be in jeopardy, the Board may invoke the restrictions in our Articles of Amalgamation on transfer, voting, and issue of our shares.

ITEM 7.3 - RATINGS

Credit ratings provide an independent measure of credit quality of an issue of securities and can affect our ability to obtain short-term and long-term financing and the terms of the financing. If rating agencies lower the credit ratings on our debt, particularly a downgrade below investment-grade, it could adversely affect our cost of financing and access to liquidity and capital.

We have engaged, and compensated, each of S&P Global Ratings Services (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch) to rate certain of our public debt issues. During the last two years, we have made an annual payment of less than \$100,000 to a credit rating organization for an information service other than a credit rating service. Below is a summary of the credit ratings on RCI's outstanding senior and subordinated notes and debentures (long-term) and US CP (short-term) as at December 31, 2021.

Issuance	S&P	Moody's	Fitch
Corporate credit issuer default rating	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Senior unsecured debt	BBB+ Rating Watch Negative	Baa1 under review	BBB+ Rating Watch Negative
Subordinated debt	BBB- Credit Watch Negative	Baa3 under review	BBB- Rating Watch Negative
US commercial paper	A-2 Rating Watch Negative	P-2 under review	N/A ¹

¹ We have not sought a rating from Fitch for our short-term obligations.

As a result of our agreement to acquire Shaw and the related commitments in connection with the Transaction, both S&P and Fitch have placed us on credit watch with negative implications. Moody's has placed our credit ratings on review for downgrade. We expect S&P, Moody's, and Fitch to complete their reviews upon closing of the Transaction. See "Shaw Transaction" and "Risks and Uncertainties Affecting our Business - Shaw Transaction" on pages 16 and 60, respectively, of our 2021 MD&A for more information on our agreement with Shaw and the Transaction.

Ratings for long-term debt instruments across the universe of composite rates range from AAA (S&P and Fitch) or Aaa (Moody's), representing the highest quality of securities rated, to D (S&P), Substantial Risk (Fitch), and C (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to range from BBB- (S&P and Fitch) or Baa3 (Moody's) to AAA (S&P and Fitch) or Aaa (Moody's).

Ratings for short-term debt instruments across the universe of composite rates ranges from A-1+ (S&P), F1+ (Fitch), or P-1 (Moody's), representing the highest quality of securities rated, to C (S&P and Fitch), and not prime (Moody's) for the lowest quality of securities rated. Investment-grade credit ratings are generally considered to be ratings of at least A-3 (S&P), F3 (Fitch), or P-3 (Moody's) quality or higher.

Credit ratings are not recommendations to purchase, hold, or sell securities, nor are they a comment on market price or investor suitability. There is no assurance that a rating will remain in effect for a given period, or that a rating will not be revised or withdrawn entirely by a rating agency if it believes circumstances warrant it. The ratings on our senior debt provided by S&P, Fitch, and Moody's are investment-grade ratings.

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ITEM 8 - Market for Securities

Class B Non-Voting Shares (CUSIP # 775109200) are listed in Canada on the Toronto Stock Exchange under the symbol RCI.B and in the United States on the New York Stock Exchange under the symbol RCI. Class A Voting Shares (CUSIP # 775109101) are listed on the Toronto Stock Exchange under the symbol RCI.A.

ITEM 8.1 - TRADING PRICE AND VOLUME

The following table sets forth, for the periods indicated, the reported high, low, and close prices and volume traded on the Toronto Stock Exchange for Class B Non-Voting Shares and Class A Voting Shares.

RCI.B

Month	High (\$)	Low (\$)	Close (\$)	Volume
2021/01	62.48	57.52	57.71	20,026,670
2021/02	59.70	54.69	55.13	26,530,960
2021/03	65.72	54.93	57.95	59,336,611
2021/04	63.49	57.90	60.54	19,230,192
2021/05	63.31	60.30	61.80	23,654,437
2021/06	66.08	61.74	65.90	46,534,701
2021/07	67.59	63.22	63.68	22,056,854
2021/08	65.28	62.66	64.28	27,200,896
2021/09	64.70	58.58	59.15	35,305,487
2021/10	62.38	56.00	57.56	27,838,810
2021/11	61.51	56.66	57.16	28,739,161
2021/12	60.44	57.00	60.23	33,120,396

RCI.A

Month	High (\$)	Low (\$)	Close (\$)	Volume
2021/01	64.75	60.00	60.00	35,411
2021/02	62.49	56.72	58.00	39,086
2021/03	67.75	57.53	60.01	125,759
2021/04	64.50	60.32	62.70	41,733
2021/05	64.00	61.53	63.45	46,298
2021/06	66.80	62.68	66.71	32,714
2021/07	68.74	64.25	64.65	24,297
2021/08	66.25	63.53	64.70	25,753
2021/09	66.00	60.00	60.52	25,114
2021/10	62.75	58.00	61.04	105,490
2021/11	64.28	60.00	60.97	55,505
2021/12	62.50	59.66	61.69	19,792

ITEM 8.2 - PRIOR SALES

We issued \$2 billion subordinated notes due 2081 with an initial coupon of 5% for the first five years in December 2021, and US\$750 million subordinated notes due 2082 with an initial coupon of 5.25% for the first five years in February 2022.

ITEM 9 - Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

N/A

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ITEM 10 - Directors and Officers

ITEM 10.1 - Name, Occupations and Security Holding

Set forth below is information regarding the directors and senior executive officers of RCI as at March 3, 2022, including their city, province or state, and country of residence, and their principal occupation(s) within the five preceding years. Each director is elected at the annual meeting of shareholders to serve until the next annual meeting or until a successor is duly elected unless, prior thereto, he or she resigns or his or her office becomes vacant by death or other cause under applicable law. Officers are appointed by, and serve at the discretion of, the Board.

Name	Position
Directors	
Edward S. Rogers ⁽¹⁾⁽²⁾⁽³⁾⁽⁹⁾⁽¹⁰⁾	Director, Chair of RCI, and Chair of the Rogers Control Trust
Melinda M. Rogers-Hixon ⁽²⁾⁽³⁾⁽⁵⁾⁽⁹⁾⁽¹⁰⁾	Director, Deputy Chair of RCI, and Vice Chair of the Rogers Control Trust
Tony Staffieri	Director, President and Chief Executive Officer
Jack L. Cockwell, C.M. ⁽⁶⁾⁽⁷⁾⁽⁸⁾	Director
Michael J. Cooper	Director
Ivan Fecan ⁽⁷⁾⁽⁸⁾	Director
Robert J. Gemmell ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾⁽⁸⁾	Lead Director
Alan D. Horn, CPA, CA ⁽¹⁾⁽³⁾⁽⁵⁾⁽¹⁰⁾	Director and member of the Advisory Committee of the Rogers Control Trust
Jan L. Innes ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁷⁾	Director
John (Jake) C. Kerr, C.M., O.B.C ⁽⁶⁾	Director
Philip B. Lind, C.M. ⁽⁴⁾⁽¹⁰⁾	Director, Vice Chair of RCI, and member of the Advisory Committee of the Rogers Control Trust
Loretta A. Rogers ⁽⁹⁾⁽¹⁰⁾	Director and member of the Advisory Committee of the Rogers Control Trust
Martha L. Rogers ⁽⁴⁾⁽⁹⁾⁽¹⁰⁾	Director and member of the Advisory Committee of the Rogers Control Trust
Senior Executive Officers	
Tony Staffieri	Director, President and Chief Executive Officer
Glenn A. Brandt	Chief Financial Officer
Robert Dépatie	President and Chief Operating Officer, Home & Business
Lisa L. Durocher	Executive Vice-President, Financial and Emerging Services
Jorge Fernandes	Chief Technology and Information Officer
Philip J. Hartling	President, Wireless
Bret D. Leech	Chief Human Resources Officer
Colette S. Watson	President, Rogers Sports & Media
Mahes S. Wickramasinghe	Chief Administrative Officer
Ted Woodhead	Chief Regulatory Officer and Government Affairs
Marisa L. Wyse	Chief Legal Officer and Corporate Secretary

(1) Denotes member of Executive Committee

(2) Denotes member of Nominating Committee

(3) Denotes member of Finance Committee

(4) Denotes member of ESG Committee

(5) Denotes member of Pension Committee

(6) Denotes member of Corporate Governance Committee

(7) Denotes member of Human Resources Committee

(8) Denotes member of Audit and Risk Committee

(9) Each of Edward S. Rogers, Loretta A. Rogers, Martha L. Rogers, and Melinda M. Rogers-Hixon are immediate family members of each other and members of the family of the late Ted Rogers. For additional information, please see "Outstanding Shares and Main Shareholders" in RCI's 2021 Information Circular available on SEDAR at sedar.com.

(10) Voting control of RCI is held by the Rogers Control Trust. See "Outstanding Shares and Main Shareholders" in RCI's 2021 Information Circular available on SEDAR at sedar.com. Each of the individuals that are noted above as holding positions with the Rogers Control Trust have held such positions since December 2008.

Edward S. Rogers resides in Toronto, Ontario, Canada and has been a director of RCI since May 1997. Mr. Rogers currently serves as Chair of the Board of RCI. He was first appointed Chair in January 2018. Prior to that, he served as Deputy Chair of RCI from September 2009. Mr. Rogers is also Chair of Rogers Bank, Chair of the Toronto Blue Jays, and is on the Board of Directors of Maple Leaf Sports & Entertainment, and Cablelabs. He is the Rogers Control Trust Chair. Mr. Rogers served in various management positions at Rogers Communications for over 20 years, including as President and CEO of Rogers Cable Inc. After graduating from the University of Western Ontario, Mr. Rogers spent three years with Comcast Corporation. Mr. Rogers was a member of the Economic Council of Canada from 2010 to 2013.

Melinda M. Rogers-Hixon resides in Toronto, Ontario, Canada and has been a director of RCI since May 2002. Ms. Rogers-Hixon has served as Deputy Chair of the Board of RCI since January 2018 and as Vice Chair of Rogers Control Trust since 2008. Ms. Rogers-Hixon was also appointed a director of Rogers Bank on December 31, 2017. Ms. Rogers held progressively senior roles at Rogers after joining the Company in 2000. Most recently, she was Founder of Rogers Venture

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Partners from 2011 to 2018. She also served as Senior Vice President, Strategy and Development from 2006 to 2014, Vice President, Strategic Planning & Venture Investments from 2004 to 2006, and Vice President, Venture Investments from 2000 to 2004. Ms. Rogers-Hixon serves on the Board of Directors for Maple Leaf Sports and Entertainment, the Board of Governors at Huron University College, the Board of Directors of Bombardier Inc., is Chair of the Board of Jays Care Foundation and serves as a Trustee at The Bishop Strachan School. Ms. Rogers-Hixon is also a co-founder and partner of Generation Transition Advisors, a global multi-generational family business advisory firm. Ms. Rogers-Hixon holds a B.A. from the University of Western Ontario and a M.B.A. from Joseph L. Rotman School of Management at the University of Toronto. Ms. Rogers-Hixon was awarded an honorary doctorate from Huron University College at Western University in November 2018.

Jack L. Cockwell, C.M. resides in Toronto, Ontario, Canada and has been a director of RCI since October 2021. Mr. Cockwell is Chair of Brookfield Partners Foundation, was one of the founders of Partners Limited in 1995, and has been associated with Brookfield in numerous capacities, including as Chief Executive Officer, since 1968. Mr. Cockwell is a Heritage Governor of the Royal Ontario Museum, Chair of the Ryerson University Real Estate Advisory Committee, and a member of its Board of Governors, and currently serves as its Vice-Chair. Mr. Cockwell holds a M.Comm with Distinction from the University of Cape Town.

Michael J. Cooper resides in Toronto, Ontario, Canada and has been a director of RCI since October 2021. Mr. Cooper is the President and Chief Responsible Officer of Dream Unlimited Corp. and founder of Dream Asset Management Corporation (DAM). He is also the Chair and Chief Executive Officer of Dream Office Real Estate Investment Trust. Mr. Cooper helped found DAM in 1996 and continues to lead the business as President and Chief Responsible Officer. Mr. Cooper was also involved in the formation of Dream Global Real Estate Investment Trust, previously a TSX-listed real estate investment trust, the assets and subsidiaries of which were sold in 2019. Mr. Cooper holds a LL.B from the Western University and a M.B.A. from York University.

Ivan Fecan resides in Vancouver, British Columbia and has been a director of RCI since October 2021. Mr. Fecan is a Canadian media executive and producer. Mr. Fecan was the president and CEO of Baton Broadcasting and its successors, CTV Inc. and CTVglobemedia, from 1996 to 2011. Previously, he was VP of English TV at the CBC and VP of Creative Development at NBC. Most recently, he was the Executive Chair of Thunderbird Entertainment Group Inc. Mr. Fecan serves on the boards of the University Health Network Foundation, the Art Gallery of Ontario, and the Council for Canadian American Relations. Mr. Fecan is now an investor and past executive chair of Thunderbird Entertainment Group Inc. Mr. Fecan is the producer and executive producer of the hit Canadian sitcom *Kim's Convenience*. Mr. Fecan holds a B.A. from York University.

Robert J. Gemmell resides in Oakville, Ontario, Canada, has been a director of RCI since April 2017, and has served as Lead Director since November 2021. Mr. Gemmell spent 25 years as an investment banker in the United States and in Canada. Mr. Gemmell was President and Chief Executive Officer of Citigroup Global Markets Canada and its predecessor companies (Salomon Brothers Canada and Salomon Smith Barney Canada) from 1996 to 2008. In addition, he was a member of the Global Operating Committee of Citigroup Global Markets from 2006 to 2008. Mr. Gemmell holds a B.A. from Cornell University, a LL.B from Osgoode Hall Law School, and a M.B.A. from the Schulich School of Business.

Alan D. Horn, CPA, CA resides in Toronto, Ontario, Canada and is President and Chief Executive Officer of Rogers Telecommunications Limited and certain private companies that control RCI. Mr. Horn served as Chair of the Board of RCI from March 2006 to December 2017. Mr. Horn also served as Interim President and Chief Executive Officer of the Company from October 2016 to April 2017 and from October 2008 to March 2009. Mr. Horn served as Vice President, Finance and Chief Financial Officer of the Company from September 1996 to March 2006. He also serves as a director of CCL Industries Inc., Fairfax India Holdings Corporation, and Trilogy International Partners Inc. Mr. Horn, a Chartered Professional Accountant and Chartered Accountant, is a member of the Advisory Committee of the Rogers Control Trust. Mr. Horn received a B.Sc. with First Class Honours in Mathematics from the University of Aberdeen, Scotland.

Jan L. Innes resides in Toronto, Ontario, Canada and has been a director of RCI since October 2021. Ms. Innes is a board director and public affairs specialist. Ms. Innes spent most of her career at Rogers Communications. She joined Rogers in 1995 as Vice President, Communications, and in 2011, became Vice President, Government Relations. Ms. Innes retired from Rogers in 2015. Prior to joining Rogers, Ms. Innes was Vice President of Public Affairs at Unitel Communications Inc. Previously, Ms. Innes held senior political staff positions at both Queen's Park in Toronto and Parliament Hill in Ottawa. Ms. Innes sits on the Board of Directors of the Rogers Group of Funds. Ms. Innes holds a B.A. (Honours) from the University of Toronto and in 2014, completed the Directors Education Program at the Rotman School of Management, receiving the ICD.D designation.

John (Jake) C. Kerr, C.M., O.B.C. resides in Vancouver, British Columbia, Canada and has been a director of RCI since October 2021. Mr. Kerr, C.M., O.B.C. is a Canadian executive. Mr. Kerr was the owner and managing partner of Lignum Forest Products, LLP from 2008 to 2015, and he was Chair and CEO of Lignum Ltd. from 1972 to 2005. Mr. Kerr is the majority owner and managing partner of Vancouver Professional Baseball LLP. He acquired the Vancouver Canadians Baseball Club in 2005. He is Chancellor Emeritus of Emily Carr University of Art + Design and Past Chair of the Vancouver Foundation. Mr. Kerr is the Chair of Mosaic Forest Management, is a member of the Chief Executives Organization, and

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Past Chairman of the International and BC chapters of the Young Presidents Organization. Mr. Kerr received a B.A. from the University of British Columbia and a M.B.A. from the University of California, Berkeley. He is a recipient of the Order of Canada and the Order of British Columbia.

Philip B. Lind, C.M. resides in Toronto, Ontario, Canada and has been a director of RCI since February 1979. Mr. Lind is non-executive Vice Chair of RCI and was Executive Vice President, Regulatory until his retirement in December 2014. Mr. Lind joined Rogers in 1969 as Programming Chief and has served as Secretary of the Board and Senior Vice President, Programming and Planning. Mr. Lind also serves as a director of the Vancouver Art Gallery and the Art Gallery of Ontario and the Albright Knox Foundation Canada. Mr. Lind is a former member of the Board of the National Cable Television Association in the US and is a former Chairman of the Canadian Cable Television Association. He is also Chairman of the Board of the CCPTA (Channel 17, WNED) and a director of the Atlantic Salmon Federation and The US Cable Center, Denver. Mr. Lind holds a B.A. in Political Science and Sociology from the University of British Columbia and a M.A. in Political Science from the University of Rochester. In 2002, Mr. Lind received a Doctor of Laws, honoris causa, from the University of British Columbia. In 2002, Mr. Lind was appointed to the Order of Canada. In 2012, Mr. Lind was inducted into the US Cable Hall of Fame, the third Canadian to be so honoured.

Loretta A. Rogers resides in Toronto, Ontario, Canada and has been a director of RCI since December 1979. Mrs. Rogers is the former President of the Canadian Lyford Cay Foundation and remains a Board member, and sits on the Board of the American Lyford Cay Foundation. Mrs. Rogers is also a member of the Toronto General & Western Hospital Foundation. Mrs. Rogers holds a B.A. from the University of Miami, an honorary Doctor of Laws from the University of Western Ontario, an honorary Doctor of Laws from Ryerson University, and an honorary Doctor of Laws from the University of Toronto.

Martha L. Rogers resides in Toronto, Ontario, Canada and has been a director of RCI since December 2008, and previously served as a director of Rogers Wireless Communications Inc. and Rogers Media Inc. Ms. Rogers holds a Doctor of Naturopathic Medicine degree from the Canadian College of Naturopathic Medicine and a B.A. from the University of Western Ontario. Ms. Rogers serves on several charitable boards, including as Chair of the Rogers Foundation, and as a director of the Canadian Lyford Cay Foundation, a member of the Advisory Board of Artists for Peace and Justice, and is Chair of Global Poverty Project Canada. Ms. Rogers also serves as a director of The Dolphin Project.

Tony Staffieri resides in Toronto, Ontario, Canada and has served as President and Chief Executive Officer and a director of RCI since January 2022. Mr. Staffieri also served as Interim President and Chief Executive Officer of the Company from November 2021 to January 2022. Prior to that, Mr. Staffieri was Chief Financial Officer from April 2012 to September 2021. Prior to joining Rogers, Mr. Staffieri held senior executive positions with Bell Canada Enterprises (BCE) and Celestica International Inc. and was a Partner with PricewaterhouseCoopers. Mr. Staffieri also serves as Chair of the Board of Governors for Ryerson University and is a Board Director of MLSE. He is a Fellow Chartered Professional Accountant and Fellow Chartered Accountant. Mr. Staffieri holds a B.B.A. from the Schulich School of Business.

Glenn A. Brandt resides in Millgrove, Ontario, Canada and has served as Chief Financial Officer since January 2022. Since joining Rogers 30 years ago, Mr. Brandt has held several senior roles in the company, most recently as Senior Vice President, Corporate Finance from November 2018 to January 2022, and prior to that, Senior Vice President, Corporate Development, Investor Relations and Treasury from February 2018 to November 2018. He also served as Senior Vice President, Treasury and Corporate Development from September 2016 to February 2018. Mr. Brandt is a trusted advisor with over 35 years in financial management, including extensive experience across corporate finance, raising capital, and working with credit rating agencies. Prior to joining Rogers, Mr. Brandt was with the Toronto Dominion Bank in Corporate, Investment, and Commercial Banking. Mr. Brandt holds a B.Comm from the University of Toronto and a M.B.A. from York University's Schulich School of Business.

Robert Dépatie resides in Rosemère, Quebec, Canada and has served as President and Chief Operating Officer, Home & Business since December 2021. Mr. Dépatie has nearly 20 years of executive leadership in telecom and media experience, including four years as a member of the RCI Board of Directors, from April 2017 to November 2021. Mr. Dépatie is responsible for delivering a strategic vision and growth plan across Connected Home, Rogers for Business, and customer experience at Rogers. This includes driving growth and enabling a best-in-class experience for customers across wireless, wireline, and large Corporate, Public Sector, and Small and Medium Enterprise segments. Mr. Dépatie has been the strategic advisor for Robert Dépatie & Associates Inc. since July 2015. Prior to that, from February 2015 to June 2015, Mr. Dépatie was President of Groupe St-Hubert. Mr. Dépatie was President and CEO of Quebecor Inc. and Quebecor Media Inc. from May 2013 to April 2014, as well as President and CEO of Vidéotron ltée from June 2003 to May 2013. He joined Vidéotron ltée in December 2001 as Senior Vice President, Sales, Marketing and Customer Service.

Lisa L. Durocher resides in Toronto, Ontario, Canada and has served as Executive Vice-President, Financial and Emerging Services since January 2021. Financial and Emerging Services includes responsibility for Rogers Bank as well as new or adjacent services that differentiate the Rogers business. Ms. Durocher was appointed President and Chief Executive Officer of Rogers Bank in July 2021. Ms. Durocher was previously Chief Digital Officer from June 2017 to January 2021, and prior to that, was Senior Vice President, Digital from August 2016 to June 2017. Prior to joining Rogers, Ms. Durocher was at American Express in New York City, where she held several senior leadership positions from 2002 to 2016, most recently Senior Vice President, Charge and Benefits from June 2013 to August 2016. Ms. Durocher is a board member of the

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Rogers Bank, Fortis Inc., and is the Executive Sponsor of the Black Leadership Council at Rogers. Ms. Durocher holds an H.B.A. from Wilfred Laurier University.

Jorge Fernandes resides in Toronto, Ontario, Canada and has served as Chief Technology and Information Officer since June 2018, and prior to that, as Chief Technology Officer since February 2018. Mr. Fernandes is responsible for the planning, design, engineering, implementation, and operations of the Rogers wireless and wireline networks. Prior to joining Rogers, Mr. Fernandes was Chief Technology Officer at Vodafone, U.K. from January 2015 to January 2018. Before that, Mr. Fernandes was Chief Technology Officer and a board member of Vodafone Turkey from November 2011 to December 2014 and Chief Technology Officer and a board member of Vodafone Portugal from November 2008 to October 2011. Between 2002 and 2008, Mr. Fernandes held various director-level positions within Vodafone's operating companies in Portugal and the U.K. Mr. Fernandes serves on the board of Ryerson Rogers Cyber Secure Catalyst. Mr. Fernandes holds a Licentiate degree in Economics and Business Management from Autonomous University of Lisbon and he completed the Católica Lisbon/Kellogg School of Management Advanced Management Program.

Philip J. Hartling resides in Tottenham, Ontario, Canada and has served as President, Wireless since January 2022. Since joining Rogers in 2005 when it acquired Sprint Canada, Mr. Hartling has held various senior leadership positions within Rogers, in marketing, sales, customer service and provisioning. Mr. Hartling's most recent position was Executive Vice President, Service Expansion from January 2021 to January 2022. Prior to that, he served as President, Connected Home from February 2020 to January 2021, as President, Residential, from June 2018 to February 2020, and as Interim President, Consumer from December 2017 to June 2018. Mr. Hartling is responsible for the Company's Wireless business, including the Rogers, Fido, and chatr brands. Mr. Hartling holds a M.P.A. and a B.Comm from Dalhousie University.

Bret D. Leech resides in Toronto, Ontario, Canada and has served as Chief Human Resources Officer since February 2022. Mr. Leech is responsible for leading the Company's HR portfolio across Rogers, including creating an engaging and inclusive employee experience that enables our teams to deliver the very best for our customers, communities, business, and each other. Prior to joining Rogers, Mr. Leech held a series of senior executive leadership positions with telecommunication, financial, and technology organizations in Canada, China, Japan, and the United States. Most recently, Mr. Leech was Group Vice President at Southeast Toyota Finance from January 2021 to December 2021. Prior to that, Mr. Leech was Division President Lending Solutions at Fiserv, Inc. from March 2016 to February 2018. In April 2018, Mr. Leech led the sale of Fiserv, Inc.'s Lending Solutions business to an independent joint venture, Sagent Lending Technologies (Sagent), becoming its President and CEO and member of the board. Following a series of acquisitions, Mr. Leech separated Sagent's two primary lines of business, taking a board and Executive Chairman position with Sagent in March 2021 and continuing as President and CEO of the second entity, defi SOLUTIONS, until October 2020. Mr. Leech holds a B.A. from Dalhousie University, a M.B.A. from the University of Toronto, and is a graduate of Harvard's Advanced Management Program.

Colette S. Watson resides in Ottawa, Ontario, Canada and has served as President, Rogers Sports & Media since January 2022. Ms. Watson was previously Senior Vice President, TV & Broadcast Operations from November 2016 to June 2020. Ms. Watson is responsible for driving strategy and overseeing operations for the Company's robust portfolio of media assets. Prior to rejoining Rogers, Ms. Watson was the President of CPAC, a not-for-profit, commercial-free specialty television channel from April 2019 to January 2022. Ms. Watson has 30 years of experience across programming, regulatory, and communications including a variety of senior roles across Rogers' Media, Regulatory, and Cable divisions. Ms. Watson joined Rogers in 1990 as Bureau Chief of the Rogers Ottawa Bureau. She became Vice President of Community Programming in 1995 and performed the dual role of President of CPAC and Vice President of Community Programming until her appointment to Rogers Media in 2016. Ms. Watson is also a past recipient of the esteemed Trailblazer of the Year award by Canadian Women in Communications. Ms. Watson holds a diploma in Communications from St. Lawrence College.

Mahes S. Wickramasinghe resides in Mississauga, Ontario, Canada and has served as Chief Administrative Officer since January 2022. Mr. Wickramasinghe is responsible for key initiatives and operations to strengthen the strategic growth and performance of the Company, including Strategy, Corporate Development, Supply Chain and Procurement, Performance Management and Corporate Security. Mr. Wickramasinghe has spent over two decades in senior executive roles across large Canadian and global organizations, most recently as Executive Vice-President, Canadian Tire Corporation (CTC) from September 2016 to October 2021, including as Chief Corporate Officer from September 2016 to March 2020, as President, Canadian Tire Financial Services and President & CEO, Canadian Tire Bank from March 2020 to July 2021, and as Chairman of Helly Hansen until October 2021. Prior to that, Mr. Wickramasinghe was Chief Strategy Officer from February 2014 to September 2016. Mr. Wickramasinghe also held executive leadership positions at Bell Aliant and BCE Inc. from 2003 to 2008. From 2008 to 2012, Mr. Wickramasinghe was Chief Administrative Officer of CIBC FirstCaribbean, based in Barbados, and was Senior Vice President, Corporate Finance at Rogers from July 2012 to September 2013. He started his career in public accounting and was a partner with Arthur Andersen and joined CIBC in 1995 and held a number of senior positions and was appointed Senior Vice President. Mr. Wickramasinghe is a member of the Institute of Chartered Accountants (Sri Lanka) and the American Institute of Certified Public Accountants and a Fellow of the Chartered Institute of Management (UK). He is on the Board of Directors for SunOpta Inc. and The Association of International Certified Professional Accountants. Mr. Wickramasinghe was on the Board of the Canadian National Institute for the Blind and continues to serve in an advisory capacity.

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Ted Woodhead resides in Ottawa, Ontario, Canada and has served as Chief Regulatory Officer and Government Affairs since January 2022 and was previously Senior Vice President, Regulatory since May 2020. Mr. Woodhead is responsible for overseeing Regulatory and Government Affairs at Rogers. Mr. Woodhead has over 25 years of experience in the telecommunications sector. He has represented Rogers at various proceedings before the Canadian Radio-television and Telecommunications Commission (CRTC) and other federal departments and agencies with respect to broadcasting and telecommunications matters. He joined Rogers in February 2000 as Director of Government Relations and Regulatory Affairs. In 2004, Mr. Woodhead joined TELUS where he was a Director of Regulatory Affairs, and then in 2008, he assumed the role of Vice President, Telecom Policy and Regulatory Affairs. In 2012, he became the Senior Vice President, Federal Government and Regulatory Affairs, and then in 2017, became Senior Vice President, Strategic Policy until December 2019. Mr. Woodhead is a member of the External Relations Committee of the Queens University Board of Trustees, and is on the Boards of the Canadian Chamber of Commerce and the Canadian Wireless Telecommunications Association. Mr. Woodhead holds a B.A. (Honours) in Political Studies and History from Queen's University and a LL.B. from the University of Windsor. Mr. Woodhead was admitted to the Ontario Bar in 1989.

Marisa L. Wyse resides in Toronto, Ontario, Canada and has served as Chief Legal Officer and Corporate Secretary since January 2022. Since joining Rogers in 2014 as Senior Tax Counsel, Ms. Wyse has held increasingly senior roles in Tax and Finance, most recently as Vice President, Corporate Development from November 2018 to January 2022. Prior to joining Rogers, Ms. Wyse practiced as a tax lawyer at a Canadian law firm from 2006 to 2013. Ms. Wyse holds a J.D. in Law from the University of Toronto and a Bachelor of Computer Engineering from McGill University. Ms. Wyse was admitted to the Ontario Bar in 2006.

As at December 31, 2021, RCI's directors and executive officers as a group owned, directly or indirectly, an aggregate of 108,837,918 Class A Voting Shares, representing approximately 97.9% of the issued and outstanding Class A Voting Shares. Certain directors have positions with, or are beneficiaries of, the Rogers Control Trust, which holds voting control of the Rogers group of companies for the benefit of successive generations of the Rogers family. See "Outstanding Shares and Main Shareholders" in RCI's 2021 Information Circular available on SEDAR at sedar.com.

COMPOSITION OF THE BOARD

The Board currently has 13 members.

Independent Directors

The Board is responsible for determining whether a director is "independent" within the meaning of National Instrument 58-101 - "Disclosure of Corporate Governance Practices" (NI 58-101). Certain directors may be principals of, partners in, or hold other positions with entities that provide legal, financial, or other services to us. The Board has adopted discretionary Director Material Relationship Standards for the purpose of assisting the Board in making determinations regarding whether or not a direct or indirect business, commercial, banking, consulting, professional, or charitable relationship a director may have with RCI or its subsidiaries is a material relationship that could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. These standards can be reviewed in the Corporate Governance section of our website at investors.rogers.com/corporate-governance.

Based on the information provided by each director and the recommendations of the Corporate Governance Committee, the Board has determined that the following directors are independent in accordance with the requirements of NI 58-101 and the standards referred to above. In making this determination, the Board considered all of the relationships that each director has with the Company (taking the discretionary standards referred to above and other factors the Board considered relevant into account) and concluded that none of the relationships considered would likely impair the director's independent judgment.

Michael J. Cooper
Jack L. Cockwell, C.M.
Ivan Fecan
Robert J. Gemmell
Jan L. Innes
John C. Kerr, C.M., O.B.C.

Lead Director

Pursuant to the Board Charter, the Board has appointed Robert J. Gemmell as Lead Director. The Lead Director facilitates the functioning of the Board independently of management of the Company and provides independent leadership to the Board. Shareholders wishing to contact the Lead Director may write to the Lead Director, in care of the Corporate Secretary, at the head office of the Company, 333 Bloor Street East, 10th Floor, Toronto, Ontario M4W 1G9, Canada.

BOARD COMMITTEES

The Board has eight permanent (or standing) committees. The Board may appoint special committees to deal with specific matters. A special committee might, for example, consider proposed material transactions between the significant shareholder and us or between our subsidiaries and us. In those cases, the committee would consist entirely of independent directors who have no relationship to us or to the significant shareholder other than as a director. Charters for

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the various Board committees can be reviewed in the Corporate Governance section of our website at investors.rogers.com/corporate-governance.

CONTROLLED COMPANY EXEMPTION

The NYSE listing standards require a listed company to have, among other things, (i) a nominating committee consisting entirely of independent directors, and (ii) a majority of independent directors on the board. The rules permit a “controlled company” to be exempt from these requirements. A “controlled company” is a company of which more than 50% of the voting power is held by an individual, group, or another company. The Board has determined that it is appropriate for directors affiliated with the controlling shareholder to serve on the Board committees, apart from the Audit and Risk Committee, because of the alignment of interests between our controlling shareholder and our minority shareholders, namely the creation of value and long-term growth. Accordingly, the Board has approved the Company’s reliance on the controlled company exemption with regards to membership of the nominating committee.

Currently, six out of thirteen of our directors are independent. The Board has determined that having less than a majority of independent directors at this time does not impair the effectiveness of the Board because of the substantial number of independent directors as well as the above-noted alignment of interests between our controlling shareholder and our minority shareholders. The Board has approved the Company’s reliance on the controlled company exemption with regards to the proportion of independent directors.

FOREIGN PRIVATE ISSUER STATUS

Under the NYSE listing standards, a “foreign private issuer”, such as the Company, is not required to comply with most of the NYSE corporate governance listing standards. However, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by US companies under the NYSE listing standards.

Appointment of Auditors

The NYSE listing standards and US securities laws require the audit committee of a US company to be directly responsible for the appointment of any registered accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services. There is an exception for foreign private issuers that are required under a home country law to have auditors selected pursuant to home country standards. Pursuant to the Business Corporations Act (British Columbia), our auditors are to be appointed by the shareholders at the annual general meeting of RCI. Our Audit and Risk Committee is responsible for evaluating the auditors and advising the Board of its recommendation regarding the appointment of auditors.

Shareholder Approval of Equity Compensation Plans

The NYSE listing standards require shareholder approval of all equity compensation plans and material revisions to such plans, subject to limited exceptions. The definition of “equity compensation plan” covers plans that provide for the delivery of newly issued or treasury securities. The TSX rules provide that only the creation of, or material amendments to, equity compensation plans that provide for new issuances of securities are subject to shareholder approval in certain circumstances. We follow the TSX rules with respect to the requirements for shareholder approval of equity compensation plans and material revisions to such plans.

CORPORATE GOVERNANCE PRACTICES

The Board endorses the principle that our corporate governance practices are a fundamental part of our proper functioning as a corporation. The Board believes that these corporate governance practices enhance the interests of our security holders, employees, customers, and of others dealing with us. Our Statement of Corporate Governance Practices can be reviewed in the Corporate Governance section of our Company’s website at investors.rogers.com/corporate-governance.

ITEM 10.2 - Cease Trade Orders, Bankruptcies, Penalties, or Sanctions

To our knowledge, based on information supplied by the directors and executive officers, none of our directors or senior executive officers, or a shareholder holding a sufficient number of securities to affect materially the control of the Company is, or within the ten years prior to the date hereof has been, a director or executive officer of any company that: (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer 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 relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

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None of our directors or executive officers, or a shareholder holding a sufficient number of securities to affect materially the control of the Company has, within the ten years prior to the date hereof, 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, officer, or shareholder.

ITEM 10.3 - Conflicts of Interest

The Board has adopted both a Directors Code of Conduct and Ethics and the Business Conduct Policy for directors, officers, and employees, which we refer to as the Codes. The Codes require our directors, officers, and employees to disclose any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest, among other requirements.

To ensure the directors exercise independent judgment in considering transactions, agreements, or decisions in respect of which a director has a material interest, the directors follow a practice whereby any such director with a material interest must be absent during any board discussion pertaining thereto and must not cast a vote on such matter.

Issues arising in connection with the Codes, including conflicts of interest, are reported to the Audit and Risk Committee (in the case of the Business Conduct Policy) or to the Corporate Governance Committee (in the case of the Directors Code of Conduct and Ethics), each of which are responsible for monitoring compliance with the applicable Code and applying and interpreting the applicable Code in particular situations. The Committees must inform the Board of Code violations.

Processes are in place to ensure compliance with the Codes by the Board, officers, and employees, such as distribution of the Business Conduct Policy to our employees and the STAR Hotline, our anonymous whistleblower hotline.

The Codes can be reviewed in the Corporate Governance section of our website at investors.rogers.com/corporate-governance.

ITEM 11 - Promoters

N/A

ITEM 12 - Legal Proceedings and Regulatory Actions

ITEM 12.1 - LEGAL PROCEEDINGS

The following is incorporated by reference herein: "Litigation Risks", beginning on page 68 of our 2021 MD&A.

ITEM 12.2 - REGULATORY ACTIONS

N/A

ITEM 13 - Interest of Management and Others in Material Transactions

N/A

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ITEM 14 - Transfer Agents and Registrars

RCI's Canadian Transfer Agent and Registrar is:
TSX Trust Company
1 Toronto Street, Suite 1200
Toronto, Ontario M5C 2V6

RCI's United States Transfer Agent and Registrar is:
American Stock Transfer & Trust Company, LLC
6201-15th Ave.
Brooklyn, NY 11219
USA

Shareholders with questions relating to distributions, transfer of shares, lost stock certificates, and/or address changes should be directed to TSX Trust Company:
Tel: 1.800.387.0825 (US and Canada) / 416.682.3860 (Outside North America)
Fax: 1.888.249.6189
E-mail: shareholderinquiries@tmx.com
Website: www.tsxtrust.com

By mail:
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3

By courier:
2001 Boul. Robert-Bourassa, Suite 1600
Montreal, Quebec H3A 2A6

ITEM 15 - Material Contracts

Except as set forth below, we have not entered into any material contracts, other than those contracts entered into in the ordinary course of business, during 2021.

1. Arrangement Agreement dated March 13, 2021 between Rogers and Shaw and filed on SEDAR on March 15, 2021. See "Item 4.2 - Significant Acquisitions" and "Shaw Transaction" on page 16 of our 2021 MD&A for more information.
2. Voting Support Agreement dated March 13, 2021 between Rogers, the Shaw Family Living Trust (SFLT), and the Shaw Family Shareholders and filed on SEDAR on March 15, 2021, pursuant to which SFLT and the Shaw Family Shareholders irrevocably agreed to support the Arrangement Agreement and the transactions contemplated thereby, including by voting all of their Shaw Shares in favour of the Transaction at the special meeting of the common shareholders of Shaw that took place on May 20, 2021. SFLT and the Shaw Family Shareholders further agreed not to sell, transfer, gift, assign, grant a participation interest in, option, pledge, hypothecate, grant a security or voting interest in, or otherwise convey or encumber the Shaw Shares each owns. Unless earlier terminated in accordance with its terms, the Voting Support Agreement will continue in full force and effect until June 13, 2022.

ITEM 16 - Interests of Experts

ITEM 16.1 - NAME OF EXPERTS

Our auditor is KPMG LLP, Chartered Professional Accountants, Toronto, Ontario, Canada, Firm ID: 85.

ITEM 16.2 - INTERESTS OF EXPERTS

KPMG LLP is our auditor and has confirmed that it is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation and that they are independent accountants with respect to the Company under all relevant US professional and regulatory standards.

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ITEM 17 - Audit and Risk Committee

ITEM 17.1 - AUDIT AND RISK COMMITTEE MANDATE

OUR MAIN RESPONSIBILITIES:

- oversee reliable, accurate and clear policies and practices for the preparation of financial reports to shareholders
- oversee the design, implementation and review of internal controls - the necessary checks and balances must be in place
- recommend to the Board the appointment of the external auditor, based on an evaluation of the qualifications, independence and oversight of the auditors' work - the shareholders' auditors report directly to the Audit and Risk Committee (the "Committee")
- meet with the Company's external and internal auditors and evaluate the effectiveness and independence of each
- oversee the establishment and maintenance of processes and controls that ensure the Company is in compliance with both the laws and regulations that apply to it as it relates to financial reporting and risk management
- review the annual strategic risk assessment, including management's implementation of risk policies and actions to monitor and control major risk exposures
- review the Company's business continuity and disaster recovery plans
- receive reports on, and approve, if appropriate, certain transactions with related parties

PURPOSE OF THE AUDIT AND RISK COMMITTEE

The Committee shall assist the Board of the Company in fulfilling its oversight responsibilities in the following principal areas:

- (i) financial reporting processes and the integrity of financial statements provided by the Company to the public;
- (ii) recommend to the Board the appointment of the external auditor, based on an evaluation of the qualifications, independence and oversight of the auditor's work;
- (iii) the qualifications and performance of internal auditors;
- (iv) the Company's accounting systems, financial controls and disclosure controls;
- (v) compliance with applicable legal and regulatory requirements; and
- (vi) the implementation of appropriate risk assessment systems to identify and manage principal risks of the Company's business.

In addition to the responsibilities specifically enumerated in this Mandate, the Board may refer to the Committee as it sees fit, on matters and questions relating to the financial position of the Company and its subsidiaries.

INDEPENDENCE

The Committee is composed entirely of independent directors within the meaning of applicable securities laws and the Company's Director Material Relationship Standards.

The members meet regularly without management present.

The members have the authority to engage independent advisors, paid for by the Company, to help the Committee make the best possible decisions on the financial reporting, accounting and risk management policies and practices, disclosure practices and internal controls of the Company.

MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board, each of whom shall be independent of management in accordance with applicable securities laws and based on the Company's Director Material Relationship Standards.

The Chief Executive Officer may attend each meeting of the Committee at the invitation of the Chair of the Committee (the "Chair").

The members shall be selected based upon the following, in accordance with applicable laws, rules and regulations:

- (a) **Independence.** Each member shall be independent in accordance with applicable securities laws and based on the Company's Director Material Relationship Standards and in such regard shall have no direct or indirect material relationship with the Company that, in the view of the Board, could reasonably interfere with the exercise of a member's independent judgment.
- (b) **Financially Literate.** Each member shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee. For these purposes, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. In addition, at least one member must be a financial expert as defined in accordance with applicable securities laws.
- (c) **Commitment.** In addition to being a member of the Committee and of any audit committee of any affiliate of the Company, if a member of the Committee is also on the audit committee of more than two additional public

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companies, the Board or the Nominating Committee shall determine that such simultaneous service does not impair the ability of such member to serve effectively on the Committee.

CHAIR AND SECRETARY

The Chair shall be chosen by the Board and shall serve in that capacity until the next Annual General Meeting of Shareholders of the Company or until his or her earlier resignation or removal by resolution of the Board. The Secretary of the Company shall be the Secretary of the Committee, provided that if the Secretary is not present, the Chair of the meeting may appoint a secretary for the meeting with the consent of the Committee members who are present.

MEETINGS

The times and locations of meetings of the Committee and the calling of and procedures at such meetings, shall be determined from time to time by the Committee, in consultation with management when necessary, provided that there shall be a minimum of four meetings per year. Subject to the notice provisions of the Articles of the Company, written notice shall be provided no later than 48 hours prior to meetings, unless waived by all members of the Committee. Notice of every meeting shall be given to the external and internal auditors of the Company.

Agendas for meetings of the Committee shall be prepared by the Chair, in consultation with management and the Corporate Secretary, and shall be circulated to Committee members prior to Committee meetings. A quorum for meetings of the Committee shall be a majority of members.

A member of the Committee may be designated as the liaison member to report on the deliberations of the Committee to the Board.

REMUNERATION

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may determine from time to time.

RESOURCES AND AUTHORITY

The Committee shall have the resources and the authority to discharge its responsibilities, including the authority to engage, at the expense of the Company, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or management.

The Committee shall have the authority to conduct any investigation necessary and appropriate to fulfill its responsibilities and has direct access to and the authority to communicate directly with the external auditors, internal auditors, the Chief Legal and Regulatory Officer of the Company and other officers and employees of the Company.

The members of the Committee shall have the right to inspect all the books and records of the Company and its subsidiaries and to discuss such accounts and records and any matters relating to the financial position, risk management and internal controls of the Company with the officers and external and internal auditors of the Company and its subsidiaries for the purpose of performing their duties. Any member of the Committee may require the external or internal auditors to attend any or every meeting of the Committee.

RESPONSIBILITIES

The Company's management is responsible for the preparation of the Company's financial statements and the external auditors are responsible for auditing those financial statements, in accordance with applicable standards. The Committee is responsible for overseeing the conduct of those activities by the Company's management and external auditors and overseeing the activities of the internal auditors. The Company's external auditors are accountable to the Committee.

It is recognized that members of the Committee are not full-time employees of the Company and do not represent themselves as accountants or auditors by profession or experts in the fields of accounting, auditing or the preparation of financial statements. It is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from whom it receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary.

The specific responsibilities of the Committee shall include those listed below. The enumerated responsibilities are not intended to restrict the Committee from reviewing and making recommendations regarding any matters related to its purpose.

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1. Financial Reporting Process and Financial Statements

- (a) in consultation with the external auditors and the internal auditors, review the integrity of the Company's financial reporting process, both internal and external, and any material issues as to the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies identified to it by the external or internal auditors or of which the Committee otherwise becomes aware;
- (b) review all material transactions and material contracts entered into by the Company and its subsidiaries with any insider or related party of the Company, other than officer or employee compensation arrangements approved or recommended by the Human Resources Committee or director remuneration approved or recommended by the Corporate Governance Committee;
- (c) review and discuss with management and the external auditors the Company's annual audited consolidated financial statements and its interim unaudited consolidated financial statements, and discuss with the external auditors the matters required to be discussed by generally accepted auditing standards in Canada and/or the United States, as applicable, as may be modified or supplemented, and for such purpose, receive and review the year-end report by the external auditors describing: (i) all critical accounting policies and practices used by the Company, (ii) all material alternative accounting treatments of financial information within International Financial Reporting Standards (IFRS) and/or non-GAAP measures that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors, and (iii) other material written communications between the external auditors and management, and discuss such annual report with the external auditors;
- (d) following completion of the annual audit, review with each of management, the external auditors and the internal auditors any significant issues, concerns or difficulties encountered during the course of the audit;
- (e) resolve disagreements between management and the external auditors regarding financial reporting;
- (f) review the interim quarterly and annual financial statements and press releases prior to the release of earnings information;
- (g) review emerging accounting issues and their potential impact on the Company's financial reporting;
- (h) review and be satisfied that adequate procedures are in place for the review and timely disclosure of any public disclosure of financial information by the Company extracted or derived from the Company's financial statements, other than the disclosure referred to in (f), and periodically assess the adequacy of those procedures;
- (i) meet separately, periodically, with management, with the internal auditors and with the external auditors; and
- (j) the interim consolidated financial statements, the Company's disclosure under "Management's Discussion and Analysis" for interim periods and interim earnings press releases may be approved by the Committee on behalf of the Board, provided that such approval is subsequently reported to the Board at its next meeting.

2. External Auditors

- (a) require the external auditors to report directly to the Committee;
- (b) be directly responsible for the selection, nomination, retention, termination and oversight of the work of the Company's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company, and in such regard recommend to the Board the external auditors to be nominated for approval by the shareholders. A formal review of the qualifications, expertise, resources and the overall performance of the external auditors is conducted annually. A comprehensive review of the external auditors is conducted at least every five years and findings are presented to the Board;
- (c) recommend to the Board the compensation of the external auditors;
- (d) pre-approve all audit engagements and the provision by the external auditors of all non-audit services, including fees and terms for all audit engagements and non-audit engagements, and in such regard the Committee may establish the types of non-audit services the external auditors shall be prohibited from providing and shall establish the types of audit, audit-related and non-audit services for which the Committee will retain the external auditors. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such delegated pre-approval shall be exercised in accordance with the types of particular non-audit services authorized by the Committee to be provided by the external auditor and the exercise of such delegated pre-approvals shall be presented to the full Committee at its next scheduled meeting following such pre-approval;
- (e) review and approve the Company's policies for the hiring of partners and employees and former partners and employees of the external auditors;
- (f) review the annual audit plan with the external auditors;
- (g) consider, assess and report to the Board with regard to the independence, objectivity, professional skepticism, and performance of the external auditors, at least annually, including an evaluation of the lead partner and consideration of rotation of such lead partner and the audit firm itself; and
- (h) request and review a report by the external auditors, to be submitted at least annually, regarding the auditing firm's relationships with the Company, internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the auditing 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 external auditors, and any steps taken to deal with any such issues.

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3. Internal Auditors

- (a) review and approve the internal audit charter annually;
- (b) approve the annual internal audit plan and discuss internal audit's mandate with the Chief Audit Executive, including the staffing, responsibilities and budgets;
- (c) obtain periodic reports from the Chief Audit Executive regarding internal audit findings and the Company's progress in remedying any significant audit findings;
- (d) review the scope, responsibilities and effectiveness of the internal audit team, including its independence from management, credentials, resources and working relationship with the external auditors; and
- (e) review and recommend for approval the appointment and dismissal of the Chief Audit Executive.

4. Accounting Systems, Internal Controls and Disclosure Controls

- (a) oversee management's design and implementation of and reporting on internal controls; receive and review reports from management, the internal auditors and the external auditors with regard to the reliability and effective operation of the Company's accounting system and internal controls;
- (b) review with senior management the controls and procedures adopted by the Company to confirm that material information about the Company and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed within the required time periods;
- (c) review and discuss with management, the external auditors and internal audit compliance with the Company's Disclosure Policy by Directors, Officers and other management personnel;
- (d) review with senior management and the Chief Audit Executive the adequacy of the internal controls adopted by the Company to safeguard assets from loss and unauthorized use, to prevent, deter and detect fraud, and to verify the accuracy of the financial records and review any special audit steps adopted in light of material weaknesses or significant deficiencies; and
- (e) review disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Company's internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits under U.S. federal securities law or applicable Canadian federal and provincial legislation and regulations within the required time periods, and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

5. Legal and Regulatory Requirements

- (a) receive and review timely analysis by management of significant issues relating to public disclosure and reporting;
- (b) review, prior to finalization, periodic public disclosure documents containing financial information, including Management's Discussion and Analysis and the Annual Information Form;
- (c) review disclosures related to the Committee required to be included in the Company's continuous disclosure filings;
- (d) review with the Company's Chief Legal and Regulatory Officer legal compliance matters, significant litigation and other legal matters that could have a significant impact on the Company's financial statements; and
- (e) assist the Board in the oversight of compliance with legal and regulatory requirements.

6. Risk Management

The Committee will review the Company's:

- (a) annual strategic risk assessment identifying principal risks and their potential impact on the Company's ability to achieve its business objectives;
- (b) processes for identifying, assessing and managing risks;
- (c) major risk exposures and trends from all areas (e.g. information and cyber security, financial, data, privacy, physical security, environmental impact, new business initiatives) and management's implementation of risk policies and procedures to monitor and control such exposures;
- (d) business continuity plans and disaster recovery plans;
- (e) insurance coverage maintained by the Company at least annually; and
- (f) other risk management matters from time to time as the Committee may consider appropriate or as the Board may specifically direct.

7. Additional Responsibilities

- (a) establish procedures and policies for:
 - i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (b) prepare and review with the Board an annual performance evaluation of the Committee;
- (c) review the adequacy of staffing of key financial functions and management's plans for improvements;
- (d) review earnings guidance provided to stakeholders, including analysts and rating agencies;

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- (e) periodically review with senior management the status of significant taxation matters;
- (f) report regularly to the Board, including matters such as the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements, the performance of the internal audit function, the performance of the risk management process and the performance and independence of the external auditors; and
- (g) review and reassess the adequacy of the Committee's Mandate on an annual basis.

ITEM 17.2 - COMPOSITION OF THE AUDIT AND RISK COMMITTEE

The following individuals are the members of the Audit and Risk Committee, each of whom is considered to be independent:

Robert J. Gemmell (Chair)
Jack L. Cockwell, C.M.
Ivan Fecan

ITEM 17.3 - RELEVANT EDUCATION AND EXPERIENCE

Each member of the Audit and Risk Committee is financially literate and has the ability to perform his responsibilities as a member of the Audit and Risk Committee based on his education and experience as summarized below:

- Mr. Gemmell (Chair) Former President and Chief Executive Officer of Citigroup Global Markets Canada. 25 years as an investment banker in the United States and in Canada. Mr. Gemmell holds a B.A. from Cornell University, a LL.B from Osgoode Hall Law School, and a M.B.A. from the Schulich School of Business.
- Mr. Cockwell, C.M. Chair of Brookfield Partners Foundation, one of the founders of Partners Limited in 1995, and has been associated with Brookfield in numerous capacities including as Chief Executive Officer, since 1968. Mr. Cockwell holds a M.Comm with Distinction from the University of Cape Town.
- Mr. Fecan Former President and CEO of Baton Broadcasting. Mr. Fecan holds a B.A. from York University.

ITEM 17.4 - RELIANCE ON CERTAIN EXEMPTIONS

N/A

ITEM 17.5 - RELIANCE ON THE EXEMPTION IN SUBSECTION 3.3(2) OR SECTION 3.6

N/A

ITEM 17.6 - RELIANCE ON SECTION 3.8

N/A

ITEM 17.7 - AUDIT AND RISK COMMITTEE OVERSIGHT

N/A

ITEM 17.8 - PRE-APPROVAL POLICIES AND PROCEDURES

Our policy regarding pre-approval of all audit, audit-related and non-audit services is based upon compliance with the Sarbanes-Oxley Act of 2002, and subsequent implementing rules promulgated by the SEC.

- (a) Annually management provides the Audit and Risk Committee with a list of the audit-related and non-audit services that are anticipated to be provided during the year for pre-approval. The Audit and Risk Committee reviews the services with the auditor and management and considers whether the provision of the service is compatible with maintaining the auditor's independence.
- (b) Management may engage the auditor for specific engagements that are included in the list of pre-approved services referred to above if the estimated fees do not exceed \$500,000 per engagement per quarter.
- (c) The Audit and Risk Committee delegates authority to the Chair of the Audit and Risk Committee to approve requests for services not included in the pre-approved list of services or for services not previously pre-approved by the Audit and Risk Committee. Any services approved by the Chair will be reported to the full Audit and Risk Committee at the next meeting.
- (d) A review of all audit and non-audit services and fees rendered to the Company by KPMG LLP is reviewed each quarter by the Audit and Risk Committee.

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Our policy regarding pre-approval of all audit, audit-related, and non-audit services is based upon compliance with the Sarbanes-Oxley Act of 2002, and subsequent implementing rules promulgated by the SEC. None of the audit-related fees, tax fees, or all other fees described in the table below were approved by the Audit and Risk Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 17.9 - EXTERNAL AUDITORS' FEES AND SERVICES

The following table presents fees for professional services rendered by KPMG LLP to us for the audit of our annual financial statements for 2021 and 2020, and fees billed for all other services rendered by KPMG LLP.

Auditors' Fees	2021		2020	
	\$	%	\$	%
Audit Fees ⁽¹⁾	6,353,314	86.1	6,046,150	86.7
Audit-Related Fees ⁽²⁾	669,550	9.1	676,671	9.7
Tax Fees ⁽³⁾	181,279	2.5	248,150	3.6
All Other Fees ⁽⁴⁾	174,200	2.3	–	–
Total	7,378,343	100.0	6,970,971	100.0

- (1) Consists of fees related to audits of annual financial statements, involvement with registration statements and other filings with various regulatory authorities, quarterly reviews of interim financial statements, audit procedures on new accounting standards not yet effective, audits and reviews of subsidiaries for statutory or regulatory reporting, and consultations related to accounting matters impacting the consolidated financial statements.
- (2) Consists primarily of pension plan audits, French translation of certain filings with regulatory authorities, other assurance engagements, and due diligence services in respect of potential acquisitions and divestitures.
- (3) Consists of fees for tax consultation and compliance services, including indirect taxes.
- (4) Consists of fees for advisory services related to the Transaction.

ITEM 18 - Additional Information

ITEM 18.1 - ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, and securities authorized for issuance under equity compensation plans, is contained in our management information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in our 2021 Annual Audited Consolidated Financial Statements and notes thereto and our 2021 MD&A.

Our Corporate Secretary can be contacted at our principal office, located at 333 Bloor Street East, 10th Floor, Toronto, Ontario, M4W 1G9 Canada (telephone: 416.935.7777). Additional information relating to RCI is also available on SEDAR at sedar.com, on EDGAR at sec.gov, or at investors.rogers.com.

**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “5” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “6” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “10” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

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BCE

BCE Q2 2020 Results Conference Call

Mirko Bibic
President and Chief Executive Officer

Glen LeBlanc
Executive Vice President and Chief Financial Officer

August 6, 2020

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements made by BCE's President and Chief Executive Officer and Executive Vice-President and Chief Financial Officer during BCE's Q2 2020 Results Conference Call, as reflected in this transcript, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to the potential impacts on our business, financial condition, liquidity and financial results of the COVID-19 pandemic, our expected improved performance in the third quarter of 2020 as economic activity resumes, our ability in the second half of 2020 to generate momentum as the economy reopens, BCE's financial flexibility to navigate through the COVID-19 crisis and more than meet all of its 2020 cash requirements while sustaining its common share dividend for the foreseeable future, our network deployment and capital investment plans, the expected timing and completion of the proposed sale of 25 data centres at 13 sites to Equinix, BCE's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this transcript describe our expectations as of August 6, 2020 and, accordingly, are subject to change after such date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this transcript, whether as a result of new information, future events or otherwise. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after August 6, 2020. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements were made during BCE's Q2 2020 Results Conference Call for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Material Assumptions

The forward-looking statements set out in this transcript are based on certain assumptions including, without limitation, the following assumptions. Due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including possible resurgences in the number of COVID-19 cases, and various potential outcomes, we are not able at this time to estimate the impacts of the COVID-19 pandemic on our business or future financial results and related assumptions. Accordingly, the assumptions outlined below and in other sections of this transcript and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

- *Our liquidity from our cash and cash equivalents balance, the remaining capacity under our committed credit facilities, our cash flows from operations, continued access to the public capital, bank credit and commercial paper markets based on investment-grade credit ratings, and continued access to our securitized trade receivables programs, will be sufficient to meet our cash requirements for the remainder of 2020*
- *No material financial, operational or competitive consequences of changes in regulations affecting any of our business segments*

Material Risks

Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in, or implied by, our forward-looking statements include, without limitation: pandemics, epidemics and other public health risks including, in particular, the COVID-19 pandemic, and the uncertainty of its severity and duration, including possible resurgences in the number of cases and the potential re-introduction of emergency measures, and the adverse effects thereof; our inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements; our failure to maintain operational networks in the context of significant increases in capacity demands; the risk that we may need to make significant capital expenditures in order to provide additional capacity and reduce network congestion, and implement additional sanitation and safety procedures as a result of the COVID-19 pandemic; our inability to drive a positive customer experience; labour disruptions and shortages; our dependence on third-party suppliers, outsourcers and consultants to operate our business; uncertainty as to whether dividends will be declared by BCE's board of directors or whether the dividend on common shares will be increased; pension obligation volatility and increased contributions to post-employment benefit plans; regulatory initiatives, proceedings and

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decisions, and government consultations, positions, actions and measures that affect us and influence our business; the intensity of competitive activity, including from new and emerging competitors, coupled with the launch of new products and services; the level of technological substitution and the presence of alternative service providers contributing to the acceleration of disruptions and disintermediation in each of our business segments; the adverse effect of changing viewer habits and the expansion of OTT TV on subscriber and viewer growth and on the advertising market; rising content costs, as an increasing number of domestic and global competitors seek to acquire the same content, and challenges in our ability to acquire or develop key content; the proliferation of content piracy impacting our ability to monetize products and services, as well as creating bandwidth pressure; higher Canadian smartphone penetration and increased device costs could challenge subscriber growth and cost of acquisition and retention; the inability to protect our physical and non-physical assets from events such as information security attacks, fire and natural disasters; the failure to transform our operations, enabling a truly customer-centric service experience, while lowering our cost structure; the failure to continue investment in next-generation capabilities; the complexity in our operations resulting from multiple technology platforms, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions and product offerings; the failure to implement or maintain highly effective IT systems; the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, staff reductions, process redesigns and the integration of business acquisitions; our failure to test, maintain, replace or upgrade our networks, IT systems, equipment and other facilities; in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject; the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe environment; changes to our base of suppliers or outsourcers that we may decide on or be required to implement; the failure of our vendor selection, governance and oversight processes; security and data leakage exposure if security control protocols affecting our suppliers are bypassed; the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards; the inability to manage various credit, liquidity and market risks; new or higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits; the failure to reduce costs, as well as unexpected increases in costs; the failure to evolve practices to effectively monitor and control fraudulent activities; the unfavourable resolution of legal proceedings and, in particular, class actions; new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations; the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters; health concerns about radiofrequency emissions from wireless communication devices and equipment; and the expected timing and completion of the proposed sale by BCE of 25 data centres at 13 sites to Equinix are subject to closing conditions and other risks and uncertainties.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. We encourage investors to also read BCE's 2020 Second Quarter MD&A dated August 5, 2020 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). This document is also available at BCE.ca.

The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "free cash flow", "net debt" and "net debt leverage ratio" used in this transcript are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to section 8.2, Non-GAAP financial measures and key performance indicators (KPIs), in BCE's 2020 Second Quarter MD&A dated August 5, 2020 for more details.

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CORPORATE PARTICIPANTS

Mirko Bibic

President and CEO

Glen LeBlanc

Executive Vice President and CFO

Thane Fotopoulos

Vice President - IR

CONFERENCE CALL PARTICIPANTS

Richard Choe

J.P. Morgan – Analyst

Jeffrey Fan

Scotiabank – Analyst

Simon Flannery

Morgan Stanley – Analyst

Aravinda Galappathige

Canaccord Genuity – Analyst

Matthew Griffiths

BoA Securities – Analyst

Batya Levi

UBS – Analyst

Drew McReynolds

RBC Capital Markets – Analyst

Vince Valentini

TD Securities – Analyst

Maher Yaghi

Desjardins Securities – Analyst

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the BCE Q2 2020 Results Conference Call. I would now like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Thank you Louise and good morning everyone. Thank you for joining us this morning. Participating on the call today are Mirko Bibic, BCE's President and CEO, and Glen LeBlanc, our CFO.

Our second-quarter results package and other disclosure documents, including today's news release and slide presentation, that were issued earlier this morning are available on BCE's Investor Relations web page.

However, before we get started, I would like to draw your attention to our Safe Harbour statement on Slide 2. Information in this presentation and remarks made by the speakers today will contain statements about expected future events and financial results that are forward-looking and, therefore, subject to risks and uncertainties. These forward-looking statements represent our expectations as of today and, accordingly, are subject to change. We disclaim any obligation to update forward-looking statements except as required by law. Factors that may affect future results are contained in BCE's filings with both the Canadian securities commissions and the SEC, and are also available on our corporate website.

With that, over to you Mirko.

Mirko Bibic – President and CEO

Thanks Thane and good morning everyone.

We are still in the midst of what continues to be a long journey for all of us, and the Bell team stepped up in Q2 by focusing on the operating principles that have guided our crisis response from the very start: Keeping Canadians connected and informed; Prioritizing the health and safety of the public, our customers and, of course, our team; and Supporting our customers and communities. I am proud of the thousands of team members who have been serving our customers at Bell workplaces and in the field since the crisis began.

Against this backdrop, we delivered operating results for Q2 that underscore Bell's broadband network leadership, reinforce the critical nature of our services, and demonstrate our ability to execute effectively under very difficult circumstances. Despite ongoing heavy demand for all our services, we have maintained Internet speeds and reliability, while continuing to operate our networks at a near perfect 99.99% overall availability.

We enabled work from home for about 90% of our employees, which included some 12,000 call centre agents. By mid-April, service levels were back to what they were pre-COVID, and our call centres resumed full hours of operation at the beginning of June. In short, in a matter of a few weeks, we pivoted from full crisis mode to the stabilization phase. And now, with Q2 behind us, we are focused on building momentum back into the business. As Canada gradually reopens, our focus has been on ensuring customer access to our retail locations wherever possible, and as of now 99% of our Bell, The Source and authorized dealer stores and kiosks are back in full operation.

In Q2 we continued to grow broadband market share with more than 50,000 total net new wireless, retail Internet and IPTV customer additions. We also achieved a noteworthy milestone during the quarter, surpassing 10 million wireless subscribers. More impressively, despite significant COVID impacts absorbed in the quarter, we maintained our consolidated EBITDA margin essentially stable at 43.5%.

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In addition, we generated 50% higher year-over-year free cash flow. This contributed to our very strong liquidity position of \$5.4 billion at the end of Q2, which provides ample financial flexibility to execute on our capital investment priorities and comfortably sustain BCE's common share dividend for the foreseeable future. In fact, just this morning, we declared as scheduled our common share dividend for Q3 that will be paid on October 15th.

Turning to Slide 4. In the midst of COVID, we've made meaningful progress in advancing our strategic priorities so as to generate continued operating momentum in the near-term, and ultimately emerge from the crisis in an even stronger competitive position. 55% of our broadband footprint is now fiberized with 5.4M homes and businesses able to access the fastest Internet speeds in the market today of 1.5 Gbps.

We also fast-tracked our Wireless Home Internet service footprint with 137,000 additional homes passed in April alone, bringing the total number of rural locations equipped with fixed wireless technology to about 400,000. We're taking this unique technology even further by doubling Internet download speeds from 25 Mbps to 50 Mbps to the first 300,000 households starting this fall, while also expanding to rural communities throughout Atlantic Canada. And on June 11th, we launched Canada's largest, first-generation 5G network with service available in the country's 5 largest cities, which will be rolled out to more urban centres later this year.

Championing the Customer Experience is a core strategic imperative for Bell. To this end, given that our retail stores were closed for an extended period, we accelerated investments on digital platforms and self-serve tools. More and more, these are the channels many customers prefer to use to interact with us.

We are encouraging customers to take advantage of online and mobile self-serve options. The MyBell and Virgin Mobile My Account self-serve apps are the clear leaders in their space in terms of app ratings, and provide customers best-in-class integrated access to their Bell and Virgin products and services. Since the start of COVID, approximately half of all customer transactions have been executed online.

I am also pleased to report that Virgin Mobile topped every wireless carrier in Canada from a J.D. Power ranking perspective for a fourth consecutive year as number one in overall customer service in the eyes of consumers. A very strong result for our Virgin Mobile brand. Bell's strategic focus on customer experience was also reflected in the latest report from the CCTS for Q2, which showed a 26% drop in the number of CCTS complaints by Bell customers. Again the best performance among national carriers.

And, as part of our ongoing efforts to safeguard the health and safety of the public, we introduced appointment-based selling in retail stores and ramped up our Assisted Self-Installation and Repair program. In fact, one-third of all new installs and repairs in Q2 were completed without entering the customer's home.

In short, strong progress has been made on our imperative to Champion Customer Experience and all these measures position us well in the short and long term.

Underscoring our ongoing leadership in service innovation, we launched Virgin TV a few weeks ago in Ontario and Quebec. Virgin TV is an app-based TV service that doesn't require a traditional set-top box or installation, and works on virtually all streaming devices. This new TV platform enhances our multi-brand TV strategy by offering TV services to Virgin customers, who we know are clearly consuming vast amounts of content, but who are not subscribed to one of Bell's TV services currently.

Our latest television innovation just announced on Tuesday is the Bell Streamer. This is a compact 4K HDR streaming device powered by Android TV that offers customers all-in-one access to live TV and on-demand content from Bell Alt TV, support for the top streaming services, and access to apps on Google Play.

As you know, we also announced on June 1st the sale of most of our data centres to global data centre operator Equinix in an all-cash transaction valued at just over \$1 billion. We will maintain a strategic partnership with the acquirer to provide our enterprise clients with full access to Equinix's advanced hosting and cloud solutions. The transaction is expected to close before the end of this year.

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As I've said before, and I think it's important to reiterate here today, this is not the time to pull back on investment in critical network infrastructure and customer service improvements. They are necessary to keep us competitive in the short term, and will definitely benefit our company, our customers and our economy in so many ways over the medium and long term.

The COVID crisis has underscored in a very real way the benefits of Canada's global network leadership, whether that's wireless or wireline, which has been made possible because of our significant capital spending, supported by long-standing facilities-based regulatory policies. It has never been more important for governments and regulators to support policies that encourage continued deployment of high-speed fibre networks, Wireless Home Internet in Canada's underserved rural communities, and next generation mobile 5G technology. As I have said numerous times in the past, but which merits emphasizing again with key regulatory decisions on the horizon, we cannot risk losing our global network leadership. Canada cannot afford to fall behind in the construction of digital infrastructure which, we all know, will power so many segments of our economy as we recover from the impacts of COVID-19.

Over to Slide 5 for a quick overview of some key operating metrics, starting with Bell Wireless.

COVID had a significant impact on subscriber and promotional activity due to temporary store closures and stay-at-home requirements that were in place for much of the quarter. This led to a 35% year-over-year decline in postpaid gross activations in Q2. Consistent with this reduction in wireless sales activity, we also saw a corresponding decline in customer churn this quarter. In fact, postpaid churn was 0.82%, our lowest rate ever, which helped drive positive postpaid net additions of 22,000 for Q2.

Notably, this result is net of a provision we took estimating the number of customer deactivations that would have otherwise occurred in the quarter for delayed or non-payment if not for the financial support actions we put in place because of COVID. So if you normalize for this non-payment churn provision totaling 39,000 subscribers, our postpaid churn rate would have been 0.68% or 14 basis points lower than our reported result.

And with the introduction of device financing plans on Virgin Mobile in mid-May, Bell Wireless is now 100% EIP-based across all our brands. In prepaid, 13,000 new customers were added this quarter. A good result given the COVID-driven market slowdown and lapping of our Dollarama distribution agreement in May. With 99% of our wireless retail points of sale now re-open for business, we are beginning to see some pick-up in demand, although it is still too early to predict when consumers' typical shopping activity will resume. However, when it does, and it will, we'll be ready to leverage our industry-leading distribution strength, our wireless network leadership, our fastest speeds, and the improvements we are making right now to our digital platforms.

To finish up on wireless, blended ABPU was down 8.8% over last year.

Not an unexpected result given the material impact of COVID on roaming revenue, the ongoing decline in data overage, an increasing prepaid customer mix, as well as the customer accommodations during COVID that we put in place to help those facing financial challenges.

Moving to Bell Wireline. Our subscriber results continue to reflect the importance and quality of our connectivity services. Although fewer residential and business customers are installing new services, fewer are also switching service providers. This drove 19,000 retail Internet net additions in Q2, unchanged versus last year, in what traditionally tends to be a slow quarter for broadband.

We also added another 46,000 FTTH subscribers this quarter, bringing the total number of direct fibre customers to more than 1.5 million, up 18% over last year.

The broadband footprint advantage that we are building, with the fastest fibre network and Wireless Home Internet speeds in the market today, position us extremely well in both our consumer and business segments over the long term to grow Internet revenue, which increased a strong 7.5% in Q2.

On the TV side of things, we lost 4,000 net IPTV subscribers in Q2. This was the direct result of reduced sales activity and promotional offers, as well as overall TV market maturity. And we also experienced good results in

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satellite TV and home phone with customer losses improving 17% and 34%, respectively, as consumers continued to shelter and work from home. While we have not yet experienced any significant changes in customer behaviors or trends to date, some customers have delayed payment as they deal with the economic impacts of COVID.

As a result, consistent with the incremental bad debt provision we took in the quarter, we recorded an involuntary customer churn provision for non-payment, as we did for Bell Wireless, so as not to overstate our net subscriber additions and overall churn in Q2 for Wireline. The provision for Bell Wireline amounted to roughly 45,000 customers: 19,000 in Internet, 14,000 in TV, and 12,000 in home phone.

Moving to Bell Media. Although total advertising revenue was down, we have started to see signs of improvement. Some industries like automotive, retail and food are beginning to spend again.

Also, the return of some key sporting events, including PGA Tour Golf, UFC, NASCAR, Formula One and MLS Soccer, have shown promising results. Most of these events have seen higher than usual audiences. This improvement is expected to continue into Q3, and will be further positively influenced by the return of more live sports, including, of course, the NBA, golf's major championships and the US Open Tennis. Impressively, even with the absence of live sports broadcasts, TSN and RDS subscriber deactivations remained minimal in Q2.

Crave also continued to deliver with strong direct-to-consumer growth as total subscribers increased to 2.8 million at the end of June, up from 2.7 million in Q1. And earlier this summer, in keeping with our imperative to deliver compelling content, we expanded Crave to include HBO Max programming.

So, while it is still too early to predict what the recovery holds, we believe that BCE's Q2 consolidated results represent a low-water mark, and although we don't expect to return to pre-COVID operating performance in the near term, Q3 is anticipated to show a marked improvement.

We remain very confident in the underlying, long-term fundamentals and performance of BCE. We're competitively well positioned to succeed with a healthy balance sheet and substantial, ongoing free cash flow generation that provides us with considerable financial flexibility to navigate through the COVID-19 crisis, and to more than meet all our cash requirements for the balance of 2020.

And with that, I will now turn it over to Glen.

Glen LeBlanc – Executive Vice President and CFO

Thank you Mirko and good morning everyone. I hope everyone is keeping well and staying safe this summer.

Turning to Slide 7. The financial impact of COVID-19 obviously accelerated in Q2, reflecting a full-quarter impact of widespread retail store closures and reduced consumer activity as Canadians sheltered at home. This drove a 9.1% year over year decline in consolidated revenue. Due to the flow-through impact of lower revenue, adjusted EBITDA was down 9.4%. This result reflects approximately \$85M of costs incurred directly because of COVID, including the relocation of call centre agents; employee redeployment expenses; the purchase of personal protective equipment; increased sanitization and cleaning; an incremental provision for bad debt exposure totalling \$36M; as well as the donation of masks to healthcare and other frontline workers throughout Canada.

Net earnings were down 64% over last year as a result of lower year over year EBITDA, lower equity income from MLSE due to COVID, and a \$452M non-cash impairment charge to Bell Media TV to reflect the current market value of its TV and radio assets. Despite the steep earnings decline this quarter, free cash flow grew 50% to \$1.6B. One of the reasons for the increase was a slowdown in capital spending during the initial stages of COVID as our primary focus was on stabilizing the organization and ensuring continuity of critical services. Construction activity has now ramped up considerably.

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Lastly, I wanted to bring to your attention a reporting change we made this quarter. As Mirko mentioned, as a result of our agreement to sell substantially all of Bell's data centres, those operating results are now being classified as discontinued operations beginning this quarter with prior periods restated for consistency.

Moving to our Wireless results on Slide 8. COVID-19 had a material impact on Bell Wireless financial results in Q2, due to a significant decrease in retail sales activity; reduced travel; an accelerated decline in data overage revenue driven by the optimization of data packages with increased working from home and greater Wi-Fi offloading; and customer accommodations introduced to help those facing financial difficulties because of COVID. As a result, service and product revenue decreased 6.2% and 24.5%, respectively, in the quarter.

Although the revenue pressures stemming from COVID-19 should begin to moderate as commercial activity picks up, roaming and data overage, in particular, are expected to remain headwinds for the balance of the year. Consistent with the year over year decline in revenue, EBITDA decreased 9.2%. However, our wireless margin improved nearly 100 basis points to 45.7%. This was the result of a 12.5% reduction in operating costs attributable to a slow-down in sales activity and decreased acquisition-related expenses, including device subsidies and other marketing and distribution costs.

Turning to Bell Wireline on Slide 9. Although we experienced lower demand for new residential service installations, waived Internet overage fees, provided pricing concessions to customers, and saw further weakness in the SME space due to the economic fallout of the crisis, the 1% revenue decline this quarter was similar to Q1 even with a full quarter of COVID impacts. This speaks to the resiliency of our high-quality connectivity services. Combined Internet and TV revenue was up approximately 2% year over year, while the rate of voice revenue decline improved to 3.8%, driven by increased use of conferencing, higher LD usage and fewer home phone customer deactivations.

However, business customer spending slowed down in Q2 because of COVID, which drove an 8% year over year decline in product revenue and a 4% reduction in business service solutions sales. Despite more near-term financial risk from the after-effects of COVID in the business sector compared to residential, the impact-to-date on Bell Business Markets has continued to be relatively moderate.

Wireline EBITDA, which was down 5.3%, included \$41M in higher year over year opex driven by the COVID-related cost impacts I detailed earlier, and an incremental provision for bad debt expense to reflect the current economic environment marked by higher levels of unemployment and continued uncertainty in the SME sector. This contributed to an approximate 200 bps decrease in margin this quarter. Excluding these COVID-specific costs, wireline margin was relatively stable year over year at around 44%.

Over to Slide 10. Q2 was a very tough quarter for Bell Media. On a relative basis, it was our most significantly impacted operating segment, but it also represents the smallest part of BCE's revenue and EBITDA mix. As witnessed by other broadcasters worldwide, we experienced a steep decline in advertising demand this quarter due to the impact of COVID on ad spending across all platforms as commercial activity was significantly curtailed, major sports leagues suspended and other live events and TV productions cancelled because of this crisis.

We also faced a tough comparable from last year's strong growth that included incremental advertising revenue from the Toronto Raptors NBA Championship run, The Big Bang Theory series finale and a surge in Crave customer subscriptions driven by the final season of Game of Thrones on HBO. As a result of these factors, total Bell Media revenue was down 31.2% in Q2, yielding a 31.9% decline in EBITDA. However, we maintained Bell Media's margin stable year over year at approximately 30%, due to expense reductions driven by programming and production cost savings, the elimination of discretionary costs, and amounts received under the federal government's employment wage subsidy program as we met the eligibility requirements for parts of our media operations during the initial April-May measurement period.

Slide 11 summarizes, at a high-level, the main components of adjusted EPS for Q2, which was 63¢ per share, down 30¢ versus last year. Lower EBITDA drove two-thirds of this decline, while the other third was attributable to lower year over year tax adjustments and higher Other Expense. The increase in Other Expense reflected a

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reduction in equity income received from MLSE due to the effects of COVID, and a loss recorded on the write-down of certain TV platform assets in the quarter.

Moving to Slide 12. Despite the COVID-driven decline in consolidated EBITDA this quarter, we grew free cash flow by 50% versus last year to just over \$1.6B. The year over year increase was due to the substantial improvement in working capital that can be attributed to:

- the decrease in sales activity because of COVID and higher bad debt provision that drove a reduction in accounts receivable;
- a decrease in contract assets reflecting a higher mix of customers on installment plans, fewer new subscriber activations, and the amortization of deferred acquisition costs from prior quarters;
- and a lower wireless device inventory.

Now, it's important to note that a large portion of this favourable change in working capital is temporary in nature, and will reverse as accounts receivable and inventory levels grow with a pick-up in sales activity. This quarter's strong free cash flow result also reflected an upside from a number of timing-related factors that will reverse in the second half of the year, notably capex which I referenced earlier, and cash taxes, which benefitted from government relief measures allowing for the deferral of tax installment payments until later this year.

To wrap up on Slide 13. As Mirko said but it's worth repeating, we ended the quarter with \$5.4B of liquidity, which positions us well given the financial challenges being faced by so many other companies and industries. And this doesn't even take into account the close to \$1B in cash proceeds that we will receive from the sale of our data centres by the end of the year. We also successfully accessed the debt capital markets once again in May with a \$1.5B MTN offering at a very attractive rate to shore up our already-strong liquidity position. Our net debt leverage ratio remains very manageable at 2.86 times adjusted EBITDA. More importantly, we have no near-term refinancing requirements as our next public debt maturity does not occur until the end of Q3 2021.

And Bell Canada's defined benefit pension plan continues to remain fully-funded despite a modest decline in the estimated funded position this quarter due to the impact of lower interest rates in Q2. With that, I will turn the call back over to Thane and the operator to begin the Q&A.

Thane Fotopoulos – Vice President – IR

Thanks, Glen. So before we start the Q&A period, to keep the call as efficient as possible, I'd ask you to just limit yourself to one question and a brief follow-up, so we can get to everybody in the queue with the time we have left. So with that, Louise, we're ready to take our first question.

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QUESTION AND ANSWER SESSION

Operator

We will now take questions from the telephone lines. If you have a question and you're using a speakerphone, please lift your handset before making your selection. If you have a question, please press Star 1 on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star, one at this time if you have a question. There will be a brief pause while participants register. We thank you for your patience.

Our first question is from Jeffrey Fan from Scotiabank. Please go ahead.

Jeffrey Fan – Scotiabank – Analyst

Thanks and good morning to everyone. First question is just on the wireless. Glen, wondering if you can help quantify for us some of the roaming and overage and waive fees impact so that we can start to make some assumptions about the ARPU service revenue or ABPU recovery as we go through the second half and into 2021 as the economy starts to open up. And then a quick follow-up perhaps for Mirko. On the customer experience, I recall that was clearly one of your strategic imperatives coming into your new role. It sounds like there was quite a bit of accelerated efforts related to that, maybe things that would have been done later in the year or later on in your tenure, perhaps pulled in all into Q2. Wondering if you can just identify some of those and maybe even, if you can, quantify for us how much was pulled into this year or this quarter versus what could have been done later, in later years. Thanks.

Mirko Bibic – President and CEO

Okay. Thanks Jeff. Glen, I'll start first, and then I'll hand it over to you to unpack the ABPU a bit for Jeff. Thanks for the question, Jeff. So I'll start first on wireless, your question on that. I'll just give you some high-level comments on the ABPU or the service revenue impacts from COVID. So, I'd break it down into three, four categories.

So there was a roaming decline, clearly, with a halt in travel, and you can kind of quantify that in the range of \$60 million, and then there were COVID related overage decline impacts as customers were staying at home and were offloading data usage to Wi-Fi, and of course there was data overage decline due to the migration to unlimited plans. But on that one, I have to say to the team, I've said this every single quarter that I've been on these calls, the team has continued to manage that migration really, really well and we've been doing that since the launch of unlimited plans last summer. And there has been the impact of customer accommodations that we offered to help our customers during the COVID crisis.

So you put all those together, Jeff, and they are more than the overall service revenue decline. I'll answer the customer experience question now and then Glen you can unpack ABPU a little bit more if you think necessary.

So on customer experience, you're right, I mean, it has been a focus since I've come on board as CEO on January 6. And it's a journey on the improvements to our online platforms. It's clear that customers—our mission's going to be to serve customers the way they want to be served and the vast majority of transactions, especially in wireless, continue to be in traditional retail stores, and as I mentioned in my opening remarks, as the economy reopens and we're 99% open on the stores, that advantage swings back our way.

So we'll continue to be best-in-class on that. But other customers want to be served in the call centres and we need to be best-in-class there and online as well. And we're upping our game each and every day. It's a journey. Things like allowing customers to change their TV programming online, make online payments, change their rate plans online, upgrading their smartphones online, it's those kinds of things, Jeff, that we continually work on

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the buy flows. And I'm not going to quantify how much we pulled into Q2, but it will be a core category of capex space this year and that's going to continue.

Over to you, Glen.

Glen LeBlanc – Executive Vice President and CFO

Thanks, Mirko, and good morning, Jeff.

Yes, I'll give you a little more colour here on the ABPU decline. As Mirko said and explained, the biggest bucket is roaming and data overage. That accounts for 60% of the ABPU decline that you see. Customer accommodations that we put in place temporarily helped those facing financial challenge. That accounted for about 10% of that ABPU decline. The remaining 30% year-over-year decline was mainly due to the higher prepaid customer mix that is in our subscriber base.

I hope that's helpful, Jeff.

Jeffrey Fan – Scotiabank – Analyst

Thank you both.

Operator

Thank you. Our next question is from Richard Choe from J.P. Morgan. Please go ahead.

Richard Choe – J.P. Morgan – Analyst

Just wanted to ask about—broadband is doing well but video, the IPTV was lower and just wanted to get a little more colour on those trends there, what are you seeing in broadband and why TV is lower.

Mirko Bibic – President and CEO

Thanks Richard. So on TV, I'll start there. And sales were clearly disrupted because of COVID and there was an impact on the commercial side obviously. So think small businesses, bars, hotels, that kind of thing. And we are seeing the effects of high penetration of TV in our current Fibe markets. We're lapping strong Alt TV growth and certainly in Q2 anyway, because of initially the impacts of COVID, we did have slower new service footprint growth, which I think will pick up in the back half of the year in terms of service footprint growth.

Now on Internet, you're right, I mean, the performance was quite resilient during what we all know is a pretty difficult period of time and that speaks to the importance and the quality of our Internet. We have the fastest download and the fastest upload. Upload is pretty important right now and we have the best Wi-Fi in the marketplace. And that too is very important.

So, on that, I mean, I think those would be the primary reasons why Internet is so resilient. We've had the acceleration of footprint on Wireless Home Internet. Of course, as we enter a community, particularly rural communities, that hasn't had high-speed broadband with Wireless Home Internet, and we accelerated that footprint that just is a boon for the community and of course leads to subscriber growth. We expect the resilience in Internet to continue over the rest of the year.

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Richard Choe – J.P. Morgan – Analyst

Great. Thank you.

Operator

Thank you. Our next question is from Aravinda Galappathige from Canaccord Genuity. Please go ahead.

Aravinda Galappathige – Canaccord Genuity – Analyst

Good morning. Thanks for taking my question. My question's on B2B. I believe Glen mentioned that Bell business markets have held up fairly well thus far considering the conditions. I wanted to get your sense, Mirko and Glen, in terms of what you're seeing in terms of feedback from the large enterprise customers. Conceivably, the pressure on that end would come later in the year as sort of some of those contracts come up for renewal and reprice. Wanted to get some colour around that, do you expect incremental pressure as that plays out?

And then secondly, as my follow-up, would you expect the free cash flow—I hear your point about a lot of the factors that helped free cash flow in Q2, sort of reversing potentially later in the year. I was wondering if you can size up the potential saving, cash savings from the handset cost this year that should obviously help the full year free cash flow number. I'll leave it there. Thank you.

Mirko Bibic – President and CEO

Okay. Thanks Aravinda. I'll take the enterprise question. Glen, why don't you take the free cash flow question?

So on the business side, puts and takes are the following. Customer spending did slow down and things like product revenues and service solutions. On the other hand, there was traction in connectivity, remote collaboration, conferencing services, those types of things that kind of intuitively make sense given what we were going through in Q2.

So those are the broad categories of puts and takes. But I have to say, I mean, as I look forward to the rest of the year, I think it's still too early to predict how all that's going to shake out for the rest of the year on the enterprise side. And a little bit the same answer on SMB, small business. Again, really too early predict what's going to happen. But on this and BU, as you know, it's a very small part of our overall business market exposure. Glen?

Glen LeBlanc – Executive Vice President and CFO

Thanks, Mirko. Yes, free cash flow strength, I think you kind of unpacked it a little bit and touched on the caution that I was giving going forward. As I said in my opening remarks, capex was lower certainly in the early months of March and April and May as we focused on organization and stability and ensuring that we propped up our—secured our critical services and now we're moving back to more construction and footprint expansion. So we'll see capital increase in the second half of the year. The working capital I mentioned earlier will reverse. Now, on the handsets, it's hard to say how this will shake out. I certainly—I'm not going to try to predict second waves and third waves, do we have potential store disruption again with the slowdown in sales activity. Obviously it's going to be down because as Mirko mentioned in his opening remarks that we had—we're 100% EIP now.

When I look at the quarter alone, EIP plus the reduced sales activity, the handset costs were down 25%, \$140 million. I certainly hope sales activity is stronger in the second half of the year. So I wouldn't think you can just extrapolate that. But hard to say how it's going to shake out. Let's just keep our fingers crossed that we see sales activity remain strong in the second half.

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Aravinda Galappathige – Canaccord Genuity – Analyst

Thank you.

Operator

Thank you. Our next question is from Vince Valentini from TD Securities. Please go ahead.

Vince Valentini – TD Securities – Analyst

Yes, thanks very much. First a clarification, if I can. The 39,000 and 45,000 subscriber provisions, can you just clarify if that would have been zero in the second quarter last year or is this something you always do but it just got elevated this quarter?

The second one, a bigger picture question. I see a huge arbitrage opportunity and strategic opportunity for BCE emerging here. I mean, your cost of debt has never been lower. You're flushed with cash. You've got another billion coming from the data centre sale soon and we're looking at a media industry that's just imploding and Stingray's revenues are around 60% in radio, and of course radio was down 52%. I mean, there's a big need here for the government to step in and allow some consolidation or regulatory relief and it seems to me that BCE should be the leading candidate here to arbitrage your incredibly strong scale in media and cost of capital to try to sort of save the industry and help yourself and your shareholders at the same time. So I'm just wondering if you have any comments or thoughts about strategic growth opportunities in Media, Mirko. Thanks.

Mirko Bibic – President and CEO

Thanks Vince. Why don't you go first, Glen, on the first question on the provisions.

Glen LeBlanc – Executive Vice President and CFO

Of course. Good morning Vince. Look, the customer provisions—and this is what transpired. In any normal quarter what would happen is when customers reach certain points of non-payment then we activate what we refer to as an involuntary churn or involuntary disconnect. What we had agreed to do during this difficult time is we would not deactivate customers and we would ensure that they had their Internet and their wireless connectivity that became so critical at this difficult time.

That said, we know that we have to one day return to normal and we are going to see an escalation or a requirement for involuntary disconnects. So what I did is ensure that the provision that we took from the customers, 39,000 you alluded to in wireless, 45,000, 46,000 in wireline, mirrors exactly what the historical experience would have been on disconnects. So as you see an aging into 30, 60, 90, 120 days, we ensure that the provision mirrors historical performance.

So, the important thing to remember, Vince, is now if you take revenue credits, if you take bad debt increase and bad debt provisions, you have to ensure that your nets and your churn are all aligned and that's what a customer provision does. It doesn't overstate one metric.

Mirko Bibic – President and CEO

Okay, thanks. And Vince, on the second question. So, I'm always open to good ideas. Let me tell you that. I think we've shown a strong track record over the years of being opportunistic and very strategic on the M&A side. So we'll always keep looking. I'm not going to comment specifically on the precise example you put

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forward, but always looking to be opportunistic. Whether or not it's in media or in telecom, I mean, you do raise a point about scale. It's pretty obvious that we ought to be encouraging scale in the country. Look who—if you just take media, which is the example you brought forward. Just look who we're competing against. It's a rather silly notion to still think of the media industry as a domestic media industry with three players competing with each other. I mean, we're competing with global Internet giants, really, at this stage in the game. I'm happy with our asset mix right now. I think it positions us well strategically and always looking to be opportunistic. And it's hard for me to comment on this call on the specific idea, but it was a good question.

Vince Valentini – TD Securities – Analyst

Fair enough. Thank you.

Operator

Thank you. Our next question is from Drew McReynolds from RBC Capital Markets. Please go ahead.

Drew McReynolds – RBC Capital Markets – Analyst

Yes, thanks very much. A couple of housekeeping questions for Glen, and then I have one bigger one for you, Mirko. Glen, on the pension exposure, doing a great job keeping the solvency fully funded essentially. Are there kind of any scenarios here where that changes kind of going forward, maybe just remind us on sensitivities? And on the bad debt expense, can you break that down between wireless, wireline and media? And then over to you, Mirko. Just bigger picture, satellite broadband services around the world are getting a lot of attention. I wanted to hear your thoughts on, at least in Canada, sizing up either that opportunity or threat for your broadband strategy over the longer term. Thank you.

Mirko Bibic – President and CEO

Okay, I'll go first, Glen, on the second question. So, Drew, on the satellite broadband services and the competitive implications, I'll put up our fibre Internet network up against anything. I mean, the fastest speeds in North America, you've got what customers want. What do they want? They want download speeds. We can't be beat. And certainly satellite can't beat that. With upload speeds, that's what they want and that's more and more important as I said in my opening remarks. Can't beat fibre and certainly satellite broadband cannot. And the in-home Wi-Fi services that we have, the time to market advantage whether on fibre generally as compared to satellite. But if you think about our Wireless Home Internet expansion, 25 Mbps download, 1 Mbps upload and that's going to 50 Mbps, 10 Mbps soon. That's going to be hard for satellite to beat. We've already got 400,000 homes that have the ability to purchase that product.

So I think we're in a very good position. I think we're in a great position if you even compare us to your traditional cable competitors, let alone satellite broadband that hasn't launched yet. Obviously, it will be well received, I think, in some very, very deep rural areas at some point. But I think that's kind of my reflection on that question, Drew.

Over to you, Glen.

Glen LeBlanc – Executive Vice President and CFO

Thanks Mirko, and good morning Drew. Pension exposure, great question. It's hard to believe that discount rates continue to drop. At a time when we were looking at discount rates at the end of 2019 between our plans and we're running around on average of 2.8% and now at the end of the quarter we were bouncing around

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2.23% to 2.37% between our multiple plan. So, significant decrease in the discount rate. But all of that said, we remained at 99%, we're bouncing 99% to 100% on any given day from a solvency ratio perspective, which is just remarkable. And I'm incredibly proud of what our team has done to put us in this position. We didn't get here by accident. We got here by following a very prescriptive glide path ensuring that over 70% of our assets are now invested in fixed income. So that gives us a natural hedge against this declining discount rate.

So, remarkable job. On the sensitivity, if you saw discount rate drop another 25 basis points and reached 2% or sub 2%, it's around \$125 million to \$150 million and when you consider a pension plan of over \$5 billion in total, that's pretty manageable. So, I feel like we've positioned ourselves incredibly well to mitigate this risk and never in my wildest dreams did I think we'd be looking at discount rates like this and still have a fully funded plan.

Over to bad debt exposure, as I mentioned in my remarks and I think there's—I'll unpack this a little further. I took an extra provision of \$36 million as a bad debt expense, but I also took provision of \$28 million through revenue. So a total of \$64 million additional provision related to COVID. Through revenue, a provision of revenue, that's really accommodations we gave customers, customer credits we gave, waiving late pay charges and making arrangements for folks who were struggling during this difficult time.

So, in total, if you look at the P&L impact of COVID, bad debt and revenue impacts, it's about \$64 million. If I broke that down by BU, 45% wireless, 45% wireline, about 10% media.

Drew McReynolds – RBC Capital Markets – Analyst

Okay, that's perfect, Glen. Thank you both.

Operator

Thank you. Our next question is from Maher Yaghi from Desjardins Securities. Please go ahead.

Maher Yaghi – Desjardins Securities – Analyst

Yes, thank you for taking...

Mirko Bibic – President and CEO

Maher, we can't hear you. Sorry, you cut out.

Operator

Hello. Can you pick up—he dropped off his line. I'll just go to the next person. Simon Flannery from Morgan Stanley. Please go ahead.

Simon Flannery – Morgan Stanley – Analyst

Thanks a lot. Good morning. Mirko, I wonder if we could talk about 5G for a minute. You rolled out the service to some of the key cities here. Any early learnings, any early observations and where do you see the biggest opportunity for the company? Is it really around the B2B type used cases? What sort of conversations you are having there—we should be thinking about for the future? Thanks.

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Mirko Bibic – President and CEO

Thanks, Simon. Yes, so we did launch on June 11, you know that. So the cities were Montreal, the GTA, Calgary, Edmonton, Vancouver and we will be expanding to about 28 additional markets in 2020. So all that's going according to plan. I'm really pleased with our competitive positioning here on 5G because our speeds are 1.7 Gpbs which is fastest in the industry and we're going to be even faster next year when 3.5 GHz spectrum becomes available for mobile. I'm also quite pleased that we have a 3.5 GHz spectrum advantage going into the auction given our Inukshuk Holdings.

And just generally on that network side with so many advantages including our network sharing arrangement with Telus as you know and the number of cell sites that we have which are fiberized which will be so important for the service attributes customers will be looking for 5G.

So far look, it's early days. I'm quite pleased with how well it's going in the context of having just launched, having launched kind of still with stores having not been completely fully opened at the time that we did. I'm really pleased with how well-positioned we're going to be to capture growth in 5G and to that question which is the last part that you asked me about Simon. I mean, I see growth potential in the consumer space just kind of like on the consumer side when we upgraded from 2G to 3G, 3G to 4G etc. there's always a spike in penetration, smartphone adoption especially usage and that drives revenue and you're right there are going to be a multitude of used cases on the enterprise side, and on the IoT side which will be in a great position to capitalize on especially when you think about our distribution advantage with BBM Bell business markets and our enterprise strength.

Simon Flannery – Morgan Stanley – Analyst

Great. Thank you.

Operator

Thank you. Next question is from Maher Yaghi from Desjardins Securities. Please go ahead.

Maher Yaghi – Desjardins Securities – Analyst

Thank you for taking my question and getting me back in the queue. I wanted to take Vince's question and flip it other side with capex expected to increase. I guess, with 5G you have spectrum auctions coming up next year. You also have increased volatility in the markets that you're operating in. Do you think you have other assets that could be divested off and I'm thinking here real estate, potentially and you always in the past talked about the importance of owning cell towers. In the world of 5G, do you think that dependency and importance is to the same extent or you could get capital out of the market, out of your assets from that portion of your asset mix and redeploy it somewhere else? Thank you.

Mirko Bibic – President and CEO

Okay. Thanks Maher. Nice to hear you come back on the line. I am going to, in some respect, reiterate some of the things I said in response to Vince's question which is I'm quite happy with our asset mix but we will always be looking up to optimize that as things develop.

On the specific question you asked in terms of divesting cell site or tower portfolio. I am of the view that that is a very competitively important asset and I think it's especially important in the world of 5G. So owning that infrastructure remains an important part of our core business and I don't see that changing in the near term that's for sure. And in terms of just more general, the point about cost savings with respect to real estate, if I

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take the real estate question a bit more broadly, clearly with what we've gone through in the last few months and what we are going to put a sharp focus on real estate optimization and particularly from an office space point of view and that's something that we're going to be looking at as others across the Canadian economy surely are.

Maher Yaghi – Desjardins Securities – Analyst

Thank you very much.

Operator

Thank you. Our next question is from Batya Levi from UBS. Please go ahead.

Batya Levi – UBS – Analyst

Great. Thank you. Can you provide some color on how the \$85 million COVID related expenses were allocated in each segment and how do you think about wireless margins in the second half with activity picking up and one follow-up in media, does adding HBO Max change your profitability over segments in any way? Thank you.

Mirko Bibic – President and CEO

Why don't you go ahead Glen?

Glen LeBlanc – Executive Vice President and CFO

Okay. I will start on the first part on the \$85 million. Look, I gave of that \$85 million I said that operating expense of \$36 million of that was bad debt and I gave you a breakdown of how that affected the BUs and I'm not going to unpack the rest of the details the \$36 million represents the substantive portion of the \$85 million. I gave you the color on what it was with the personal protective equipment and the donation, the increased sanitization cost, the donation of PP&E that we gave to our frontline workers, the cost we incurred trying to ensure that we were able to move our contact center employees home to work in a safe environment. As far as the split of that, the 45%, 45%, 10% is pretty accurate on the whole envelope and Mirko over to you.

Mirko Bibic – President and CEO

Yes. Look on the media question the HBO Max content, I mean that's over a longer term horizon over which we'll be monetizing that content. What it really does is it makes Crave that much more compelling in terms of a spot service to subscribe to and will allow us to scale the service even more and we saw some good progress in Q2 going from 2.7 million to 2.8 million subscribers and just making adding more compelling content just makes it that much more attractive which allows us to increase our sub base and basically leverage that contract over the longer term.

Glen LeBlanc – Executive Vice President and CFO

I think you had another question on margin, looking forward and frankly as Mirko said in his opening remarks, it is our belief that Q2 was the low watermark and that we will continue to see consecutive quarter improvement Q3 over Q2 and let's hope Q4 over Q3 as we get control of this pandemic. It's difficult for me to predict margins because I can't predict how this pandemic is going to affect us. As I said earlier wave two is there additional waves beyond that, is there shut down of commercial activity and heaven forbid closure of stores, etc. So our

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focus right now is to serve the customers with the stores we have open now to ramp up our sales activity and fingers crossed that that continues well into the fall and we have this under control.

Mirko Bibic – President and CEO

Look sales are growing week after week, month after month and while traffic is clearly down in our stores, we're seeing strong conversion from the traffic that is in stores. I mentioned this last time we were on a call like this together and we're seeing that trend continue. So it all points towards positive momentum half of Q2.

Batya Levi – UBS – Analyst

Got it. Thank you.

Operator

Thank you. Our next question is from Matthew Griffiths from BoA Securities. Please go ahead.

Matthew Griffiths – BoA Securities – Analyst

Hi, it's Matthew sitting in for David. Thanks for taking the question. I just had two and Mirko in your prepared remarks you mentioned, you expect sequential improvement in Q3. I was just wondering if you could elaborate on what you see as the main drivers of that expectation and just secondly if I could with the acceleration in the self-serve and online channel, is that leading to any change in how you see the physical distribution network whether its size or its reach and maybe some cost savings that you could extract from there? Anything would be helpful.

Mirko Bibic – President and CEO

Okay. Good questions. Thanks Matthew. So on Q3 kind of, I'll pull from different comments we've made over the last hour. So on wireless, I just previously mentioned what we're seeing in terms of continued strength week after week. So I won't repeat that but we will reiterate it, on Internet as I mentioned earlier performance is quite resilient and we expect that to continue over the rest of the year.

On home phone, no significant sales but really strong churn and I called out the results in my opening remarks and we've seen a material improvement in the pace of decline and we expect continued improvement in the pace of decline throughout 2020.

TV, I called out a little bit earlier and the enterprise side and on media I had not talked about what we're seeing in media. We're seeing gradual improvement and momentum slowly building. Cancellations have stabilized. Some segments are advertising again and we're seeing bookings month over month accelerating. We're seeing strong demand for the fall season and I mentioned F1 just take F1 for example just to point out the pent-up demand for sports we're up over 20% over the first three races and we're on pace for new audience records for that property.

UFC, Nascar very strong viewership year-over-year and I think the Raptors are going to be very strong in terms of viewership. In fact the U.S. versus U.S. team matchups that we've had on TSN since the NBA has come back have been triple our normal audiences for matchups featuring U.S. teams. So all that bodes towards progressively improving loadings or bookings on media

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And self-serve, look, like I said earlier, I still think that the predominant way Canadians are going to want to shop for telecom services particularly wireless over the near term is in store and so that natural advantage we have swings back our way. Yes, we're going to need to scale self-serve and you kind of see it in our results and when we direct activity online, it does lead to a lower COA which is a lot of goodness and then the footprint will be optimizing that as we go. And that's a function of consumer behavior, consumer patterns, our readiness on online and will continually be evolving that mix between online and traditional retail store footprint.

Thane Fotopoulos, Vice President, Investor Relations

Thanks Mirko on that, unfortunately we have timed out. So I do thank you for your participation on the call this morning. I will be available for the balance of the day for any questions follow-up questions and clarification. So with that take care and stay safe.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time and we thank you for your participation.

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This is Exhibit “11” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

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Doug French *TELUS Corporation - Executive VP & CFO*

François Gratton *TELUS Corporation - Executive VP & Group President*

Jeffrey D. Puritt *TELUS International - President*

Jim Senko *TELUS Corporation - President of Mobility Solutions*

Tony Geheran *TELUS Corporation - Executive VP & Chief Customer Officer*

Zainul Mawji *TELUS Corporation - President of Home Solutions*

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the TELUS 2020 Q2 Earnings Conference Call.

I would like to introduce your speaker, Mr. Robert Mitchell. Please go ahead.

Robert Mitchell - *TELUS Corporation - Head of IR*

Hello, everyone. Thank you for joining us today. Our second quarter 2020 results news release, MD&A and financial statements and detailed supplemental investor information were posted on our website this morning at telus.com/investors.

On our call today, we have Darren Entwistle, President and CEO; Doug French, Executive Vice President and CFO; François Gratton, Group President and Chair of TELUS Health and TELUS Quebec; and Jeff Puritt, Executive Vice President and President and CEO of TELUS International. And also joining us today for the Q&A portion of the call, we have Zainul Mawji, President, Home Solutions; Jim Senko, President, Mobility Solutions; and Tony Geheran, EVP and Chief Customer Officer.

Given we have a virtual call today, Darren will be taking the questions, and he will be allocating them amongst our various participants on the call today.

Briefly on Slide 2. This presentation and answers to questions contain forward-looking statements that are subject to risks and uncertainties and may be based on certain assumptions. Accordingly, actual performance could differ from statements made today, so we ask that you do not place undue reliance upon them. We disclaim any obligation to update forward-looking statements, except as required by law, and we refer you to the



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risks and assumptions we've outlined in our public disclosures, including our second quarter 2020 MD&A, our 2019 MD&A and filings with securities commissions in Canada and the U.S.

With that, over to you, Darren.

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

Thanks, Robert, and hello, everyone. Our TELUS team continues to respond dynamically to the needs of Canadians and our communities, whilst demonstrating exceptional operational execution and providing innovative solutions for our customers and communities during the COVID-19 pandemic.

Notably, at a time when the human connection has never been more important, our TELUS team remains committed to ensuring Canadians have access to the technology and support that enables them to work and learn remotely, apply for critical government resources, receive vital medical care and stay connected to family and friends.

In this regard, our TELUS team continues to deliver on our commitment of \$150 million to support COVID-19 relief across Canada. Additionally, since the start of the global pandemic, the TELUS Friendly Future Foundation has contributed \$5.5 million to 326 charitable health projects. With the launch of our virtual TELUS Days of Giving this quarter alone, TELUS team members have participated in 200,000 acts of giving, including 500,000 volunteer hours served and 131,000 masks sewn for our communities.

Clearly, we're stepping forward. This past quarter, we expanded our TELUS Internet for Good program to help people living with disabilities, access the vital tools and resources they need to live, fulfilling lives from the comfort of their own homes. Since introducing our Internet for Good program on a Canadian leadership basis, we've now enabled more than 65,000 Canadians from low-income families with low-cost, high-speed TELUS Internet.

I'd like to take this opportunity to thank the entire TELUS team for their tireless efforts in aiding our customers and our communities and in taking care of each other. Despite the challenges we faced with respect to the global health crisis, TELUS achieved resilient second quarter financial and operational results. Our team delivered industry-leading customer growth of 141,000 net additions, all while maintaining the safety and well-being of our customers and team members by leveraging our strong digital capabilities and demonstrating the efficacy of our long-standing strategic focus, and providing the best-in-class customer experience over our world-leading broadband networks. This accomplishment, realized against the backdrop of an unprecedented operating environment, is reflective of our long-standing focus on fostering a leading culture with a highly engaged team.

Importantly, our strong second quarter results were achieved while 95% of our team embraced working from home, whilst continuing to respond with excellence in meeting the evolving needs of our customers. Leveraging our distinct and excellent digital capabilities in concert with our team's characteristic grit and adaptability within the new operational environment, we added 61,000 high-quality mobile phone net additions comprised entirely of higher value postpaid customers. We also added 47,000 wireline customer additions, driven by 37,000 internet and 12,000 security net additions, which were both up over last year. This strong customer expansion was supported by leading customer loyalty across our key growth product lines, including historically low postpaid churn of 0.59%, backed by the TELUS team's long-standing dedication to delivering premium customer experience over the world's best wireless network.

In Q2, consolidated revenue was up 3.6%, whilst EBITDA decreased by 2.9%, clearly due to the impacts from the ongoing health crisis. In that regard, our second quarter results reflect various COVID-19 impacts across the business, including lower wireless roaming revenue, the implementation of numerous customer support initiatives in response to the pandemic, incremental bad debt expenses, and as well, the temporary closures of the vast majority of our retail points of distribution, certain TELUS international locations and our TELUS Health clinics.

Thanks to our relentless focus on improving our cost structure in this environment as well as our tireless pursuit of incremental opportunities to enhance the contributions coming from all areas of our business, we mitigated some of these downside pressures, whilst managing through various stakeholder initiatives. Had it not been for the total net impact of this exogenous event, EBITDA would have grown by approximately 5% at the



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consolidated level. Notably, we generated strong free cash flow of \$511 million in Q2, up more than 57% over last year. These results are a further reflection of our team's resiliency and adaptability in the face of a challenging and rapidly changing operating environment.

Importantly, our robust free cash flow is and will continue to be achieved without having to sacrifice the strategic capital investments necessary to ensure the execution and success of our long-term growth strategy.

Let's take a deeper look at wireless. Second quarter network revenue decreased by 3.3% as our consistent focus on profitable, high-quality smartphone-centric subscriber growth was offset by the aforementioned pandemic-related impacts. As a result, wireless EBITDA was down 3.7%, partially mitigated by an intense focus on cost management at the TELUS organization. Our 61,000 Q2 mobile phone net additions reflects very strong performance, particularly in light of the market environment we face with COVID-19-related channel restrictions as well as our team's agility and innovation in leveraging our digital channels and leading network to offer superior customer service throughout the health crisis. And the results speak for themselves. It is incredibly encouraging to see our smart simplification thesis playing out so effectively in our wireless (inaudible) loading results this quarter and that bodes well for the future.

Our ability to seamlessly pivot our wireless business to operate almost entirely through our digital platforms without missing a step along the way is only possible, thanks to the simplification journey and the technology investments that we made in digital that began several years ago. Healthy connected device net additions of 33,000 were down on a year-over-year basis, primarily due to lower IoT growth additions from a reduction in business customer activity, as customers delayed purchasing decisions during the pandemic, which was partly offset by growth in our consumer health, personal emergency response system devices and part of our overall health and home security thesis.

In totality, wireless net additions, including both mobile phones and connected devices, were 94,000 in the quarter. Our team delivered another quarter of strong and best-in-class loyalty results with a mobile phone churn rate of 0.8%, which represents a 21 basis point improvement over this time last year. Notably, our incredibly low postpaid churn of 0.59% marked a 23% basis point improvement over this time last year. Whilst we benefited from reduced voluntary switching activity as a result of the pandemic, customers are clearly staying with us for our premium customer experience delivered by our team members and our globally leading networks built by our team members.

TELUS' network has continued to perform exceedingly well throughout the crisis, inclusive of the resulting significant changes in usage patterns and added demand as network volumes have become significantly amplified. The efficacy of our ongoing broadband technology investments continues to be reflected in numerous recent awards from leading independent third-party network authorities. Tutela recognized our wireless network as best in consistent quality, lowest latency and fastest download speeds.

Furthermore, in early July, TELUS won U.S.-based Ookla's 2020 Speedtest Fastest Mobile Award, marking the sixth consecutive year that TELUS has won this award as well as Best Mobile Coverage for the third time. Notably, in The State of Rural Canada's Mobile Network Experience May 2020 Report, U.K.-based OpenSignal, found that rural Canadians benefit from some of the fastest download speeds in the G7. It noted that the rural experience on TELUS' network is better and faster than in any location within G7 nations with the exception of Japan, clearly, a significantly smaller country than Canada, which at 49 megabits per second, was only slightly faster than TELUS' 48 megabits per second.

Consistently earning these prestigious third-party accolades is particularly gratifying as our team focuses relentlessly on maintaining robust reliability and world-leading performance across all of our critical services in rural as well as urban areas to keep Canadians connected to the vital economic, educational, health and social resources that they need, that they need particularly so during the contagion.

Looking to our next major network evolution. In June, we announced the first wave of our 5G network rollout in Vancouver, Montreal, Calgary, Edmonton and the Greater Toronto area, with an expansion to 26 additional markets across Canada throughout the remainder of 2020. In addition, we announced new partnerships with Ericsson and Nokia for our core wireless network and Samsung for our radio access network. Importantly, our 5G network will profoundly enhance the way our customers connect to information, connect to resources and, of course, connect to each other. Building on our consistently world-leading technology, our 5G network will bridge digital divides and drive innovation across businesses, government, health care, education and social pursuits, whilst creating an estimated 250,000 jobs and contributing \$40 billion annually to Canada's economy, something that we're clearly going to need in the aftermath of COVID-19.



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This critical development in our 5G ecosystem is a testament to our team's dedication to maintaining a world-leading network experience from coast-to-coast in Canada from urban to rural. We've done it for 20 years on the network front, we'll do it going forward with 5G.

Finally, to close, in our wireless results, ABPU was \$69.65 and down 5.1%, and ARPU was \$56.82, which was down 5.8%. We continue to pursue strategies with attractive economic characteristics that mitigate the effects of the pandemic and its impact on these metrics. This includes the continued strong adoption of our TELUS Easy Payment device financing, our TELUS Peace of Mind endless data plans and our TELUS Family Discount plans that are all performing exceedingly well within the marketplace.

Indeed, once again, over half of rate plan changes and migrations in the quarter were either step-ups or flat from a revenue perspective. And I think this should be encouraging for investors. We are also continuing to seek out and secure new avenues of wireless revenue growth in high-margin areas such as Internet of Things, which will clearly get volumized as the 5G ecosystem gets commercialized. We are excited about prospects in this space, in concert with the commercialization of 5G and the opportunities that this is going to unlock in terms of new long-term growth curve initiatives for our wireless business that will drive, not just top line revenue growth, but will drive significant EBITDA expansion and free cash flow generation as we extract an ROI on the capital investments that we've made in commercializing 5G, volumizing the speeds and delivering on the pervasive coverage.

Now let's turn to our wireline results. TELUS once again delivered a solid quarter with smart execution and performance, buttressed by our premium diversified and evolving product portfolio. Second quarter wireline revenues increased by 13%. This was supported by data revenue growth of 18%, driven by a combination of higher revenues coming from our diverse portfolio of services and solutions, including robust performance at TELUS International; with contributions from our successful acquisition of Competence Call Center; as well as strong organic growth, which Jeff will touch on later in this call.

We're also seeing strong data growth coming from excellent results achieved once again in home and business smart technology and security with the inclusion of ADT Canada as well as robust growth in Internet, third-wave data services and a very resilient performance from our TV offering. And finally, we're seeing significant data growth with increased revenues from the hyperscaling of our virtual health care solutions where we've seen a tenfold increase in demand for Babylon by TELUS Health and 300 new corporate customers within our Akira virtual care platform. François will provide additional color on our health results in a few moments.

But clearly, from wireline to wireless, from TI to security, to our health business, the diversity of our data growth at TELUS is both strong, resilient, and it bodes well for continued performance in this regard prospectively.

In addition to COVID-19-related disruptions at TELUS International, revenue growth was partly offset by a decline in health revenue from the temporary closure of clinics for all nonessential services as well as reduced health benefits claims. It was also offset by lower revenue and EBITDA from business customers as they redeployed resources to answer the unique challenges that they faced within their markets, within the respecting operating environments that they struggled to cope with.

Wireline EBITDA decreased by 1.2%, reflecting temporary impacts from the pandemic in the quarter, including the previously mentioned disruptions at TELUS International and TELUS Health, along with customer-first initiatives, including the waving of overage fees and increased bad debt expenses.

Clearly, we were deeply sensitive to the predicament of our customers during this period and acted accordingly and respectfully and humanely in that regard. These factors were partly offset by the increased contribution from TELUS International and our home and business smart technology as well as excellent cost containment across the business, thanks to the efforts of our team.

Looking at our robust customer expansion. We earned industry-leading second quarter Internet additions of 37,000, a 12,000 year-over-year improvement on the back of higher gross loading and significantly lower customer churn. We also realized TV net additions of 8,000, including solid double-digit basis point churn improvement as well as strong security net additions of 12,000, which was up 1,000 over this time last year. Not bad going given all the constraints within the pandemic from marketing and sales through to the handcuffing of a lot of our fulfillment activities



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that we would have done on a more traditional basis, calling for greater innovations in that regard to be forthcoming from the TELUS team. And indeed, they were. These results underscore the attractive bundled offers available to customers across our highly differentiated product portfolio.

Our strong results also reflect our team's steadfast focus on leveraging the competitive differentiation inherent in our PureFibre broadband network. Notably, despite being largely unable to enter the homes or premises of our customers, we achieved exceptional Internet and security loading results due to the success of our innovative virtual technician model, and the grit of our team in providing best-in-class customer experiences, even in the most challenging of circumstances. And this was the most challenging of circumstances.

As a result, overall, total wireline RGU net additions of 47,000 were up 4,000 on a year-over-year basis, which represents an outstanding achievement whilst facing the challenges of the global pandemic and remaining steadfast in keeping our customers and our frontline team members safe and healthy. Our consistent industry-leading wireline execution clearly highlights the importance of our dedicated focus on delivering customer service excellence over our world-leading fiber network.

During the quarter, our team expanded our PureFibre coverage to approximately 73% of our high-speed broadband footprint, on our way to approximately 80% coverage by the end of 2020. My, we have come a long way since the end of 2012, to be able to be within spinning distance over the back half of 2020 now to get to a coverage footprint of 80% as it relates to our Internet broadband territory. This bodes well for the future, not just what it means for our FFH business, but what our pervasive fiber network will enable for our 5G wireless operations, given the synergy between the two.

Indeed, the current environment underscores the potency of the TELUS PureFibre network, which enables millions of Canadians to work, learn, access, entertainment, transact online and socialize virtually from home on a significantly intensified basis. All is we, as a nation, as citizens, as consumers and as businesses, make a quantum progression into the digital society and digital economy that will endure and grow well beyond the current global health crisis. And we are clearly positioned for sustainable competitive advantage in this regard, given the technology investments that we have made on a persistent basis over the past decade.

Notably, the efficacy of our ongoing broadband technology investments is also reflected in a recent award from leading independent network authority, U.S.-based PCMag, which ranked TELUS as the fastest internet service provider in Canada. And this is down to the PureFibre investments that we've made and the massive footprint that we have built and realized for the benefit of customers and shareholders alike.

Despite the challenges we faced with respect to COVID-19, TELUS delivered resilient financial results, industry-leading subscriber growth and customer churn alongside robust free cash flow generation. Importantly, we continue to expect to drive strong free cash flow within the lower half of our original target range of \$1.4 billion to \$1.7 billion, based on management's goal to deliver flat to slightly positive EBITDA for 2020. And doing that, making astute capital investments in line with our original CapEx guidance for the full year 2020.

Moreover, we remain hopeful that conditions will permit us to meet or exceed our targeted dividend increase when we report our third quarter results in November.

As we continue to advance our broadband leadership and embrace our winning go-to-market strategy, backed by our globally recognized culture and industry best customer experience, we remain confident in the long-term outlook for our business and the significant opportunity before us to further elevate the TELUS brand, accelerate our growth strategy and build increasing value for shareholders and return that money to shareholders, given the success of the implementation of our go-to-market actions.

Our robust and consistent performance over the longer term, coupled with our strong balance sheet and our cost containment measures positions us well to navigate the uncertainty caused by the global health emergency. These factors, alongside the incredible innovations we are driving in response to the current crisis and the tuition value that we've gleaned over the past several months, will also support the ongoing evolution of our operating model and the resiliency of our organization ensuring that we are strongly positioned for anticipated economic challenges and the ability to also seize upon significant market opportunities.



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Our team's unwavering commitment to improving outcomes for our fellow citizens in concert with our leading operational execution and our vastly superior asset mix continues to define TELUS' leadership in social capitalism, reflecting the symbiotic relationship between our company and the communities that we serve. I remain proud and grateful to the entire team. And I think that was exemplified over the past 3 months.

And on that note, François, I'll hand the call over to you.

François Gratton - TELUS Corporation - Executive VP & Group President

Thanks, Darren. Our efforts in the health space have never been more important as the COVID-19 pandemic continues to impact the country. As we navigate this crisis, the pandemic is highlighting the need to enhance our health care system to support a massive influx of patients, protect the health care workers on the front lines and strengthen our mental health support services. The recent rise in cases indicates that the risk of a second wave is real. COVID-19 will be with us for a longer-than-expected period, and the need for digital health care will expand.

A recent study by the Canadian Medical Association found that nearly half of Canadians who use virtual care during the pandemic would prefer a virtual-first point of contact going forward. More than ever, TELUS Health's leading medical expertise, robust networks and broad technology assets will be pivotal in mitigating second wave risks, providing greater efficiency of care and keeping thousands of health care professionals, families and elderly people, healthy and safe.

TELUS is extraordinarily well positioned to lead the market in that sense. Despite some impacts from clinic closures and reduced claims, our business remains strong, with exploding demand for our TELUS Health solutions. And as a result, we continue to generate positive simple cash flow in the second quarter, while revenues in the health vertical, including broadband connectivity were stable. And our team is leading efforts across the entire health care ecosystem in many ways. Most of all, we significantly extended the reach of our health care, virtual care solutions. They are enabling a one-on-one video consultations with health care professionals with a 3-pronged approach.

First, we have the leading direct-to-consumer virtual care platform, Babylon by TELUS Health. It's addressing the needs of the 5 million Canadians without a family physician today. Babylon by TELUS Health is available for free to consumers and covered through their provincial medical plans. Initially launched in BC, we've now expanded the service to Alberta, Saskatchewan and Ontario. And now we significantly continue to adopt or to roll out our services across the country. Our customer base has more than tripled in the last 6 months.

Second, we have a leading B2B2E, so B2B to employees, virtual care platform with Akira by TELUS Health. Akira is offered through employers, allowing them to take care of the health and safety of their employees like never before, and it's available on demand 24/7. Akira now provides greater access to care and mental health support to over 1 million people across the country. Both platforms, Babylon and Akira by TELUS Health, experienced large volume increases so much that we've seen a threefold increase in the number of average daily consultations. And consequently, had to increase our clinical staff by a factor of 3 to meet demand and keep wait times within minutes.

As a result of this surge, we've doubled our customer growth forecast for both services for the remainder of 2020. We're now forecasting to reach over 420% and 350% growth increases for both Babylon and Akira and their customer base, respectively, by the end of the year.

Third, thanks to the great agility of the TELUS Health team, we were able to deploy virtual visits functionality integrated into our Electronic Medical Records, or EMR, within a week of the outbreak. To date, we've now enabled over 26,000 Canadian doctors to conduct virtual consults with over 165,000 EMR virtual visits now scheduled so far. In just a matter of months, we see now a strong adoption of our EMR virtual visits functionality with a 40% penetration rate, making us the leader in virtual consult. This 3-pronged approach to virtual care. So direct-to-consumer with Babylon with TELUS Health, B2B2E with Akira with TELUS Health and our EMR virtual visit integrated module makes us a unique player in the marketplace and the clear leader in Canada.

We're enabling over 25 million Canadians to have access to virtual care today, and we're doing that with very high patient satisfaction ratings. Above all, our virtual care services are helping to alleviate the burden on our public health systems by keeping people safe by having them stay at home, adding virtual triage capabilities to focus on the most urgent matters and allowing more proactive health care and mental health care by increasing the frequency of consults amongst other benefits. Another way we continue to lead the pack is through our increased adoption of Home

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Health Monitoring solutions across the country. This solution enables clinicians to remotely manage, monitor and care for patients diagnosed with chronic disease or chronic conditions. Or patients that are diagnosed or exposed to COVID-19, therefore, relieving pressure from hospitals and keeping patients safe at home. As an example of adoption, it's been endorsed by the British Columbia Ministry of Health, where thus far, we have now over 1,600 patients that have been or are currently being monitored for COVID-19, and we continue to deploy this solution in other jurisdictions across the country.

Furthermore, our LivingWell Companion and Direct Alert by TELUS Health Services contribute to facilitate elderly Canadians access to 24/7 emergency support in the comfort of their own homes. The performance of these services over the second quarter was the strongest yet, achieving a 29% increase in new customers over Q1.

This strong growth enabled TELUS to become the largest Canadian-owned personal emergency response system service provider. These virtual care services now complement our broader digital health portfolio of products, where we've established ourselves as the leading digital health ecosystem player. We now manage health and wellness benefits of 13 million Canadians, process claims for 60,000 allied health care providers, provide executive health care services for over 2,000 employers, support 26,000 physicians to take care of their own patients via TELUS Electronic Medical Records, enable 6,500 pharmacies to dispense medications via TELUS pharmacy management systems, support 200,000 Canadians via provincial personal health records in Alberta and Saskatchewan, and conduct 84,000 patient visits per year in our 16 Med Access and Copeman health clinics.

TELUS Health does lead the way with our broad reach and integrated offering across the continuum of care from virtual care to physical consultations, benefits and prescription management and now closing the loop with Home Health Monitoring. Also, caring for our most vulnerable is at the center of our culture of giving. Health for Good, through our TELUS Mobile Health clinics, brings medical care and mental health support directly to those who need it the most. Since the beginning of the pandemic, we deployed our 11 mobile health clinics in communities across Canada to provide screening, treatment and detection of the -- for the home list, one of the highest risk population for COVID-19. And now nearly 36,000 on-site consultations have been realized to date.

TELUS Health is well positioned for the future and as a meaningful contributor to our consolidated financial and operational performance. We expect to see strong growth in our health care business in the wake of COVID-19, and we are in a great position as the leading provider of health care technology in Canada.

Indeed, we have a solid path to grow our health business as we continue to respond to increased demand for our breadth of health care services and solutions that drive greater efficiencies across the continuum of care. We are leveraging our core business. We are growing into adjacent markets where we are looking to disrupt the traditional care model via our digital health technologies, innovative partnerships in our leading broadband networks such as PureFibre and 5G. Our digital health portfolio creates the foundation to introduce advanced capabilities like AI for diagnosis and treatment. And bio analytics for precision medicine, which has the ability to drive improvement in the health outcomes and transform health care in Canada and globally. Needless to say, this represents a very exciting challenge for our TELUS Health team as we are revolutionizing access to health care and creating better health outcomes for all Canadians.

I turn it over to you, Jeff, now.

Jeffrey D. Puritt - *TELUS International - President*

Thanks very much, François, and hello, everyone. Despite these significant challenges brought about by COVID-19, TELUS International delivered excellent results in Q2. I am so very proud of the continued resilience and the dedicated focus of our global team in rapidly enabling over 90% of our frontline team members to safely work from home. And importantly, to continue providing exceptional service to our global clients during the pandemic.

TI has continued to generate very healthy financial results, surpassing \$1 billion in revenue on a year-to-date basis, including double-digit organic growth. We were also able to maintain strong EBITDA margins at the high end of our previously communicated 20% to 25% expectation, whilst also delivering robust simple cash flow underpinned by TI's low CapEx intensity profile. These results have been driven by growth in business

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volumes, derived from both expanded services for existing clients as well as new client growth. This performance is even more impressive when considered in the context of how quickly government-mandated lockdowns disrupted our traditional service delivery model due to COVID. Beyond the rapid work-from-home deployment, our team also managed our costs prudently while driving meaningful productivity improvements that helps to bolster our strong results.

Our team and our client partners quickly embrace the new operating environment, and in so doing, have unlocked exciting new capabilities and success stories for our business. For example, in Q2, for the first time in our history, we launched support for new clients in a 100% virtualized fashion, starting with the sales pursuits and success, to contracting, recruiting, onboarding and training and on to delivering exceptional performance. This was accomplished by leveraging our leading digital solutions in concert with our highly engaged team.

Our success to the pandemic has also been fueled by our diversified client base that has provided us with meaningful inoculation during these uncertain times. While certain clients have experienced challenges, particularly in the travel and hospitality space, other clients, such as online games and social media, in particular, have more than compensated with significant growth. TI has also continue to partner with TELUS and many other clients to help them transform and execute on their own digital roadmap with next-gen IT digital solutions, which is helping our client partners operate more effectively through the pandemic and beyond. Our acquisition of CCC that we completed at the start of this year, has been performing well ahead of plan, building on TI's track record of successful and thoughtful acquisitions. Integration activities are going very well, and we're excited about the rapid scale we've been able to achieve across Europe as well as the significant enhancement of our trust and safety practice, including content moderation, that has continued to be a high-growth area for TI during the pandemic, particularly in the social media space.

Above all, the health and safety of our team remains paramount in all 20 countries in which we operate. Robust safeguards are in place for our phase return to the office, including temperature checks, on-site medical clinics, mobile symptom screening, physical distancing and enhanced cleaning. Thanks to our successful work-from-home enablement, we're in no rush to return our global teams to our offices. However, we will continue to work closely with our client partners and local government agencies to ensure our team members remain as safe and as productive as possible through the pandemic.

Let me now turn the call over to Doug for an update on financials, following which, I look forward to answering your questions, if any. Doug, over to you.

Doug French - TELUS Corporation - Executive VP & CFO

Thank you, Jeff. Our resilient second quarter results reflect the thought leadership of our highly engaged team, who collectively embraced the new operating environment, while focusing on the well-being of our team members, our customers and our communities. Despite the widespread challenges of COVID, we delivered a strong set of subscriber results while actively managing our financial outcomes and delivering strong free cash flow.

Our results were supported by our continued focus on driving cost efficiency and margin-enhancing initiatives. Of the \$250 million goal that we had set for ourselves, we have achieved roughly half by the end of the second quarter. We'll achieve the rest over the next 2 quarters and certain of these opportunities will be permanent. I'm proud of the team's operational execution to realize these benefits, which helped us partially offset the negative COVID impacts that were outlined on Slide 9 of our investor presentation.

In wireless, external revenue was lower, 7.7%, driven by decreases in both network and equipment revenue. Network revenue declined 3.3%, largely the result of the pandemic-related impacts, primarily from a roaming decline of approximately \$65 million as travel remained restricted and borders were closed. Depending on the future timing of resumption of travel and cross-border reopenings, the roaming recovery is expected to be slow and will continue into 2021. Data overage was also down as customers remained home and used their Wi-Fi networks. While we did experience some offsetting upside in (inaudible) voice usage, the overall overage impact was negative.

Network revenue was also impacted by various customer-friendly initiatives, such as waving late payment fees and other charges. Normalized for the total impact of COVID-19, network revenue would have grown by approximately 1.4%. Mobile phone ARPU declined by 5.8%. However, this decline would have been 1.2% -- just 1.2%, excluding the COVID impact. Additionally, the mix of our customers that we loaded showed a positive



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trend with 100% of the mobile phone additions being high-value postpaid customers, while we also strategically manage the pace of our rate plan migration.

We also realized cost efficiencies of loading through our customers-first initiatives, including the redeployment of resources to support those customers as well as our digital platform, which we quickly and seamlessly executed in the quarter. Our loading results this quarter were inclusive of nonpayment subscriber churn provisions taken for the delayed suspensions of late-paying accounts as we continue to support our customers through the pandemic. To be more specific and for context, most of the industry did not deactivate customers in Q2 for non or delayed payments. However, we have provided for these by increasing our customer churn for the estimated number of deactivations that would have occurred, if not for the deferred collection activity, to support our customers during this time. This provision is consistent and aligned to the increase in our bad debt provisions. If not for these nonpayment churn provision of 32,000 customers, our blended churn of 0.8 would have been 13 basis points lower and our postpaid churn of 0.59 would have been 14 basis points lower.

In total, our Q2 wireless adjusted EBITDA decline reflects the impacts of the pandemic, including an incremental wireless bad debt expense of about \$17 million related to COVID-19. This amount is a top-up from provisions we already have taken in the first quarter. While we are seeing increased risk as more customers and businesses face financial hardships. However, we believe we are sufficiently provided for both bad debt and nonpayment customer churn.

Excluding the total impact of COVID, which includes incremental savings that were realized, we estimate our wireless adjusted EBITDA would have been approximately 5%. Wireline external operating revenues increased by 17% year-over-year or 13% when normalizing for the \$71 million gain on the retirement of a provision related to put options within the TI -- within ATI (sic) [ADT] acquisition. The gain has been removed from our adjusted EBITDA results. The revenue growth was driven by an increase in data service revenues as highlighted by Darren.

Similar to our wireless loading, our wireline net additions included nonpayment customer churn provisions of 23,000 RGUs to reflect the delayed deactivation of wireline customers as we chose not to deactivate those customers for late or miss payments during Q2. Additionally, we recorded an incremental wireline bad debt expense of \$13 million to reflect the increased risk environment. The additional provision was in addition to any normal growth trends. We also undertook various customer-friendly initiatives that impacted our results, including extending promotional pricing, and offering concessions where appropriate. Adjusted for COVID-19 impacts, the net -- and net of incremental savings and margin opportunities, we estimate our wireline adjusted EBITDA growth would have been just over 5%.

On a consolidated basis, revenue was up 3.6% or 1.7% when normalizing for the aforementioned onetime gain. Adjusted EBITDA declined 2.9% to the flow-through of the various COVID impacts already discussed. Excluding these impacts, we had about consolidated EBITDA growth of approximately 5%.

Consolidated CapEx of \$756 million was down 1.8% over last year. In the quarter, we took advantage of a more efficient environment by redeploying capital from some of the projects that could not be executed during COVID-19 and shifted the spend to strategic projects that provided cost efficiency opportunities through supplier discounts. And while buildings and other traffic, et cetera, was significantly reduced in most of our cities. The redeployed capital is put towards fiber deployment in Alberta 5G initiatives and investments in our customer support infrastructure and system. Free cash flow of \$511 million increased by \$187 million versus last year, resulting primarily from lower device subsidy amounts, income tax payments that have been deferred to Q3 and lower CapEx.

For awareness, we've deferred approximately \$110 million of corporate income tax installment payments from the first half of the year into Q3, consisting of \$30 million from Q1 and \$80 million from Q2. Excluding cash taxes, our free cash flow increased 18% in the quarter and is up 26% on a year-to-date basis. This strong free cash flow was achieved without sacrificing any of our capital spend. And is reflective of our consistent focus on sustainable cash flow expansion, which is especially important during this current environment.

In May, we successfully completed a well-received \$1 billion debt offering in the quarter, consisting of \$600 million in 7-year 2.3 notes and \$400 million reopening of a 30-year 3.95 notes. The attractive rates represent our lowest Canadian yield in 7- and 30-year tenures, bringing our average cost of long-term debt to 3.86% and our average term to maturity souped-up 13 years. The net proceeds were used to refine early our 2021 TELUS Corporation note maturities, which further strengthens our balance sheet and enhances our liquidity position to more than \$3.6 billion. The strong



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financial position continues to support our growth initiatives as well as our strategic acquisitions to further enhance our product strategy and growth profile.

Given the nature of the global health crisis, we remain unable to accurately forecast an exact range for positive or negative impacts of our business, and cannot confidently provide official targets at this time. However, for the year, we are working towards flat to slightly positive EBITDA growth. We'll also continue to expect our capital expenditure to be \$2.75 billion, in line with our original guidance. This capital spend will support our ongoing investments and the achievement of our leading network technologies to continue supporting Canadians and advance our fiber and 5G builds.

At TELUS, we believe it is not the right time now to pull back on these core capital investments in our world-leading networks and infrastructure and systems that underpinned our best-in-class customer experience. We have shown a consistent track record of providing impressive returns on our capital expenditures through our high-quality asset mix and our consistent profitable customer growth and leading customer loyalty. At a time when our customers, our communities and our country needs it most, we intend to continue making the necessary investments to expand our network coverage capacity and expansion of products to continue our business and simplify our business operations.

Importantly, we expect to continue to drive strong free cash flow to the bottom half of our original target of \$1.4 billion to \$1.7 billion. While the remainder of the year will present its own set of challenges, the TELUS team has consistently shown our ability to adapt and perform well in challenging times. I'm confident that we will continue demonstrating that through the rest of 2020 and beyond. Now, Robert, back to you.

Robert Mitchell - *TELUS Corporation - Head of IR*

Thanks, Doug. Mike, can you please proceed with questions for the team?

QUESTIONS AND ANSWERS

Operator

The first question comes from Simon Flannery from Morgan Stanley.

Simon William Flannery - *Morgan Stanley, Research Division - MD*

Great. Thanks for all the detail and the color on the ups of the year. I wonder if you could just talk a little bit about how you're thinking -- you exited Q2 into Q3, where are you on store activity, payment terms? What are you seeing from the enterprise customers? Is Q3 going to be a little bit more of a normal quarter based on what you're seeing so far? And what are the puts and takes, presumably things like bad debts and so forth? You're hopefully well positioned for that. So any color around that would be great. And any commentary on the -- some of the recent moves by show on wireless plans?

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

Thanks, Simon. Why don't I kick it off quickly on the shop front, and then I'll hand it over to Jim and Zainul to top-up in that regard. They can also talk about store activity, and I can close with a little bit of an update on the enterprise market. In terms of Shaw Mobile and the launch this week, I'm going to say something that I've said repetitiously over the years, TELUS has a second-to-none superb track record on the competitive front. And I think we've demonstrated that operationally and financially. And in terms of the economic returns that we've generated for shareholders in terms of the success of our strategies. And we have a decided preference, any day of the week, for vigorous competition over onerous regulation. And when you look at the tail of the tape in terms of our capability set, whether it's our world-leading network superiority from PureFibre to 5G, whether it's our leading product portfolio, whether that's the functionality of our products, the breadth of our product portfolio and how that differentiates us, what we can do in that regard on the bundling front. Or the inherent attributes from best-in-class symmetry, latency, content



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delivery, functionality, and our ability to deliver all of that within a customer service excellence package because of the great culture of our organization, the great people and the way that we lead in respect of service excellence.

And then lastly, at the end of the day, products are only going to deliver great results if you've got great distribution channels to support them from marketing and sales through to fulfillment, care and billing. And our distribution strength is second to none in terms of the topology. And clearly, as amply demonstrated by our second quarter results, our digital capabilities are just excellent. And that is both in its own right in terms of our digital capabilities, but the way they are all so synergistic with our physical channels. And that supports our ability to do digital go-to-market, digital fulfillment and digital customer serve and support. And so I'll just stop it there and just hand it over to Jim and Zainul for a little bit of additional color in that regard. And I'll make a quick concluding comment as it relates to enterprise. Jim, Zainul over to you.

Jim Senko - TELUS Corporation - President of Mobility Solutions

Yes. Thanks, Darren. I'll start and Zainul, please top-up. First thing is, obviously, we're not surprised. We've been expecting the Shaw Mobile launch for 4 years now. We've been actively bundling our base, simplifying our offers and ensuring we are simple and transparent for our customers. We possess 4 leading networks across both wireless and PureFibre, which is especially important now. Our wireless network, as an example, has significantly faster speeds and better availability and video quality. We deliver industry best customer service, driven by our team, which is incredibly engaged. We have product superiority across both mobile and home. There's no comparison on the breadth of services from home security to virtual health to over-the-top content. And we stack up really well on bundled pricing.

Overall, TELUS has significantly more points of distribution and a more effective digital experience. And on the distribution front, we have over 300 stores in Alberta and BC to less than 20 from Shaw. We continue to bundle our stand-alone wireless base, and feel that the remaining unbundled base is manageable. And going forward, we'll continue to focus on mobile and home and our network and our customer experience leadership. Just a quick couple of words on the channel, and then I'll hand it over to Zainul. 99% of our channels are operational now. Capacity does continue to be restricted due to safety precautions. We're seeing retail traffic is returning slowly, but still down about 30%. And a return to normal will take a bit of time, especially in the malls. With that said, digital is performing really well. And we'll continue to enhance that digital experience. Zainul, do you want to top-up?

Zainul Mawji - TELUS Corporation - President of Home Solutions

Sure. Thanks, Jim. As Jim highlighted, we certainly have expected this mobile launch from Shaw. And when you look at the TELUS bundle, it's truly unmatched in the industry. Each of our product capabilities from our award-winning PureFibre Internet, to world-class mobility, to our superior SmartHome service, are best-in-class within their domain, and they're based on customer-centric value propositions. So the sum of the parts is absolutely greater than the whole. And then when you layer in our differentiated suite of value-added products, we've demonstrated strength in enhancing customers' digital lives, whether it's seeing a doctor at your convenience and the comfort of your home via Babylon by TELUS Health, staying safe, protected and insured online with TELUS online security or the most diverse entertainment service with OTT packaging on Optik TV. And what's more in the current environment, we've seen customers come to experience the superiority of our network and product as well as our amazing service and place more value in these capabilities.

We also continue to innovate and provide customers with simple and flexible services. Another example of our many first in the industry, yesterday, we announced a partnership with Amazon that offers Prime as a benefit integrated right into the Optik packaging and seamlessly accessible on our TV platform. So we've seen our product intensification strategy continue to pay dividends on both ABPU and churn, and we've demonstrated our channel execution in market, particularly during very difficult times. The passion, grit and customer-first culture of our team has served our customers and our business well in the past, and we believe it will continue to do so in the future.

Darren Entwistle - TELUS Corporation - President, CEO & Director

On the enterprise front, Simon, that sector for us has been largely resilient. Our revenue is down about circa 1%. Clearly, there's some obvious areas that have been pressurized at the EBITDA level, including the wireless component of our enterprise sector as a result of the absence of roaming.

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And whilst there have been some sectors, sadly, that have been hard hit on the enterprise front because of COVID-19, we have seen offsetting factors from growth in areas, including the public sector at the federal, the provincial, and in certain cases, the enterprise level. As these businesses or public sectors look to virtualize or digitize their operations, their business models, their customer support strategies and the like, which is clearly the comment that Jeff was alluding to in terms of the TI support that they're affording their corporate client base.

And it's clear to me that COVID-19 is going to accelerate digital transformation activities. And I think both TELUS Corporation and TI are very well positioned to address this significant opportunity. And so we've been focused for years on building intimacy within key verticals within the enterprise space and driving third-wave data solutions on a data networking, data capability front that include working-from-home capabilities, and includes cloud platforms and Agile IT, complemented by very modern concepts, such as cybersecurity, collaborative cloud services and unified communications. And what we can do for clients on the data analytics front and turn that information to predictive models, leveraging the advent of AI.

And I see that getting accelerated by the commercialization of 5G, which I think is going to accelerate this digital transformation and the opportunity to do smart things with our 5G networks in terms of the creation of private networks for our enterprise clients by doing things like network slicing, which I think is going to be a huge opportunity for us within the enterprise space. But also the 5G commercialization is going to support some very interesting market segment opportunities in areas like smart cities, intelligent transportation. And excitingly for the TELUS organization, IoT opportunities within the health vertical and the ag tech vertical.

So for us, we're pretty resilient there. And looking forward, the final aspect of your question, we remain confident in the operational prospects and execution of the organization over Q3 and Q4. I think the trajectory that we've established and our ability to operate within this challenging environment is well borne out and proven by our Q2 results that we've just posted now. And if you look at the quality of our loading at TELUS, it doesn't just come from wireless or wireline, it comes from both. We've had excellent loading on both wireless and wireline, and we've done that consistently. It's not being propped up by a single product line. We've got good resiliency in legacy services like best-in-class voice erosion. We've got excellent performance in our staple products, Internet on the wireline front and smartphones on the mobility front.

And then we've got excellent performance in our emerging products, whether it's security, health or IOT. I think that's a pretty robust portfolio at the end of the day. And the other thing that I think is key for investors is all of that loading is quality loading. So it's not about the vanity of leading on RGUs. It's those RGUs translated into economic value creation for investors because they had the right economic attributes to begin with because of that quality loading thesis. So I think our leadership team is confident of the prospects of the organization operationally going forward.

Operator

The next question comes from Jeff Fan from Scotiabank.

Jeffrey Fan - Scotiabank Global Banking and Markets, Research Division - Director of Telecommunication Services & Canadian & U.S. Telecom and Cable Equity Research Analyst

Just wanted to follow-up on Jim's response on the Shaw Mobile question regarding bundling. If we're trying to kind of unpack how much bundling you've done over the years, can you help us a little bit on that? Maybe the perspective to look at it is the CRTC says that TELUS has about 40%, roughly, wireless share in BC and Alberta. I'm just wondering, within your Internet base, is that materially higher, i.e., that would insulate you from any competition from Shaw? And then I guess a quick question on the digital capabilities that you mentioned and Darren has alluded to as well. Any learnings from your customer behavior on what they're doing on the digital front, particularly related to loading and upgrades? And do you see this digital advantage continuing even as stores start to reopen as we go through the back half of this year and maybe even into 2021?

Darren Entwistle - TELUS Corporation - President, CEO & Director

So Jeff, I'll let both Jim and Zainul top-up on that. I'll caution them to be a bit careful on the competitive disclosure front. But they'll both handle that very adeptly. And Tony, why don't you respond to Jeff's question in terms of digital excellence continuity and what it's meant to our organization and what it looks like going forward and how it differentiates us?

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Jim Senko - TELUS Corporation - President of Mobility Solutions

Okay. Why don't I go first and then hand it over. So Jeff, we've been actively cross-selling our base now for several years and have had a lot of success on it. Obviously, I'm not -- it's competitively sensitive, how much of the base is bundled. What I would say is that it's a very manageable unbundled base right now. So we're very comfortable with where we are. Our customers have really responded well to our bundling. And I think that's been one of our areas of great success. So we're feeling really good about where we are, and we are seeing very good customer reaction from our bundles. And especially when you tie that back to our superior wireless network and our superior PureFibre network, the customers -- that's really resonating with their customers. So I'll leave it there and let you know that we're confident. So Zainul, did you want to top-up or should we hand it over to Tony for digital?

Zainul Mawji - TELUS Corporation - President of Home Solutions

Yes. Maybe I'll just make a couple of top-up points. Thanks, Jim. So I spoke about the strength of the individual products in our bundle. And I think what drives our capabilities is that we're able to leverage those unique and individual differentiated product strengths across elements of the bundle. And I think we also provide our customers with significant flexibility to dial up and dial down within the bundle. So those are areas that have really resonated with our customers. And coupled with our excellent channel execution, we've seen really significant progress in our ability to bundle. And we've seen growth in our capabilities quarter-over-quarter. So I'll leave it there, and ask Tony to top-up on the digital.

Tony Geheran - TELUS Corporation - Executive VP & Chief Customer Officer

Thanks, Zainul and Jeff. A couple of things about the digital world. We've been investing in our platform now for a number of years. And I think you could see when we executed on our Peace of Mind and device financing plans last year, we didn't rush to be first to market just for the sake of it. We waited until we had an end-to-end capability that we were satisfied with, work for us and for our customers and give them a great experience. And we've used that mindset as we develop capability. As we watch the emerging pandemic issues growing at the beginning of the year, we rated our platform. We made sure it was robust and could step up to the volumes we would expect that would be coming.

And you can see from our Q2 results that, that worked well for us relative to our peers. I think the real important part of what's going to happen next is not that things will return to normal, it's how does this augmentation of our channel capacity enhance the customer experience. And how do we fine-tune that to make sure more and more customers want the exact business digitally, we're there for them. And we think we're in a good position right now. We're not resting on our laurels, and we have a very tight plan of how we expand our capability and where we focus. And what you can expect from TELUS is a consistent execution in that regard.

Darren Entwistle - TELUS Corporation - President, CEO & Director

Jeff, I would note as well that as we amplify digital throughout COVID, we also achieved the highest customer satisfaction survey response in the history of our organization, which proves that you can achieve the duality of leveraging digital and enhancing the customer experience simultaneously. Over to you, Robert.

Robert Mitchell - TELUS Corporation - Head of IR

Thanks, Darren. Mike, next question, please?

Operator

Next question comes from Vince Valentini from TD Securities.



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Vince Valentini - *TD Securities Equity Research - Analyst*

Doug, you mentioned 32,000 subscriber number in wireless and a 23,000 subscriber number in wireline. I'm not sure if I heard you incorrectly, but I think you said that the 23,000 subs in wireline were not treated as disconnects because they hadn't been paying. But I think that's wrong. Can you just clarify, you did take out 23,000 subs, and you still were able to put up these strong numbers in wireline?

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

I'll leave it to Doug. It's really important that you get the explanation clear because I'm going to have an embolism if you don't. If this gets misinterpreted, I'm going to be a very grumpy bear.

Doug French - *TELUS Corporation - Executive VP & CFO*

So yes, we did take them out of our base, and it did increase churn. So our nets were reduced for that amount.

Vince Valentini - *TD Securities Equity Research - Analyst*

Perfect. And sorry, I forgot the rules here. So Darren, I'll put this to you, but you can put it to Doug after. Those 23,000 and 32,000 figures, I mean, that just makes sure your numbers look so impressive. I mean postpaid churn at 0.45% is something I don't think any of us thought was ever possible. Can you give us some context here, though? These numbers elevated because of COVID, but they wouldn't have been 0s in the past. There's always some level like that 32,000 on the wireless side. Can you give us any context of what it might have been in Q2 last year?

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

So Doug, why don't you just walk everyone through the numbers 1 more time. And then I'll make a couple of comments as to what the ingredients are behind those results. And given that you're our Chief Customer Officer, Tony, I'll afford you the opportunity to top-up.

Doug French - *TELUS Corporation - Executive VP & CFO*

So Vince, you're right. It was 32,000 as a reduction in the wireless space and 23,000 in wireline split between the Internet, TV and the voice product. And in the past, the numbers were -- we haven't -- I don't have the exact numbers at my fingertips, but they are very close in the same proximity in previous quarters of nonpayment disconnects. So it would be plus or minus a small amount, but not materially different.

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

Vince, key ingredients, and I'll quickly hand over to you, Tony, but the performance culture of the organization clearly is coming to the forefront here. Secondly, we've never let up on our progression path of continuous improvement on customer service excellence. And the traction that we're getting in that regard is just terrific. And the specificity of our actions, the quality of the service from the transactional through the fulfillment component, the fantastic job that Jim and Zainul have done on smart simplification, which is such a customer-friendly thing to do along the way. The intimacy of our one-to-one marketing. Our retention activities have really been borne out along the way. We have gone from rudimentary on bundling to proficient on bundling to sophisticated unbundling. And the mathematical correlation from 1 product to dual product to triple play, quad play, quintuple play and the like, has really driven churn through the floor. And it's been extremely potent, to say the least for our organization in that regard.

We have driven hard as it relates to network excellence. And the fact of the matter is, the COVID-19 has taught Canadians that fiber matters. And in TELUS' case, PureFibre, which means fiber to the home, is the medium of choice in terms of connectivity, given that people want to use that



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Internet connection for everything from teleworking to network gaming. And so they want the -- not just the downlink speed, but they want the uplink speed if they're doing business. And they want low latency if they're gamers along the way. And fiber has just been a massive differentiating factor. And people don't want to give it up. They want to get it, and they don't want to give it up. And I've bored the hell out of all of you with the accolades in terms of our wireless network, from speed, to coverage, to reliability on DTR, AFR. And it's gone on for years now. I mean 6 years in a row as it relates to Ookla in that regard. And reliability and speed matters to customers, and they want to stick with us in that regard.

If you look at our digital capability set and the comment I made earlier, here we are providing digital. And it's not just speed of transaction or cost efficiency of transaction, there's clearly a demographic out there that's digital native, that prefers digital. Their mentality is digital first, and that's the way they want to transact with us. And we provide that experience. And for them, that's an L2R accretion. That's a better customer set than the human contact. And so to be able to provide that capability and get the uplift on service, you're seeing that in the stickiness of those relationships at the end of the day. And then here we are with the social capitals in company. No one gets anywhere else in the world better than TELUS, the symbiotic relationship between customers and communities. And clearly, our customers understand that we're there for their community. And that their patronage of TELUS goes back into their community. They get that symbiotic relationship. So when they have a choice as to where they're going to spend their money, they think, wow, TELUS has got the best network, the best customer service, it deals with me with the best technology at the end of the day, it gives me the level of support and intimacy that I want. And the money goes back into my community to make a difference for my family and all those things inform people's choices. And here we are as an organization where you don't find at this very many other places in the world, but the biggest competitive model at TELUS internally is who delivers better customer service, onshore or offshore. Offshore for us is in about labor arbitrage. It's about customer service excellence to complement the fantastic customer service that we do domestically to complement what we do on a digital basis. And these things are getting borne out in our results, which is why when Tony talks about, this isn't something that's just made for COVID, this is going to be the operational way of life prospectively, and we feel we're well positioned. Tony, you want to top up?

Tony Geheran - TELUS Corporation - Executive VP & Chief Customer Officer

I'll try and find something else to add there, Darren. Thank you. I think, Vince, what we've demonstrated over the last 6 years is consistently outloading our peers on a qualitative basis with our RGUs and particularly building off the investments we made in PureFibre and our top -- world-class wireless infrastructure. And if you consider this year, not only was our digital channel ready to go, and we think it's wholly irresponsible to drive traffic into malls and stores when there's a COVID pandemic. So we were able to make sure we kept our customers safe and make a transact.

In our field operations, very quickly in March, we drew from crossing the customer threshold. And developed, within 48 hours of restriction, an ability to deliver what we call a virtual technician model of supporting the customer in their self in-store through a video uplink and through some AR technology that we deployed to help customers completely inside the homework. And we had expectations that this would be sort of 50%, 60% successful. And I have to say we went from a high yield -- we're normally in the high 80s, of our yield on truck rows, dropped to 60% on the first few days of deploying this. But the TELUS patent is really to consider, understand what's happening, refine, improve and move on. And within a month, we were back into the high 80s. And in fact, we ended in June with the highest yield on our vitality virtual assistance model with our techs, without even crossing the threshold. And now we can do that. But what we do now is we monitor communities and if there are outbreaks, we fall straight back to the no crossing the threshold.

We want to keep our team members and our customers say. And similarly, in our call centers, over 4,000 call centers team members were pivoted straight to work from home, not including what we did immediately thereafter on our TI team. And we've got great response from our agents as we set them up, and they were able to pick up seamlessly and support our customers, and we now have a new operating model for the future that we will refine as we go forward. So we're very confident that whether a phase 3 comes along and starts disrupting the traditional channels, we have the ability to pivot onto our COVID mode of operations with the enhancements we're making all the time.

We know our digital channel now is a significant augmentation. And we didn't lose a beat in building out PureFibre through Q2. In fact, we found we made more progress in some of our Alberta bills than we would normally do, given the light traffic that Doug mentioned earlier. And we're ready to release those properties to our marketing team and to our delivery team. So we're highly confident that this loading trajectory that we have is consistent, sustainable, and we know we've got the best execution in the business. So we're fairly comfortable here. Thank you.



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Operator

Next question comes from Maher Yaghi from Desjardins.

Maher Yaghi - *Desjardins Securities Inc., Research Division - VP, Telecom, Media & Tech Analyst and Intellectual Property Analyst*

So I wanted to ask you, since the beginning of the pandemic, we have seen the value of health technology companies increase significantly, and many companies have been able to get external financing. In the past, you always stated that TI was more the immediate focus for you when it comes to tapping the capital markets. Has the significant increase from the different provincial government usage of your health solutions make you change your mind or accelerate maybe the plans for TELUS Health to tap the capital markets to get into this new growth opportunity? And my second question is regarding your cost structure. We've seen -- as you mentioned, you lost \$58 million -- close to \$58 million of EBITDA because of lower roaming revenues. You have also overage revenues that probably affected your profitability. What actions can you take maybe to realign your cost structure because it might take time for you to get back those revenues given that the pandemic doesn't seem to be letting go?

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

So François, why don't you speak to the first question? Doug, you can take the second question and I'll top-up on anything thereafter.

François Gratton - *TELUS Corporation - Executive VP & Group President*

Thanks Darren. Thanks for the question, Maher. You're right. I think we're seeing very strong valuations in the marketplace. But I would say a couple of things. The first one is, we're entirely focused on serving our customers; responding to exploding demand and leveraging the multiplatform and 3-pronged approach that we've developed; maximizing our growth potential in the marketplace and serving customers and Canadians, the way they need to be served or the way they want to be served either directly through their employers or through the physicians they're used to seeing. We're seeing also a lot of companies in the marketplace focusing on customer growth at the expense of a business model that makes sense.

So you look at players in the U.S. that are trading on a revenue multiple without any kind of profitable business model. That's not the way we're going at it at TELUS. It is a -- very much a sound business model that we're putting together here. And again, leveraging the strength of our distribution capabilities. When you look at what Zainul is doing on the wireline front or what Jim is doing on the wireless front, or Navin Arora and David Sharma are doing on the B2B front. It's really integrating our virtual care capabilities and solutions to reach the biggest number or the largest number of Canadians. And that becomes part of our bundled approach. And really enhances our relationship with our customers. When it comes to monetizing or benefiting from doing an IPO, I think that's for further down the line. I think we're not focused right now on the kind of valuations you're seeing in the marketplace. That's not what's driving our strategic priorities. But Doug, Darren, you may want to top-up.

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

Why don't you go ahead, Doug? And pick up on the cost front or anything you want to say on health, and then I'll close quickly.

Doug French - *TELUS Corporation - Executive VP & CFO*

Excellent. So on the cost side, over the past 3 months, as we've been going through COVID, we've been definitely looking at our operating mode and which of the learnings are we -- can we take from the situation and make them permanent? Which of the initiatives that we had, and it started on customer experience, on digital that you heard from Tony, are we going to even accelerate faster with the underlying theme of customers and team members need to be looked after and protected along the way? So there's definitely cost opportunities that we've been working through in our future mode of operation. Digitization and then looking at our -- easier to do business with is obviously one. The benefits of fiber, we haven't



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fully utilized yet either with the reduction in truck rolls, with the synergies and efficiencies that come with fiber, and there's still a significant opportunity as we move forward on more customers on our fiber network.

And then it's going to be the direct impact of real estate costs and other, call it, overhead costs that if we change the dynamic of our flexibility with our team members that we'll be balancing out all of that, call it, more traditional overhead to the more fluid workforce. So those ones will be that top of mind right out of the gate. But there is a list of many more that we're currently working through that we've started to identify and plan for from the learnings of COVID overall.

Darren Entwistle - TELUS Corporation - President, CEO & Director

Just on the health front, I would ask you to take your comment as it relates to those players in the marketplace and reengineer it as to what it means for TELUS. So if you're seeing those valuations out in the marketplace with other players, take the math of those valuations and apply it to just a component of our overall TELUS Health business. Within the virtual care area to be more specific, I think you'll get some interesting math as to what the valuation implications are for TELUS, given our position in that market. Secondly, I would say that, that valuation of TELUS should deserve a premium for 2 reasons: number one, we've got an integrated portfolio. Unlike our competitors in this space who are single product players, we've got a continuum of solutions from a product perspective across the totality of the primary health care ecosystem. And secondly, we're profitable. So you don't have to weigh in on negative EBITDA, it would tell us we're EBITDA accretive. And so I think that bestow a premium on us as it relates to taking those implied valuations and doing an application of that to our TELUS Health business in terms of just 1 particular segment on the virtual care front. Secondly, look at our market coverage. Again, I could talk about TELUS Health more broadly, but given that your question is related to virtual care, let's burn in on virtual care.

We have a direct-to-consumer offering on Babylon, where we've not even hit our growth stride yet. We're just opening new markets as we speak on a provincial basis. We have a business to business to employee -- business to employer to employee solution with Akira. And then we have a virtual visit solution for docs with whom we've got 26,000-plus relationships across Canada in terms of doc-to-patient or physician-to-patient relationships. So it doesn't matter what your flavor of virtual care is, whether it's direct-to-consumer, whether it's B2B2E or whether it's physician or patient, we cover the totality of the landscape. And I would say that's pretty good competitive positioning in that regard.

Thirdly, you don't always have to access the capital markets to create a paper capability within your portfolio to get certain things done at a corporate development level. We can create sub-vehicles within health care and leverage the paper of those sub-vehicles to support any astute corporate development aspirations that we have in terms of pursuing what we think are attractive market consolidation opportunities.

And then lastly, in terms of the capital markets, let's stay focused on getting TI done. TI's worked really, really hard, delivering fantastic results, building great assets with a great management team to earn the right to take the business public and establish a transaction currency, which will amplify the addressable market of growth opportunities prospectively. I'm looking to get that done in the next 12 months. And that's right now what we're focused on in terms of accessing the capital markets in servitude to the TI strategy. And I think TI's performance in general and TI's performance through COVID makes that particular aspiration all the more exciting. And I think that trajectory that's been established in terms of operational performance, customer service performance and economic performance bodes well for our ability to tap into the capital markets, all things being equal, in the first half of 2021.

And our goal here is to be ready to go and then go if market conditions allow. And if not, then let's be patient. But that's not something that we have to do. It's a nice to do. And we'll get it done when the right conditions present themselves. And post that particular move, then I think we can look at other activities as it relates to helping the capital markets or ag tech in the capital markets, or creating paper currencies that we can use smartly to pursue our position that we want to develop within those key verticals. So that's really the essence of the strategy.

Operator

Next question comes from David Barden from Bank of America.



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David Barden - *BofA Securities, Research Division - MD*

I guess I just have 2 questions. First, Darren, in the press release, there was some verbiage that said you were hopeful that you'd be able to get to your targeted dividend increase if the Board allowed it. I was wondering if you could kind of elaborate a little bit on what you think the KPIs the Board will be looking at to kind of evaluate whether they will or won't kind of support that? And whether that's just about kind of third quarter performance or maybe how the uncertainty of the forward 12 months might factor into that decision making? And then the second question, if I could, would be just -- you guys, obviously, launched your 5G product this past quarter, you announced -- in fact, last month, announced Samsung as a strategic partner. I was just wondering kind if you could elaborate a little bit on what actually happened? Which spectrum bands? How much spectrum? 1 vendor, all the vendors? I was just kind of interested in kind of understanding where we are because we're going to be extrapolating into 26 new cities over the rest of the year.

Darren Entwistle - *TELUS Corporation - President, CEO & Director*

Okay, Dave, let me hit it. The reason why we're specific on the quote in that regard is because as we've communicated for 20 years, the dividend decision is the providence of the Board. And that decision is made by the Board based on recommendations from management on a quarterly basis. And I never want to [surface] it, which is why we're always very formal in the way that we present our pros, our nomenclature in that regard as it relates to the dividend, both current and perspective. What measures does the Board look at? And these measures are not meant to be static, but dynamic. So both at time T and where they're going at T plus X. The Board looks at the EBITDA robustness in terms of what's been generated in quarter and what's expected prospectively. They look at free cash flow generation, again, in quarter as well as prospectively. They look at where we are within our dividend payout ratio guidelines and what that portends on a prospective basis.

They're also stewards of the balance sheet and take into consideration net debt-to-EBITDA and the like. And then they don't want to make just a static decision in terms of what's good for a quarter or what reflects what happened within the 90 days of the quarter. They want to be more dynamic than that and look at the sustainability of what we're proposing because that's the way that we manage the business. So in making the adjudication, they look at the here and now of those financial parameters that I've just articulated, and how we would expect them to evolve 12 months hence.

And then lastly, they take into account our representations to the street. And so it matters to the Board. And we've had a fantastic history, track record of returning money and delivering against expectations to investors, whether it's our operational and financial targets or whether it's our dividend growth model. And we've had a fantastic run in our dividend growth model. And the Board takes that responsibility very seriously. And it's something where it means a lot to the organization to be able to generate the results from the excellence of our strategy that we can honor the representations or the expectations of that dividend growth model. And if it's possible to do that, we're going to do it, which is why we chose the words quite purposefully. We're hopeful that we'll be able to meet our dividend growth model expectations or exceed it when it comes time to announce our results in November.

And the only other data point I would give you drive inference from is our trajectory on the Q2 front looks pretty healthy. And so I'll draw a line under it there. And I would just ask you, how many other organizations around the world, not just within the telco sector, give the level of forward-looking disclosure that we do on our dividend growth model, both in terms of multiyear longevity and specificity as it relates to the dividend growth accretion? I think we're in a pretty unique category in that regard. And it's even more unique when you consider that we have delivered against it year in and year out, quarter in and quarter out since 2011. I don't think anyone can match that particular track record. I missed your comment on the spectrum front, could you just reiterate that question for me? Sorry.

David Barden - *BofA Securities, Research Division - MD*

No, the question was really around the 5G launch announcement. What actually happened in terms of which spectrums got launched? How much spectrum is DSS involved, et cetera?



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Darren Entwistle - TELUS Corporation - President, CEO & Director

Okay. So as it relates to the launch, the launch is at the 1.7 gig level with 600 megahertz getting operationalized within key rural areas in the second half of 2020. Our current launch speeds are 1.7 gigabits per second across the topology of Toronto, Montreal, Vancouver, Calgary and Edmonton. Our coverage is around 16% of the Canadian population. As I said in my remarks, we're going to augment that by 26 municipalities over the course of the year, which will take our coverage up to about 30% of the Canadian population. Through network developments and improvements, we'll be able to buttress that 1.7 gigabits per second to be about 1.9, 2 gigabits per second as we look to exit 2020 in that regard.

Look for us to participate in the mid-band spectrum, which the government has slated for mid-2021. That's clearly an important global ecosystem in terms of those frequencies and our ability to secure large swaps of those frequencies to continue the 5G marathon because it's a marathon, not a sprint. As it relates to improving the commercialization and getting more bang for our buck on the 5G speed front along the way, all the way through to what will come thereafter on millimeter wave spectrum auctions on the 28 to 30 gig, 40 gig, 68 to 70 gig and the like.

I think for TELUS, this is a huge advantage in our regard because, again, when it comes to new technology deployment, we have a track record second to none. Number two, we do it from urban to rural, hence, my comments about operationalizing our 600-megahertz spectrum within Alberta and BC and to back over the latter half of 2020 in terms of bringing 5G into the rural dominion of Canada, which is critical for both business productivity and social services along the way.

I think what's also very exciting and unique about 5G for TELUS is that we've got the fiber 5G advantage. So our fiber network being so pervasive, hitting 80% of our Internet footprint by the end of 2020, that is extremely synergistic with 5G in terms of amplifying our 5G capabilities on backhaul, wireless redistribution and front all wireless delivery, leveraging our fiber connectivity.

The other thing that a lot of people don't get is the integration, if you will, between the 5G evolution and the 4G platform. And never has an organization built off of such success at the 4G level, whether it's world-leading speed, world-leading latency, world-leading coverage, world-leading reliability at the 4G level. That really underpins a jump-start performance on the 5G launch. So that we will be best-in-class when it comes to speed, coverage and reliability out of the gate, and we will be pervasive in the deployment very quickly, which again brings me to another one of our distinguishing attributes, which is our network sharing relationship with Bell, which allows us to deploy new technologies twice as fast. Because we're tapping into 2 labor pools, and we're splitting the geographic deployment responsibilities along the way, and we can get it done more cost efficiently because we're using 2 balance sheets rather than 1.

And so those 3 things are really pretty important, leveraging the network sharing relationship and the scale and scope economies that it gives us, leveraging the performance excellence of our 4G platform as a 5G springboard and leveraging the synergistic relationship between fiber and 5G. And then lastly, one of the things that we want to do on the commercialization front is make 5G not just about speed, speed, speed or the symmetry considerations or the coverage, but what can we do on the product development front? How can we specialize that product development for the verticals that I talked about earlier when I was answering Simon's question? How can we lead the world on the data analytics side of things given the voluminous data that 5G is going to generate? And how can we monetize that data by making it meaningful for our customers in a way that helps them answer their business challenges?

So that's really the path that we're on now, 1.7 gig, 600 megahertz, mid-band spectrum and then millimeter wave thereafter. And we're not going to give up our leadership mantra when it comes to speed, coverage and reliability.

Robert Mitchell - TELUS Corporation - Head of IR

Thank you, everyone, for taking the time to join us today. Please feel free to reach out to the IR team if there are any follow-up questions. And in the meantime, take care. And for those of you in Canada, we wish you a very enjoyable long weekend.

Mike, over to you.



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Operator

Ladies and gentlemen, this concludes the TELUS 2020 Q2 Earnings Conference Call. Thank you for your participation, and have a nice day.

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**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “12” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO



BCE

Q3 2019 Results
Conference Call

George A. Cope
President and Chief Executive Officer

Mirko Bibic
Chief Operating Officer

Glen LeBlanc
Executive Vice President and Chief Financial Officer

October 31, 2019

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements made by BCE's President and Chief Executive Officer, Chief Operating Officer and Executive Vice-President and Chief Financial Officer during BCE's Q3 2019 Results Conference Call, as reflected in this transcript, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to BCE's financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), BCE's common share dividend payout policy, annualized common share dividend and expected dividend growth, anticipated ABPU levels, our network speeds, deployment plans and capital investment plans, the expected impact on our business of migration to wireless unlimited data and device financing plans, our expected future pension plan funding requirements, BCE's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this transcript describe our expectations as of October 31, 2019 and, accordingly, are subject to change after such date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this transcript, whether as a result of new information, future events or otherwise. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after October 31, 2019. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements were made during BCE's Q3 2019 Results Conference Call for the purpose of assisting investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The forward-looking statements made during BCE's Q3 2019 Results Conference Call for periods beyond 2019 assume that the economic, market, operational and financial assumptions as well as the material risk factors described in this transcript will remain substantially unchanged during such periods.

Material Assumptions

A number of economic, market, operational and financial assumptions were made by BCE in preparing certain forward-looking statements contained in this transcript, including, but not limited to:

Canadian Economic and Market Assumptions

- *Higher economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 1.5% in 2019, representing an increase from the earlier estimate of 1.3%*
- *Employment gains expected to continue in 2019, as the overall level of business investment is expected to grow but remain variable*
- *Interest rates expected to remain at or near current levels*
- *Canadian dollar expected to remain at near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.*
- *A consistently high level of wireline and wireless competition in consumer, business and wholesale markets*
- *Higher, but slowing, wireless industry penetration and smartphone adoption*
- *Increased adoption of unlimited data plans and installment payment plans*
- *A shrinking data and voice connectivity market as business customers migrate to lower-priced traditional telecommunications solutions or alternative over-the-top (OTT) competitors*
- *Advertising market expected to be impacted by audience declines and variable demand*
- *Continued escalation of media content costs to secure TV programming*
- *Ongoing linear TV subscriber erosion, due to growing cord-cutter and cord-never customer segments*

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Assumptions Concerning our Bell Wireless Segment

- *Maintain our market share of incumbent wireless postpaid net additions*
- *Higher prepaid customer net additions*
- *Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more Fourth Generation (4G) LTE and LTE-A devices and new data services*
- *Higher subscriber acquisition and retention spending, driven by higher handset costs*
- *Improving blended ABPU, driven by a higher postpaid smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates partly offset by the impact of a higher prepaid mix in our overall subscriber base and the impact from Bell Mobility's SSC contract*
- *Increased adoption of unlimited data plans and installment payment plans*
- *Expansion of the LTE-A network coverage to approximately 94% of the Canadian population, and continued Fifth Generation (5G) preparations with network technology trials, as well as the deployment of small cells and equipping all new sites with fibre*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireless business*

Assumptions Concerning our Bell Wireline Segment

- *Positive full-year adjusted EBITDA growth*
- *Continued growth in retail residential IPTV and Internet subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Residential services household average revenue per user growth from increased penetration of multi-product households and price increases*
- *Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas*
- *Continued large business customer migration to IP-based systems*
- *Ongoing competitive repricing pressures in our business and wholesale markets*
- *Continued competitive intensity in our small and mid-sized business markets as cable operators and other telecommunications competitors continue to intensify their focus on business customers*
- *Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services*
- *Accelerating customer adoption of OTT services resulting in downsizing of TV packages*
- *Further deployment of direct fibre to more homes and businesses within our wireline footprint and an acceleration in our fixed WTTW rural buildout*
- *Growing consumption of OTT TV services and on-demand streaming video, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require considerable ongoing capital investment*
- *Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, as well as the realization of additional synergies from the next phases of integration of Manitoba Telecom Services Inc.*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireline business*

Assumptions Concerning our Bell Media Segment

- *Revenue performance expected to reflect further Crave subscriber growth, flow-through of broadcasting distribution undertaking rate increases, and strategic pricing on advertising sales*
- *Operating cost growth driven by higher programming costs, excluding IFRS 16, mainly due to continued investment in Crave content*
- *Continued scaling of Crave and sports direct-to-consumer products*
- *Ability to successfully acquire and produce highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content across all screens and platforms*
- *Monetization of content rights and Bell Media properties across all platforms*
- *TV unbundling and growth in OTT viewing expected to result in lower subscriber levels for many Bell Media video properties*
- *No material financial, operational or competitive consequences of changes in regulations affecting our media business*

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Financial Assumptions Concerning BCE

The following constitute BCE's principal financial assumptions for 2019:

- Total post-employment benefit plans cost to be approximately \$310 million to \$330 million, based on an estimated accounting discount rate of 3.8%, comprised of an estimated above adjusted EBITDA post-employment benefit plans service cost of approximately \$250 million to \$260 million and an estimated below adjusted EBITDA net post-employment benefit plans financing cost of approximately \$60 million to \$70 million
- Depreciation and amortization expense of approximately \$4,375 million to \$4,475 million
- Interest expense of approximately \$1,125 million to \$1,150 million
- An effective tax rate of approximately 25%
- NCI of approximately \$50 million
- Total cash pension plan funding of approximately \$375 million
- Cash taxes of approximately \$650 million to \$700 million
- Net interest payments of approximately \$1,125 million to \$1,150 million
- Average BCE common shares outstanding of approximately 900 million
- An annual common share dividend of \$3.17 per share

The foregoing assumptions, although considered reasonable by BCE on October 31, 2019, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations as set forth in this transcript.

Material Risks

Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in, or implied by, our forward-looking statements, including our 2019 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2019 financial guidance, essentially depends on our business performance, which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the following risks could have a material adverse effect on our forward-looking statements. These risks include, but are not limited to:

- the intensity of competitive activity, including from new and emerging competitors, coupled with new product launches, and the resulting impact on the cost of retaining existing customers and attracting new ones, as well as on our market shares, service volumes and pricing strategies
- the level of technological substitution and the presence of alternative service providers contributing to reduced utilization of our traditional wireline services
- the adverse effect of the fundamental separation of content and connectivity, which is changing our TV and media ecosystems and may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of, and changes in, the advertising market
- competition with global competitors, in addition to traditional Canadian TV competitors, for programming content, which could drive significant increases in content acquisition costs and challenge our ability to secure key content
- the proliferation of content piracy impacting subscriber growth and our ability to monetize products and services, as well as creating bandwidth pressure
- adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services and the level of bad debts
- regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business, including, in particular, those relating to mandatory access to networks, spectrum auctions, consumer-related codes of conduct, approval of acquisitions, broadcast licensing and foreign ownership requirements
- the inability to protect our physical and non-physical assets, including networks, IT systems, offices, corporate stores and sensitive information, from events such as information security attacks, unauthorized access or entry, fire and natural disasters
- the failure to optimize network and IT deployment and upgrade timelines, accurately assess the potential of new technologies, or invest and evolve in the appropriate direction
- the failure to continue investment in next-generation capabilities in a disciplined and strategic manner
- the inability to drive a positive customer experience in all aspects of our engagement with customers
- the complexity in our operations resulting from multiple technology platforms, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions and product offerings
- the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks

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- *the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework*
- *the risk that we may need to incur significant capital expenditures beyond our capital intensity target in order to provide additional capacity and reduce network congestion*
- *the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, staff reductions, process redesigns and the integration of business acquisitions*
- *events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, IT systems, equipment and other facilities*
- *in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject*
- *our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business, deploy new network and other technologies and offer new products and services, as well as to comply with various obligations*
- *changes to our base of suppliers or outsourcers that we may decide or be required to implement*
- *the failure of our vendor selection, governance and oversight processes established to seek to ensure full risk transparency associated with existing and new suppliers*
- *security and data leakage exposure if security control protocols affecting our suppliers are bypassed*
- *the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards*
- *the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe environment*
- *labour disruptions*
- *the inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements, fund capital expenditures and provide for planned growth*
- *uncertainty as to whether dividends will be declared by BCE's board of directors, whether the dividend on common shares will be increased, or whether BCE's dividend payout policy will be maintained*
- *the inability to manage various credit, liquidity and market risks*
- *pension obligation volatility and increased contributions to post-employment benefit plans*
- *new or higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits*
- *the failure to reduce costs as well as unexpected increases in costs*
- *the failure to evolve practices to effectively monitor and control fraudulent activities*
- *unfavourable resolution of legal proceedings and, in particular, class actions*
- *new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations*
- *health concerns about radiofrequency emissions from wireless communications devices and equipment*
- *the inability to maintain customer service and our networks operational in the event of epidemics, pandemics or other health risks*
- *the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters*

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. We encourage investors to also read BCE's 2018 Annual MD&A dated March 7, 2019 (included in BCE's 2018 Annual Report), BCE's 2019 First, Second and Third Quarter MD&As dated May 1, 2019, July 31, 2019 and October 30, 2019, respectively, and BCE's news release dated October 31, 2019 announcing its financial results for the third quarter of 2019 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). These documents are also available at BCE.ca.

The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted net earnings", "adjusted EPS", "free cash flow" and "dividend payout ratio" used in this transcript are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Notes" in BCE's news release dated October 31, 2019 for more details.

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CORPORATE PARTICIPANTS

George Cope
President and CEO

Mirko Bibic
COO

Glen LeBlanc
Executive Vice President and CFO

Thane Fotopoulos
Vice President - IR

CONFERENCE CALL PARTICIPANTS

David Barden
Bank of America Merrill Lynch – Analyst

Tim Casey
BMO Capital Markets – Analyst

Richard Choe
J.P. Morgan – Analyst

Jeffrey Fan
Scotiabank – Analyst

Aravinda Galappaththige
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Adam Ilkowitz
Citi – Analyst

Drew McReynolds
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Maher Yaghi
Desjardins Securities – Analyst

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the BCE Q3 2019 Results Conference Call. I would now like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Thank you, Donna, and good morning, everyone. Joining me for the call today are George Cope, BCE's President and CEO, Mirko Bibic, Bell's Chief Operating Officer, and our CFO, Glen LeBlanc, and as most of you know, this is George's last analyst conference call before he retires at the beginning of next year.

As a reminder, our Q3 results package and other disclosure documents, including today's slide presentation, are available on BCE's Investor Relations webpage.

However, before we get started, I want to draw your attention to our Safe Harbour statement on slide 2. Information in this presentation and remarks made by the speakers today will contain statements about expected future events and financial results that are forward-looking and, therefore, subject to risks and uncertainties.

These forward-looking statements represent our expectations as of today and, therefore, are subject to change. We disclaim any obligation to update forward-looking statements, except as required by law.

So, on that, let me hand over the call, for the last time, to George.

George Cope – President and CEO

Great. Good morning, Thane. Good morning, everyone. Thank you for joining us this morning. Let me turn to the highlights of the quarter, and then I'm going to turn it over to Mirko and Glen, and wrap up with a couple of comments, before we go to Q&A.

We clearly had a very, very strong third quarter from a Wireless perspective, our strongest third quarter on record, with net additions up 204,000 in the quarter, or approximately 15%. Also, importantly, in the competitor market, we saw a 1% increase in our average revenue per subscriber and we saw a decline in postpaid churn to 1.12%. Delivered strong revenue growth of 3.5% and, even with those strong gross additions and net additions, drove 7.9% EBITDA growth.

I also found it interesting that our service revenue in the traditional way, quarter-over-quarter, last year was about \$70 billion, and this time about \$91 billion, so really nice strong underlying core service revenue growth.

We saw, from a broadband perspective, overall growth of 294,000 subscribers, up 8.4% year-over-year.

Our fibre strategy continues to pay dividends for all our investors, where we saw 58,000 total Internet net additions, up approximately 10% on the year.

Also, important in that season, we saw positive RGU net additions delivery on the Wireline footprint.

I think we'd all agree Media had a very strong quarter, with higher revenue and adjusted EBITDA and cash flow, which Glen will talk to, and quite proud on my last call, it was our 56th consecutive quarter of year-over-year consolidated EBITDA growth, with 5.6% in the quarter.

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Our product leaders' differentiation is truly paying off, enabling us to leverage the growing demands of the digital ecosystem. Our wireless network speed leadership is enabling us to take market share and not become a price shop. Our focused execution across all Bell segments, together with the declining capital intensity ratio, drove a strong 17.3% cash flow growth in the quarter.

With that, let me turn it over to Mirko to take you through the results, and Glen, and then I will wrap up with a few comments before we go to Q&A. Thank you.

Mirko Bibic – COO

Thank you, George, and good morning, everyone.

I'm going to start on slide 6, and as George mentioned, we had another excellent quarter of subscriber results for Bell Wireless. Total net additions of 204,000, up 15% over last year, and as George mentioned, a record number of new customer additions for our Q3 and best overall subscriber performance in almost 13 years. Although all our peers have not yet reported, we believe we led the Canadian industry in terms of market share of net customer additions. So, a great result for the Bell Wireless team that continues to execute at a high level quarter after quarter.

Our postpaid net additions totaled 127,000, which is a strong result, given that includes significantly fewer year-over-year customer additions from our long-term contract with the federal government, and if you normalize for that government contract, postpaid net additions were up nicely over last year. As George mentioned, this reflects our Bell Mobility network speed leadership, superior sales channel execution, and lower postpaid churn, even in the face of greater market activity driven by the introduction of unlimited data plans and new device financing options that we, of course, matched to remain competitive.

The important takeaway here for investors is that, with the harmonization and simplification of rate plans across all carriers, the key point of differentiation that customers are now focusing on is network performance, and on that front, we clearly come out ahead.

For prepaid, with the ongoing success of Lucky Mobile and our national retail distribution agreement with Dollarama, we continue to deliver excellent results. Our total prepaid net additions were 77,000 in the quarter, 81% higher than last year. Undoubtedly, we're taking market share in this segment and, over time, it will serve as a good source of postpaid subscriber growth as we convert customers over to postpaid service.

Lastly, again, as George mentioned, blended ABPU grew around 1% this quarter, even with the dilutive impact of the unlimited data plans. So, a rather noteworthy achievement that we maintain positive ABPU growth in the face of some of the most significant structural changes that have hit the Canadian Wireless industry in a number of years.

I'll turn over to slide 7, on Wireline. An excellent quarter for Internet, with more than 58,000 retail net additions, in what is typically a seasonally more active quarter for the industry, that number is 9% higher than last year, reflecting a record number of gross customer activations and lower churn.

As a direct result of our steadily growing fibre footprint, we added 78,000 new subscribers to our FTTH customer base. Our direct fibre footprint, which now encompasses more than 5 million homes and businesses, offers speeds of 1.5 Gbps, as you know, and I think you'd be hard pressed to find any other market anywhere that comes close to this. The footprint advantage that we're building positions us very well in our Consumer and Business segments over the long term to significantly grow broadband market share and Internet revenue, which you all know yields an EBITDA margin as high as voice.

On the IPTV front, we added 32,000 net new subscribers, which is a very solid result given the already high rate of customer penetration in our current fibre markets, relatively minimal new service footprint growth for TV, the increasing maturity of Alt TV, and continued over-the-top substitution.

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Notwithstanding these healthy Internet and TV subscriber results, we continue to work aggressively to maintain product leadership in the home with more advanced features that keep us ahead of our competitors in the marketplace. For example, and most recently, we launched the second generation of our Whole Home Wi-Fi pods, that enable two times the speed of the previous model, while allowing for more devices to run simultaneously on a larger coverage radius. On the TV front, all our customers can now pause and rewind live TV on any device with the Fibe TV app. This new feature joins Download & Go, Restart and Wireless TV in a growing list of innovations that have helped make Bell the number one television provider in Canada.

I wanted to also call out what was really a good NAS result this quarter. Residential local line losses improved 10% over last year, as we cycled through the market shift from three-product to two-product service bundles that began mid last year.

So, to conclude on Wireline, a really strong quarter overall from an RGU perspective, with positive total retail net additions, including NAS and satellite TV delivered in our wireline footprint for the first time in nearly four years. Clearly, this is a testament to our broadband network investments and broadband leadership that continue to pay dividends for us.

I'll move to slide 8 now, on Media. Another stellar quarter for Bell Media, where our market-leading ratings and programming, together with a sharp focus on cost control, delivered improved operating profitability and, more importantly, strong cash flow generation.

We had continued leadership in terms of viewership for CTV, with the most top 10 shows nationally, including *The Amazing Race Canada*, the number one program of the summer and a top Canadian series of the 2018-2019 broadcast year. CTV is also off to a strong start for the important fall season, with the highest audience levels of any network during premiere week.

Turning to specialty, and TSN, in particular, it was once again the country's top specialty network, not just in the sports category, but also among all specialty channels overall for Q3. That speaks to the breadth and quality of our premium sports programming, which this past quarter included U.S. Open Tennis, with average audiences which were 71% higher than last year, thanks to the history-making performance of Bianca Andreescu. In fact, the Women's Final was the most watched tennis broadcast ever on TSN, averaging more than 2.6 million viewers, which was even higher than the 2019 Stanley Cup Final.

An equally strong performance in the quarter for our top-rated French language sports network, RDS, where viewership among total viewers was up 16% over last year.

For Bell Media's English entertainment specialty channels overall, they posted record audience growth in the latest broadcast year, with a 21% increase in viewership among adults aged 18 to 49. Most notably, when we talk about English entertainment specialty, The Comedy Network became Canada's most watched specialty service, finishing with a record 61% growth. Bravo grew its core audience by 26%, making it the most watched year on record for that channel, and Gusto had its best year on record, as well, reporting a 49% increase.

Lastly, you have seen from our press release yesterday that we announced that we've partnered with Warner Bros. International Television to bring HBO Max programming to Crave and CTV. This new long-term, exclusive deal, which extends our longstanding partnership with HBO, is the first agreement to distribute the highly anticipated new content outside of the U.S.

On that, I'll hand it over to Glen for a review of our financial results.

Glen LeBlanc – Executive Vice President and CFO

Thanks, Mirko, and good morning, everyone. I'll begin on slide 10, with consolidated results for Q3.

We posted another strong quarter of results, consistent with our guidance targets for 2019, reflecting positive top line growth and higher year-over-year operating profitability at all Bell operating segments.

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Total BCE revenue was up 1.8% year-over-year, which, together with the favourable impact of IFRS 16 accounting and cost savings, delivered a healthy 5.6% increase in adjusted EBITDA and a 1.5% increase in margin.

Consistent with this EBITDA growth, as well as the net mark-to-market gain on equity derivative contracts attributable to the increase of BCE's share price in Q3, net earnings increased 6.3%.

Adjusted EPS was down \$0.05, compared to last year, due to lower year-over-year tax adjustments, which I will detail later in my presentation.

Lastly, and perhaps most importantly for a dividend stock like BCE, free cash flow grew a strong 17.3% this quarter to approximately \$1.2 billion, on positive and higher year-over-year contributions from all three Bell operating segments. This fully supported our more than \$1 billion of capital spending in the quarter.

Let's now turn to Bell Wireless financials on slide 11. Although George and Mirko have said this, I can't help but repeat. Simply put, another quarter of excellent results. Despite the dilutive impact of unlimited data plans, we enjoyed strong sequential quarterly revenue growth. Total revenue was up 3.5%, the result of industry-leading subscriber growth, higher year-over-year prepaid contribution, effective repricing management, as well as greater sales mix of higher valued smartphones and rate plans that drove a 6% increase in product revenue.

In terms of operating profitability, adjusted EBITDA grew 7.9%, even while Bell Mobility delivered its highest number of quarterly gross activations ever. This was driven by a high revenue flow-through to EBITDA, disciplined spending on promotional back-to-school offers, and the favourable cost benefit of IFRS 16.

On the capital spending front, although our capital intensity ratio remains low, we continue to invest in the deployment of small cells and fibre backhaul in preparation for 5G. Because of our significant wireline fibre investment, as well as our network sharing arrangement with Telus, we were able to maintain an industry-low wireless capital intensity of around 7%, which is contributing to a reduction in BCE's overall consolidated CI level.

Moving to Wireline, on slide 12, consistent with previous quarters, data service revenue grew 3.3% in the quarter. This was as a result of continued healthy residential Internet and TV revenue growth of around 3%, as well as increasing business customer demand for fibre and bandwidth that drove IP broadband connectivity and business services solutions revenue up 7% and 3%, respectively. However, total Wireline revenue growth moderated this quarter. This was the result of steeper year-over-year voice revenue decline of 7.1%, compared to around 5% in the first half of the year, a year-over-year decrease in low-margin business data equipment sales that can be rather lumpy from quarter-to-quarter, and the lapping of the Axia acquisition at the beginning of September.

With growing Broadband and Internet subscriber scale, improved operating profitability at Bell Business Markets, and lower year-over-year operating costs, Wireline EBITDA increased a healthy 1.4%, driving a 50-basis-point increase in margins to 44.2%. More impressively, this was achieved despite an acceleration in voice revenue erosion in the quarter and the storm-related costs we incurred because of hurricane Dorian in Atlantic Canada.

Turning to Bell Media, on slide 13, continued strong financial performance once again this quarter, as Mirko mentioned, total revenue up 2.7% year-over-year, in what is a seasonally low quarter in the media industry, in general. Subscriber revenue increased 7% year-over-year, the result of significant growth in Crave customer subscriptions over the past year and the flow-through of higher rates for our enhanced Crave streaming service launched last November.

Advertising revenue up 1.9% year-over-year, when you exclude the \$10 million in non-recurring revenue generated in Q3 of 2018 from FIFA World Cup Soccer. This increase reflected stronger year-over-year conventional TV performance, which benefited from the federal election, as well as higher year-over-year revenues at specialty TV news services CP24 and Astral Out-of-Home.

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Lastly, similar to previous quarters, adjusted EBITDA growth was exceptional, increasing 24.2%. This was driven by a flow-through of higher revenue and a 4.4% year-over-year reduction in operating costs that benefited from both the positive impact of IFRS 16, and programming cost savings, as last year's results included the sports broadcast, as I mentioned, of the FIFA World Cup.

Let's turn to adjusted EPS. Slide 14 summarizes the main components of adjusted EPS for Q3, which was \$0.91 per share, down \$0.05, compared to last year. Higher adjusted EBITDA drove \$0.11 of year-over-year growth, but was largely offset by higher depreciation and net interest expense, due mainly to the adoption of IFRS 16 accounting. In aggregation, IFRS 16 had an approximate \$0.01 unfavourable impact on EPS in the quarter. Also negatively impacting adjusted earnings this quarter was lower year-over-year tax adjustments, as last year's results included \$0.08 of EPS from favourable resolution of uncertain tax positions related to our acquisition of MTS.

Lastly, as is typically the case in Q3, we picked up our share of operating losses from our minority interest equity position in MLSE, which, similar to last year, totaled \$0.03 per share. This arises from the fact that Q3 is seasonally a low quarter at MLSE, as there are no gate or other game-related revenues generated during the summer off-season for hockey and basketball.

Let's turn to free cash flow on slide 15. We generated close to \$1.2 billion of free cash flow this quarter, bringing year-to-date cash generation to more than \$2.9 billion, or 15% higher than last year. This very strong growth was the result of higher adjusted EBITDA, lower cash taxes that reflect the timing of installment payments versus last year, as well as the favourable reversal of working capital from Q2 attributable to higher customer receivable collections. This quarter's results also reflected higher interest paid due to the imputed interest on the lease liabilities under IFRS 16.

Regarding financial activities in the quarter, we took advantage of a low interest rate environment to complete a 10-year \$550 million Canadian public debt offering in September. At 2.9% coupon, this was the lowest financing rate we have ever achieved on a 10-year MTN issuance. This maintained our after-tax cost of debt at a historic low of 3.1%. This ensures good predictability in debt service costs, while helping to insulate against future interest rate volatility. More notably, we have no near-term financing requirements, as our next maturity only occurs in April of 2021.

Lastly, despite the unfavourable impact of the lower discount rate due to a declining treasury bond yield, the Bell Canada defined benefit pension plan remains fully funded at a solvency ratio of 102%. This has been enabled by a relatively high proportion of fixed income investments in the pension plan, which now represents 71% of our asset mix, and as a result, no special voluntary pension top-up contributions are expected to be made at the end of this year.

This is quite a shift that I was looking at yesterday. Less than eight years ago, our solvency ratio was sub-80%, at 79%. Over those eight years, we have had to put \$3.5 billion in special deficit funding into the pension plan, and when I look out to the future, that is an incredible burden behind us on free cash flow. So, when I think about the future and the state of our pension plan, I'd like to think that that \$3.5 billion is in the rear-view mirror and certainly not something we face in the future.

To wrap up, on slide 16, with three quarters of strong consolidated growth already reported, we remain firmly on track to deliver on the financial guidance targets that we provided at the beginning of the year. Entering Q4, we remain competitively well positioned, with strong operating momentum across our wireless and wireline broadband businesses, and market-leading Media assets that generate substantial cash flow for reinvestment in this business.

As we begin to look out to 2020, BCE's cash flow remains strong and reliable, with growth opportunities ahead from fundamental business performance, continued capital spending and cost efficiency gains, cash tax benefits from accelerated depreciation, and a stronger pension solvency position. All of this well positioning us to deliver ongoing expansion of our leading broadband networks and continued dividend growth next year.

That concludes my remarks and I'd like to turn the call back over to George to make a few closing comments.

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George Cope – President and CEO

Great. Thanks, Glen. We'll open up for questions in a moment, just a few final comments from me before we go to Q&A.

I actually believe this morning is actually my 100th investor call, and it will be my last as a public company CEO. My first was actually in 1994 for Clearnet, 25 years ago this month.

I'd like to thank all the investors and analysts from around the world who have supported the companies I have been CEO of. And, in particular, your unwavering support for the BCE turnaround in Canada. Your company, BCE, is in tremendous hands going forward, under Mirko's leadership, and a stable Executive Team, second to none in the world on telecom experience and expertise.

I plan to remain keenly interested, as a large shareholder, going forward. I believe there is no other telco in the world with an asset base better ready to deliver on all the promises of broadband 5G wireless and a fibre world, combined with an extraordinary and appropriately sized media asset going forward. Clearly, BCE is uniquely positioned to leverage the broadband digital ecosystem going forward for years to come.

With that, thank you all. Over to Thane.

Thane Fotopoulos – Vice President – IR

Thanks, George, and I just want to take the opportunity to say what an honour and pleasure it's been to work with you, as well, over the past 14 years.

Before we start the Q&A period, Donna, just to keep the call as efficient as possible, I'd ask that you limit yourselves to one question and a brief follow-up, so we can get to as many of you in the queue as possible in the time we have left.

So, with that, Donna, we're ready to take our first question.

QUESTION AND ANSWER SESSION

Operator

Thank you. If you have a question and you're using a speakerphone, please lift your handset before making your selection. If you have a question, please press star 1 on your telephone keypad. If you wish to cancel the question, please press the pound sign. Please press star 1 at this time if you have a question. There will be a brief pause while participants register. Thank you for your patience.

The first question is from Richard Choe from J.P. Morgan. Please go ahead.

Richard Choe – J.P. Morgan – Analyst

Hi. George, I just wanted to ask a big-picture question for your last call, and you kind of mentioned it a little bit in your final remarks there, but as you look out going forward, in terms of the next few years, do you see more of an opportunity with 5G in the wireless business or with the fibre build, now that a lot of it has kind of come to fruition and you're going to be finishing up over the next few years?

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George Cope – President and CEO

First of all, Richard, thanks for the question, and it's been tremendous working with you over the years.

My view on that is I don't know whether that's one or the other. I think I get equally excited on both. I mean, on the fibre side, we're more than 50% through the journey. We've probably found this is a clear strategic advantage. The speeds that Mirko talked about today just sets us up for the evolution of that growth. And, of course, with 5G, there's a whole other level of wireless. Every 10 years I've been in the industry, people talked about the maturing of the wireless industry, and then there'd be an evolution to the next level of technology and we saw another acceleration in growth. So, that opportunity going forward is probably the piece that I'm going to regret the most, not being a part of that journey. So, very positive on both.

Then, of course, I know investors know this, but I think the unique part of our asset, and I would have to say wasn't really quite foreshadowed, as it's turned out so positively, is everywhere we're building our wireless network, we have a fibre network, and so our overall transition costs to 5G, I think investors are going to be very pleasantly surprised how tight we can keep capital intensity going forward and make those happen.

So, I think we're positioned with both, and then I think they will actually come together more than ever before, and the integration of wireless and wireline at the network level and in the customer area will be quite different than it is today five years from now.

Thank you.

Richard Choe – J.P. Morgan – Analyst

And a quick follow-up for Mirko. How do you look at the transition in terms of the transition to unlimited plans and device financing, kind of what's your view on how you're going to manage that over the next few quarters?

Mirko Bibic – COO

First, thanks, Richard. We're always going to be competitive, so that's the first principle. What we're doing, as you see from the results, is there's a really strong focus on execution here on repricing, base management, so of course we have unlimited plans competitively matched for those who want them, but we also have a whole host of other types of plans, share plans or otherwise, unlimited and not unlimited, so that we can land customers on the right price point for them, but also for ourselves and our metrics. So, there's a difference between having unlimited plans to be competitively matched and have that for your subscribers. There's a difference between that and force migrating everyone to those plans as rapidly as possible. Key thing, effective base management, putting people on the right plans for them and for us.

On device financing, we mentioned in Q2 that we had some IT work to do to be in a better position competitively with those. We've gone through that work, and you will see, as we start Q4, that we're better competitively matched on device financing, and we will see a sales mix shift to those plans as we go along.

Richard Choe – J.P. Morgan – Analyst

Great, thank you.

Operator

Thank you. The next question is from Jeffrey Fan from Scotiabank. Please go ahead.

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Jeffrey Fan – Scotiabank – Analyst

Thanks. Good morning, and let me just—congrats, George, on a great career at Bell, and it's been an honour covering you all these years.

I want to just continue that line of questioning around the device subsidies. I think there is a bit of a debate going on in the market. I think some carriers want to just only offer installment plans and EIPs, whereas some carriers might be looking to either keep that option open or just maybe not shift to no subsidies as quickly. Can you talk about the choice that you want to continue to maintain in the market for consumers, are you thinking more about going all-in on the EIPs or will you continue to leave that option open?

Then, just a related follow-up to the unlimited. I guess one question for overage is, without having this forced migration and faster decline on overage, you do have a higher mix, I guess, relative to some of your peers. Is there a risk that we could see that fall faster for any reason, or do you see your ability to kind of manage that continue in the foreseeable future? Thanks.

George Cope – President and CEO

Yes, well, two comments I'll make. One, on the device financing versus subsidy, we'll meet the demands of the consumer and be competitive on whatever front. We're not passionate about either. We're passionate about what the customer wants, so that'll be our focus. I think there's some real merit on both approaches and we'll stay in the market. As Mirko said, we're making sure we're competitive across all of it, and we think there's a lot of intelligence in some of the concepts that are in the market, so we'll follow those, and we'll always stay competitive and don't have a passion on either, to be quite frank, where we make the most money, and our consumers and customers have the best choice, will be that focus. That's what Mirko is driving.

On the overage, I find it—it's one of the strangest questions I've had, is let's accelerate—the person who's accelerating the fastest, somehow that's a less risk approach. We've managed our bases, we think—I think our wireline, maybe, is where you ought to look, everyone, and look at our management of our NAS, and those things, over the years. We know we have to meet the customer demand, Mirko said we've got to be competitive, and we'll make sure consumers have maximum choice, so there are some plans that may be different. So, we'll just manage our business, and Mirko will as we always have, and we'll leave competitors to do what they think is right.

Jeffrey Fan – Scotiabank – Analyst

Thank you.

Operator

Thank you. The next question is from Aravinda Galappathige from Canaccord Genuity. Please go ahead.

Aravinda Galappathige – Canaccord Genuity – Analyst

Good morning, thanks for taking my question, and my best wishes to George, as well.

I wanted to touch on the regulatory side. Obviously, we have a couple of items still very much alive. On the wireless front, the prospect of MVNO-mandated access, if it's sort of pushed through, it would make Canada one of the very few countries with that kind of regulatory regime. When you kind of think about sort of the comments coming from the regulator, as well as on the political front, how do you see this playing out, and perhaps, and this might be a little bit premature, what are the options available to an incumbent, as you look to manage through a scenario like that? Thanks.

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Mirko Bibic – COO

Thanks for the question. Our focus is going to be on the regulatory hearings coming up in the early part of next year, and, really, the approach going in is to focus on the facts. We just had a CRTC report a couple of months ago which found significant declines in mobile prices. That's on top of a recent StatsCan report that also found that prices had decreased quite significantly, by more than 50%. We all know, just from our price plans, ourselves, whether it's Bell or Virgin, that the data prices per gig have dropped dramatically over the last three/four years, and that's without even factoring in the price impacts of unlimited plans.

So, on pricing, huge movement being delivered by facilities-based competitors across the country, that's a fact, and that's a compelling fact, and from a policy point of view, we've just got to—it's not just about price, right, it's got to be about coverage and quality of networks, and we are at an important fork in the road here. We can't sacrifice coverage and quality by making the wrong regulatory decision, especially as we're on the cusp of 5G. It's unfortunate, we've seen some regulatory decisions over the summer that have gone too far and they've actually had direct impacts on capital investment by ourselves and—but not just ourselves, by our peers, as well, and we've heard some of the commentary from a couple of our peers just in the last week about how regulatory decisions have affected their investments. The Bureau's warned about this, if you go too far in a regulatory decision, it will impact investment, and that's not good for the country.

So, going into next year, those are the key points, positive movement for consumers on prices, and let's always be mindful about investment, because we want a lead in coverage and quality, as well.

George Cope – President and CEO

My only addition to it is the Canadian government and the CRTC policy directives have the concept that network infrastructure is critical to the country. We have four wireless infrastructure providers—possibly, at the end of this year, more than the United States has if there's a merger—and we're all on 5G build, and providing—other than one country in the world—the best 4G networks on the planet. The balance is correct, that'll be the position, and I'm highly confident the government will see that appropriately, given the competitive outcomes in the marketplace that we're seeing.

With that, next question.

Aravinda Galappathige – Canaccord Genuity – Analyst

Thank you.

Operator

Thank you. The next question is from Vince Valentini from TD Securities. Please go ahead.

Vince Valentini – TD Securities – Analyst

Yes, thanks very much. Two things. One, Glen, the free cash flow growth, you're at 15% year to date, the guidance range is still only 7% to 12% growth for the year. Is it possible you're trending a bit ahead of your original plans or is there something you expect in Q4 in terms of lumpiness in working capital or capex, or something?

And the second question, for whoever wants it, can you give us any update on data usage trends on wireless on an overall basis, and if you care to, for customers who are migrating to unlimited plans, if you're seeing some benefits of people using their phones more? Thanks.

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Glen LeBlanc – Executive Vice President and CFO

Hi, Vince, it's Glen, I'll jump in on the first. As I said, I reiterate guidance for all of our metrics, 7% to 12% on free cash flow. Remember in my opening remarks, I told you that there was a decrease in cash taxes paid, that we enjoyed in Q3. That was due to a timing of an installment. That's going to reverse itself out in Q4. Capex will pick up notably again, reconfirming where we think capex will land, it'll pick up in Q4, as we continue to expand our Fibre-to-the-Home and we continue to make investments in Wireless-to-the-Home, and our small cell deployment for 5G-readiness. So, sticking to the guidance. We're very, very pleased with the performance year to date and the 7% to 12% outlook for the year.

Mirko Bibic – COO

Vince, we are—it's Mirko—we are seeing data usage growing, including, of course, for those subscribers who are on unlimited plans.

Operator

Thank you. The next question is from Maher Yaghi from Desjardins Securities. Please go ahead.

Maher Yaghi – Desjardins Securities – Analyst

Thanks for taking my questions. George, I'm sure you'll be missing not being on the next conference call come February, but ...

George Cope – President and CEO

I'll be really warm listening in. Go ahead.

Maher Yaghi – Desjardins Securities – Analyst

I'm sure. But, more seriously, we will miss your insight and vision for an industry. Talking about vision and insight, I wanted to maybe just ask you a big-picture question, as you are leaving the company. I'm hearing you guys talking about 2020 pre-emptively, about the dividend, and so forth, but I wanted to ask you maybe a little bit longer timeframe here. As you see some of the industry changing metrics in the wireless industry, changing with ARPU under pressure, you know, maturity in the sector, and also some maybe increased regulatory environment headwind, how confident are you that a company like BCE can sustain its 5% dividend growth model longer term?

I have another question to come, a more detailed question on the quarter.

George Cope – President and CEO

Okay, thanks for the light question, appreciate that. But, seriously, if you just step back for a minute and think of the last 10 years and what, under Mirko's leadership, we're going to see in the next 10 years, and when I look at it—first of all, Glen talked about—he gave you incremental money, but it was \$4 billion that we—you know, \$4 billion, \$5 billion incremental dollars over the 10 years into the pension. That's not going to happen. So, we free up, for the business that's much larger than before, \$5 billion of cash flow over the next 10 years that we had to incur the last 10 years.

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We're halfway through the fibre journey. The cost for 5G for us will be remarkably lower than most, because of our fibre infrastructure. When you think about the industry structure going forward, at some point we hit an inflection point, and there's always, on the capex issue—and Mirko will take us through how that—you saw it creep down this year in our capital intensity, and under Glen and Mirko's leadership, we'll see how that evolves, but if you really model it out, it is clear that a lot of the significant investments on the fibre are behind us and the pension is behind us.

Then, your other comments about the maturing business, and what have you, as I said before, every 10 years of wireless, since I started, and most people on the call, but anyway, 1985, the day it started in Canada, people have talked about the evolution and the maturity of the industry, and then what happens is we move to the next level of technology, and now we're seeing 30% growth in usage again, and you get into autonomous vehicles, and what 5G is going to do, I'm, frankly, really optimistic. As I said, I'm going to be a really long-term shareholder on this story.

Maher Yaghi – Desjardins Securities – Analyst

Good to hear. My more short-term nature type question, when you are looking at this transition to unlimited, you're not seeing the same tremendous negative impact that other companies are seeing right now, but can you talk a little bit about what might occur during the next couple of quarters as you transition more and more of your customers to unlimited? I know you're working on base management and trying to bring in this transition slowly into your base, but if we're at, let's say, minus 1% ARPU right now in the third quarter, what is the outlook for ARPU growth in the next two to three quarters, and when do you think this decline will revert?

George Cope – President and CEO

Well, first of all, ARPU is irrelevant, right, it's ABPU that matters. That's the first point, because that's the real generation of that, that's the first point.

Secondly, I think we're—and Mirko will, obviously, take all this over and drive everyone going forward after this, but our very simple view on this is what we said on the last call. Whatever growth in ARPU we were going to see is obviously going to be moderated by this price change that we've seen in the market, and so you've seen a positive quarter from us on the ABPU, but not maybe at the rate we'd seen in the previous quarters. That's what the team will work very, very hard at doing going forward, and that's what we're going to try to manage through. We're also going to see increased usage and opportunities in the market from that, but increased usage can bring about capex, not revenue growth.

The real focus for us is to stay competitive, manage it appropriately, and I think our results for today speak for themselves, against our relative performance in a market that's now had unlimited pricing through that period, and we're obviously managing it differently. We don't know what our other major competitors report, so I don't think it's correct to say we've seen people with these declines, we've seen one so far on that front. We're just going to manage the business like we always have, with the focus on the cash flow, dividend and margins, and stay competitive.

Maher Yaghi – Desjardins Securities – Analyst

That's true, but the question I'm trying to get to—and this is what—the companies who are seeing this shift happening very quickly are saying that—or some investors are implying—that if you're not seeing it right now, this negative impact, you're going to see it, anyway, in the next couple of quarters. Is that a certainty?

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George Cope – President and CEO

Well, what I would say with certainty, we are seeing clients migrate to unlimited. As a result, the moderation of ARPU, you are seeing it in the results, but our cost management expertise and our ability to focus, very carefully disciplinarily, and our network leadership, of course, makes clients move to us in this market. If you're going to go to unlimited data, you want to be on the network that's the fastest, and it's become a much less complicated sale, and we think our distribution strengths give us that positioning. So, the market will make its call. We're not going to do ARPU forecasts on a call. I think we try to be as transparent as we can. I would look at our history of managing ARPU, maybe, as an indicator of how, maybe, we'll manage it going forward.

Hopefully, that's helpful, and let's move on to the next question. Thanks for the questions, and thanks for the kind comments.

Maher Yaghi – Desjardins Securities – Analyst

Thank you, George.

Operator

Thank you. The next question is from David Barden from Bank of America Merrill Lynch. Please go ahead.

David Barden – Bank of America Merrill Lynch – Analyst

Hi. It's Matt sitting in for Dave. Thanks for taking the questions. I just wanted to ask about subsidies on the Wireless side. One of the kind of benefits that some hope for in this transition that we're going through is the ability to lower the device subsidy, and I was wondering if you guys see the same kind of opportunity on that front, in the way that you're managing the transition?

Separately, on the broadband side, the net additions were strong this quarter, helped by the Wireless-to-the-Home, and I was just wondering if you could add some colour to, maybe, the contribution between the Wireless-to-the-Home footprint versus the Fibre-to-the-Home, and what those customers, maybe, look like versus—between the two footprints.

Mirko Bibic – COO

Okay, it's Mirko. On the device financing versus subsidy, we do see—as we see the sales mix shift, migrate towards device financing across the industry, I think there will be success there in reducing handset subsidies, and that will be accretive to EBITDA and cash flow, of course.

On Wireless-to-the-Home, I'm not going to get into breaking down all the component parts here, for competitive reasons, but we're happy with the progress there. Our footprint continues to expand and we're very pleased with the penetration rates we're seeing when we open up a market, because, of course, there's untapped demand there. These are areas that either have no service at all or have low-speed DSL. So, when you come up with a service like this, that can offer next-generation speeds of 25 Mbps per second, or more, you can imagine that the customer take-up is quite strong. So, we're pleased with the progress on Wireless-to-the-Home. So far, we should be passing close to 200,000 households by the end of the year, and that trajectory is going to continue into next year.

David Barden – Bank of America Merrill Lynch – Analyst

All right, thanks.

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Operator

Thank you. The next question is from Tim Casey from BMO Capital Markets. Please go ahead.

Tim Casey – BMO Capital Markets – Analyst

Thanks. George, just curious, did you get one of those big, fancy rings the other night?

George Cope – President and CEO

Well, as I was handing them out, I put one in my pocket on the way through, yes.

Tim Casey – BMO Capital Markets – Analyst

A couple for me. One, on the progression of unlimited, are you willing to share how much of your base has transferred over already, and any indication of what you think that cadence will be like going forward?

The second one, on the fixed side, we've seen an acceleration of cord-cutting in the U.S., and you're obviously well positioned for that given the variety of products you have, but I'm just wondering how your thinking and expectations on cord-cutting are evolving as we get a number of streaming options coming online over the next little while. Thanks.

George Cope – President and CEO

Well, the first answer is no, we don't share competitive intelligence on pricing in the marketplace, our results speak for themselves. We won't be sharing how that mix is changing.

Then, on the Broadband side, wireless versus wireline substitution, in the evolving ecosystem that we've got between the two, if you look at the Canadian marketplace and our fibre at 1.5 Gbps into the home, that move into Wi-Fi in the home is going to continue, because those speeds are still dramatically ahead of where we are in wireless, and as we evolve even to 5G, very different than our neighbours south, where's there's clearly a more cable dominance on one side and the 5G is the strategy on the other, I think 5G will be complementary to broadband, not a substitute in the marketplace to what's going on in the home, simply because of what our peer Telus has done in the West and what we're doing here to kind of put Canada at the forefront from a fibre perspective.

There will always be some cannibalization to some extent over time, simply as we move to these programs, but in terms of superior speed and access to the digital video content that people want, and physical locations, it's hard to imagine people not accessing what Mirko's team is going to lead out, from 1.5 Gbps to 5 Gbps to 10 Gbps services.

Tim Casey – BMO Capital Markets – Analyst

Thank you.

Operator

Thank you. The next question is from Adam Ilkowitz from Citi. Please go ahead.

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Adam Ilkowitz – Citi – Analyst

Hi, good morning, thanks for taking the questions, and, George, it's been a pleasure to get to know the Canadian market with you over the years.

Two questions. One is, as credit financing becomes more popular, how do you plan, Glen, on managing the costs of financing those handsets for your customers?

Then, secondly, for Mirko, as you look at the asset base you have, that you're inheriting from George, it's obviously quite complete within the market. Is there any chance to monetize any non-core assets or look at the wireline business in a different way that could perhaps improve the growth rate or improve efficiencies in a more rapid fashion?

Glen LeBlanc – Executive Vice President and CFO

I'll jump in first on the first question, Adam, on managing the costs of moving to the installments. Look, I spoke earlier about what we've done and how opportunistic we've approached the market, how we continue to do long-term financing at what are historic low rates. No one's balance sheet in this industry is any larger and stronger than ours. So, we do not see this as a challenge. We will absolutely move with the market and ensure that we have offers in place that are competitive, and as far as the ability to manage the costs, as I say, look at our balance sheet and track record on being opportunistic.

Mirko Bibic - COO

In terms of the assets, to answer your question, I think back to George's previous answer—I think it was in response to Maher, about looking forward—when you think about the tremendous opportunities this company has looking ahead, it's because of the asset base that we have, that we're so well positioned to capitalize on those in the future, so I'm quite happy with the asset base we have, and we're going to continue on some of the things that you already know about, including the fibre footprint and Wireless-to-the-Home.

Look, we're always looking constantly to surface value, so we're going to continue to do that in Corporate Development, but I'm really happy with the asset base, and that's how I'd answer your question right now.

Adam Ilkowitz – Citi – Analyst

Great, thanks so much.

Operator

Thank you. The next question is from Drew McReynolds from RBC Capital Markets. Please go ahead.

Drew McReynolds – RBC Capital Markets – Analyst

Thanks very much. Good morning. For the second consecutive quarter, George, just congrats on just a phenomenal run.

Two questions for me. First, maybe, can you provide an update on Wireless market expansion in Canada in perspective, obviously, out of the gate with a soft Q1, but it certainly looks like the market has come back from that perspective.

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Then, secondly, either for you, George, or Mirko, big picture. When does it become more obvious to most folks that the wireline asset that you have is really kind of a big asset here, relative to your peers? Is it an application or use case of 5G? Do you change up the commercialized offers out there? I know, George, you've talked about capex efficiency that may surprise people. I'd just love that big-picture perspective at this point. Thank you.

George Cope – President and CEO

On the market expansion, I thought one of the real interesting things for our international investors, who maybe not have seen it, is the population growth we saw in the country. It surpasses, I think, the G7 or G20, between our immigration policies and organic population growth, when you see 450,000, 500,000 in our country, and as we all know, that's all, from a wireless perspective, additional subscriber opportunities. That, I think, absolutely is what makes this country so unique from a telecom perspective, one of the advantages.

Then, of course, in our world, the housing starts are just as important, and now that our wireline footprint is 75% of the country, we see that benefit from our broadband side. So, across the board, we continue to see that acceleration in growth. Of course, we weren't in all the segments, or the prepaid one, that Mirko talked about, because that's another space where we were late to the party, and now, obviously, that's truly paying off.

Then, on the fibre leverage, it's interesting, I think we're seeing it—I mean, I hope the investors think we're seeing it. We were not leading from a broadband perspective in market share. You know we had accumulative market share that was well under 40%, I think 35%. We just have a fundamental belief—and this isn't a new theory, everyone on the line knows this, because it's clearly the most superior technology in the world, that over time, as people move—and on average, they move about every seven years—people are going to make those purchases and know that they want glass to their premises, and, ultimately, we should see ourselves at improved market share. In every market we've done fibre, our market share has improved over time, and I think that's leveraging that asset, and I hope someone's not thinking we're not.

Then, of course, on 5G, we've talked about it, and way more to come on that under Mirko's leadership than mine.

I hope that's helpful.

Drew McReynolds – RBC Capital Markets – Analyst

Yes, thank you.

Operator

Thank you. There are no further questions at this time. I'd like to turn the call back over to Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Okay, great. Thank you, everybody, for your participation today. As usual, I'm available for follow-ups and clarifications throughout the day. So, on that, thank you very much, and all the best to George.

George Cope – President and CEO

Thanks, everyone.

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Glen LeBlanc – Executive Vice President and CFO

Thank you.

Operator

Thank you. The conference has now ended, please disconnect your lines at this time, and thank you for your participation.

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This is Exhibit “13” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

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BCE, Inc. (NYSE:[BCE](#)) Q3 2017 Earnings Conference Call November 2, 2017 8:00 AM ET

Executives

Thane Fotopoulos - Investor Relations

George Cope - President and Chief Executive Officer

Glen LeBlanc - Chief Financial Officer

Analysts

Phillip Huang - Barclays

Simon Flannery - Morgan Stanley

Vince Valentini - TD Securities

Aravinda Galappathige - Canaccord Genuity

Batya Levi - UBS

Jeff Fan - Scotiabank

Richard Choe - JPMorgan

Greg MacDonald - Macquarie

Maher Yaghi - Desjardins Capital Markets

Drew McReynolds - RBC

Operator

Good morning, ladies and gentlemen. Welcome to the BCE Third Quarter 2017 Results Conference Call. I would like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, Mr. Fotopoulos.

Thane Fotopoulos

Thank you, Donna. Good morning to all and thanks for joining us. I am here with BCE's President and CEO, George Cope and our CFO, Glen LeBlanc. As a reminder, our third quarter results package and other disclosure documents, including today's slide presentation, are available on BCE's Investor Relations webpage. An audio replay and transcript of the call will also be made available on our website later today or tomorrow.

As usual, before we get started, I would like to draw your attention to our Safe Harbor statement on Slide 2. Information in this presentation and remarks made by the speakers today will contain statements about expected future events and financial results that are forward-looking and therefore subject to risks and uncertainties. These forward-looking statements represent our expectations as of today and accordingly are subject to change. Results could differ materially. We disclaim any obligation to update forward-looking statements except as required by law. Factors that may affect future results are contained in BCE's filings with both the Canadian Securities Commission and the SEC and are also available on our corporate website.

With that, I will turn the call over to George.

George Cope

Great. Thanks, Thane. Good morning, everyone. Clearly, we are very pleased this morning with the financial growth and the subscriber growth in the quarter driven by the 5.9% service revenue growth, producing 5.8% higher EBITDA in the quarter and also seeing a margin increase across all BCE consolidated to 41.7%. Of interest, on \$270 million of approximate revenue growth, we saw \$130 million pull-through of EBITDA, so about a 48% pull-through across the entire company on incremental revenue.

Wireless again had an excellent quarter and we believe will, as the quarter unfolds, end up being the leader from an adjusted EBITDA growth perspective and cash flow perspective in the quarter. We had strong Internet and IPTV net adds up 6.9% and 81,000 in the quarter and one of our strongest quarters in a number of years.

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Our wireline EBITDA growth of 4.4%, of course part of that, contributing from the MTS acquisition, but also seeing the margin expansion there to 42.3%, giving us the headroom for our continued capital program. And as I mentioned in the past, I would believe over the next 12 months, the consolidated MTS results with the synergies within that particular division will have – see about a 10% margin improvement as a result of our synergies. We had steady media financial performance with 1% revenue growth and stable adjusted EBITDA. And overall, 198,000 postpaid wireless, Internet and IPTV net customer additions, up 8.3% year-over-year clearly a very strong RGU quarter.

Turning to wireless, it was our best postpaid performance in the past 5 years with 117,000 postpaid net adds. We continue to see our churn reduce as a result of our network quality and the continued focus from a service perspective with our customers. We also, again, saw an increase in average revenue per customer this quarter, up 3% year-over-year to a blended \$69.78 and we also saw an increase in usage as we continue to see as people use our broadband network more and more with our overall base increase of usage of 26% on a year-over-year basis.

One highlight of the quarter, I think, already reported in a number of different areas, was our win of the federal government wireless contract. That should add an additional 200,000 postpaid subscribers to our customer base over the next 18 months. That's about a 1% market share swing in our favor with our largest competitor. It provides a 6-year agreement with some extension possibilities for 10 years, also some of the other benefits. It provides us the opportunity for the mobile push-to-talk business there and other IoT solutions. It's an interesting account for us strategically. Clearly, a lower ARPU account, but also clearly an account with literally no churn. And as a public sector growth of employment takes place in Canada, of course that subscriber growth that we would expect to be great than these number of subs over the term of the contract.

Turning to our wireless network, we do like to call this out on a quarterly basis because we think it's making quite a difference and will over time. We think we specifically see it in our industry leading ARPU. A significant milestone for Canada, this quarter we have 99% of the country covered with speeds of up to 150 megabits on LTE. The industry has never been beyond 97% even with traditional technologies before. So, we almost have this entire country now covered from a broadband perspective with those speeds.

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Recent reports have come out to show that our wireless network is approximately now 2 times faster than our largest incumbent provider. And this is of course a utilization of the 4CCA Quad-band technologies that has allowed us now to have an approximately 8 provinces and 21% of the population has access now to speeds of up to 750 megabits. We would expect in 2018 over 50% of Canadians will actually have access to speeds of over 900 megabits and will on a normal basis those customers would see a practical speed of about 250 megabits on their handset, clearly, world class, probably world leading in terms of wireless speeds and we think a great differentiator over our number one competitor. And of course, you have to have the fiber back-haul to those cell sites to see the benefit of these speeds. And as everyone on the call knows we have made those investments and that assures us as we make this evolution, we will see that speed continue.

We have also very quickly accelerated growth in Manitoba. We have now completed the overlay of LTE Advanced in Manitoba, the 85% of the province, so that's in our capital already. And that puts – starts to put that network at the level of quality that we have across the rest of the country on the Bell network. We are particularly proud from a leadership perspective to be the only wireless carrier in Canada who enabled and supported the Apple Watch Series 3 launch, enabling you actually use the Apple Watch when you are away from your smartphone. And to our knowledge, at this point we are the only wireless carrier in Canada with that capability which is some nice differentiation going into the holiday season.

We have been able to do these network investments while maintaining our capital intensity at 9%. We will talk more about guidance in '18, but as revolving the business plan, we are pretty comfortable now with the Street to let you know that we would expect our capital intensity in '18 on wireless should be approximately around 9% as well, particularly because we made these investments to give us the speed advantages and we think that's going to give us quite a great position going forward in terms of the capital intensity of wireless for 2018.

Turning to wireline, really I think an excellent quarter from an RGU perspective, really nice to see the growth acceleration, 44,000 Internet net adds, up almost 13% year-over-year, so our fiber footprint obviously beginning to provide the returns we want to see, really positive quarter from a TV perspective. 10,000 positive net adds in our wireline footprint, which of course, as everyone know now runs from Manitoba to the East Coast. So that's a very positive outcome for us. Strong IPTV net adds, also assisted with the launch of our Alt TV product which continues to do early on what we hope it would do in the marketplace.

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And the other thing I just wanted to call out was really the very strong local access line results. Dramatic improvement from residential perspective, down 23,000 in terms of the losses year-over-year and 10,000 less losses on a business perspective where we saw small business performance continue to improve. And one interesting milestone I looked again just a few days ago, but in the quarter we are actually positive NAS in our fiber footprint. So there's clearly some bundling benefits there. And across the board, all 3 of these products saw an ARPU lift year-over-year of approximately 4%. So it's clearly doing the right things we want and know it's about keeping that up going forward.

In terms of Bell Media, excellent from a ratings perspective off to a strong start in the quarter, 7 of the top 10 shows for the important fall season, excellent specialty programming as you can see here with some of the names on the page. Also a great start to the NFL in Canada this year with the average audiences on Sunday up 53%, Monday up 18% and new to TSN was carrying the NFL on Thursday night and up 12% year-over-year.

We did just recently announce the attended acquisition of two specialty services in the province of Quebec. Those are subject to regulatory approval, but would, of course, improve our overall position in the province against our competitor there. And there is no doubt our continued ownership of the Canadians, Maple Leafs, Raptors and TFC, although not driving cash flow that comes back to the shareholders, is driving significant value for us as we've seen these assets grow in value and also continue to secure some really, really important Canadian content for us.

With that, let me turn it over to Glen.

Glen LeBlanc

Thank you, George and good morning everyone. Let me begin with a quick high level summary of our Q3 financial results, which as George said, we are very pleased with. Service revenue is up a very healthy 5.9% this quarter, reflecting year-over-year increases at Bell Wireless, Bell Wireline, which benefited from another full quarter of contribution from Bell MTS, as well as top line growth at Bell Media. However, lower margin product revenues decreased \$26 million compared to last year, the result of lower wireline business data equipment sales, which as you know, tend to be variable quarter-to-quarter.

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Adjusted EBITDA growth accelerated, increasing to 5.8%, once again benefiting from the inclusion of Bell MTS and our consolidated results. Consistent with growth in EBITDA, margin also improved, expanding 30 basis points to 41.7% on a flow through of strong wireless service revenue growth, increasing broadband Internet scale, pure NAS volume losses that George mentioned earlier, and the Bell MTS integration synergies, as well as some other operating cost efficiencies driven by ongoing service improvements from our growing fiber footprint. Notably, this was all achieved even with the \$26 million and year-over-year regulatory impacts absorbed in the quarter from the wholesale Internet tariff revisions and the customer cancellation refunds, which are now expected to total \$100 million for the full year, up from the preliminary projection of \$85 million.

With respect to EPS, although absolute dollar net earnings increased year-over-year, statutory and adjusted earnings per share declined \$0.01 and \$0.03 respectively to \$0.86 and \$0.88 per share as a result of the share dilution from the issuance of BCE common shares for our MTS acquisition. And lastly, free cash flow grew a strong 24.4% to approximately \$1.2 billion more than fully supporting higher planned capital spending in the quarter.

Let's turn to wireless financials on Slide 11. Slide 11 details our Q3 Wireless financial results which exceeded expectations once again this quarter. Service revenue increased 11.2%. This was driven by higher year-over-year postpaid subscriber mix together with continued strong ARPU growth and a favorable impact of Bell MTS. Product revenue was unchanged year-over-year despite a higher volume of customer transactions due to competitive pricing on higher-end smartphone sold with subscriptions to premium rate plans, which should help support ARPU and churn performance going forward. Wireless EBITDA was up a strong 9.4%, which I believe will lead all incumbent peers this quarter based on reported results and analyst's consensus estimates. This result was achieved even with \$74 million in incremental customer retention and acquisitions spending, driven by contract expirations in the quarter and a higher sales mix of premium mobile devices. As a result, service revenue margin declined year-over-year in Q3 but remained a very healthy 45.5%.

Lastly in terms of cash generation, Bell Wireless contributed meaningfully to BCE's consolidated free cash flow, delivering 14% growth in adjusted EBITDA less CapEx of \$685 million even as we continue to spend significantly on carrier aggregation to further enhance our industry leading LTE network speeds and small-cell the points to optimize coverage, signal quality and data back-haul capacity.

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Let's move to Slide 12, wireline's financials. Service revenue in Q3 was up 4.1% year-over-year reflecting stronger Fibe, Internet and TV growth, 4.5% higher household ARPU, improved year-over-year business results reflecting the favorable impact of our Q9 acquisition, and another quarter of Bell MTS financial contribution. Similar to the previous quarters this year, wireline revenue growth in Q3 was moderated by the regulatory impacts I mentioned earlier totaling \$21 million in this segment, competitive pricing pressure across our residential business and wholesale markets as well as \$25 million year-over-year decline in the business data product sales. Wireline adjusted EBITDA growth accelerated in the quarter increasing to 4.4%, driving a 60 basis point improvement in margin to 42.3% which more than fully supports the continuation of significant broadband fiber investments going forward. Excluding the regulatory impacts, wireline EBITDA was up 6.1%.

Turning to Media, Slide 13. Total revenue was up 1% in what is seasonally a low quarter for the Media sector. Despite an overall reduction in spending by advertisers and the ongoing shift to online services, advertising revenue increased 1.4% in Q3 on continued growth in outdoor advertising at Astral Out of Home. Conventional and specialty TV revenues were down year-over-year, reflecting continued market softness and a steady decline in audience levels, consistent with broader industry trends. Bell Media also saw a steady growth in subscriber revenue which increased 1.6% in Q3 driven by our CraveTV and TV Everywhere GO streaming products. Adjusted EBITDA remained unchanged year-over-year as revenue growth was offset by a 1.3% increase in operating costs attributable mainly to CraveTV and pay TV content expansion, deal renewals for special TV programming and higher cost at Astral Out of Home from the acquisitions and outdoor advertising contract wins over the past year.

Let's turn to Slide 14. Slide 14 provides the key components of adjusting EPS, which as I've mentioned was \$0.88 per share this quarter, down \$0.03 compared to last year. Higher adjusted EBITDA, including Bell MTS contribution, drove \$0.11 of EPS growth. This included a non-cash charge against EBITDA totaling \$0.01 per share to amortize the fair value increment of the MTS assets required. Tax adjustments also contributed positively to EPS this quarter. Tax recoveries from favorable audit settlements with CRA totaled \$0.07 per share compared to \$0.02 last year. And this related to a tax provision reversal regarding allowable depreciation on Inukshuk spectrum transferred to Bell in 2012. With the year-to-date tax adjustment of \$0.08 per share, up from an earlier assumption of \$0.01 per share, we now expect an effective tax rate of approximately 26% for the full year '17, down from our previous expectation of 27%. No material tax adjustments are anticipated in Q4. However, we expect, despite the favorable factors, EPS was negatively impacted in the quarter by MTS' incremental below EBITDA expense contributions, and as I mentioned earlier, \$0.03 of dilution from the shares issued for the common equity component of the acquisition.

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Also contributing to the year-over-year decrease in adjusted EPS was minor losses realized on the retirement of disposal of the end of life fixed assets as well as the currency hedge gains from Q3 of 2016 related to our U.S. dollar denominated expenditures that did not occur this year due to a new hedge accounting process that we implemented on July 1 whereby the P&L was no longer impacted by mark-to-market changes in FX. Due to the positive tax adjustments in this quarter and with the \$2.63 of EPS generated in the first 9 months of the year, we are tracking to the higher end of our guidance range of \$3.30 to \$3.40 per share.

Moving to Slide 15. As I already mentioned, we generated close to \$1.2 billion of free cash flow this quarter, up 24.4% over the last year. This was a result of higher EBITDA, a positive change in working capital, driven mainly by the timing of supplier payments which will largely reverse out in Q4 and lower cash taxes due to the timing of installment payments and partial utilization of the MTS tax losses. \$70 million of the total \$300 MTS tax loss carry-forwards will be monetized in 2017. Higher year-over-year capital spending, which is expected to repeat in Q4, as well as higher cash interest paid to the MTS debenture debt, assumed in short-term borrowing to finance the acquisition, moderated the strong increase in free cash flow this quarter.

We ended Q3 with \$2 billion of cash on the balance sheet, which included the proceeds from the completion of the \$1.5 billion dual-tranche public debt offering on September 29 at a blended coupon rate of 3.3%. The net proceeds were used in October to fund the early redemption of \$1.3 billion of MTN debentures that would have normally matured in 2018, saving BCE approximately \$16 million in annualized interest payments. This also lowered our weighted average after-tax cost of debt to 3.2%, while maintaining an average term to maturity of more than 9 years.

And lastly, a quick update on the funded position of our defined benefit pension plan. The Bell Canada DB plan is in the best shape it's been in over 10 years. With the solvency ratio that now stands at over 97%, it would only take a modest 50 basis point increase in rates to see that plan in a fully funded position. I would like to remind investors that over the last decade we have put more than \$4 billion in voluntary contributions into the plan. So sufficed to say that the cash burden is essentially behind us with no further material voluntary pension funding anticipated going forward.

To wrap up, on Slide 16, with 3 quarters of growth and consolidated financial statements, we see no fundamental changes for the balance of the year. We remain competitively well positioned and our operating momentum is positive across our wireless and residential wireline businesses as we enter the fourth quarter. Bell MTS is meeting our expectations in terms of overall performance in contribution to BCE consolidated results and our focus continues to be on execution excellence to capture incremental growth and cost opportunities across the company. Given this outlook, I am reconfirming all of our 2017 guidance targets.

And with that, I will turn the call back to Thane and the operator to begin the Q&A portion of the call.

Thane Fotopoulos

Thanks, Glen. So before we do get started to keep the call efficient as possible, please I would ask you that you limit yourself to one question and a brief follow-up, so we can get to everybody in the queue. So with that, Donna, we're ready to take our first question.

Question-and-Answer Session**Operator**

[Operator Instructions] And the first question is from Phillip Huang from Barclays. Please go ahead.

Phillip Huang

Yes, thanks. Good morning. First question on the fixed line business, obviously, a very strong set of subscriber numbers, improves across the board. Wanted to better understand the drivers behind this beat and the sustainability of the strength, are you seeing the greatest improvement in Toronto where obviously your fiber investment has been focused and do you see this as sort of a new normal for the fixed line business?

George Cope

Yes, thanks for the good morning and thank you. It was a very strong quarter. We all the metrics that we produced were consistent with being extremely strong where we have fiber deployed and of course that goes beyond Toronto. But the Toronto footprint is starting to have an impact in our results because we are trying to get to a material number of homes and businesses covered. I think that's been positive. I also think our creative approach of the TV market, having a product as Alt TV and our IPTV product is clearly helping us from an Internet perspective and TV perspective as it allows us to focus in the specifically the condo marketplace where there may have been cord-cutters and that's a market we are now focused on. I think that adds to the results as well. And, of course, results going forward will really answer your longer term question but clearly we are very encouraged by the quarter and the results we want to see and it's nice to be in a position to report them.

Phillip Huang

Thanks for that. In Toronto in particular, when you are rolling out fiber in a particular neighborhood, obviously the result came as a surprise for us but in terms of the result and response to the consumers that you are getting, is that sort of in line with plan or do you see that as sort of better than what you were expecting in terms of market's response? And if I could squeeze in a second one, regarding on the Wireless side, the discount segment, Rogers has Chatr and Telus has Public Mobile. Is there a third brand to address the value segment? I was wondering what your views are of the discount wireless segment? Could we see maybe BCE address that segment perhaps more fully going forward? Thanks.

George Cope

On the second point, there's clearly some growth in the prepaid segment that is in the midst of going on and as you the words you used in terms of that segment we are looking at that segment. I think I mentioned that last quarter as well. And I think to investors, stay tuned in terms of what we do in the marketplace there to make sure if there's any space that we are not participating in proportionally, we have to look at that and although it's a very low revenue space, it's one we want to make sure distribution-wise we are maintaining our right share. So I think you'll see something from us in the future in that space. Stay tuned on that. And then in terms of the results, I would say there's no doubt we're adding as we add the fiber footprint, the product is undoubted. There is no other broadband service like it. And frankly, we see the lower churn in our cost happening as we would have expected them to be. But I do think, we get pull-through from our TV product and Alt TV product, and both those products were very strong in the quarter, and so it's the combination of the two and as I said, and it is a hard one I think for our analysts and even for us to give guidance on this morning. The one area we were probably taken back for as well, it's just how strong the NAS numbers were and the decline in losses we saw year-over-year. And of course, if any of that type of momentum continued, that would be a bonus for sure going forward because certainly it's beyond our expectations and obviously investment community's as well this morning.

Phillip Huang

Thanks, George.

Operator

Thank you. The next question is from Simon Flannery from Morgan Stanley. Please go ahead.

Simon Flannery

Great, thank you very much. Good morning. George, any perspective on this iPhone cycle? I think there is a lot of expectation that given that's the big news first form factor change in 3 years. The preorders I think Apple said were off the charts. So what are you seeing in terms of the 8, in terms of interest in the 10 and inventory? And any comments on the watch take up so far? It would be great thank you.

George Cope

Yes. I think from our perspective, it's really early. The product has just as you know, we are just entering the marketplace and so will it's always a highly competitive market in Q4 in Canada and having a new product in the market quite frankly couldn't be more exciting for us. But we are going to have to stay tuned and see those results unfold. And obviously, we will have a lot more to say and I apologize, a lot more to say around that on the next call.

Simon Flannery

Anything on the watch?

George Cope

On the watch, it's great differentiation for us. And clearly, customers who want their smartphone paired with the watch in Canada and be able to use it when they are away from the smartphone, there only is one carrier you can utilize today because of our technology differentiation and we are definitely taking advantage of that in the marketplace and leveraging that in the market right now. And so it would be up to Apple to talk about watch sales in Canada, not us. But whatever is being sold, you can assume that we are doing pretty well from a subscriber perspective on what that share would be. But let them comment on the sales, that's only fair to them.

Simon Flannery

Thank you.

Operator

Thank you. The next question is from Vince Valentini from TD Securities. Please go ahead.

Vince Valentini

Yes, thanks very much. Let's go back to the wireline, given the strength you are seeing in the fiber to the home footprint, George. Any updated thoughts on where you go next after the GTA is done? I know you have said Montreal. But is Montreal it or should does it make sense to accelerate into some of the suburbs around Toronto as well given how well you are doing? And can I just tag on, Alt TV I mean, you are including that as normal IPTV subscribers, even though they are clearly lower ARPU. Can you give us any sense was that a big portion of your sub adds this quarter or is a relatively small? Thanks.

George Cope

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Yes. On the first one, the answer is yes it will be accelerating our broadband investments beyond Montreal and into the, as you the words you used suburban communities. We will come very clear on that in the first quarter of 2018. But I think any of our announcements should not be any surprise to investors as we have been pretty clear on trying to get to a run rate that, hopefully, gets us into this 650 to 750 maybe in that range of fiber additions every year and just keep on that. So clearly, as Toronto now winds down, but certainly is not as much next year, we will take that to other footprints and we will talk about that then. In terms of the Alt TV, it had actually good start for us. Is it like a majority of our net adds? No, of course not, but just to remind investors, yes, you are right. It is like packaging the products and it is at a different price. It can be anywhere from \$10, \$15 lower than our traditional TV product and of course but there's no set-top box and there's no truck roll. And so our focus on this is to make ourselves as close to margin neutral, yet pass the entire savings on to the consumer. And I think what that is particularly interesting for us in Canada, it does make be bring it up. I mean, we have got TV bills in Canada running around CAD60. That would be, I think, versus the U.S. in U.S. dollars we see reports of anywhere to \$80 or \$90. And we now have a product that not set-top box driven, that puts you in a CAD45 to CAD55 price point, and we think that positions us extremely well against anyone who would model streaming services in Canada from a price competitive perspective. Yes, we think we can be margin neutral on it. And of course, we think it can also help drive broadband investment return for fiber for our shareholders.

Vince Valentini

Thank you.

Operator

Thank you. The next question is from Aravinda Galappathige from Canaccord Genuity. Please go ahead.

Aravinda Galappathige

Hi good morning. Thanks for taking my question. Just going back to the wireline side a little bit, obviously the last six months there seems to be, at least, a relative step down in terms of sort of the level of promotional activity, including from your competitors. I was just wondering what your outlook is from that perspective and how that could potentially translate to sort of improved margins on the wireline side? Thanks.

George Cope

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Well, I think our margin improvement is truly coming from our cost synergies that we have our cost management, which I think has become a bit of hallmark of us over the last decade in terms of being able to integrate organizations in and put the same cost structure across the entire company and therefore see some margin expansion. In terms of competitive intensity, I mean, our focus is on the product differentiation that we have. There is some pretty unique stuff from us in the last six months. Alt TV being branded to the Canadian marketplace. Virgin Internet being new to the Canadian marketplace from us and now an extended fiber footprint. And so packaging probably with better products from our perspective than we have ever had against our peers, we think that's helping to drive some of the results and also there are there were promotions in the marketplace. A 1.5 years ago, I would say arguably were longer periods of discounts on signups than we may be seeing today and ultimately that and we didn't match all those, as people may recall a year ago, so that may be part of the reason for some of our results as well. I think it would be but nothing to say nothing on that would be not really being clear to your question.

Aravinda Galappathige

Awesome. Thank you.

Operator

Thank you. The next question is from Batya Levi from UBS. Please go ahead.

Batya Levi

Great, thank you. On wireless side, I think you had mentioned that capital intensity would have been around 10% for the year, looking a bit lower. Can you talk about what's driving that? Is it mostly timing? And over the next few years as you think about 5G, where do you think that capital intensity could go and will it make sense to expand your network sharing agreement to fiber connectivity as well to improve profitability? Thank you.

George Cope

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Let me take each one of them. The first one, just capital intensity, you're right. I think I did mention this year we are probably closer to 9%. That's actually just driven by the fact that I think our revenue on Wireless has exceeded our own industry's expectation overall. So that's given us some headroom there. But I did mention, I want to make sure I am clear, that we also would expect in 2018 a pretty comfortable now with analysts running our Wireless business next year around 9% capital intensity as well. And I think that that's significant because I think everyone knows, who follow us closely, the math is Wireless has a bigger share of our business. So if the intensity there comes down, it allows us to even accelerate fiber further, let's say within our capital intensity envelope that people come to know in the 17, 17.5ish type of C to I. The second question was on 5G. Remember again, just to go back to 5G, very distinct marketplaces there. So we would consider fixed wireless 5G, which we think is a lot of what is being early on rolled out in the United States and then there's Mobile 5G which we think is a 2021-22, true development, and that's when you would see us making those investments. What happens to capital intensity? We would have to, of course, see them. But remember, we have already done fiber backhaul to our cell site. We're underlying fiber in every major city we compete in with our wireless footprint that we are responsible for on our network share agreement. And so all of those locations will have fiber already there and how you amortize that against our two business units, I think it's one of the benefits of our vertical integration of wireless and wireline. And of course, our network sharing agreement, it doesn't address what you are talking about. But of course, in our network sharing agreement, we utilize the other carrier's network. And so if they put fiber to those cell sites, by definition we see a benefit of that. And I think that's been the strategy of that competitor in their markets because they are in the midst of a very aggressive wireline fiber deployment as well, quite consistent with what Bell's doing in its footprint. So in essence you get that benefit.

Batya Levi

Right. Thank you.

Operator

Thank you. The next question is from Jeff Fan from Scotiabank. Please go ahead.

Jeff Fan

Thanks. Good morning. Just back to the fiber question. George, you mentioned ARPU lift of 4%. Just wondering if you can give us a little bit of context as to whether you are referring to 4% over the entire base, over your non-fiber footprint. Just wondering if you can give us some context there?

George Cope

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Yes, it's over the entire base. And really its customers migrating and forced to fiber rate plans and that's really across the board that we are seeing and there's no doubt, I mean I think we have been pretty transparent that in our fiber footprint it's very positive net adds overall RGUs. I mean, we are flat now as in the fiber footprint, we are clearly pretty positive RGU there. In the fiber to the home footprint, it's a battle every quarter, but we are competing well and using bonding and where we clearly have the pressure is in the footprint that last 25% and that's clearly the area where we are probably not seeing the accretion in ARPU, but the overall mix is growing.

Jeff Fan

And have you seen that ARPU lift of 4%? Has that improved from, say, if you benchmark it to 6 months, 12 months just on a historical period, so that we can?

George Cope

No, I don't think that's been a very significant change. Just we're trying to draw out just drawing out for investors that our quarter I think was driven on product differentiation that we now have in the marketplace and not something we did in any way to, as people would use the term, buy market share and that's not really, as people followed us over last 2 years, not really a strategy of ours. And so I think we are just seeing that the investment we are making is so significant, we can't actually play in that other type of arena.

Jeff Fan

Right. If I can just keep squeeze in a quick one on the media side, your announcement a few weeks ago of announcing 2 channels in the French market. I guess if you can just lay out the case for buying something that, I guess, the regulators had forced you to sell in the Astral deal. Wondering if we should be looking at this a little bit differently? If there's anything change in the industry that you think can support that deal?

George Cope

Well, I think we have made the acquisition because we do and I think, I know you would agree too. That I think everyone agree. The media business from what we were doing 4 or 5 years ago, maybe the most dramatically changed industry that we have all seen in our space. So the amount of change in that space I think in the market share calculations now would clearly support our position to be able to acquire this asset. And if we had been at these market shares from a consolidated basis with these other services that are out there, then I think the transaction would have not caused the divestiture. So we think we meet those requirements, but of course that will be up to our regulator and we will unfold that strategy with them in the coming months. But based on where we are and what we understand, the current rules would be we are pretty comfortable and hopefully this will move forward and close. So it's quite a change from a few years ago.

Jeff Fan

Thanks, George.

Operator

Thank you. The next question is from Richard Choe from JPMorgan. Please go ahead.

Richard Choe

Great, thank you. Do you feel like you are at or past the tipping point on the wireline side in terms of the fiber build? And it's a little earlier than you had expected and you could press your advantage as the build kind of continues going forward.

George Cope

I think we are going to have to see as we unfold. Our competitor has as we know some of their products coming next year and our goal has been to make sure our fiber position in Toronto is established with a significant enough footprint to mass advertise that footprint. That's the one thing we have not yet been able to do in core Toronto and we would expect to be in a position to do that early in first quarter next year and hopefully that will give us some of these true benefits up in that particular market and then of course, we are adding 150,000 new households and businesses every quarter to our footprint from fiber and we know when we launch it helps us. So and then, of course, there's always seasonality, back-to-school helps us, especially when you have a product like Alt TV and that's historically true. This quarter has been strong across the entire industry and I think we saw that in these results.

Glen LeBlanc

I mean we are reaching critical mass now, Richard, with the 3.7 million homes now covered with our fiber to the prem product and that's 40% of our ultimate objective, and as George said earlier, 650, 750 a year. It's starting to become a substantial piece of our footprint.

Richard Choe

And a quick follow up on the wireline side, the EBITDA is accelerating in terms of growth and ex the CRTC would be even higher than the 4.4% at 6%. Where should we expect that to go going forward?

George Cope

I think we are going to give you that answer in the first quarter obviously when we give our guidance for next year. We will lap, as everyone knows, after the first quarter MTS. But the positive thing is, and I think in fairness, that we are lapping the regulatory issues well. So now it's about us performing on that asset going forward as well. So we are going to give you guys that guidance I think in the first quarter but at this point, obviously that's pretty strong underpinning wireline growth when you take that particular regulatory issue into account, which quite frankly I had wasn't even focused until Glen had mentioned in his call this morning.

Richard Choe

Great, thank you.

Operator

Thank you. The next question is from Greg MacDonald from Macquarie. Please go ahead.

Greg MacDonald

Thanks. Good morning, guys. Other carriers, George, you are talking about relatively tepid demand for the iPhone 8 and talking about demand being spread over 4Q and 1Q. Wonder if you can just give us your thoughts on demand for the 8 and then early thoughts on the 10 or the X, I guess, as the non-roman numeral enthusiast amongst us refer to it as? Thanks.

George Cope

Yes, I look, I think, as I said fourth quarter, we love having new products for fourth quarter, we love to have the differentiation of the watch. I'm going to frustrate with my answer. But obviously, I'm going to leave suppliers of handsets to talk about their handset volumes, not us. And so we'll see how that unfolds and we're just happy to have their products for the fourth quarter. It should create a lot of excitement and lot of traffic in a very important selling season with a lot of advertising support and I think that bodes well for the Canadian wireless industry and let's see what happens.

Greg MacDonald

Okay. If I can then just follow with another one.

George Cope

Sure.

Greg MacDonald

But FTE, fiber-to-the-home has been discussed in terms of CapEx benefits and cost benefits and not a lot has been said about the timing. Glen just mentioned that you have some critical mass you've got 40% built now. Can you talk a little bit about whether we should expect either CapEx or OpEx or both benefits to start creeping in, probably not something that can be quantified relatively near term? But is that something you see in the next couple of years given what you've built so far? Is that something that only takes place over time?

George Cope

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CapEx, not a lot of benefit because we're continue to build out the footprint, right? So, I mean, I think they'll consistent and there will be more on the wireline side, but investors again can count on us coming to the street with guidance consistent with previous CapEx intensity next year and of course, held by the fact that as I've said this morning, we think, wireless closer to 9 gives us even a little more headroom on the wireline which is positive. On the cost side, there's no doubt we're starting to see the benefits. We've seen it really most dramatically in the Bell Aliant footprint. We just – we know that as you get a mature fiber footprint, it's less peripherals, less issues, churns improve and so our margin expansion this morning and I think over the last while, helps support that a lot. I think underpinning that, fairness to this quarter it probably got more to do with MTS synergies.

Greg MacDonald

So is it too aggressive then to think of continuous margin improvement? Or should we be thinking of somewhat flat line given the competitive outlook?

George Cope

Yes. I mean, I think if you look at our margins on a global basis, I think it's up to us to just perform and then we'll see as we give guidance next year. I think what I would be doing again is taking the capital intensity we've set on the wireless and start to create the models off of that. But that's – this is pretty strong EBITDA margin we're reporting this morning.

Greg MacDonald

Okay. Thanks a lot.

George Cope

Thank you.

Operator

Thank you. The next question is from Maher Yaghi from Desjardins Capital Markets. Please go ahead.

Maher Yaghi

Thank you for taking my question. I know, George, you like to manage the business as a whole and your guidance shows that you give guidance on a consolidated basis. But when I look at just the wireline and we're looking into 2018, so if I strip out that Q9 acquisition, the CRTC impact and MBT acquisition, I'm getting revenues of approximately minus 2% year-on-year and EBITDA up 1%, which shows about – shows the strong management in terms of cost control and you talked about the improved margins of the operations. As an entity when you look at wireline, are we still aiming for wireline revenues to grow or are you looking at wireline to manage the EBITDA line and keep growing that line?

George Cope

Well, look, it is – first of all and I'll say in the all sincerity, absolutely, we're obviously trying to drive service revenue growth on the wireline perspective. It's all about mix, right, it's all about mix of the amount of local access lines we have in our percent of revenue against the Internet and TV and business growth or not. And I think as you can see in our results what I've drawn out of the NAS number is that, I don't know if that's a trend or not, but it also can have some impact from us meaningfully on the wireline perspective. And then the other piece as we've said for 4 or 5 years, cost keep coming out of this business because of fiber, right. And our margin expansion is clearly two things – well three. One, obviously, synergies of transactions, we know we do that. Two, consumer behavior has changed. They want the solutions online, on their smartphone and we've made significant investment there under John Watson's leadership and seen benefits. Our call volumes would be stable or down year-on-year even as the number of customers grow. And then thirdly, when we put fiber in, it's less truck rolls and that is one of our most expensive parts of being a wireline carrier. All three of those trends, if you think about, it should continue as the mix continues to improve and then you have a really competitive marketplace, which will be the offset to that. No one – in our markets no one is handing anyone market share back and our peers who are the line they would be telling you, why we're not going be able to do what we're saying. So that's the competitive market at its best.

Maher Yaghi

Thank you. And just a follow up question on the wireless ARPU. It's always continuing to surprise us on the up side, can you talk about the drivers there and how sustainable that number could be?

George Cope

Well, we've been asked this question a lot. When I think, what we try to drive every single quarter is the amount of usage increase. It's not about pricing, this is obviously stable pricing in terms of what we're trying to do with the marketplace. But when you see 26% increase in usage year-over-year, it just proves when you build up speeds like this that I know and know everyone on the call knows, from a global perspective, there really is no carriers faster. I think one other – one other country might be faster than us in the world, people use it for video. And as the explosion of video takes place, that's what's creating the financials that you're seeing and the great benefit then we get the capital to reinvest in these speed networks, which of course is great for the consumer market. What we've told, when we get asked this question, modeling it versus what we're seeing, you'd expect this industry to mature out at a CPI type of number? You would think that's what happened? And we'll just have to see how that unfolds the surprise of that, of course, is this incredible demand of usage we're seeing from the broadband speeds for video on the handsets.

Maher Yaghi

Great. Thank you. Good job.

Operator

Thank you. The next question is from Drew McReynolds from RBC. Please go ahead.

Drew McReynolds

Yes, thanks for taking my questions. George, just on the Internet market can you just comment on the impact of Internet resellers in the marketplace and some of the dynamics underneath the hood. And just secondly, maybe for you Glen, just with respect to anticipated voluntary pension contributions, you do have certainly significant excess free cash flow after the dividend. Can you just update us on whether that goes to debt repayment, whether you're interested in a buyback et cetera? Thank you.

Glen LeBlanc

First the resellers.

George Cope

Yes. So, on the reseller market, what I would say is, it's a market – it's a competitive market. I would call it a – generally has been a price driven market and one of our strategy is – there was clearly a consumer market for differentiated brand, consumer program, some of what we did in the wireless industry and so we launched the Virgin brand and that is having the proper effect we would want in that space for us and so that we're probably swinging a little more of our net adds coming from our own discount brand, which is a strategy we wanted. It's addressing the market and we think that customer in the end will be stickier for us than if it was simply through the wholesale structure. Second, I'll leave that to you Glen.

Glen LeBlanc

Yes, good morning, Drew. Thanks for your question. The great news you have heard me talk about pensions for too many years now and to see us coming out the other side of it, what I believe to be materially – these voluntary contributions being behind us, it does give us an advantage to look at how we deploy our capital. I've said it many times, it's all about a balanced approach to managing our capital. Great news, the pension is behind us. It gives us the ability to look at strategic investment, strategic acquisitions to manage paying down our debt and getting back inside of that leverage objective in the next couple 3 years. As far as share buybacks, I mean, it's not something that we're actively pursuing with our leverage where it's at and I mean, as I said the pension gives us a great opportunity to deploy the capital and will be a different approach to future versus having to constantly make these contributions.

George Cope

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Yes. And then I would add to Glen's point is, I think, you'll see our approach in 2018 would be very consistent, again, which is a strong weighting to a consistent dividend growth, free cash flow story. And the other balance point that Glen said, largely a way from the concept of buybacks, much more towards making sure investors just see the broadband. I think our investors would want us to see quicker fiber deployment and dividend growth over that next point you've just raised and not that it's not always a good healthy debate to have.

Drew McReynolds

Okay, that's helpful. If I can just squeeze one quick one in here. Just on Bell Media, we've heard Corus talk about ad technology in Canada, whether it's addressable advertising, local advertising. George, can you just update from Bell Media's standpoint how you view this technology? We're obviously seeing development in the U.S. where does Bell Media stand on that front?

George Cope

Yes, we have to play in that space. I think we do fairly well there, we need to do better. There's better targeting opportunities for us, if you look at so many of our different products that we have out there, I mean, how we can monetize more advertising dollars through placement with our – those that are generous enough to buy the advertising through our organization is some work for us to do and lends itself to an opportunity. Of course, the other thing we're doing to the benefit of Bell Media and I'd also say to the benefit of Corus and the other content providers, Alt TV of course, drive subscribers in a different way, but provides additional eyeballs for advertising for their models and that's part of what we hope will ultimately benefit all the content providers in Canada not just Bell Media.

Drew McReynolds

Thank you.

Glen LeBlanc

Donna, I don't believe that any further questions.

Operator

There are no further questions.

Glen LeBlanc

Okay, great. So, with that, thank you all for your participation this morning. As usual, I will be available throughout the day for clarifications and follow-ups. So thanks again and have a great one.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time and thank you for your participation.

Comments

Sort by Newest ▼



**WITNESS STATEMENT OF DEAN PREVOST
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WITNESS STATEMENT OF DEAN PREVOST

	PUBLIC 2020		YoY %		Δ Outlook	Trend
Financials (\$M)	Q2	Q3	Q2	Q3	Q3	Q3
Revenue						
Total RCI	3,155	3,665	(17%)	(2%)	(35)	↑
Wireless Total	1,934	2,228	(14%)	(4%)	(36)	↑
Wireless Service	1,578	1,652	(13%)	(9%)	7	↑
Cable	966	988	(3%)	(1%)	1	↑
Media	296	489	(50%)	1%	3	↑
Rogers for Business (Incl. above)	422	453	(11%)	(8%)	1	↑
Total Costs						
Total RCI	1,861	2,027	(13%)	(1%)	(62)	↑
Equipment	339	571	(29%)	6%	(41)	↑
Wireless	660	563	(4%)	(16%)	(11)	↓
Cable	512	480	(1%)	(3%)	(3)	↓
Media	331	400	(36%)	13%	(1)	↑
Rogers for Business (Incl. above)	238	231	(18%)	(16%)	(8)	→
Adjusted EBITDA						
Total RCI	1,294	1,638	(21%)	(4%)	27	↑
Wireless	918	1,089	(19%)	(4%)	18	↑
Cable	454	508	(5%)	2%	5	↑
Media	(35)	89	(149%)	(32%)	3	↑
Rogers for Business (Incl. above)	184	222	(1%)	4%	9	↑
Adjusted EBITDA Margin %						
Total RCI	41.0%	44.7%	(2pts)	(1pts)	1pts	↑
Wireless (on Service)	58.2%	65.9%	(4pts)	3pts	1pts	↑
Cable	47.0%	51.4%	(1pts)	1pts	0pts	↑
Media	(11.8%)	18.2%	(24pts)	(9pts)	1pts	↑
Rogers for Business (Incl. above)	43.6%	49.0%	5pts	5pts	2pts	↑

	2020		YoY %		Δ Outlook	Trend
Capex (\$M)	Q2	Q3	Q2	Q3	Q3	Q3
Capex	559	504	(25%)	(23%)	(30)	↓
Capex Intensity Wireless	13.1%	10.2%	(4pts)	(2pts)	(1pts)	↓
Capex Intensity Cable	25.4%	22.0%	(3pts)	(7pts)	0pts	↓

WITNESS STATEMENT OF DEAN PREVOST

Sales & Growth (in 000s except ARPU)	2020		YoY		Δ Outlook	Trend
	Q2	Q3	Q2	Q3	Q3	Q3
Wireless (RCI)						
Postpaid Gross Adds	216	450	(38%)	3%	60	↑
Postpaid Net Adds	(1)	138	(78)	35	80	↑
Prepaid Gross Adds	119	163	(40%)	(31%)	(10)	↑
Prepaid Net Adds	(66)	30	(74)	3	(14)	↑
Blended ARPU	\$49.09	\$51.12	(13%)	(9%)	\$0.13	↑
Cable (RCI)						
Household Gross Adds	61	102	(47%)	(22%)	17	↑
Household Net Adds	(7)	6	(7)	(8)	0	↑
Household ARPA	\$128.12	\$131.25	(4%)	(1%)	\$0.25	↑
Internet Gross Adds	89	136	(43%)	(25%)	21	↑
Internet Net Adds	5	16	(17)	(25)	(3)	↑
Ignite TV Gross Adds	26	50	(63%)	(29%)	17	↑
Ignite TV Net Adds	18	38	(48)	(27)	17	↑
SmartHome Gross Adds	1	5	(93%)	(63%)	0	↑
SmartHome Net Adds	(2)	1	(14)	(8)	(0)	↑
Rogers for Business						
SMB Internet Gross Adds	5	9	(5%)	63%	1	↑
SMB Internet Net Adds	2	5	1	4	2	↑
SMB Internet ARPU	\$71.00	\$72.54	(3%)	(1%)	\$0.17	↑
IoT Gross Adds	73	69	(5%)	(26%)	(5)	→
IoT Net Adds	(50)	(19)	(36)	(4)	1	↑
IoT ARPU	\$4.43	\$4.71	1%	3%	\$0.12	↑

Customer Loyalty & Retention	2020		YoY ¹		Δ Outlook	Trend
	Q2	Q3	Q2	Q3	Q3	Q3
Wireless						
Postpaid Churn	0.77%	1.10%	(22bps)	(10bps)	(7bps)	↑
Prepaid Churn	4.73%	3.46%	30bps	(128bps)	10bps	↓
Cable						
Household Churn	0.90%	1.29%	(63bps)	(29bps)	22bps	↑
Internet Churn	1.10%	1.58%	(74bps)	(32bps)	31bps	↑
Ignite TV Churn	0.65%	0.90%	(34bps)	(25bps)	4bps	↑
Smart Home Churn	0.83%	1.11%	(44bps)	(31bps)	21bps	↑

¹Brackets reflects reduction in churn and therefore improvement in retention

WITNESS STATEMENT OF DEAN PREVOST

	2020		YoY %		Δ Outlook	Trend
Customer Service	Q2	Q3	Q2	Q3	Q3	Q3
Customer Care						
# of Calls (000s)	6,850	7,748	(16%)	(6%)	485	↑
Service Levels	57.7%	39.3%	(14pts)	(26pts)	(11pts)	↓
First Call Resolution	69.2%	65.9%	(2pts)	(5pts)	(5pts)	↓
Field Technicians						
# Truck Rolls (000s)	286	356	(35%)	(27%)	45	↑
First Time Right %	52.5%	52.9%	(11pts)	(11pts)	(7pts)	→
Stores						
# Customer Visits (000s)	1,103	3,502	(82%)	(48%)	n.a	↑
Customer Satisfaction (OTE)	73.2%	82.0%	(8.5pts)	(0.3pts)	n.a	↑
Pro-on-the-Go						
# Customer Visits (000s)	13	21	n.a	n.a	n.a	↑
Customer Satisfaction (OTE)	95.0%	95.8%	n.a	n.a	n.a	↑

	2020		YoY %		Δ Target	Trend
Digital	Q2	Q3	Q2	Q3	Q3	Q3
Sales						
% Digital and Direct Wireless Customers (New Acquisitions and Handset Upgrades)	61.1%	37.2%	35pts	14pts	(3pts)	↓
Service						
% Digital Adoption	96.4%	94.7%	6pts	4pts	3pts	→

	2020		YoY %			Trend
Technology	Q2	Q3	Q2	Q3	Q3	Q3
Build¹					FY Target	
Wireless (Completion %)						
Wireless Uplift Overlay (LTE)	42%	64%	13%	1%	592	↑
5G Sites	68%	86%	68%	58%	1,552	↑
New Sites	34%	69%	15%	23%	127	↑
Wireline (Completion %)						
Fibre-to-the-Curb (nodes)	74%	81%	31%	14%	567	↑
Fibre-to-the-Home (homes passed)	53%	76%	29%	34%	33,300	↑
Greenfield (homes passed)	63%	88%	16%	2%	55,518	↑
Homes Passed per Node	209	206	(14%)	(12%)	206	↓
Operate¹						
Major Incidents (Cumulative)						
Network	218	297	(26%)	(37%)	(31%)	↓
IT	15	24	(71%)	(65%)	(56%)	↓

¹ YTD Figures

WITNESS STATEMENT OF DEAN PREVOST

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FYI to Directors – Links to Recent Commercials and Key Press Releases

- **5G:** <https://app.frame.io/presentations/93a22bfd-9996-4dfc-b8ab-d7ab4d80460a>
- **Ignite:** <https://youtu.be/ziAe2oJndsI>
- **Pro On The Go (featuring Today's Shopping Choice):** <https://ql.mediasilo.com/ql/5f3e90cce4b0cc6d4384884c>
- **Team Rogers Community Draft:** <https://youtu.be/dvTcm7z82Bw>
- **5G expansion to 130 Cities and Towns Press Release:** <https://about.rogers.com/news-ideas/rogers-doubles-the-size-of-canadas-first-and-largest-5g-network-to-connect-130-towns-and-cities/>
- **New iPhone Press Release:** <https://www.globenewswire.com/news-release/2020/10/15/2109351/0/en/A-New-Era-for-iPhone-with-5G-Rogers-to-Offer-iPhone-12-Pro-and-iPhone-12-with-Orders-Starting-Tomorrow.html>

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Conclusion of 3500 MHz Spectrum Auction - Quebecor and Videotron Take Another Step Towards Expansion Outside Quebec

Français

NEWS PROVIDED BY

Quebecor →

Jul 29, 2021, 17:26 ET

MONTRÉAL, July 29, 2021 /CNW Telbec/ - True to its tradition as a Canadian telecom innovation leader, Quebecor today announced an investment of nearly \$830 million in the acquisition of 294 blocks of spectrum in the 3500 MHz band across the country. More than half of the investment is concentrated in four Canadian provinces outside Québec: southern and eastern Ontario, Manitoba, Alberta and British Columbia. The strategic investment positions Québec's flagship carrier to realize its ambition of boosting healthy competition in telecom beyond the borders of Québec.

"This major investment paves the way for large-scale projects in Québec and other Canadian provinces in the coming years," says Pierre Karl Péladeau, President and CEO of Quebecor. "Our success in Québec has served Quebecers well. Today, we are taking another step towards bringing leading-edge technology and healthy competition to more Canadian consumers."

Strong presence since 1964

Videotron has long been a forerunner in the industry. The Quebecor subsidiary was the first to offer pick-and-pay television plans, the first to launch a video streaming service with Club illico, and most recently the first in Canada to create an all-digital telecom brand with Fizz. Videotron has invested billions over decades to create distinctive offerings and services, and to build out a reliable, powerful, robust telecommunications network.



"In 2006, we ended the Big 3 oligopoly by offering Quebecers the services of a new wireless carrier," notes Mr. Péladeau. "With more than 1.5 million customers for our high-quality wireless services, we can say this move has been a resounding success! Now we want to offer other Canadians the opportunity to enjoy the same quality, price and customer service."

Equipped to succeed

Now that it holds 175 blocks of spectrum (for an average depth of 32 MHz) in the 3500 MHz band in four Canadian provinces outside Québec, Quebecor plans to roll out its mobile telephone service in some urban and rural areas in the rest of Canada.

Over the past 10 years, Quebecor's Videotron subsidiary has made its mark in Québec with its expanding mobility offering. As a result, Quebecers were able to pay 35% to 40% less for wireless services well before other Canadians. The acquisition of a significant number of blocks of 3500 MHz spectrum (for an average depth of 43 MHz) across the province reaffirms Quebecor's commitment to long-term investment in Québec.

5G roll-out well underway

The acquisition of 3500 MHz spectrum is crucial for the continued roll-out of 5th generation mobile technology in Québec and across the country. The 3500 MHz band will facilitate the introduction of premium 5G mobile broadband services by significantly reducing latency and, combined with new radio access technologies, will significantly increase signal quality. It is another step towards delivering the full 5G experience with all its benefits.

"5G isn't just the technology of the future, it's the technology of the present," says Pierre Karl Péladeau. "We must be as innovative in our investing strategies as we are on the technological front, and we have been just that in this auction."

Creating a conducive environment

Earlier this year, Quebecor indicated its interest in acquiring Shaw's wireless assets, should they be sold. While the outcome of the Rogers/Shaw deal will not be known for several months, Mr. Péladeau noted that federal authorities have a duty to act in the best interest of Canadian consumers:

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"We are now counting on the government to create a favourable environment to foster and maintain healthy competition. We are confident that we are the right player, the one with a real ability to break the oligopoly and put consumers across Canada back in the driver's seat."

If conditions are favourable, Quebecor plans to exercise the rights arising from recent Canadian Radio-television and Telecommunications Commission decisions to offer millions of Canadians competitive services.

For more information, see the fact sheet

Conference call for investors and audio Webcast

A conference call (English only) on Quebecor's acquisition of blocks of spectrum in the 3500 MHz band in the auction ended on July 23rd, 2021 will be held on July 30th, 2021 at 10:00 a.m. (EDT). There will be a question period reserved for financial analysts. Media will be able to participate in this conference call in listen-only mode.

To view the presentation to be discussed during the call, please visit Québecor's website at www.quebecor.com/en/investors

Conference call : Quebecor's acquisition of blocks of spectrum in the 3500 MHz band
Friday, July 30th 10:00 a.m. (EDT)

Call-in number : 1-833-952-1520 (Canada – É.-U.)

Participant code 3689992#

Webcast access link https://produceredition.webcasts.com/starthere.jsp?ei=1485416&tp_key=e0b0ff19a9
(audio only) :

Anyone unable to attend the conference call will be able to listen to a recording, by calling 1-855-859-2056 (Canada - USA), access code: 3689992. The recording will be available until September 30th, 2021.

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Forward-looking statements **PUBLIC**

The statements in this press release that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms "plans," "expects," "may," "anticipates," "intends," "estimates," "projects," "seeks," "believes," or similar terms, variations of such terms or the negative of such terms. Certain factors that may cause actual results to differ from current expectations include seasonality (including seasonal fluctuations in customer orders), operating risk (including fluctuations in demand for Quebecor's products and pricing actions by competitors), new competition and Quebecor's ability to retain its current customers and attract new ones, risks related to fragmentation of the advertising market, insurance risk, risks associated with capital investments (including risks related to technological development and equipment availability and breakdown), environmental risks, risks associated with cybersecurity and the protection of personal information, risks associated with service interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics or other public health crises, including the COVID-19 pandemic, political instability in some countries, risks associated with emergency measures implemented by various governments, risks associated with labour agreements, credit risk, financial risks, debt risks, risks related to interest rate fluctuations, foreign exchange risks, risks associated with government acts and regulations, risks related to changes in tax legislation, and changes in the general political and economic environment. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause Quebecor's actual results to differ from current expectations, please refer to Quebecor's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of Quebecor's Management Discussion and Analysis for the year ended December 31, 2020.

The forward-looking statements in this press release reflect Quebecor's expectations as of July 29th, 2021, and are subject to change after that date. Quebecor expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

About Quebecor

WITNESS STATEMENT OF DEAN PREVOST PUBLIC

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs more than 10,000 people in Canada.

A family business founded in 1950, Quebecor is committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment and entrepreneurship.

Visit our website: www.quebecor.com

Follow us on Twitter: twitter.com/Quebecor

SOURCE Quebecor

For further information: Media contact: medias@quebecor.com

Related Links

<http://www.quebecor.com>

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Rogers and Shaw to come together in \$26 billion transaction, creating new jobs and investment in Western Canada and accelerating Canada's 5G rollout

March 15, 2021 • [News Releases](#)



Rogers to purchase all outstanding Class A Shares and Class B Shares of Shaw for \$40.50 per share in cash, reflecting a ~70% premium to Shaw's Class B Share price

Shaw Family Trust irrevocably agrees to vote in favour of transaction

Rogers will invest \$6.5 billion in Western Canada to build critically needed 5G networks, connect underserved rural and Indigenous communities, and bring added choice to customers and businesses



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for a price of \$40.50 per share in cash, amounting to approximately \$20 billion, which reflects a premium of approximately 70% to Shaw's recent Class B Share price

- Transaction valued at approximately \$26 billion inclusive of approximately \$6 billion of Shaw debt, equivalent to 10.7x 2021 Calendar Year EBITDA based on latest consensus estimates, or 7.6x post synergies
- Transaction to be funded by cash consideration of \$40.50 to all shareholders, with the exception of approximately 60% of the Shaw family shares which will be exchanged for 23.6 million Class B Shares of Rogers at an exchange ratio of 0.70 reflecting the volume weighted average trading price of Rogers shares over the last 10 days
- The transaction is not conditional upon financing, as Rogers has secured committed financing to cover the cash consideration
- Pro forma leverage on closing is expected to be just over 5x and Rogers expects to maintain its investment grade rating
- Synergies are expected to exceed \$1 billion annually within two years of closing, and the transaction will be significantly accretive to earnings and cash flow per share as of the first year after closing
- Rogers pro forma dividend payout ratio declines to below 30% within 24 months of close
- Shaw family will become one of the largest shareholders in Rogers
- Brad Shaw, and another Director to be nominated by the Shaw family, will join the Rogers Board of Directors when transaction closes
- Transaction unanimously approved by the Rogers Board of Directors and unanimously recommended by the Shaw Board of Directors
- The Shaw family fully and irrevocably supports the transaction and anticipated benefits to customers, local communities and small businesses in Western provinces and Canada as a whole

Investments to Create Jobs and Connect Communities

- Rogers to invest \$2.5 billion to build 5G network in Western Canada, driving economic growth and strengthening innovation sector
- New \$1 billion fund dedicated to connecting rural, remote and Indigenous communities to high-speed Internet across the four Western provinces
- Additional \$3 billion to support additional network, services, and technology investments
- Western head office of combined company to remain at Shaw Court in Calgary; President of Western operations and other senior roles to be based in Calgary
- Rogers to maintain and grow local Shaw jobs so that teams across Alberta, British Columbia, Manitoba and Saskatchewan will continue to serve customers and support local communities

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Shaw Communications Inc. (“Shaw”) today announced that they have reached an agreement for Rogers to acquire all of Shaw’s issued and outstanding Class A Shares and Class B Shares in a transaction valued at approximately \$26 billion inclusive of approximately \$6 billion of Shaw debt (the “Transaction”). The offer price of \$40.50 per share represents a significant premium for Shaw shareholders; further details of the transaction are described below. The transaction is not subject to a financing condition as Rogers has secured committed debt financing, which it will use along with balance sheet cash and the issuance of 23.6 million shares to the Shaw Family Living Trust.

The combination of Rogers and Shaw builds on the strong legacy of two family-founded Canadian companies. The combined entity will have the scale, assets and capabilities needed to deliver unprecedented wireline and wireless broadband and network investments, innovation and growth in new telecommunications services, and greater choice for Canadian consumers and businesses.

As part of the transaction, the combined company will invest \$2.5 billion in 5G networks over the next five years across Western Canada, which will enhance competitiveness, offer consumers and businesses more choice and improved services, help close the digital divide between urban and rural communities, and deliver significant long-term benefits for businesses and consumers.

This transaction will create Canada’s most robust wholly-owned national network, and as a result of the combined spectrum holdings and enhanced capacity, will generate more choice and competition for businesses and consumers, as well as realizing the full benefits of next generation networks for Canadians and Canada’s productivity.

The combination will accelerate the delivery of critical 5G service across Western Canada, from rural areas to dense cities, more quickly than either company could achieve on its own. This will be accomplished by bringing together the expertise and assets of both companies, including Shaw’s existing cable, fibre, and wireless networks and Rogers’ robust national wireless network and extensive 5G capabilities.

Additionally, Rogers will commit to establishing a new \$1 billion Rogers Rural and Indigenous Connectivity Fund dedicated to connecting rural, remote and Indigenous communities across Western Canada to high-speed Internet and closing critical connectivity gaps faster for underserved areas. As part of this fund, Rogers will consult with Indigenous communities to create Indigenous-owned and operated Internet Service Providers, which would leverage Rogers’ expanded networks and capabilities to create sustainable, local connectivity solutions.

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also expand its *Connected for Success* program nationally to reach every Canadian where the combined company offers Internet services. This first-of-its-kind program is designed to help seniors and low-income Canadians who receive income assistance access low-cost, high-speed Internet, with multiple speed options to meet customers' needs.

The scale created by this combination will enable the level of infrastructure expansion that is critical to drive growth, attract new consumer and business customers, and drive technology adoption. Upgrading Canada's digital infrastructure and accelerating digitization is critical to diversifying and strengthening the country's economy and innovation sector as well as fueling economic recovery.

Once approved, the transaction is expected to generate significant growth and efficiency opportunities to support the accelerated investment into 5G capabilities and expanded urban and high-speed rural connectivity in Western Canada. Anticipated benefits include access to new services and capabilities for Shaw customers as well as savings opportunities for Rogers, such as reduced wholesale charges and network costs and the elimination of duplicative technology and infrastructure associated with greater scale.

"We are proud to join forces with the Shaw family and team as we combine our companies and our 10,000 team members across Alberta, British Columbia, Manitoba, and Saskatchewan, supported by a head office in Calgary. Western Canada is a major driver of our national economy and together we will have the scale, expertise and commitment to deliver the technology infrastructure needed to keep local communities connected, businesses competitive and attract new investment," said **Joe Natale, President and CEO of Rogers Communications**. "We're at a critical inflection point where generational investments are needed to make Canada-wide 5G a reality. 5G is about nation-building; it's vital to boosting productivity and will help close the connectivity gap faster in rural, remote and Indigenous communities. Fundamentally, this combination of two great companies will create more jobs and investment in Western Canada, connect more people and businesses, deliver best-in-class-services and infrastructure across the nation, and provide increased competition and choice for Canadian consumers and businesses."

"Our two companies have been successful because of the foresight and vision of two great founders who were driven by their unrelenting pioneering spirit and entrepreneurial values. Without a doubt, my father would be proud of this moment, combining forces with the company founded by his old friend to deliver more Canadians world class connectivity, more choice, and better value," said **Brad Shaw, Executive Chair & CEO, Shaw**. "While unlocking tremendous shareholder value, combining these two great companies also creates a truly national provider with the capacity to invest greater resources expeditiously to build the



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Canadian consumers and businesses. This is a transformational combination; and extends our company's long legacy of innovation, entrepreneurship, and dedication to world-class service for decades to come."

Create new jobs in Western Canada

In addition to unprecedented broadband and wireless investments that will create up to 3,000 net new jobs, the combined company would expand on Shaw's legacy of commitment to Canada's four Western provinces:

- The combined company will create a headquarters for all Western operations, Shaw's iconic Shaw Court in downtown Calgary and remain one of the largest private sector employers in Western Canada.
- The President of Western operations and other senior roles will be based in the company's Calgary headquarters, to lead the combined company's operations across Western Canada.
- Brad Shaw, and another Director to be nominated by the Shaw family, will be named to the Rogers Board of Directors to assist in driving the future success of the combined company, following the completion and approval of the transaction.
- Shaw's skilled workforce is integral to the success of the combined company. Following the close of the transaction, Rogers will maintain a strong local employee base in Western Canada so that local teams can continue to serve local consumer, business and government customers and their communities.
- The combined teams will be 10,000 people strong across Alberta, British Columbia, Manitoba and Saskatchewan and will bring together the best of two corporate cultures that are each passionate about growth, serving customers and contributing to local communities.
- The additional investment of the combined company will continue to diversify the Alberta and British Columbia economies with next generation economic opportunities, while strengthening its commitment to research and development in Western Canada through existing partnerships with the University of Calgary and the University of British Columbia.
- Building on our existing commitment to R&D innovation in 5G in Western Canada through our partnerships with UBC and University of Calgary, Rogers will establish a new National Centre of Technology and Engineering Excellence, located in Calgary, to support the needs of the new combined company, creating hundreds of new high



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600,000 households in Western Canada still cannot access the minimum internet speeds recommended by the federal government. This connectivity gap has been identified as the number one issue impeding economic growth in rural and remote communities.

Using the companies' combined spectrum assets and infrastructure for 5G across its expanded network, including Rogers national low band 5G spectrum, the combined company will be able to bring the highest quality mobile broadband and fixed wireless internet services to even more rural communities, in many cases for the first time.

The combined company will help to further close the digital divide by:

- Creating a new \$1 billion Rogers Rural and Indigenous Connectivity Fund to connect rural, remote, and Indigenous communities across Western Canada to high-speed internet, one of the largest ever commitments of its kind made by the private sector.
- Consulting with Indigenous communities to create Indigenous-owned and operated internet service providers that leverage Rogers expanded networks and capabilities to create sustainable, local connectivity solutions.
- Extending Rogers *Connected for Success* program across Western Canada to bring the first of its kind low-cost broadband program nationally to help seniors and low-income Canadians in every community where the combined company offers internet services.

Rogers will also build on Shaw's activities and impact to communities and charities, valued at more than \$40 million in 2020. In addition to Rogers existing robust community impact programs, this includes commitments to:

- Continue and augment Shaw's charitable giving programs, including adding new youth scholarships to support the future talent pipeline in emerging technologies.
- Work with the Shaw Charity Classic partners to support and extend the annual PGA TOUR Champions event for up to ten years. The event has raised more than \$61 million for Alberta kids' charities since 2013.

Deliver affordable services and improve choice for customers

In addition to dramatically improved connectivity and accessibility, the combination will deliver choice, competition and affordability to Canadians:

- The combined company is committed to continue offering affordable wireless plans, with no overage fees, that meet the budgets and needs of Canadians. As part of this commitment, Rogers will not increase wireless prices for Freedom Mobile customers for at least three years following the close of the transaction.



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spectrum, Rogers will bring the highest quality mobile broadband and fixed wireless Internet and service to residents of many rural communities for the first time. These new services will deliver significantly better connectivity and offer new choice to these communities.

Details of the Transaction

Under the terms of the Transaction, holders of Shaw Class A Shares and Class B Shares will receive \$40.50 per share in cash. The Shaw Family Living Trust, the controlling shareholder of Shaw, and certain members of the Shaw family, will receive 60% of the consideration for their shares in the form of 23.6 million Class B Shares of Rogers valued on the basis of the volume-weighted average trading price for the 10 trading days for the Rogers Class B Shares ending March 12, 2021, and the balance in cash.

The Transaction will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (Alberta). The Transaction requires the approval of two thirds of the votes cast by the holders of Shaw's Class A Shares and Class B Shares at a special shareholders meeting to be held in May 2021 (the "**Special Meeting**"), voting separately as a class, as well as majority of the minority approval under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions. The Shaw Family Living Trust has irrevocably agreed to vote all of its Class A Shares (representing 79% of the outstanding Class A Shares) and Class B Shares in favour of the Transaction.

The Transaction is subject to other customary closing conditions including court and stock exchange approval, as well as approvals from Canadian regulators. Rogers and Shaw intend to work cooperatively and constructively with the Competition Bureau, the Ministry of Innovation, Science and Economic Development ("ISED") and the Canadian Radio-television and Telecommunications Commission ("CRTC"). Subject to receipt of all required approvals, closing of the Transaction is expected to occur in the first half of 2022.

Under the Arrangement Agreement, Rogers has the right to cause Shaw to redeem its outstanding preferred shares on June 30, 2021 in accordance with their terms by providing written notice to Shaw. As of the date of this news release, Rogers has not exercised this right.

Shaw will continue to pay its regular monthly dividends of \$0.098542 in cash per Class A Share and \$0.09875 in cash per Class B Share, and its regular quarterly dividend on its preferred shares in accordance with their terms.

A Special Committee of independent directors of Shaw has unanimously recommended the Transaction, and Shaw's Board of Directors has unanimously (subject to abstentions of any



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assumptions, limitations and qualifications set out in such opinions, the consideration to be received by Shaw shareholders (other than the members of the Shaw family) in connection with the Transaction is fair, from a financial point of view, to such shareholders.

Further information regarding the Transaction will be contained in a management information circular that Shaw will prepare, file on SEDAR and mail to its shareholders in advance of the Special Meeting. Copies of the arrangement agreement and voting support agreements will also be available on the SEDAR profiles of Rogers and Shaw at www.sedar.com.

Rogers has retained BofA Securities and Barclays as its financial advisors and Goodmans LLP as its legal advisor. Torys LLP is the legal advisor to the Rogers Control Trust. Shaw has retained TD Securities Inc. as its exclusive financial advisor and Davies Ward Phillips & Vineberg LLP and Wachtell, Lipton Rosen & Katz as its legal advisors. CIBC World Markets Inc. is acting as independent financial advisor to the Special Committee and Burnet, Duckworth & Palmer LLP is independent legal advisor to the Special Committee. The Shaw Family Living Trust has retained Dentons Canada LLP as its legal advisor.

Call details

Rogers and Shaw will host a conference call for financial analysts at 8:00 AM Eastern Time today (6:00 AM Mountain Time) to discuss this announcement.

To participate, please dial +1-416-915-3239 or toll-free 1-800-319-4610 before the start of the call. A live audio webcast of the call can be accessed here <https://investors.rogers.com>

Contact details

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Shaw Contact



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Cautionary statement

This news release includes “forward-looking information” within the meaning of applicable securities laws relating to, among other things, the anticipated benefits of the transaction, including corporate, operational, scale and other synergies and the timing thereof, the ability to integrate the business of Rogers and Shaw, Shaw’s ability to redeem the preferred shares and the timing thereof, the timing and anticipated receipt of required shareholder, regulatory court, stock exchange or other approvals, the ability of the parties to satisfy the other conditions to the closing of the transaction and the anticipated timing for closing of the transaction. Forward-looking information may in some cases be identified by words such as “will”, “anticipates”, “expects”, “intends” and similar expressions suggesting future events or future performance.

We caution that all forward-looking information is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause our current objectives, strategies and intentions to change. Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and that it would be unreasonable to rely on such statements as creating legal rights regarding our future results or plans. We cannot guarantee that any forward-looking information will materialize and you are cautioned not to place undue reliance on this forward-looking information. Any forward-looking information contained in this news release represent expectations as of the date of this news release and are subject to change after such date. However, we are under no obligation (and we expressly disclaim any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. All of the forward-looking information in this news release is qualified by the cautionary statements herein.

Forward-looking information is provided herein for the purpose of giving information about the proposed transaction referred to above and its expected impact. Readers are cautioned that such information may not be appropriate for other purposes. The completion of the above-mentioned proposed transaction is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, court, shareholder and regulatory approvals. Accordingly, there can be no assurance that the



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continues as an independent entity, there are risks that the announcement of the transaction and the dedication of substantial resources of each party to the completion of the transaction could have an impact on such party's current business relationships (including with future and prospective employees, customers, distributors, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of such party.

A comprehensive discussion of other risks that impact Rogers and Shaw can also be found in their public reports and filings which are available under their respective profiles at www.sedar.com.

About Rogers Communications

Rogers is a proud Canadian company dedicated to making more possible for Canadians each and every day. Our founder, Ted Rogers, purchased his first radio station, CHFI, in 1960. We have grown to become a leading technology and media company that strives to provide the very best in wireless, residential, sports, and media to Canadians and Canadian businesses. Our shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI).

About Shaw Communications

Shaw Communications Inc. is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, video and digital phone. Business provides business customers with Internet, data, WiFi, digital phone and video services. The Wireless division provides wireless voice and LTE data services.

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

TAGS: [Alberta](#), [British Columbia](#), [Financials](#), [Rogers](#), [Rogers & Shaw](#)

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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “28” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

ARRANGEMENT AGREEMENT

ROGERS COMMUNICATIONS INC.

– and –

SHAW COMMUNICATIONS INC.

March 13, 2021

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 13th day of March, 2021,

AMONG :

ROGERS COMMUNICATIONS INC.,
a corporation existing under the laws of the
Province of British Columbia

(the "**Purchaser**")

- and -

SHAW COMMUNICATIONS INC.,
a corporation existing under the laws of the
Province of Alberta

(the "**Company**")

WHEREAS the Purchaser wishes to acquire all of the issued and outstanding Company Participating Shares in exchange for the Arrangement Consideration;

AND WHEREAS the Special Committee, after receiving financial and legal advice, has unanimously determined that the Arrangement is fair and reasonable to the Company Participating Shareholders (other than the Shaw Family Shareholders) and in the best interests of the Company and recommended to the Company Board that the Company Board (a) approve this Agreement and the Arrangement, and (b) recommend that the Company Participating Shareholders (other than the Shaw Family Shareholders) vote in favour of the Arrangement;

AND WHEREAS the Company Board, after receiving financial and legal advice, has unanimously (subject to abstentions of any conflicted director) determined that the Arrangement is fair and reasonable to the Company Participating Shareholders (other than the Shaw Family Shareholders) and in the best interests of the Company, and has resolved to recommend that the Company Participating Shareholders (other than the Shaw Family Shareholders) vote in favour of the Arrangement;

AND WHEREAS the Parties intend to carry out the transactions contemplated herein by way of a plan of arrangement under the provisions of the *Business Corporations Act* (Alberta);

AND WHEREAS the Purchaser has entered into support and voting agreements with (a) all of the directors of the Company and members of Senior Management, and (b) the Controlling Shareholder, pursuant to which, among other things, such Persons have agreed to vote all of the Company Participating Shares held by them in favour of the Arrangement, on the terms and subject to the conditions set forth therein;

AND WHEREAS the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters related to the transactions herein provided for;

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NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and value consideration (the receipt and sufficient of which are hereby acknowledged), the Parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

“ABCA” means the *Business Corporations Act* (Alberta) and the regulations made thereunder.

“Acceptable Confidentiality Agreement” means a confidentiality and standstill agreement between the Company and a third party other than the Purchaser on customary terms that are no less favorable in the aggregate to the Company (in its capacity as “Discloser” under the Confidentiality Agreement) than those contained in the Confidentiality Agreement.

“Acquisition Proposal” means, other than the transactions contemplated by this Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries, any inquiry, proposal or offer (whether written or oral) made on or after the date of this Agreement from any Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*) other than the Purchaser or one or more of its affiliates, relating to:

- (a) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions involving: (i) 20% or more of any class of voting or equity securities of the Company (including securities convertible into or exercisable or exchangeable for voting or equity securities); or (ii) assets (including shares of Subsidiaries of the Company) representing 20% or more of the consolidated assets, or contributing 20% or more of the consolidated revenue, of the Company and its Subsidiaries (based on the most recent annual consolidated financial statements of the Company filed as part of the Company Filings);
- (b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction, in a single transaction or a series of related transactions, that, if consummated, would result in such Person or group of Persons beneficially owning, or exercising control or direction over, 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Company or any of its Subsidiaries whose assets represent 20% or more of the consolidated assets, or contribute 20% or more of the consolidated revenue, of the Company and its Subsidiaries (based on the most recent annual consolidated financial statements of the Company filed as part of the Company Filings);

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- (c) any arrangement, merger, amalgamation, consolidation, security exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up, exclusive license or similar transaction, in a single transaction or a series of related transactions, involving the Company or any of its Subsidiaries whose assets represent 20% or more of the consolidated assets, or contribute 20% or more of the consolidated revenue, of the Company and its Subsidiaries (based on the most recent annual consolidated financial statements of the Company filed as part of the Company Filings); or
- (d) any other similar transaction or series of related transactions involving the Company or any of its Subsidiaries.

“**affiliate**” has the meaning specified in Section 1.2(k).

“**Agreement**” means this arrangement agreement, including all schedules annexed hereto, including, for greater certainty, the Company Disclosure Letter, as may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“**Alternative Consideration**” has the meaning specified in Section 8.2(f).

“**Alternative Financing**” has the meaning specified in Section 4.15(f).

“**AR Securitization Program**” means a series of related sales, assignments, transfers or other dispositions of accounts receivable and related assets made by or on behalf of the Company in the course of an accounts receivable securitization program, as such program may be amended, supplemented, restated or otherwise replaced from time to time.

“**Arrangement**” means an arrangement under section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or made at the direction of the Court in either the Interim Order or the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“**Arrangement Consideration**” means the consideration to be received by the Company Participating Shareholders pursuant to the Plan of Arrangement consisting of (in each case, subject to adjustment in the manner and in the circumstances contemplated in Section 2.12 of the Agreement):

- (a) \$40.50 in cash per Class A Share (other than Class A Shares held by each Shaw Family Shareholder);
- (b) the amount of cash and the number of Purchaser Shares per Class A Share held directly or indirectly by each Shaw Family Shareholder as set forth in the Plan of Arrangement;
- (c) \$40.50 in cash per Class B Share (other than Class B Shares held by each Shaw Family Shareholder); and

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(d) the amount of cash and the number of Purchaser Shares per Class B Share held directly or indirectly by each Shaw Family Shareholder as set forth in the Plan of Arrangement.

“Arrangement Consideration Shares” means the Purchaser Shares to be issued to the Shaw Family Shareholders as consideration pursuant to the Arrangement.

“Arrangement Resolution” means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting by Company Participating Shareholders, substantially in the form of Schedule B.

“Articles of Arrangement” means the articles of arrangement of the Company in respect of the Arrangement, required by section 193(10)(b) of the ABCA to be sent to the Registrar after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form satisfactory to the Company and the Purchaser, each acting reasonably.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, license or similar authorization of any Governmental Entity having jurisdiction over the Person.

“Base Premium” has the meaning specified in Section 4.13(a).

“Broadcasting Legislation” mean the *Broadcasting Act* (Canada) and all orders, decisions, notices, policies, circulars and binding guidelines issued thereunder or pursuant thereto.

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta, Toronto, Ontario or New York, New York.

“Canadian Securities Authorities” means the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

“Canadian Securities Laws” means the *Securities Act* (Alberta) and any other applicable Canadian provincial and territorial securities Laws, rules and regulations and published policies thereunder.

“CASL” means, collectively, *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada), the Electronic Commerce Protection Regulations (CRTC), the Electronic Commerce Protection Regulations (Industry Canada), the practice guidelines, bulletins and enforcement advisories issued by the CRTC and all similar Laws in other jurisdictions.*

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“Certificate of Arrangement” means the certificate or proof of filing to be issued by the Registrar pursuant to section 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement.

“Change in Recommendation” has the meaning specified in Section 7.2(a)(iv)(B).

“Class A Shareholders” means the registered and/or beneficial holders of the Class A Shares, as the context requires.

“Class A Shares” means the Class A Participating Shares in the capital of the Company.

“Class B Shareholders” means the registered and/or beneficial holders of the Class B Shares, as the context requires.

“Class B Shares” means the Class B Non-Voting Participating Shares in the capital of the Company.

“Class 1 Preferred Shares” means the Class 1 Preferred Shares, issuable in series, in the capital of the Company.

“Class 2 Preferred Shares” means the Class 2 Preferred Shares, issuable in series, in the capital of the Company.

“Closing” has the meaning specified in Section 2.9(b).

“Collective Agreements” means all collective bargaining agreements and union agreements, employee association agreements or similar Contracts applicable to the Company and/or any of its Subsidiaries as at the date of this Agreement which impose any obligations upon the Company and/or any of its Subsidiaries with respect to any Company Employee.

“Commissioner of Competition” means the Commissioner of Competition appointed pursuant to the Competition Act or any Person duly authorized to exercise the powers of the Commissioner of Competition.

“Company” has the meaning specified in the preamble.

“Company Assets” means all of the assets, properties (real or personal), permits, rights, licenses or other privileges (whether contractual or otherwise) owned, leased or otherwise used or held by the Company and its Subsidiaries.

“Company Board” means the board of directors of the Company as constituted from time to time.

“Company Board Recommendation” has the meaning specified in Section 2.4(a).

“Company Budget” means, in respect of the 2021 fiscal year, the annual budget of the Company attached as Schedule 4.1(b) of the Company Disclosure Letter and, in respect of the 2022 fiscal year, the annual forecast of the Company attached as Schedule 4.1(b) of the Company Disclosure Letter.

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“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to, among others, the Company Participating Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

“Company Credit Facility” means the second amended and restated credit agreement dated January 17, 2012 between, among others, the Company, as borrower, the banks and other financial institutions parties thereto, as lenders, and The Toronto-Dominion Bank, as administration agent, as amended by the first amendment to second amended and restated agreement dated as of December 22, 2014, the second amendment to second amended and restated credit agreement dated as of February 11, 2016, the third amendment to second amended and restated credit agreement dated as of December 15, 2016, the fourth amendment to second amended and restated credit agreement dated as of November 21, 2018 and the fifth amendment to second amended and restated credit agreement dated as of November 21, 2019, and as further amended, restated, supplemented or otherwise modified from time to time.

“Company Disclosure Letter” means the disclosure letter dated the date of this Agreement, including all schedules, exhibits and appendices thereto, delivered by the Company to the Purchaser with this Agreement.

“Company DSU Plan” means the Director Deferred Share Unit Plan of the Company, as described in the Company Filings.

“Company DSUs” means the outstanding deferred share units issued pursuant to the Company DSU Plan.

“Company Employees” means all officers and employees of the Company and its Subsidiaries, including unionized, non-unionized, part-time, full-time, active and inactive employees.

“Company Equity Awards” means the Company Options, Company RSUs, Company PSUs and Company DSUs issued pursuant to the Company Stock Option Plan, the Company RSU/PSU Plan and the Company DSU Plan, as applicable.

“Company Filings” means all forms, reports, schedules, statements and other documents which are publicly filed or furnished by the Company pursuant to applicable Canadian Securities Laws or the U.S. Exchange Act since August 31, 2019.

“Company Meeting” means the special meeting of Company Participating Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser.

“Company Options” means the outstanding options to purchase Class B Shares issued pursuant to the Company Stock Option Plan.

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“Company Participating Shareholders” means, collectively, the Class A Shareholders and the Class B Shareholders.

“Company Participating Shares” means, collectively, the Class A Shares and the Class B Shares.

“Company Permitted Dividends” means: (a) in respect of the Class A Shares, regular monthly dividends not in excess of \$0.098542 in cash per Class A Share per month; (b) in respect of the Class B Shares, regular monthly dividends not in excess of \$0.09875 in cash per Class B Share per month; in each case payable monthly with a record date of the 15th day of each month (or if the 15th day of the month falls on a day that is not a Business Day, then the Business Day immediately preceding such day) occurring on or after the date of this Agreement and prior to the Effective Date; and (c) in respect of the Company Preferred Shares, regular quarterly dividends payable on the Company Preferred Shares in accordance with their respective terms as set out in the Company’s Constating Documents, in each case payable quarterly with a record date on the 15th day of each of March, June, September and December (or if the 15th day of such month falls on a day that is not a Business Day, then the Business Day immediately preceding such day) occurring on or after the date of this Agreement and prior to the Effective Date.

“Company Preferred Series A Shares” means the Class 2 Preferred Shares designated as “Cumulative Redeemable Rate Reset Class 2 Preferred Shares, Series A”, as constituted on the date hereof.

“Company Preferred Series B Shares” means the Class 2 Preferred Shares designated as “Cumulative Redeemable Floating Rate Class 2 Preferred Shares, Series B”, as constituted on the date hereof.

“Company Preferred Shareholders” means the registered and/or beneficial holders of the Company Preferred Shares, as the context requires.

“Company Preferred Shares” means, collectively, the Company Preferred Series A Shares and the Company Preferred Series B Shares.

“Company PSUs” means the outstanding performance share units issued pursuant to the Company RSU/PSU Plan.

“Company RSU/PSU Plan” means the Amended and Restated Plan for Restricted Share Units and Performance Share Units of the Company, as described in the Company Filings.

“Company RSUs” means the outstanding restricted share units issued pursuant to the Company RSU/PSU Plan.

“Company Senior Notes” means, collectively, the Company’s (a) 3.80% senior unsecured notes due 2023, (b) 4.35% senior unsecured notes due 2024, (c) 3.80% senior unsecured notes due 2027, (d) 4.40% senior unsecured notes due 2028; (e) 3.30% senior unsecured notes due 2029, (f) 2.90% senior unsecured notes due 2030, (g) 6.75% senior unsecured notes due 2039, and (h) 4.25% senior unsecured notes due 2049.

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“**Company Shareholders**” means, collectively, the Company Participating Shareholders and the Company Preferred Shareholders.

“**Company Shares**” means, collectively, the Class A Shares, the Class B Shares and the Company Preferred Shares.

“**Company Stock Option Plan**” means the Stock Option Plan of the Company, as described in the Company Filings.

“**Competition Act**” means the *Competition Act* (Canada).

“**Competition Act Clearance**” means (i) either the applicable waiting period under section 123 of the Competition Act shall have expired or been waived, or a waiver under subsection 113(c) of the Competition Act shall have been issued by the Commissioner of Competition, and (ii) any applicable waiting period under a Timing Agreement shall have expired or been earlier terminated.

“**Competition Tribunal**” means the Competition Tribunal established under the *Competition Tribunal Act* (Canada).

“**Compliance Requirements**” means, with respect to any Required Financing Information, that: (a) such Required Financing Information does not contain any untrue statement of a material fact regarding the Company and its Subsidiaries or omit to state any material fact regarding the Company and its Subsidiaries necessary to make such information not misleading under the circumstances in which it was provided; (b) the Company’s auditors have not withdrawn, or advised the Company in writing that they intend to withdraw, any audit opinion on any of the audited financial statements contained in such Required Financing Information; (c) the Company has not determined to restate any financial statements included in such Required Financing Information or announced its intention to make any such restatement (it being understood such information will be compliant in respect of this clause (c) if and when such restatement is completed or the Company has determined no such restatement is required); (d) such Required Financing Information is, and remains through the Marketing Period, compliant in all material respects with all applicable requirements therefor under (i) Canadian Securities Laws applicable to the form and content of a short form prospectus to qualify the public offering of those securities (including requirements for the audit or review, as applicable, of financial statements by the Company’s auditor) and, if applicable (ii) U.S. Securities Laws applicable to the form and content of a registration statement on Form F-10 to register the public offering of those securities and (e) the financial statements of the Company included in such Required Financing Information that are available to Purchaser on the first day of the Marketing Period are, on each day during the Marketing Period, not required to be updated under applicable Canadian Securities Laws or U. S. Securities Laws in order to be sufficiently current to permit (a) a registration statement on Form F-10 to finance an acquisition of the Company using such financial statements to be declared effective by the SEC and (b) the Company’s independent public accountants to issue a customary “comfort letter” to the Debt Financing Sources to the extent required as part of the debt financing contemplated by the Debt Commitment Letter, including as to negative assurances and change period, and in order to consummate any Financing on any day during the Marketing Period (and such accountants have confirmed they are prepared to issue a comfort letter subject to their completion of customary procedures).

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“**Confidentiality Agreement**” means the confidentiality agreement dated March 2, 2021 between the Company and the Purchaser.

“**Constating Documents**” means articles of incorporation, amalgamation, arrangement or continuation, partnership agreements, unanimous shareholders agreements, by-laws (or equivalent documents) and all amendments to such articles, partnership agreements, unanimous shareholders agreements or by-laws (or equivalent documents).

“**Contract**” means any written or oral legally binding agreement, commitment, engagement, contract, franchise, licence, lease, sublease, occupancy agreement, obligation, indenture, mortgage, arrangement or undertaking, together with any amendments and modifications thereto, to which any Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which any of their respective properties or assets is subject.

“**Controlling Shareholder**” means the Shaw Family Living Trust, a trust existing under the laws of the Province of Alberta, by its trustee, SFLTCo Ltd.

“**Controlling Shareholder Voting Support Agreement**” means the voting support agreement dated the date hereof between the Purchaser and the Controlling Shareholder, pursuant to which the Controlling Shareholder has agreed to vote in favour of the Arrangement subject only to the limited exceptions set forth therein.

“**Corrupt Practices Legislation**” has the meaning specified in paragraph 35 of Schedule C.

“**Court**” means the Court of Queen’s Bench of Alberta, or other court as applicable.

“**COVID-19**” means the coronavirus disease 2019 (dubbed as COVID-19), caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) and/or any other virus or disease developing from or arising as a result of SARS-CoV-2 and/or COVID-19.

“**COVID-19 Measures**” means commercially reasonable actions for a Party or any of its Subsidiaries to take or refrain from taking in the operation of their business as a result of COVID-19 in order to comply with the provisions of any health, quarantine, social distancing, shutdown, safety or similar Law or guideline promulgated by any Governmental Entity in connection with COVID-19.

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission or any successor body thereto.

“**CRTC Approval**” means the receipt of all approvals from the CRTC required under the *Broadcasting Act* (Canada) and regulations thereunder in connection with the transactions contemplated by this Agreement.

“**D&O Support and Voting Agreements**” means the support and voting agreements dated the date hereof between the Purchaser, on the one hand, and each of the directors of the Company and members of Senior Management, on the other hand.

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“Data Room” means the material contained in the virtual data rooms established by the Company, as at 5:00 p.m. (Toronto time) on March 13, 2021, the index of documents of which is appended to the Company Disclosure Letter.

“Debt Commitment Letter” means the executed commitment letter dated the date hereof, including all related exhibits, schedules, annexes, supplements and term sheets attached thereto, and the related fee letter, in each case, as amended, restated, supplemented, replaced and/or modified in accordance with the terms hereof, to the extent permitted hereunder.

“Debt Financing” means the financing contemplated under the Debt Commitment Letter or the Debt Financing Documents, in each case the proceeds of which may be used by the Purchaser to satisfy the aggregate Arrangement Consideration payable under the terms of the Plan of Arrangement.

“Debt Financing Documents” means the definitive documentation with respect to the Debt Financing on the respective terms and conditions (including the “market flex” provisions) contained in the Debt Commitment Letter or on other terms that, with respect to conditionality, are not materially less favourable to the Purchaser.

“Debt Financing Sources” means the Persons that at any time have committed to provide or arrange or otherwise have entered into agreements in connection with all or any part of the Debt Financing (or any Substitute Financings or Alternative Financings) in connection with the Arrangement, including the parties to any Debt Commitment Letters, Debt Financing Documents or other commitment letters, engagement letters, joinder agreements, indentures or credit agreements entered into or relating to any Debt Financing (and any definitive documentation related thereto) and any arrangers, administrative agents or other agents or lenders in connection with the Debt Financing, together with, in each case, their respective Affiliates, and their, and their respective Affiliates’, officers, directors, employees, agents, stockholders, partners (general or limited), managers members, controlling parties, Representatives, funding sources and other representatives of each of the foregoing, and their respective successors and assigns.

“Depositary” means such Person as the Company may appoint to act as depositary in respect of the Arrangement, with the approval of the Purchaser, acting reasonably.

“Dissent Rights” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

“DRIP” means the dividend reinvestment plan of the Company, as described in the Company Filings.

“Effective Date” means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

“Effective Time” means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

“Employee Plans” means all health, welfare, retiree benefit, supplemental unemployment benefit, fringe benefits, bonus, profit sharing, option, stock appreciation,

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savings, insurance, incentive, incentive compensation, deferred compensation, death benefits, termination, retention, change in control, severance share purchase, share compensation or any other share or equity-based compensation, disability, pension, retirement or supplemental retirement plans and other employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of the Company or any of its Subsidiaries, Company Employees or former Company Employees, or any dependants or beneficiaries of such directors, Company Employees or former Company Employees, registered, unregistered, funded or unfunded, which are maintained by or binding upon the Company or any of its Subsidiaries or in respect of which the Company or any of its Subsidiaries has any actual or potential liability or obligations; provided that, notwithstanding the foregoing, "Employee Plans" shall not include any Statutory Plans.

"Employee Share Purchase Program" means the employee share purchase plan of the Company and participating affiliates, as described in the Company Filings made prior to the date hereof.

"Environmental Laws" means all Laws relating to worker health and safety, pollution, protection of the natural environment or any species that might make use of it or the generation, production, import, export, use, storage, treatment, transportation, disposal or Release of Hazardous Substances, including under common law, and all Authorizations issued pursuant to such Laws.

"ERP" means the Executive Retirement Plan of the Company, as amended and restated effective as of January 1, 2021.

"executive officer" has the meaning specified in National Instrument 51-102 – *Continuous Disclosure Obligations*.

"Fairness Opinions" means a written opinion of each of the Financial Advisors to the effect that, as of the date of such opinion the Arrangement Consideration to be received by Company Participating Shareholders (other than the Shaw Family Shareholders) is fair, from a financial point of view, to such holders.

"Final Order" means the final order of the Court made pursuant to section 193 of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"Financial Advisors" means TD Securities Inc. and CIBC World Markets Inc.

"Financing" has the meaning specified in Section 4.16(a).

"Financing Materials" has the meaning specified in Section 4.16(a)(ii).

"Financing Sources" has the meaning specified in Section 4.16(a)(i).

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“Governmental Entity” means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral or adjudicative body, commission, board, bureau, commissioner, ministry, governor-in-council, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange (including the TSX, TSXV and NYSE).

“Hazardous Substances” means any substance that is (a) defined, regulated or prohibited or (b) classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant, under or pursuant to any applicable Environmental Laws.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board that are applicable to public issuers in Canada.

“Indebtedness” means, with respect to any Person, without duplication: (a) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind to such Person; (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (c) all capitalized leases or purchase money obligations of such Person; (d) all monetary obligations of such Person owing under Swap Contracts or similar financial instruments (which amount shall be calculated based on the amount that would be payable by such Person if the relevant Contract or instrument were terminated on the date of determination); (e) all current liabilities in respect of the Company’s AR Securitization Program; (f) all guarantees, indemnities or financial assistance of, or in respect of, any Indebtedness of any other Person; and (g) all reimbursement obligations with respect to letters of credit and letters of guarantee; and all obligations in respect of bankers’ acceptances.

“Indemnified Persons” has the meaning specified in Section 4.13.

“Information Sharing Procedures” means the procedures relating to the treatment of “Evaluation Material” (as such term is defined in the Confidentiality Agreement) contemplated by section 1(b) of the Confidentiality Agreement.

“Intellectual Property” means domestic and foreign: (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (b) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (c) copyrights, copyright registrations and applications for copyright registration; (d) mask works, mask work registrations and applications for mask work registrations; (e) designs, design registrations, design registration applications and integrated circuit topographies; (f) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (g) Software; and (h) any other intellectual property and industrial property.

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“**Interim Order**” means the interim order of the Court made pursuant to section 193 of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“**ISED Approval**” means the receipt of all approvals required from ISED Canada for the transfer or deemed transfer of the ISED Licenses in connection with the transactions contemplated hereby.

“**ISED Canada**” means the Minister of Innovation, Science and Industry acting in accordance with the powers and discretion accorded to the Minister under the *Radiocommunication Act (Canada)* and where the context so requires, his designees at Innovation, Science and Economic Development Canada.

“**ISED Licenses**” means those radio or spectrum licenses issued by ISED Canada pursuant to the *Radiocommunication Act (Canada)* to the Company or its Subsidiaries which contain, as a condition of such license, the requirement to seek the prior approval of ISED Canada to a transfer or a deemed transfer of such license as a result of a change of control of the Company, which include the licenses set forth in Schedule 1.1 of the Company Disclosure Letter.

“**JDA**” means the Joint Defence Privilege Agreement dated February 16, 2021 between, among others, the Company and the Purchaser.

“**Key Regulatory Approvals**” means, collectively, the Competition Act Clearance, the CRTC Approval and the ISED Approval.

“**Law**” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, decision, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities (including, for certainty, Canadian Securities Laws and U.S. Securities Laws), and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

“**Leased Premises**” means all real property that is leased, subleased, licensed or otherwise occupied by the Company or any of its Subsidiaries pursuant to a Real Property Lease.

“**Lien**” means any mortgage, charge, pledge, hypothec, security interest, lien (statutory or otherwise), or adverse right or claim, or other third party interest or encumbrance in property (real or personal) of any kind, in each case, howsoever created or arising, whether fixed or floating, perfected or not, contingent or absolute.

“**Marketing Period**” means, if the Purchaser has given written notice to the Company that it requires a Marketing Period, the period of up to ten consecutive Business Days (or such shorter period as is necessary to ensure the Effective Time occurs on or prior to the Outside Date, including in the circumstances specified in the provisos below)

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following the date on which all conditions precedent to closing for the benefit of the Purchaser (excluding conditions that, by their terms, cannot be satisfied until the Effective Time) shall have been satisfied or waived and the Purchaser shall have received the Required Financing Information; provided that if the Compliance Requirements at any time fail to be satisfied during the Marketing Period, then the Marketing Period will not be deemed to have commenced and the Marketing Period will only commence when the Compliance Requirements are again satisfied and provided further that (i) the following days shall not be considered Business Days for the purposes of this definition: July 1, 2021, July 2, 2021, July 5, 2021, November 24, 2021 and November 26, 2021, (ii) if the Marketing Period shall not have been completed on or prior to August 13, 2021, then it shall not commence prior to September 7, 2021 and (iii) if the Marketing Period shall not have been completed on or prior to December 17, 2021, then it shall not commence prior to January 3, 2022.

“Matching Period” has the meaning specified in Section 5.4(a)(v).

“Material Adverse Effect” means any change, event, occurrence, effect, state of facts, or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, financial condition or liabilities (contingent or otherwise) of the Company and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

- (a) any change, event or development generally affecting the industries or segments in which the Company and its Subsidiaries operate or carry on their business;
- (b) any change or development in currency exchange, interest or inflation rates or in general economic, business, regulatory, political or market conditions or in financial, securities or capital markets in Canada, the United States or in global financial or capital markets;
- (c) any hurricane, flood, tornado, earthquake or other natural disaster or man-made disaster, or the commencement or continuation of war, armed hostilities, including the escalation or worsening thereof, or acts of terrorism;
- (d) any general outbreak of illness, pandemic (including COVID-19), epidemic or similar event or the worsening thereof;
- (e) any adoption, proposal, implementation or change in Law or any interpretation, application or non-application of Law by any Governmental Entity, including any appeal, review and variation of or other decision or action of any Governmental Entity in connection with Telecom Order 2019-288 issued by the CRTC, Telecom Notice of Consultation 2019-57 issued by the CRTC, or the implementation of the recommendations of the Final Report of the Broadcasting and Telecommunications Legislative Review of ISED Canada and the Department of Canadian Heritage, or any change in IFRS or changes in applicable regulatory accounting requirements applicable to the industries in which the Company and its Subsidiaries conduct their business;

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- (f) any change in the market price or trading volume of any securities of the Company (provided, however, that the causes underlying such change may be considered to determine whether such change constitutes a Material Adverse Effect unless otherwise excluded by clauses (a) through (i)), or any suspension of trading in securities generally on any securities exchange on which any securities of the Company trade;
- (g) the failure of the Company to meet any internal or published projections, forecasts, guidance or estimates of revenues, earnings or cash flow for any period ending on or after the date of this Agreement (provided, however, that the causes underlying such failure may be considered to determine whether such failure constitutes a Material Adverse Effect unless otherwise excluded by clauses (a) through (i));
- (h) any matter expressly disclosed in the Company Disclosure Letter or in the Company Filings prior to the date hereof;
- (i) the announcement, execution or implementation of this Agreement or the transactions contemplated hereby, including (i) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company or any of its Subsidiaries with any of its current or prospective employees, customers, clients, shareholders, financing sources, distributors (including broadcasting distribution undertakings), suppliers, licensors (including programming licensors), counterparties, regulators, insurance underwriters, or partners, or (ii) the inability of the Company to participate in any auction for wireless spectrum; or
- (j) any action taken (or omitted to be taken) by the Company or any of its Subsidiaries which is required to be taken (or omitted to be taken) pursuant to (i) this Agreement or that is consented to by the Purchaser in writing, or (ii) applicable Law (including COVID-19 Measures),

provided, however, (i) if any change, event, occurrence, effect, state of facts, or circumstance referred to in clauses (a) through to and including (c) above has a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which the Company or any of its Subsidiaries operate, such effect may be taken into account in determining whether a Material Adverse Effect has occurred (in which case only the incremental disproportionate effect may be taken into account in determining whether a Material Adverse Effect has occurred); and (ii) that references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred.

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“Material Contract” means any Contract:

- (a) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect;
- (b) providing for the establishment, investment in, organization or formation of any material joint venture, co-ownership, partnership, alliance, revenue sharing or similar arrangements;
- (c) relating directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness for borrowed money (in each case whether incurred, assumed, guaranteed or secured by any asset) in excess of \$50,000,000, excluding guarantees or intercompany liabilities or obligations between two or more wholly-owned Subsidiaries of the Company or between the Company and one or more of its wholly-owned Subsidiaries;
- (d) restricting the payment of dividends or other distributions by the Company or any of its Subsidiaries;
- (e) that (i) limits or restricts in any material respect the ability of the Company or any Subsidiary to engage in any line of business or carry on business in any geographic area or the scope of Persons to whom the Company or any of its Subsidiaries may sell products or deliver services, (ii) contains any material exclusivity or similar provision, or (iii) grants a third party a “most favoured nation” right or a right of first offer or refusal in respect of material Company Assets;
- (f) under which the Company or any of its Subsidiaries have made, reasonably expect to make or is obligated to make or has received or reasonably expects to receive payments in excess of \$50,000,000 over the remaining term of such Contract;
- (g) providing for any material Swap and any material document governing the AR Securitization Program or entered into in connection therewith;
- (h) that is a Collective Agreement;
- (i) that is a material satellite transponder lease;
- (j) that is a material wireless network arrangement agreement; and
- (k) any Contract (other than Contracts referred to in (a) through (j) above) that is still in force and which has been or would be required by Canadian Securities Laws or U.S. Securities Laws to be filed by the Company with the Canadian Securities Authorities or SEC.

“Material Subsidiaries” has the meaning specified in paragraph 8(c) of Schedule C.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

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“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Money Laundering Laws” has the meaning specified in paragraph 36 of Schedule C.

“No-Action Letter” means a communication in writing from the Commissioner of Competition advising that he or she does not, at that time, intend to make an application to the Competition Tribunal under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement.

“Notice” has the meaning specified in Section 8.4.

“NYSE” means the New York Stock Exchange.

“officer” has the meaning specified in the *Securities Act* (Alberta).

“Orders” means all applicable judgments, orders, writs, injunctions, rulings, decisions, assessments and binding directives, protocols, policies and guidelines having the force of law rendered by any Governmental Entity.

“Ordinary Course” means, with respect to an action taken by the Company or its Subsidiaries, that such action is consistent with the past practices of such Party or such Subsidiary and is taken in the ordinary course of the normal day-to-day operations of the business of the Company or such Subsidiary, including any commercially reasonable deviations therefrom taken in good faith by the Company as a result of or in response to natural disasters, calamities, emergencies, crises and any COVID-19 Measures.

“Outside Date” means March 15, 2022, subject to automatic adjustment in accordance with this Agreement, or such later date as may be agreed in writing by the Parties; provided however that if the Outside Date shall occur on a day that is not a Business Day, the Outside Date shall be deemed to occur on the next Business Day.

“Owned Real Property” means the real property owned by the Company or any of its Subsidiaries, together with all buildings, structures, improvements, and appurtenances thereon and thereto.

“Parties” means, collectively, the Company and the Purchaser, and **“Party”** means any one of them.

“Partnership” has the meaning specified in paragraph 8(d) of Schedule C.

“Permitted Liens” means, in respect of the Company or any of its Subsidiaries, any one or more of the following:

- (a) Liens or deposits for Taxes or charges for electricity, gas, power, water and other utilities which are not yet due or delinquent or which are being contested in good faith by appropriate proceedings and in respect of which the applicable

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Governmental Entities are prevented from taking collection action during the valid contest of such amounts;

- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Company Assets, provided that such Liens are related to obligations not yet due or delinquent, are not registered against title to any Company Assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) municipal by-laws, regulations, ordinances, zoning law, building or land use restrictions and other limitations imposed by any Governmental Entity having jurisdiction over real property and any other restrictions affecting or controlling the use, marketability or development of real property imposed by any Governmental Entity having jurisdiction over real property;
- (d) customary rights of general application reserved to or vested in any Governmental Entity to control or regulate any interest in the facilities in which the Company or any of its Subsidiaries conduct their business, provided that such Liens, encumbrances, exceptions, agreements, restrictions, limitations, contracts and rights (i) were not incurred in connection with any indebtedness, and (ii) do not, individually or in the aggregate, have a material adverse effect on the value or materially impair or add material cost to the use of the subject property;
- (e) agreements affecting real property with any public utility, municipality or Governmental Entity in connection with operations conducted with respect to the Company Assets in the Ordinary Course, but only to the extent those Liens relate to costs and expenses for which payment is not yet due or delinquent;
- (f) any minor encroachments by any structure located on the Real Property onto any adjoining lands and any minor encroachment by any structure located on adjoining lands onto the Real Property that do not materially adversely impact the use in the Ordinary Course of the Company Assets affected thereby as they are being used on the date of this Agreement;
- (g) easements, rights of way, restrictions, restrictive covenants, servitudes and similar rights in land including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables, that do not materially adversely impact the use in the Ordinary Course of the Company Assets affected thereby as they are being used on the date of this Agreement;
- (h) any reservations, exceptions, limitations, provisos and conditions contained in the original Crown grant or patent (including, without limitation, the reservation of any mines and minerals in the Crown or in any other Person), as same may be varied by statute;
- (i) any Liens (i) pursuant to capitalized leases or purchase money obligations of such Person permitted in accordance with Section 4.1(b)(xiii) in the Ordinary

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Course; (ii) pursuant to any conditional sales agreement, leases for equipment, vehicles or any other personal property and assets in or over the property and assets so purchased or leased in the Ordinary Course; (iii) registered, as of the date hereof, against the Company Assets in a public personal property registry, or similar registry systems; or (iv) registered as of the date hereof against title to the Real Property comprising Company Assets in the applicable land registry offices (other than Liens granted in connection with Indebtedness);

- (j) minor imperfections or irregularities of title to Real Property that do not, individually or in the aggregate, materially detract from the value or materially adversely impact the use of the Real Property in the Ordinary Course of the Company Assets affected thereby as they are being used on the date of this Agreement; and
- (k) Liens listed and described in Schedule 1.1(b) of the Company Disclosure Letter.

“Person” includes any individual, partnership, association, body corporate, trust, organization, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Personal Information” means any information that is subject to any Privacy Law or capable of being associated with a legal Person (in jurisdictions where legal persons have the benefit of, or are protected by, Privacy Laws) or with an individual consumer or device, including information that identifies, or could be combined with other information to identify a device or natural person, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including Social Security number and driver’s license number), medical, health or insurance information, gender, date of birth, educational or employment information, any religious or political view or affiliation, marital or other status, photograph, face geometry or biometric information, and any other data used or intended to be used to identify, contact or precisely locate an individual. “Personal Information” includes information in any form, including paper, electronic and other forms.

“Plan of Arrangement” means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations thereto made in accordance with Section 8.1 or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Pre-Acquisition Reorganization” has the meaning specified in Section 4.7.

“Privacy Laws” means any applicable Law that governs the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure or transfer of Personal Information and any such law governing data breach notification, in any jurisdiction in which the Company or any of its Subsidiaries provides services, including, the *Personal Information Privacy and Electronic Documents Act* (Canada), the CASL, and any published interpretation and guidance issued by any Governmental Entity.

“Preferred Share Redemption” has the meaning specified in Section 4.8.

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“**Purchaser**” has the meaning specified in the preamble.

“**Purchaser Board**” means the board of directors of the Purchaser as constituted from time to time.

“**Purchaser Filings**” means all forms, reports, schedules, statements and other documents which are publicly filed or furnished by the Purchaser pursuant to applicable Canadian Securities Laws or the U.S. Exchange Act since January 1, 2020.

“**Purchaser Material Adverse Effect**” means any change, event, occurrence, effect, state of facts, or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, financial condition or liabilities (contingent or otherwise) of the Purchaser and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

- (a) any change, event or development generally affecting the industries or segments in which the Purchaser and its Subsidiaries operate or carry on their business;
- (b) any change or development in currency exchange, interest or inflation rates or in general economic, business, regulatory, political or market conditions or in financial, securities or capital markets in Canada, the United States or in global financial or capital markets;
- (c) any hurricane, flood, tornado, earthquake or other natural disaster or man-made disaster, or the commencement or continuation of war, armed hostilities, including the escalation or worsening thereof, or acts of terrorism;
- (d) any general outbreak of illness, pandemic (including COVID-19), epidemic or similar event or the worsening thereof;
- (e) any adoption, proposal, implementation or change in Law or any interpretation, application or non-application of Law by any Governmental Entity, including any appeal, review and variation of or other decision or action of any Governmental Entity in connection with Telecom Order 2019-288 issued by the CRTC, Telecom Notice of Consultation 2019-57 issued by the CRTC, or the implementation of the recommendations of the Final Report of the Broadcasting and Telecommunications Legislative Review of ISED Canada and the Department of Canadian Heritage, or any change in IFRS or changes in applicable regulatory accounting requirements applicable to the industries in which the Purchaser and its Subsidiaries conduct their business;
- (f) any change in the market price or trading volume of any securities of the Purchaser (provided, however, that the causes underlying such change may be considered to determine whether such change constitutes a Purchaser Material Adverse Effect unless otherwise excluded by clauses (a) through (i)), or any suspension of trading in securities generally on any securities exchange on which any securities of the Purchaser trade;

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- (g) the failure of the Purchaser to meet any internal or published projections, forecasts, guidance or estimates of revenues, earnings or cash flow for any period ending on or after the date of this Agreement (provided, however, that the causes underlying such failure may be considered to determine whether such failure constitutes a Purchaser Material Adverse Effect unless otherwise excluded by clauses (a) through (i));
- (h) any matter expressly disclosed in the Purchaser Filings prior to the date hereof;
- (i) the announcement, execution or implementation of this Agreement or the transactions contemplated hereby, including (i) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Purchaser or any of its Subsidiaries with any of its current or prospective employees, customers, clients, shareholders, financing sources (other than the Debt Financing Sources), distributors (including broadcasting distribution undertakings), suppliers, licensors (including programming licensors), counterparties, regulators, insurance underwriters, or partners, or (ii) any inability of the Purchaser to participate in any auction for wireless spectrum; or
- (j) any action taken (or omitted to be taken) by the Purchaser or any of its Subsidiaries which is required to be taken (or omitted to be taken) pursuant to (i) this Agreement or that is consented to by the Company in writing, or (ii) applicable Law (including COVID-19 Measures),

provided, however, (i) if any change, event, occurrence, effect, state of facts, or circumstance referred to in clauses (a) through to and including (c) above has a materially disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which the Purchaser or any of its Subsidiaries operate, such effect may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred (in which case only the incremental disproportionate effect may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred); and (ii) that references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a Purchaser Material Adverse Effect has occurred.

“Purchaser Permitted Dividends” means, in respect of the Purchaser Voting Shares and the Purchaser Shares, regular quarterly dividends declared from time to time by the Purchaser Board in the Ordinary Course with a record date occurring on or after the date of this Agreement and prior to the Effective Date.

“Purchaser Shares” means the Class B Non-Voting Shares in the capital of the Purchaser.

“Purchaser Voting Shares” means the Class A Voting Shares in the capital of the Purchaser.

“Real Property” means the Owned Real Property and the Leased Premises.

“Real Property Lease” means any lease, sublease, license, occupancy agreement or other agreement with respect to any real property leased, subleased, licensed or

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otherwise occupied by the Company or any of its Subsidiaries (except the Owned Real Property).

“Redemption Date” has the meaning specified in Section 4.8.

“Redemption Notice” has the meaning specified in Section 4.8.

“Registrar” means the registrar duly appointed pursuant to section 263 of the ABCA.

“Regulatory Approval” means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required in connection with the Arrangement, including the Key Regulatory Approvals.

“Release” has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the environment.

“Representative” means, with respect to a Party, such Party’s directors, officers, trustees, employees, representatives (including any legal financial or other advisor) or agent of such Party or of any of its Subsidiaries (provided that, for purposes of this Agreement, in no event shall a Representative of the Company include the Controlling Shareholder) and, in the case of the Purchaser, includes the Financing Sources and their respective advisors.

“Required Financing Information” means (a) the audited consolidated statements of financial position (as at August 31, 2020, 2019 and 2018 or, if closing has not occurred prior to November 15, 2021, August 31, 2021, 2020 and 2019) and the related statements of earnings and cash flows for the Company for the fiscal years then ended, (b) unaudited consolidated statements of financial position and related statements of earnings of the Company for each fiscal quarter ended after August 31, 2020 and ended at least 45 days prior to the Effective Date, (c) such other customary financial information regarding the Company and its Subsidiaries as may reasonably be requested by, and is necessary for, the Purchaser to fulfill the conditions and obligations applicable to it under the Debt Commitment Letter and, (d) in connection with a Substitute Financing or any other Financing involving the offering of securities, such other financial information, audit reports, operating data, business and other pertinent information regarding the Company and its Subsidiaries of the type and in the form (i) required to be included in or incorporated into a short form prospectus to qualify under Canadian Securities Laws, or in a registration statement on Form F-10 to register under U.S. Securities Laws, as applicable, a public offering of such securities (ii) customarily included in an offering memorandum or similar offering document to market a private placement of debt securities in Canada or pursuant to Rule 144A promulgated under the U.S. Securities Act and (iii) necessary for the underwriters or initial purchasers of such securities to receive a customary “comfort letter” from the Company’s independent auditors; provided, that the “Required Financing Information” shall not include (i) any pro forma financial statements or any information regarding any post-Effective Time or pro forma adjustments desired to be incorporated into any information used in connection

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with the Financing (including any synergies or cost savings), pro forma ownership or an as-adjusted capitalization table, (ii) projections, (iii) any description of all or any component of the Financing, or (iv) risk factors relating to all or any component of the Financing.

“Required Shareholder Approval” has the meaning specified in Section 2.2(b).

“Reverse Termination Amount” has the meaning specified in Section 8.2(e).

“Reverse Termination Amount Event” has the meaning specified in Section 8.2(e).

“RTA Asset Portion” has the meaning specified in Section 8.2(f).

“RTA Request” has the meaning specified in Section 8.2(f).

“Sanctions” has the meaning specified in paragraph 34 of Schedule C.

“SEC” means the United States Securities and Exchange Commission.

“Securities Laws” means Canadian Securities Laws and U.S. Securities Laws.

“SEDAR” means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Canadian Securities Authorities.

“Senior Management” means the members of the senior leadership team of the Company, which is currently comprised of (i) the President, Shaw Communications; (ii) the Executive Vice President, Chief Financial & Corporate Development Officer; (iii) the Chief Operating Officer & Chief Technology Officer; (iv) the Executive Vice President & Chief Legal and Regulatory Officer; (v) the President, Business; (vi) the Executive Vice President & Chief People and Culture Officer; and (vii) the President, Consumer.

“SERP” means the Supplemental Executive Retirement Plan of the Company, amended and restated dated as of June 28, 2017.

“Shaw Family Shareholder” has the meaning specified in the Plan of Arrangement.

“Shaw Family Group” has the meaning specified in the Plan of Arrangement.

“Software” means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

“Special Committee” means the special committee of independent members of the Company Board formed in relation to the proposal to effect the transactions contemplated by this Agreement.

“Statutory Plans” means statutory benefit plans which the Company or its Subsidiaries, as applicable, are required to participate in or comply with, including any benefit plan administered by any federal or provincial government and any benefit plans administered pursuant to applicable health, Tax, workplace safety insurance, and employment insurance legislation.

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“**Subsidiary**” has the meaning specified in Section 1.2(k).

“**Substitute Financing**” has the meaning specified in Section 4.15(b). For greater certainty, the debt securities issued in a Substitute Financing may be non-convertible or may be convertible or exchangeable into preferred equity or other securities.

“**Superior Proposal**” means any *bona fide* written Acquisition Proposal made after the date of this Agreement from a Person or group of Persons “acting jointly or in concert” (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*) to acquire not less than all of the outstanding Company Participating Shares or all or substantially all of the assets of the Company on a consolidated basis that:

- (a) complies with Canadian Securities Laws and U.S. Securities Law and did not result from or involve a breach of Article 5;
- (b) the Company Board has determined in good faith, after receiving the advice of its outside legal and financial advisors, is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal and their respective affiliates;
- (c) is not subject to any financing contingency and in respect of which, to the satisfaction of the Company Board, acting in good faith after receiving the advice of its outside legal and financial advisors, adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for all of the Company Participating Shares or assets, as the case may be;
- (d) is not subject to any due diligence or access condition; and
- (e) the Company Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal and other factors deemed relevant by the Company Board (including the Person or group of Persons making such Acquisition Proposal and their affiliates), would, if consummated in accordance with its terms (but without assuming away any risk of non-completion), result in a transaction which is more favourable, from a financial point of view, to each class of the Company Participating Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(b)).

“**Superior Proposal Notice**” has the meaning specified in Section 5.4(a)(ii).

“**Swap**” means any transaction which is a derivative, rate swap transaction, basis swap, forward rate transaction, hedge, equity or equity index swap, equity index option, bond option, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures Contract or other similar transaction (including any option with respect to any of these transactions or any combination of these transactions).

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“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Returns**” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

“**Taxes**” means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, provincial sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party, and in each case, whether disputed or not.

“**Termination Amount**” has the meaning specified in Section 8.2(b).

“**Termination Amount Event**” has the meaning specified in Section 8.2(b).

“**Third Party Beneficiaries**” has the meaning specified in Section 8.6(a).

“**Timing Agreement**” means a timing agreement entered into with the Commissioner of Competition in accordance with this Agreement and with a waiting period that expires before the Outside Date (before any extension under Section 1.3 hereof).

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**U.S. Exchange Act**” means the *Securities Exchange Act of 1934* of the United States, as amended from time to time and the rules and regulations of the SEC promulgated thereunder.

“**U.S. Securities Act**” means the *Securities Act of 1933* of the United States, as amended from time to time and the rules and regulations of the SEC promulgated thereunder.

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“**U.S. Securities Laws**” means the U.S. Securities Act and all other applicable U.S. federal securities laws.

“**Voting Support Agreements**” means, collectively, the D&O Support and Voting Agreements and the Controlling Shareholder Voting Support Agreement.

“**wilful breach**” means a material breach of this Agreement that is a consequence of any act or failure to act by the breaching party with the actual knowledge that the taking of such act or the failure to take such act would, or would be reasonably expected to, cause a material breach of this Agreement.

1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

- (a) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (b) **Currency.** All references to dollars or to \$ are references to Canadian dollars, unless otherwise specified. In the event that any amounts are required to be converted from a foreign currency to Canadian dollars or vice versa, such amounts shall be converted using the most recent closing exchange rate of The Bank of Canada available before the relevant calculation date.
- (c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) **Certain Phrases and References, etc.**
 - (i) The words “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”.
 - (ii) Unless stated otherwise, “Article”, “Section”, “paragraph” and “Schedule” followed by a number or letter mean and refer to the specified Article, Section or paragraph of or Schedule to this Agreement.
 - (iii) The term “Agreement” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.
 - (iv) The term “made available” means (A) copies of the subject materials were included in the Data Room, (B) copies of the subject material were provided to the Purchaser or its Representatives in accordance with the Information Sharing Procedures, or (C) the subject material was listed in

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the Company Disclosure Letter and copies were provided to the Purchaser or its Representatives.

- (e) **Capitalized Terms.** All capitalized terms used in any Schedule or in the Company Disclosure Letter have the meanings ascribed to them in this Agreement.
- (f) **Knowledge.**
 - (i) Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the actual knowledge of Bradley Shaw, Executive Chair and Chief Executive Officer, Trevor English, Executive Vice President, Chief Financial and Corporate Development Officer, Paul McAleese, President, Peter Johnson, Executive Vice President, Chief Legal and Regulatory Officer and Zoran Stakic, Chief Operating Officer and Chief Technical Officer, after reasonable inquiry (which shall be deemed to be limited to inquiries of Company Employees who had knowledge of the transactions contemplated by this Agreement at least two Business Days prior to the date hereof).
 - (ii) Where any representation or warranty is expressly qualified by reference to the knowledge of the Purchaser, it is deemed to refer to the actual knowledge of Joe Natale, President and Chief Executive Officer, Tony Staffieri, Chief Financial Officer, Graeme McPhail, Chief Legal and Regulatory Officer, after reasonable inquiry (which shall be deemed to be limited to inquiries of employees of the Purchaser who had knowledge of the transactions contemplated by this Agreement at least two Business Days prior to the date hereof).
- (g) **Accounting Terms.** Unless otherwise specified herein, all accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with IFRS.
- (h) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (i) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (j) **Time References.** References to days means calendar days, unless stated otherwise. References to time are to local time in Calgary, Alberta unless otherwise stated.

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- (k) **Affiliates and Subsidiaries.** For the purpose of this Agreement, a Person is an “affiliate” of another Person if one of them is a Subsidiary of the other or each one of them is controlled, directly or indirectly, by the same Person, provided that in no case shall an “affiliate” of the Company or any of its Subsidiaries include any member of the Shaw Family Group or Corus Entertainment Inc., and in no case shall an “affiliate” of the Purchaser or any of its Subsidiaries include the Rogers Control Trust. A “Subsidiary” means a Person that is controlled directly or indirectly by another Person and includes a Subsidiary of that Subsidiary. A Person is considered to “control” another Person if: (i) the first Person beneficially owns or directly or indirectly exercises control or direction over securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors of the second Person, unless that first Person holds the voting securities only to secure an obligation, or (ii) the second Person is a partnership, other than a limited partnership, and the first Person holds more than 50% of the interests of the partnership, or (iii) the second Person is a limited partnership, and the general partner of the limited partnership is the first Person. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Company, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.
- (l) **Consent.** If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent. Without limiting any other basis upon which the Purchaser may withhold, condition or delay its consent hereunder, if the Purchaser’s consent is requested with respect to any matter with respect to this Agreement, it will not be considered unreasonable for the Purchaser to withhold, delay or condition the Purchaser’s consent to such matter if such requested consent, together with any other modifications, amendments or express waivers or consents with respect to this Agreement, individually or in the aggregate: (i) where consent of the Financing Sources is required in connection with the Purchaser’s consent to such matter and such matter is materially adverse to the interests of the Financing Sources, and the Financing Sources condition or delay their consent to such matter (to the extent of any such condition or delay), or (ii) such consent would reasonably be expected to adversely impact the Purchaser’s ability to participate in any spectrum auction while advancing the transactions contemplated herein.

1.3 Outside Date

(a) Either the Company or the Purchaser shall have the right to postpone the Outside Date on one or more occasions (by at least 10 days or an integral multiple thereof, as specified by the postponing Party) up to a maximum of 90 days if one or more of the Key Regulatory Approvals have not been obtained and none of such remaining Key Regulatory Approvals has been denied by a non-appealable decision of a Governmental Entity.

(b) A postponing Party shall give written notice of any such postponement of the Outside Date permitted in accordance with Section 1.3(a) to the other Party by no later than 5:00 p.m. on the date that is not less than five Business Days prior to the Outside Date (as such Outside Date may have been postponed pursuant to this Section 1.3), or such later date as may

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be agreed to in writing by the Parties; provided that, notwithstanding the foregoing, a Party shall not be permitted to unilaterally postpone the Outside Date (as such Outside Date may have been postponed pursuant to this Section 1.3) if (a) the failure to obtain a Key Regulatory Approval is the result of such Party's wilful breach of its obligations under this Agreement with respect to obtaining such Key Regulatory Approval, or (b) in the aggregate such postponements would exceed 90 days from the original Outside Date.

1.4 Schedules

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

1.5 Company Disclosure Letter

The Company Disclosure Letter itself and all information contained in it is confidential information and is subject to the terms and conditions of the Confidentiality Agreement.

**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement and, in any event, prior to April 27, 2021 (provided that, if normal Court operations are disrupted in response to the COVID-19 pandemic, the hearing date may be extended until the earliest possible date on which the Court will grant a hearing (whether in person, via telephone or other virtual means) for these purposes), the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to section 193 of the ABCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the classes of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

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- (b) that the required level of approval (the “**Required Shareholder Approval**”) for the Arrangement Resolution shall be:
 - (i) two-thirds of the votes cast on the Arrangement Resolution by Class A Shareholders, voting separately as a class, present in person or by proxy at the Company Meeting;
 - (ii) two-thirds of the votes cast on the Arrangement Resolution by Class B Shareholders, voting separately as a class, present in person or by proxy at the Company Meeting;
 - (iii) a majority of the votes cast on the Arrangement Resolution by Class A Shareholders, voting as a separate class, present in person or by proxy at the Company Meeting, excluding for this purpose votes attached to the Class A Shares held by Persons described in items (a) through (d) of section 8.1(2) of MI 61-101;
 - (iv) a majority of the votes cast on the Arrangement Resolution by Class B Shareholders, voting as a separate class, present in person or by proxy at the Company Meeting, excluding for this purpose votes attached to the Class B Shares held by Persons described in items (a) through (d) of section 8.1(2) of MI 61-101; and
 - (v) if and to the extent required by the Court, such other approval of securityholders of the Company as may be required by the Court;
- (c) that, subject to the discretion of the Court, the Company Meeting may be held as a virtual-only or hybrid shareholder meeting and that Company Participating Shareholders that participate in the Company Meeting by virtual means will be deemed to be present at the Company Meeting;
- (d) that, if a virtual-only Company Meeting is held with the approval of the Court, such Company Meeting will be deemed to be held at the location of the Company’s registered office;
- (e) for the grant of the Dissent Rights only to those Company Participating Shareholders who are registered Company Participating Shareholders as contemplated in the Plan of Arrangement;
- (f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (g) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement or as otherwise agreed to by the Parties without the need for additional approval of the Court;
- (h) confirmation of the record date for the purposes of determining the Company Participating Shareholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;

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- (i) that the record date for the Company Participating Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by the Court or applicable Laws;
- (j) that, subject to the foregoing and in all other respects, other than as ordered by the Court, the terms, restrictions and conditions of the Company's Constatng Documents, including quorum requirements and all other matters, shall apply in respect of the Company Meeting; and
- (k) for such other matters as the Purchaser or the Company may reasonably require, subject to obtaining the prior consent of the other, such consent not to be unreasonably withheld, conditioned or delayed.

2.3 The Company Meeting

Subject to the terms of this Agreement and (other than Section 2.3(a)) the receipt of the Interim Order, the Company shall:

- (a) in consultation with the Purchaser, fix and publish a record date for the purposes of determining the Company Participating Shareholders entitled to receive notice of and vote at the Company Meeting;
- (b) convene and conduct the Company Meeting (including by virtual means) in accordance with the Interim Order, the Company's Constatng Documents and Law as soon as reasonably practicable, and in any event on or before May 31, 2021 (it being acknowledged that the foregoing date may be extended by the same number of days as contemplated by Section 2.2 to the extent applicable), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except:
 - (i) as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled), by applicable Law or by a Governmental Entity; or
 - (ii) as otherwise expressly provided in Section 4.11(d) or Section 5.4(f);
- (c) solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Company Participating Shareholder that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement;
- (d) if so requested by the Purchaser, acting reasonably, using proxy solicitation services firms, acceptable to and at the expense of the Purchaser, to solicit proxies in favour of the approval of the Arrangement Resolution, and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution, provided that the Company shall not be required to continue to do so if there has been a Change in Recommendation in accordance with Section 5.4;

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- (e) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by the Company's transfer agent or any proxy solicitation services firm, as reasonably requested from time to time by the Purchaser;
- (f) permit the Purchaser to, at the Purchaser's expense, to directly or through a proxy solicitation services firm of its choice, actively solicit proxies in favour of the Arrangement and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution in compliance with Law and the Company shall disclose in the Company Circular that the Purchaser may make such solicitations;
- (g) give notice to the Purchaser of the Company Meeting and allow the Purchaser's Representatives to attend the Company Meeting (including by virtual means);
- (h) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;
- (i) promptly advise the Purchaser of receipt of any written communication or material verbal communication from any Person in opposition to the Arrangement (except for non-substantive communications) and/or relating to the exercise or purported exercise or withdrawal of Dissent Rights and, subject to Law, provide the Purchaser with an opportunity to review and comment upon any written communication sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings with or including any such Person;
- (j) not settle, compromise or make any payment with respect to, or agree to settle, compromise or make any payment with respect to, any exercise or purported exercise of Dissent Rights without the prior written consent of the Purchaser;
- (k) not change the record date for the Company Participating Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting (unless required by Law or the Interim Order, or the Purchaser's written consent is provided);
- (l) not waive any failure by any holder of Company Participating Shares to timely deliver a notice of exercise of Dissent Rights without the prior written consent of the Purchaser; and
- (m) at the reasonable request of the Purchaser from time to time, promptly provide the Purchaser with a list (in both written and electronic form) of: (i) the registered Company Participating Shareholders, together with their addresses and respective holdings of Company Participating Shares, as applicable; (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Participating Shares (including holders of Company Equity Awards); and (iii) participants in book-based systems and non-objecting beneficial owners of Company Participating Shares, together with their addresses and respective holdings of Company Participating Shares, as

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applicable. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Company Participating Shareholders and lists of holdings and other assistance as the Purchaser may reasonably request.

2.4 The Company Circular

(a) Subject to the Purchaser's compliance with Section 2.4(d), the Company shall promptly prepare and complete, in consultation with the Purchaser, the Company Circular together with any other documents required by Law in connection with the Company Meeting and the Arrangement or that may be necessary in connection with obtaining the Required Shareholder Approval, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Participating Shareholder and other Person as required by the Interim Order and Law, in each case using reasonable best efforts so as to permit the Company Meeting to be held in accordance with Section 2.3(b) (as may be extended by such provision).

(b) On the date of mailing thereof, the Company shall ensure that the Company Circular complies in material respects with Law and the Interim Order, does not contain any Misrepresentation (except that the Company shall not be responsible for any information included in the Company Circular relating to the Purchaser and its affiliates that was furnished or approved by the Purchaser for inclusion in the Company Circular pursuant to Section 2.4(d)) and provides the Company Participating Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular shall include:

- (i) a copy of the Interim Order;
- (ii) a copy of each of the Fairness Opinions;
- (iii) a summary of the Controlling Shareholder Voting Support Agreement;
- (iv) unless the Company Board has made a Change in Recommendation in accordance with Section 5.4, a statement to the effect that the Special Committee has received the Fairness Opinions and has, after receiving legal and financial advice, unanimously determined that the Arrangement is fair and reasonable to the Company Participating Shareholders (other than the Shaw Family Shareholders) and in the best interests of the Company and recommended to the Company Board that the Company Board (A) approve this Agreement and the Arrangement, and (B) recommend that the Company Participating Shareholders (other than the Shaw Family Shareholders) vote in favour of the Arrangement Resolution;
- (v) unless the Company Board has made a Change in Recommendation in accordance with Section 5.4, a statement to the effect that the Company Board has received the Fairness Opinions and has, after receiving legal and financial advice and the recommendation of the Special Committee, unanimously determined that the Arrangement is fair and reasonable to the Company Participating Shareholders (other than the Shaw Family Shareholders) and in the best interests of the Company and recommends

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that Company Participating Shareholders (other than the Shaw Family Shareholders) vote in favour of the Arrangement Resolution (the “**Company Board Recommendation**”); and

- (vi) a statement to the effect that, to the extent accurate as of such time, each director and member of Senior Management has agreed to vote all of such Person’s Company Participating Shares in favour of the Arrangement, subject to the terms and conditions of the D&O Support and Voting Agreements.

(c) The Company shall give the Purchaser and its Representatives a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to the Purchaser or any of its affiliates included in the Company Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.

(d) The Purchaser shall provide the Company with, on a timely basis, all necessary information regarding the Purchaser, its affiliates and the Arrangement Consideration Shares (including any *pro forma* financial statements and other information relating to the Purchaser following completion of the transactions contemplated hereby) as required by applicable Laws for inclusion in the Company Circular or in any amendments or supplements to such Company Circular. The Purchaser shall ensure that such information does not contain any Misrepresentation.

(e) The Company shall promptly advise the Purchaser of any communication received by the Company from the TSX, the TSXV, the NYSE, the Canadian Securities Authorities, the SEC or any other Governmental Entity in connection with the Company Circular.

(f) Each Party shall promptly notify the other Party if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Participating Shareholders and, if required by the Court or by Law, file the same with the Canadian Securities Authorities, the SEC or any other Governmental Entity as required.

2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is approved at the Company Meeting in accordance with the terms of the Interim Order, the Company shall take all steps necessary to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 193(9) of the ABCA as soon as reasonably practicable but, in any event, not later than three Business Days after the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order.

2.6 Court Proceedings

(a) The Purchaser shall cooperate with and assist the Company in, and consent to the Company, seeking the Interim Order and the Final Order, including by providing the Company on a timely basis any information regarding the Purchaser and its affiliates as

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reasonably requested by the Company or as required by Law to be supplied by the Purchaser in connection therewith.

- (b) In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, and in each case subject to Law, the Company shall:
- (i) diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order;
 - (ii) provide the Purchaser and its outside legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, including drafts of the motion for Interim Order and Final Order, affidavits, the Interim Order and the Final Order, and give reasonable consideration to all such comments;
 - (iii) promptly provide outside legal counsel to the Purchaser with copies of any notice of appearance, evidence or other documents served on the Company or its outside legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
 - (iv) not object to outside legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that (A) the Purchaser advises the Company of the nature of any such submissions and provides copies to the Company of any notice of appearance, motions or other documents supporting such submissions, in each case, on a timely basis prior to the hearing, and (B) such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement;
 - (v) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with this Agreement and the Plan of Arrangement;
 - (vi) oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement;
 - (vii) if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, the Purchaser; and
 - (viii) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed, provided that the Purchaser may, in its sole discretion, withhold its consent with respect to

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any increase in or variation in the form of the Arrangement Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations or diminishes or limits the Purchaser's rights set forth in any such filed or served materials or under this Agreement, the Arrangement and the Voting Support Agreements.

2.7 Company Equity Awards

The Parties acknowledge and agree that the outstanding Company Equity Awards shall be treated in accordance with the provisions of the Plan of Arrangement.

2.8 Employee Share Purchase Program

The Parties acknowledge and agree that all Class B Shares that are subject to the Employee Share Purchase Program shall be subject to the Plan of Arrangement and the holders thereof shall be entitled to receive the Arrangement Consideration in respect of such Class B Shares at the same time and on the same conditions as the Class B Shareholders pursuant to the Arrangement. The Company will take all actions (including obtaining any necessary determinations and/or resolutions of the Company Board or a committee thereof and, if appropriate, amending the terms of the Employee Share Purchase Program) that may be necessary or required under the Employee Share Purchase Program to ensure that subject to the Arrangement becoming effective, the Employee Share Purchase Program will terminate in its entirety at or immediately prior to the Effective Time and the Purchaser acknowledges and agrees that the Company shall maintain in full force and effect the Employee Share Purchase Plan until such time.

2.9 Articles of Arrangement and Effective Date

(a) The Company shall file the Articles of Arrangement with the Registrar, and the Effective Date shall occur as soon as reasonably practicable after (and in any event not later than three Business Days after) the date on which all conditions set forth in Section 6.1, Section 6.2 and Section 6.3 have been satisfied or waived (excluding conditions that, by their terms, cannot be satisfied until the Effective Time, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is stipulated, of those conditions as of the Effective Time), unless another time or date is agreed to in writing by the Parties; provided that (i) if the Purchaser has given written notice to the Company that it requires a Marketing Period and the Marketing Period has not ended on the date of the satisfaction or waiver of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Time, but subject to the satisfaction or, where not prohibited, waiver by the applicable Party or Parties for whose benefit such conditions exist, of those conditions as of the Effective Time), then the Effective Date will take place instead on the earliest of (A) any Business Day during the Marketing Period as may be specified by the Purchaser on not less than three Business Days' prior written notice to the Company (provided that the Effective Time shall not be later than the Outside Date); (B) the second Business Day after the final day of the Marketing Period (provided that the Effective Time shall not be later than the Outside Date); and (C) such other date as the Purchaser and the Company may agree in writing, but subject in each case to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties for whose benefit a condition is stipulated, of all of the conditions set out in Article 6, and (ii) if on the date the Company would otherwise be required to file the Articles of Arrangement pursuant to this Section 2.9(a), a Party has delivered a

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Termination Notice pursuant to Section 4.11(c), the Company shall not file the Articles of Arrangement until the Breaching Party has cured the breaches of representations, warranties, covenants or other matters specified in the Termination Notice. From and after the Effective Time, the Arrangement will have all of the effects provided by applicable Law, including the ABCA.

(b) The closing of the Arrangement (the “**Closing**”) will take place via electronic document exchange at 8:00 a.m. (Toronto time) on the Effective Date, or at such other date and time as may be agreed upon by the Parties.

2.10 Payment of Consideration

(a) The Purchaser shall, following receipt of the Final Order and prior to the filing by the Company of the Articles of Arrangement with the Registrar in accordance with Section 2.9(a), irrevocably deposit in escrow with the Depositary (the terms and conditions of such escrow to be consistent with Section 2.10(b) and otherwise satisfactory to the Parties, acting reasonably) sufficient funds and the certificates to satisfy the aggregate Arrangement Consideration payable to Company Participating Shareholders pursuant to the Plan of Arrangement.

(b) Upon completion of the Arrangement, the Depositary shall apply the funds and deliver the certificates deposited with the Depositary as contemplated in Section 2.10(a) in accordance with the Plan of Arrangement.

2.11 Withholding Taxes

The Purchaser, the Company and the Depositary and any other Person that makes a payment hereunder, as applicable, shall be entitled to deduct or withhold (or cause to be deducted or withheld) from the consideration payable or otherwise deliverable to any Person pursuant to the Arrangement or this Agreement, including Company Participating Shareholders exercising Dissent Rights, and from all dividends, other distributions or other amounts otherwise payable to any former Company Shareholders or holders of Company Options, Company RSUs, Company PSUs or Company DSUs, such Taxes or other amounts as the Purchaser, the Company, the Depositary or other Persons are or may be required, entitled or permitted to deduct or withhold with respect to such payment under the Tax Act, or any other provisions of any applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld Taxes or other amounts are actually remitted to the appropriate Governmental Entity.

2.12 Adjustment of Consideration

(a) Notwithstanding anything in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the Company declares or pays cash dividends on the Company Shares with a record date on or prior to the Effective Date in excess of the Company Permitted Dividends, then a corresponding reduction shall be made to the Arrangement Consideration to be paid to the Company Participating Shareholders on a dollar-for-dollar basis.

(b) Notwithstanding anything in this Agreement to the contrary, if between the date of this Agreement and the Effective Time (i) the Purchaser declares or pays dividends on the

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Purchaser Shares with a record date on or prior to the Effective Date other than Purchaser Permitted Dividends, or (ii) changes the number of Purchaser Shares issued and outstanding as a result of a reclassification, stock split (including a reverse stock split), recapitalization, subdivision, or other similar transaction, then the Arrangement Consideration Shares to be paid per Company Participating Share to a Shaw Family Shareholder shall be equitably adjusted to eliminate the effects of such event on the Arrangement Consideration to be paid per Company Participating Share to a Shaw Family Shareholder.

2.13 Taxation of Company Options

The Parties acknowledge that no deduction will be claimed in any taxation year by the Company (or any Person not dealing at arm's length (for purposes of the Tax Act) with the Company), in computing its income under the Tax Act, in respect of any payment made to or for the benefit of a holder of Company Options in exchange for the surrender of Company Options pursuant to the Plan of Arrangement who (a) is a resident of Canada or who is (or, following the grant of such Company Options, was) employed in Canada (both within the meaning of the Tax Act) and (b) would, if the election and other actions contemplated by this Section 2.13 were made or taken (as the case may be), be entitled to a deduction pursuant to paragraph 110(1)(d) of the Tax Act in respect of such payment, and the Purchaser shall cause the Company to: (a) where applicable, make and timely file an election pursuant to subsection 110(1.1) of the Tax Act in respect of each such payment, and (b) provide evidence in writing of such election to each such holder.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company

(a) Except as set forth in the Company Disclosure Letter, or in the Company Filings made prior to the date hereof (excluding any disclosures in the Company Filings under the headings "Caution Concerning Forward-Looking Statements" or "Known Events, Trends, Risks & Uncertainties" and any other disclosures contained therein that are predictive, cautionary or forward-looking in nature), the Company represents and warrants to the Purchaser that the representations and warranties set forth in Schedule C are true and correct as of the date hereof, and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with entering into and performing this Agreement.

(b) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

(c) Except for the representations and warranties set forth in this Agreement: (i) neither the Company nor any other Person makes or has made any other express or implied representation and warranty, whether written or oral, on behalf of the Company, and (ii) neither the Company nor any other Person makes or has made any representation or warranty to the Purchaser or any of its Representatives, with respect to (A) any financial projection, forecast, guidance, estimates of revenues, earnings or cash flows, budget or prospective information relating to the Company or any of its Subsidiaries or their respective businesses or operations, individually or in the aggregate, or (B) the accuracy or completeness of any information furnished or made available to the Purchaser or any of its Representatives in connection with

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the transactions contemplated hereby, and any such other representations or warranties are expressly disclaimed.

3.2 Representations and Warranties of the Purchaser

(a) The Purchaser represents and warrants to the Company that the representations and warranties set forth in Schedule D are true and correct as of the date hereof and acknowledge and agree that the Company is relying upon such representations and warranties in connection with entering into and performing this Agreement.

(b) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

(c) Except for the representations and warranties set forth in this Agreement, neither the Purchaser nor any other Person makes or has made any other express or implied representation and warranty, whether written or oral, on behalf of the Purchaser.

**ARTICLE 4
COVENANTS**

4.1 Conduct of Business of the Company

(a) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), (ii) as required or permitted by this Agreement or the Plan of Arrangement, (iii) in connection with any COVID-19 Measures undertaken by the Company or its Subsidiaries, or (iv) as required by Law or a Governmental Entity, the Company shall, and shall cause its Subsidiaries to, use their reasonable best efforts to conduct their business in the Ordinary Course and, in accordance, in all material respects, with applicable Laws, and the Company shall use commercially reasonable efforts to maintain and preserve in all material respects its and its Subsidiaries' business organization, operations, assets, properties, employees, goodwill and relationships with customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries have material business relations in the Ordinary Course. Notwithstanding the foregoing provisions of this Section 4.1(a), the Company shall not be deemed to have failed to satisfy its obligations under this Section 4.1(a) to the extent such failure resulted from the Company's failure to take any action prohibited by Section 4.1(b).

(b) Without limiting the generality of Section 4.1(a), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (1) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), (2) as required or permitted by this Agreement or the Plan of Arrangement, (3) in connection with any COVID-19 Measures undertaken by the Company or its Subsidiaries, or (4) as required by Law or a Governmental Entity, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly:

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- (i) amend the Company's or any of its Subsidiary's Constatng Documents or similar organizational documents;
- (ii) enter into any material new line of business or discontinue any material existing line of business;
- (iii) split, combine or reclassify any shares of its capital stock or amend or modify any term of any outstanding debt security;
- (iv) declare, set aside or pay any dividend or other distribution on the Company Shares (whether in stock, property or any combination thereof), except for (A) Company Permitted Dividends, or (B) other cash dividends for which the Arrangement Consideration is adjusted pursuant to Section 2.12 (it being acknowledged and agreed by the Purchaser, for the avoidance of doubt, that the Company shall be entitled to make interest payments on the Company Senior Notes in accordance with their terms);
- (v) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its capital stock or any of its other outstanding securities, including the Company Senior Notes, other than (A) in connection with the settlement of outstanding Company Equity Awards in accordance with the terms thereof, (B) the issuance of Class B Shares pursuant to the Employee Share Purchase Program, or (C) the reinvestment of dividends pursuant to the DRIP;
- (vi) other than in accordance with Schedule 4.1(b)(vi) of the Company Disclosure Letter, issue, grant, deliver, sell, pledge or otherwise encumber (other than Permitted Liens), or authorize the issuance, granting, delivery, sale, pledge or other encumbrance (other than Permitted Liens) of, any shares of the Company's or any of its Subsidiary's capital stock or other equity or voting interests, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of the Company Participating Shares, except for: (A) the issuance of Company Equity Awards in accordance with Schedule 4.1(b)(vi) of the Company Disclosure Letter; (B) the issuance of Class B Shares issuable upon the exercise of the currently outstanding Company Equity Awards; or (C) the issuance of Class B Shares pursuant to the Employee Share Purchase Program;
- (vii) reduce its stated capital or reorganize, arrange, restructure, amalgamate or merge the Company or any of its Subsidiaries, other than any such reorganization, arrangement, restructuring, amalgamation or merger involving only wholly-owned Subsidiaries of the Company;
- (viii) adopt a plan of complete or partial liquidation, consolidation, winding-up or resolutions providing for the liquidation or dissolution of the Company or any of its Material Subsidiaries or any of its respective assets, or file a petition in bankruptcy under any applicable Law on behalf of the Company or any of its Subsidiaries or consent to the filing of any

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bankruptcy petition against the Company or any of its Subsidiaries under any applicable Law;

- (ix) acquire (by merger, consolidation, exchange, acquisition of securities, acquisitions, lease, or license of assets, contributions to capital or otherwise), directly or indirectly, in one transaction or in a series of related transactions, an interest in any Person, assets, properties, securities, interests or businesses, other than:
 - (A) assets for use in Ordinary Course business operations that do not, in any fiscal year, exceed more than 105% of the amounts budgeted for such acquisitions in the Company Budget for such fiscal year;
 - (B) acquisitions for consideration less than \$5,000,000 on a per transaction basis or \$50,000,000 in the aggregate for all such transactions;
 - (C) acquisitions or capital calls in accordance with Schedule 4.1(b)(ix) of the Company Disclosure Letter; or
 - (D) as permitted by Section 4.1(b)(xi);
- (x) sell, pledge, lease, license, encumber (other than a Permitted Lien) or otherwise dispose of or transfer any assets or any interest in any assets other than:
 - (A) dispositions of assets for consideration less than \$5,000,000 on a per transaction basis or \$50,000,000 in the aggregate for all such transactions;
 - (B) in relation to internal transactions solely involving the Company and its wholly-owned Subsidiaries or solely among such wholly-owned Subsidiaries;
 - (C) assets sold in the Ordinary Course or accounts receivable sold pursuant to the AR Securitization Program; or
 - (D) in accordance with Schedule 4.1(b)(x) of the Company Disclosure Letter;
- (xi) other than as disclosed in Schedule 4.1(b)(xi) of the Company Disclosure Letter or as permitted by Section 4.1(b)(ix), make any capital expenditure or commitment to do so which, in any fiscal year, would exceed by more than 105% the aggregate amount of capital expenditures provided for in the Company Budget for such fiscal year;

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- (xii) other than in accordance with Schedule 4.1(b)(xii) of the Company Disclosure Letter:
 - (A) amend or modify in any material respect, or terminate, cancel or waive or fail to exercise any material right under, any Material Contract; or
 - (B) enter into any Contract (I) under which the Company or any of its Subsidiaries is obligated to make or expects to receive payment in excess of \$25,000,000, or (II) which is material to the Company and its Subsidiaries, taken as a whole, which has a term greater than two years;

- (xiii) prepay any long-term Indebtedness before its scheduled maturity, or increase, create, incur, assume or otherwise become liable for any Indebtedness or guarantees thereof, other than:
 - (A) Indebtedness owing by one wholly-owned Subsidiary of the Company to the Company or another wholly-owned Subsidiary of the Company, or of the Company to a wholly-owned Subsidiary of the Company;
 - (B) any Indebtedness incurred to replace, renew, extend, refinance or refund any existing Indebtedness of the Company or its Subsidiaries (other than any Company Senior Notes), including Indebtedness incurred to repay or refinance related fees, expenses, premiums and accrued interest;
 - (C) any advances or repayments under the Company Credit Facility or the AR Securitization Program, provided that no material breakage or other costs or penalties are payable in connection with any such prepayment; or
 - (D) Indebtedness incurred in the Ordinary Course or pursuant to the Company Credit Facility or the AR Securitization Program; or
 - (E) as disclosed in Schedule 4.1(b)(xiii) of the Company Disclosure Letter;

- (xiv) make any loan or advance to any Person (other than a wholly-owned Subsidiary or in respect of accounts payable to trade creditors or accrued liabilities incurred in the Ordinary Course);

- (xv) make any material change in the Company's methods of accounting, except as required by concurrent changes in IFRS;

- (xvi) except as required by applicable Law: (A) make, change or rescind any material Tax election, information schedule, return or designation, (B) settle or compromise any material Tax claim, assessment, reassessment, liability, action, suit, proceeding, hearing or controversy, file any materially amended Tax Return, (C) enter into any material agreement with a

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Governmental Entity with respect to Taxes, (D) enter into or change any material Tax sharing, Tax advance pricing agreement, Tax allocation or Tax indemnification agreement that is binding on the Company or its Subsidiaries, (E) surrender any right to claim material Tax abatement, reduction, deduction, exemption, credit or refund, (F) consent to the extension or waiver of the limitation period applicable to any material Tax matter, or (G) make a request for a material Tax ruling to any Governmental Entity or (H) materially amend or change any of its methods for reporting income, deductions or accounting for income Tax purposes;

- (xvii) knowingly take any action or knowingly enter into any transaction (other than the implementation of the transactions contemplated in this Agreement, the Plan of Arrangement and Voting Support Agreements and actions taken in the Ordinary Course) that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any Subsidiaries of the Company and other non-depreciable capital property owned by the Company or any of its Subsidiaries on the date hereof, upon an amalgamation or winding up of the Company or any of its Subsidiaries or any of their respective successors;
- (xviii) other than as required by the terms of any Collective Agreement, Employee Plan or applicable Law, or as disclosed in Schedule 4.1(b)(xviii) of the Company Disclosure Letter, and except for annual increases in compensation levels of the Company Employees, taken as a whole, that do not exceed █% in the aggregate relative to such compensation levels in respect of the most recently completed fiscal year of the Company, grant any increase or decrease in the amount of wages, salaries, bonuses, incentives or other compensation payable to any Company Employees;
- (xix) enter into any collective agreement or union agreement or amend, modify, terminate or waive any right under the Collective Agreements or agree to any such amendment, modification, termination or waiver of rights, provided however, that the Company may in the Ordinary Course negotiate, in good faith and enter into, supersede, extend, amend, modify, terminate or renew any Collective Agreement which has expired, or is within six months of expiring, provided that the Company agrees to reasonably consult with the Purchaser and to consider in good faith the Purchaser's opinions with respect to the aforementioned matters;
- (xx) other than in accordance with Schedule 4.1(b)(xx) of the Company Disclosure Letter, as permitted by Section 4.1(b)(xviii) or as required by the terms of any Collective Agreement, Employee Plan or written employment agreement:
 - (A) make any bonus or profit sharing distribution or similar payment of any kind, or adopt or otherwise implement any employee or executive bonus or retention plan or program;

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- (B) increase any severance, change of control or termination pay or similar compensation or benefits payable to (or amend any existing Contract with) any Company Employee or any director or independent contractor of the Company or any of its Subsidiaries;
 - (C) enter into any employment, deferred compensation, independent contractor, consultant, or other similar Contract (or amend any such existing Contract) with any director or officer of the Company or, other than in the Ordinary Course, any Company Employee (other than a director or officer), independent contractor or consultant;
 - (D) loan or advance money or other property by the Company or its Subsidiaries to any of their present or former directors, officers or Company Employees (other than expense reimbursements, expense accounts and advances in the Ordinary Course);
 - (E) terminate any Employee Plan, amend or modify, in a material way, any Employee Plan, or adopt any plan, agreement, program, policy, trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date hereof;
 - (F) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution or vesting under any Employee Plan; or
 - (G) fund any pension solvency deficit;
- (xxi) other than as disclosed in Schedule 4.1(b)(xxi) of the Company Disclosure Letter, enter into any transaction with a "related party" (within the meaning of MI 61-101), except for transactions consistent in type and quantum with such transactions as disclosed in the Company Filings, or expense reimbursements, expense accounts and advances in the Ordinary Course;
- (xxii) amend, modify, terminate, cancel or let lapse any material insurance (or re-insurance) policy of the Company or any Subsidiary in effect on the date of this Agreement unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums are in full force and effect;
- (xxiii) other than in the Ordinary Course, in connection with this Agreement or the transactions contemplated herein, abandon or fail to diligently pursue any application for any material Authorization of the Company or any of its Subsidiaries required by applicable Law, or take or omit to take any action that would reasonably be expected to lead to the termination of any such material Authorization;

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- (xxiv) other than in accordance with Schedule 4.1(b)(xxiv) of the Company Disclosure Letter, release, compromise or settle any litigation, proceeding or governmental investigation affecting the Company or any of its Subsidiaries reasonably expected to involve an amount in excess of \$5,000,000 in the aggregate over the amount reflected or reserved against in the balance sheet (or notes thereto) included in the Company Filings relating to such litigation, proceedings or investigations, as applicable, or which could reasonably be expected to impede, prevent or delay the consummation of the transactions contemplated by this Agreement;
- (xxv) grant or commit to grant an exclusive licence or otherwise transfer any of the Company's Intellectual Property or exclusive rights in or in respect thereto that is material to the Company and its Subsidiaries taken as a whole, other than to wholly-owned Subsidiaries;
- (xxvi) enter into or amend any Contract with any broker, finder or investment banker, including any amendment of the engagement letters with the Financial Advisors in connection with the Arrangement and the transactions contemplated hereby; or
- (xxvii) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

(c) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement (i) is intended to allow the Purchaser to exercise material influence over the operations of the Company prior to the Effective Time, or (ii) shall be interpreted in such a way as to place any Party in violation of applicable Law or Authorization.

(d) The Purchaser shall, promptly following the date hereof, designate two individuals from either of whom the Company may seek consent to undertake any actions not otherwise permitted to be taken by this Section 4.1 and shall ensure that such individuals will respond, on behalf of the Purchaser, to the requests of the Company in an expeditious manner.

(e) The Company agrees to use commercially reasonable efforts to maintain, from time to time, its inventory levels at levels consistent in all material respects, with historical inventory levels, as disclosed in the Company Filings.

(f) Each of the Company and the Purchaser acknowledge and confirm that in respect of their communications they have at all times complied with, and will continue to comply with, ISED Canada's policy on prohibition of collusion and other communication rules applicable to spectrum license auctions.

(g) The Company agrees that it will not, and will cause its Subsidiaries to not, wilfully take any of the actions set forth in Schedule 4.1(g) of the Company Disclosure Letter.

4.2 Conduct of the Business of the Purchaser

The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement or the Plan of

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Arrangement or as required by Law or a Governmental Entity, the Purchaser shall not, and the Purchaser shall not permit any of its Subsidiaries to, directly or indirectly:

- (a) amend the Purchaser's or any of its Subsidiary's Constatng Documents or similar organizational documents (including any term of the Purchaser Shares) in any manner that would have a material and adverse impact on the value of the Purchaser Shares, except that this restriction shall not apply (i) if the Purchaser irrevocably agrees to appropriately adjust the Arrangement Consideration Shares to be paid per Company Participating Share to the Shaw Family Shareholders to eliminate the effects of such event on the Arrangement Consideration to be paid per Company Participating Share to the Shaw Family Shareholders, or (ii) to amendments to create one or more new series of preferred shares of the Purchaser into which debt securities issued in a Substitute Financing or Alternative Financing may be converted or exchanged, and any corresponding amendments to modify the rights, privileges, restrictions or conditions to any existing series of preferred shares of the Purchaser to accommodate those new series of preferred shares of the Purchaser;
- (b) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Purchaser;
- (c) reorganize, amalgamate, merge or proceed with any business combination or acquisition transaction with any other Person, nor acquire by amalgamating, merging, consolidating, combining with, purchasing a majority of the voting securities of, or substantially all of the assets of or otherwise, any business or Person, nor sell, facilitate or permit the sale by any of the foregoing methods voting securities or substantially all of the assets of the Purchaser to any Person (in each case, excluding any such transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries) where such transaction would reasonably be expected to materially delay, impede or impair the transactions contemplated by this Agreement; or
- (d) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing;

provided that nothing in this Section 4.2 shall restrict or prevent any issuance of debt, equity or hybrid securities in connection with the Arrangement, nor any other action reasonably necessary or advisable in connection with the Arrangement.

4.3 Covenants of the Company Relating to the Arrangement

(a) Subject to the terms and conditions of this Agreement, the Company shall, and shall cause its Subsidiaries to, perform all obligations required to be performed by the Company or any of its Subsidiaries under this Agreement, cooperate with the Purchaser in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause its Subsidiaries to (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.5):

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- (i) use commercially reasonable efforts, upon reasonable consultation with the Purchaser, to oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any lawsuits or proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement, provided that neither the Company nor any of its Subsidiaries will consent to the entry of any judgment or settlement with respect to any such lawsuit or proceeding without the prior written approval of the Purchaser, not to be unreasonably withheld, conditioned or delayed;
 - (ii) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
 - (iii) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement;
 - (iv) use commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (A) required under the Material Contracts in connection with the Arrangement, or (B) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying, and without committing itself or the Purchaser to pay, any consideration or incur any liability or obligation without the prior written consent of the Purchaser (it being expressly agreed by the Purchaser that the receipt of any such consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations is not a condition to the closing of Arrangement);
 - (v) use commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Company and its Subsidiaries relating to the Arrangement; and
 - (vi) use commercially reasonable efforts to assist in causing each member of the Company Board and the board of directors of each of the Company's wholly-owned Subsidiaries (in each case to the extent requested by the Purchaser) to be replaced by Persons designated or nominated, as applicable, by the Purchaser effective as of the Effective Time.
- (b) The Company shall promptly notify the Purchaser of:
- (i) any Material Adverse Effect after the date hereof;

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- (ii) any notice or other communication from any Person alleging (A) that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is or may be required in connection with this Agreement or the Arrangement, or (B) that such Person is terminating, may terminate, or is otherwise materially adversely modifying or may materially adversely modify its relationship with the Company or any of its Subsidiaries as a result of this Agreement or the Arrangement;
 - (iii) (A) any written notice or other written communication from any bargaining agent representing Company Employees giving notice to bargain and as permitted by Law, copies of any proposals made by any such bargaining agent that, if implemented, would materially modify the terms of a Collective Agreement; and (B) the status of any ongoing collective bargaining negotiations with any union between the date of the Agreement and the Effective Time and promptly provide the Purchaser with copies of all material documents provided by either party in the course of any such collective bargaining negotiations;
 - (iv) other than in connection with the Regulatory Approvals (which shall be governed by Section 4.5), unless prohibited by Law, any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or
 - (v) any (A) material filing, actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the Company, threatened against, relating to or involving or otherwise affecting the Company or its Subsidiaries in connection with this Agreement or the Arrangement.
- (c) The Company will ensure that it has available funds to pay the Termination Amount, if payable.

4.4 Covenants of the Purchaser Relating to the Arrangement

- (a) Subject to the terms and conditions of this Agreement, the Purchaser shall perform all obligations required to be performed by it under this Agreement, cooperate with the Company in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Purchaser shall (other than in connection with obtaining the Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.5):
- (i) use its commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

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- (ii) use commercially reasonable efforts to effect all necessary registrations, filings and submission of information required by Governmental Entities from it relating to the Arrangement;
 - (iii) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and carry out the terms of the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
 - (iv) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement; and
 - (v) obtain conditional approval of the listing and posting for trading of the Arrangement Consideration Shares on the TSX (subject only to customary conditions) and the NYSE (subject only to official notice of issuance).
- (b) The Purchaser shall promptly notify the Company of:
- (i) any Purchaser Material Adverse Effect after the date hereof;
 - (ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;
 - (iii) other than in connection with the Regulatory Approvals (which shall be governed by Section 4.5), unless prohibited by Law, any notice or other communication from any Governmental Entity in connection with this Agreement (and the Purchaser shall contemporaneously provide a copy of any such written notice or communication to the Company); or
 - (iv) any material filing, actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the Purchaser, threatened against, relating to or involving or otherwise affecting the Purchaser or any of its Subsidiaries in connection with this Agreement or the Arrangement.
- (c) The Purchaser will ensure that it has available funds to pay the Reverse Termination Amount, if payable.

4.5 Regulatory Approvals

- (a) The Parties agree to use their respective best efforts to obtain all Regulatory Approvals and a No Action Letter and to effect all necessary registrations, filings and submissions of information required by Governmental Entities from either of them relating to the Arrangement as soon as reasonably practicable and in any event so as to allow the Effective Time to occur before the Outside Date.

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- (b) The Parties agree that:
- (i) the Purchaser shall, as soon as reasonably practicable and in any event within 20 Business Days following the date hereof or such other period of time as may be agreed by the Parties:
 - (A) file with the Commissioner of Competition a pre-merger notification pursuant to Part IX of the Competition Act in relation to the transactions contemplated by this Agreement; and
 - (B) file with the Commissioner of Competition a competition brief in respect of the transactions contemplated by this Agreement requesting an advance ruling certificate under section 102 of the Competition Act or in the alternative a No Action Letter;
 - (ii) the Company shall, as soon as reasonably practicable and in any event within 20 Business Days following the date hereof or such other period of time as may be agreed by the Parties, file a pre-merger notification pursuant to Part IX of the Competition Act in relation to the transactions contemplated by this Agreement;
 - (iii) the Parties shall, as soon as reasonably practicable and in any event within 20 Business Days following the date hereof or such other period of time as may be agreed by the Parties file an application, including all required related documents and instruments, for the CRTC Approval;
 - (iv) the Parties shall, as soon as reasonably practicable, seek informal, non-binding advice on a confidential basis from ISED Canada with respect to the transfer of the ISED Licenses, as contemplated herein, and as promptly as practicable after receiving any non-binding advice from ISED Canada, but in any event not later than 20 Business Days following the date hereof or such other period of time as may be required by ISED Canada or agreed to by the Parties, file an application, including all required related documents and instruments, for the ISED Approval;
 - (v) notwithstanding anything to the contrary in this Agreement, the Purchaser shall have responsibility for the determination and direction of all efforts related to the obtaining of the Regulatory Approvals, including but not limited to the preparation and presentation of all filings, applications or submissions required to obtain the Regulatory Approvals; leading all planning, communications and strategies relating to such efforts; making any determinations regarding withdrawing and refiling any applications, entering any timing agreements or making other determinations related to timing, in each case so long as such action does not delay the Effective Time beyond the Outside Date; and leading the defence to any litigation. The Purchaser shall provide the Company with a reasonable opportunity to consider and comment on its strategy, efforts and proposed efforts related to the obtaining of the Regulatory Approvals, and shall give reasonable consideration to any such comments. Subject to applicable Law, Company shall take all actions requested by Purchaser acting reasonably to support the Purchaser in connection with the efforts related

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to the obtaining of the Regulatory Approvals. Such support shall include, but is not limited to, entering into any timing agreements with a Governmental Entity (provided any such timing agreement does not delay the Effective Time beyond the Outside Date) and facilitating the reasonable information requirements of third parties as the Purchaser may reasonably determine is advisable in connection with the efforts related to obtaining the Regulatory Approvals.

- (c) The Parties shall:
- (i) with respect to any proposed applications, notices, filings, submissions, correspondence, agreements, orders, undertakings, or other information or communications relating to the Regulatory Approvals by one Party, provide the other Party the assistance it may request in the preparation of the same (including providing any information reasonably requested by the other Party or its outside counsel), provide the other Party with draft copies thereof in advance and a reasonable opportunity to review and comment thereon prior to supplying to or filing with a Governmental Entity, and provide the other Party with final copies thereof once supplied or filed, as applicable (except for any such materials or parts thereof that the disclosing party, acting reasonably, considers confidential and competitively sensitive, which then shall be provided on an outside counsel-only basis to external counsel of the other Party);
 - (ii) cooperate on a timely basis in the preparation of any response by the other Party to any request for additional information received by such other Party from a Governmental Entity in connection with the Regulatory Approvals;
 - (iii) promptly provide or submit all documentation and information that is required by Law or a Government Entity, or advisable in the opinion of the Purchaser, acting reasonably, in connection with obtaining the Regulatory Approvals;
 - (iv) in the event a request is issued under subsection 114(2) of the Competition Act, use their best efforts to respond in a manner that is consistent with reasonable requests by Purchaser and that is correct and complete in all material respects in 75 or fewer days of the issuance of such request; provided, however, that if the Company does not respond to any request issued under subsection 114(2) of the Competition Act within such 75-day period, then, the Outside Date shall be extended by the number of days in excess of 75 that the Company requires to respond in accordance with the obligations in this paragraph 4.5(c)(iv);
 - (v) provide the other Party and its counsel with advance notice of and the opportunity to participate in any meeting, telephone call or other discussion with any Governmental Entity in connection with the Regulatory Approvals;
 - (vi) otherwise keep each other reasonably informed, on a timely basis, of the status of discussions with any Governmental Entity relating to the

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Regulatory Approvals, including promptly providing copies of any written communications received from Governmental Entities in connection with the Regulatory Approvals or summaries of any verbal communications received in that regard; and

- (vii) effect such presentations and assist at such discussions or meetings with a relevant Governmental Entity as the Purchaser may determine is appropriate for the purpose of obtaining the Regulatory Approvals.

(d) Notwithstanding anything to the contrary herein, in fulfilling its obligations under this Section 4.5, the Purchaser shall:

- (i) propose, negotiate, agree to and effect, by undertaking, commitment, consent agreement, trust, hold separate agreement, Contract, Order or otherwise (and execute and deliver any additional instruments necessary to allow the consummation of the Arrangement and to fully carry out the intention of the Agreement) (A) the sale, divestiture, licensing, holding separate or disposition of all or any part of the businesses or assets of the Purchaser, its affiliates, the Company or its subsidiaries; (B) the termination of any existing contractual rights, relationships and obligations, or entry into or amendment of any licensing arrangements or other contractual relationships; and (C) commitments imposing any other conditions, restrictions, limitations, undertakings, forfeitures or agreements affecting the Purchaser's and its affiliates' full rights or ownership of its properties, operations or businesses or the properties, operations or businesses of the Company and its subsidiaries; provided, however, that (Y) any such action is conditioned upon the consummation of the transactions contemplated by this Agreement, and (Z) any effort by the Purchaser to resist or reduce the scope of any such action shall be deemed consistent with its obligations to take best efforts so long as such efforts do not delay the Effective Time beyond the Outside Date taking into account regulatory consents and approvals required for divestitures or other actions that may be required for Purchaser to fulfill its obligations under this Section 4.5; and
- (ii) if any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by or before any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement, the Purchaser shall use its best efforts to resolve such objection or proceeding, including by using its best efforts to avoid, oppose or seek to have lifted or rescinded any decree, order, application or judgment that would restrain, prevent or delay the Closing and defending any lawsuit or other legal proceedings, whether judicial or administrative, challenging or delaying this Agreement or the consummation of the Arrangement.

(e) The Parties shall not, and shall not allow any of their Subsidiaries to, take any action or enter into any transaction, including any merger, acquisition, business combination, joint venture, disposition, lease or contract, that would reasonably be expected to prevent, delay or impede the obtaining of, or increase the risk of not obtaining, the Competition Act Clearance,

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the CRTC Approval or the ISED Approval, or otherwise prevent, delay or impede the consummation of the transactions contemplated by this Agreement; provided, however, that the Purchaser may agree to the extension of a waiting period or enter into a timing agreement, if the Purchaser determines it to be advisable so long as such efforts do not delay the Effective Time beyond the Outside Date.

(f) All filing and similar fees paid to Governmental Entities associated with obtaining the Regulatory Approvals, including applicable Taxes, shall be borne by the Purchaser

4.6 Access to Information; Confidentiality

(a) Subject to applicable Law and the terms of any existing Contracts, upon reasonable notice, the Company shall (and shall cause its Subsidiaries to) afford the Purchaser and its Representatives reasonable access during normal business hours, throughout the period prior to the Closing, to its employees, properties, books, Contracts and records (including Tax Returns and Tax work papers), and, during such period, the Company shall (and shall cause its Subsidiaries to) furnish as promptly as practicable to the Purchaser and its Representatives all information concerning its business, properties and personnel as may be reasonably requested, and shall provide such on-site access for a reasonable number of Representatives of the Purchaser at the Company's headquarters and other key facilities, during normal business hours and in such manner as does not unreasonably interfere with the conduct of the business of the Company and its Subsidiaries, for Representatives of such other Party who will be designated by such Party to assist in transitional matters. All requests for information made pursuant to this Section 4.5(a) shall be directed to the executive officer or other Persons designated by the Company. No information received pursuant to this Section 4.5(a) or at any time prior to or following the date of this Agreement shall affect or be deemed to modify any representation or warranty made by the Company herein.

(b) This Section 4.5(a) shall not require the Company or its Subsidiaries to permit any access, or to disclose any information that, in the reasonable, good faith judgment of the Company, after consultation with outside counsel, would reasonably be expected to result in the breach of any Contract, any violation of any Law or cause any privilege (including attorney-client privilege) that the Company or its Subsidiaries would be entitled to assert to be waived with respect to such information; provided that, the Parties hereto shall cooperate in seeking to find a way to allow disclosure of such information to the extent doing so (i) would not (in the good faith judgment of the Company, after consultation with outside counsel) be reasonably likely to result in the breach of any Contract, any violation of any such Law or be likely to cause such privilege to be waived with respect to such information, or (ii) could reasonably (in the good faith judgment of the Company, after consultation with outside legal counsel) be managed through the use of customary "clean-room" arrangements.

(c) The Parties acknowledge that the Confidentiality Agreement continues to apply in accordance with its terms and, in the case of the Company, that any information provided under this Section 4.5(a) that is Confidential Information (as defined in the Confidentiality Agreement) shall be subject to the terms of the Confidentiality Agreement; provided that to the extent that any provision of the Confidentiality Agreement conflicts with the terms of this Agreement, the terms of this Agreement will prevail. If this Agreement is terminated in accordance with its terms, the obligations under the Confidentiality Agreement shall survive the termination of this Agreement in accordance with its terms.

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4.7 Pre-Acquisition Reorganization

(a) Subject to Section 4.7(b), the Company agrees that, upon request of the Purchaser, the Company shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to: (i) implement such reorganizations of their corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably, including amalgamations, liquidations, reorganizations, continuances (including commencing a continuance process), or share transfers or asset transfers (each a **“Pre-Acquisition Reorganization”**), (ii) cooperate with the Purchaser and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken; and (iii) reasonably cooperate with the Purchaser and its advisors to seek to obtain any material consents, approvals, waivers or similar authorizations, if any, which are reasonably required in connection with the Pre-Acquisition Reorganization, provided that any out-of-pocket costs, fees or expenses of the Company or any of its Subsidiaries associated therewith shall be at the Purchaser’s sole expense.

(b) The Company will not be obligated to implement any Pre-Acquisition Reorganization under Section 4.7(a) unless such Pre-Acquisition Reorganization:

- (i) is not prejudicial to the Company, the Company Shareholders or holders of the Company Senior Notes in any material respect;
- (ii) does not impair the ability of the Company or the Purchaser to consummate, and will not materially delay the consummation of, the Arrangement;
- (iii) does not reduce the Arrangement Consideration or change the form of Arrangement Consideration to be received by the Company Participating Shareholders, as applicable;
- (iv) can be effected prior to, but as close as reasonably practicable to, the Effective Date;
- (v) does not require the Company or any of its Subsidiaries to take any action that could reasonably be expected to result in Taxes being imposed on, or any adverse Tax or other consequences to, the Company Shareholders or holders of the Company Senior Notes incrementally greater than the Taxes or other consequences to such party in connection with the completion of the Arrangement or the other transactions contemplated by this Agreement in the absence of action being taken pursuant to Section 4.7(a);
- (vi) does not result in any breach by the Company or any of its Subsidiaries of any Material Contract or Authorization or any breach by the Company or any of its Subsidiaries of their respective Constating Documents, organizational documents or Law;
- (vii) does not result in a change of control, default, or acceleration of the Company Credit Facility, the Company Senior Notes or other Contract of the Company providing for the incurrence of Indebtedness;

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- (viii) does not, in the opinion of the Company, acting reasonably, unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries;
- (ix) does not require any approval of any Governmental Entity or third party not otherwise required to close the Arrangement that would materially impede or delay the consummation of the transactions contemplated in this Agreement;
- (x) does not result in the withdrawal or material modification of the Fairness Opinions;
- (xi) does not require the directors, officers, employees or agents of the Company or its Subsidiaries to take any action in any capacity other than as a director, officer, employee or agent; and
- (xii) does not become effective unless the Purchaser has waived or confirmed in writing the satisfaction of all conditions in its favour under Article 6 and has confirmed in writing that it is prepared to promptly and without condition (other than compliance with Section 4.7(a)) proceed to effect the Arrangement.

(c) The Purchaser must provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least 35 Business Days prior to the Effective Date (unless providing such notice less than 35 Business Days prior to the Effective Date is not prejudicial to the Company, acting reasonably). Upon receipt of such notice, the Company and the Purchaser shall work cooperatively and use their commercially reasonable efforts, to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement (provided that such amendments do not require the Company to obtain approval of the Company Shareholders or holders of the Company Senior Notes).

(d) If the Arrangement is not completed (unless this Agreement is terminated pursuant to Section 7.2(a)(iv)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Company*]), the Purchaser shall (i) forthwith reimburse the Company for all reasonable out-of-pocket costs and expenses incurred in connection with any proposed Pre-Acquisition Reorganization, including any reasonable costs incurred by the Company in order to restore the organizational structure of the Company to a substantially similar structure of the Company as at the date hereof; and (ii) indemnify the Company, its Subsidiaries, and their respective officers, directors and employees (to the extent that such officers, directors and employees are assessed with statutory liability therefor) for all direct and indirect liabilities, losses, Taxes, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization (other than those costs and expenses reimbursed in accordance with the foregoing clause (i)).

(e) The Purchaser agrees that any Pre-Acquisition Reorganization will not be considered in determining whether a representation or warranty of the Company under this Agreement has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract).

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(f) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into one or more transactions designed to increase the tax cost of certain non-depreciable capital property of the Company or its Subsidiaries for purposes of the Tax Act, and agrees to use commercially reasonable efforts to assist the Purchaser and to provide information reasonably required by the Purchaser in this regard on a timely basis and to assist in obtaining any such information in order to facilitate such transactions as reasonably requested by the Purchaser, provided that any out-of-pocket costs, fees or expenses of the Company or any of its Subsidiaries associated therewith shall be at the Purchaser's sole expense.

4.8 Company Preferred Shares

(a) The Purchaser shall have the option, in its sole discretion, to require the Company to use its reasonable best efforts to redeem the Company Preferred Shares on June 30, 2021 (the "**Redemption Date**") in accordance with the terms of the Company Preferred Shares as set out in the Constatng Documents (the "**Preferred Share Redemption**"), by providing written notice to the Company not later than 40 days prior to the Redemption Date (the "**Redemption Notice**"). Upon receipt of the Redemption Notice, the Company shall use its reasonable best efforts to complete the Preferred Share Redemption on the Redemption Date.

(b) If the Purchaser provides the Company with a Redemption Notice, the Company provides a notice of redemption to Company Preferred Shareholders in accordance with the Constatng Documents, the Arrangement is not completed (unless this Agreement is terminated by the Purchaser pursuant to Section 7.2(a)(iv)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Company*]) and the Company Preferred Shares are redeemed pursuant to such notice of redemption (whether the Redemption Date is prior to or following such termination) the Purchaser shall forthwith following the later of such termination of this Agreement or the Redemption Date: (i) reimburse the Company for all reasonable out-of-pocket costs and expenses incurred in connection with the Preferred Share Redemption; and (ii) make a payment to the Company, by wire transfer of immediately available funds to an account designated by the Company, in the amount of \$120,000,000 as reimbursement to the Company for its out-of-pocket costs and expenses incurred in connection with the Preferred Share Redemption. For the avoidance of doubt, amounts paid by the Purchaser to the Company pursuant to this Section 4.8(b) shall not be credited towards the payment of the Reverse Termination Amount.

4.9 Tax Matters

The Company covenants and agrees that, until the Effective Date, the Company and its Subsidiaries shall (a) duly and timely file with the appropriate Governmental Entity, all material Tax Returns required to be filed by any of them, which shall be correct and complete in all material respects, and (b) pay, withhold, collect and remit to the appropriate Governmental Entity in a timely fashion all material amounts required to be so paid, withheld, collected or remitted. The Company shall keep the Purchaser reasonably informed of any material events, discussions, notices or changes with respect to any Tax audit or investigation by a Governmental Entity or any material action, suit, proceeding, or hearing involving the Company or any of its Subsidiaries (other than Ordinary Course communications which could not reasonably be expected to be material to the Company and the Subsidiaries on a consolidated basis).

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4.10 Public Communications

(a) The Parties agree to jointly issue a press release with respect to this Agreement as soon as practicable after its due execution. The Parties shall reasonably cooperate in the development of a joint communication plan (including the preparation of presentations) with respect to the respective securityholders, customers, suppliers, employees and other stakeholders of the Parties regarding the Arrangement and the transactions contemplated by this Agreement.

(b) A Party shall not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement, including in connection with the Company Meeting, without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that, notwithstanding anything to the contrary in this Agreement, each Party shall be permitted to make any disclosure or filing in accordance with applicable Securities Laws, and if, in the opinion of its outside legal counsel, such disclosure or filing is required and the other Party has not reviewed or commented on the disclosure or filing, the Party shall use its reasonable best efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their respective counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. Notwithstanding the foregoing, a Party (i) may make internal announcements to employees and have discussions with its shareholders, financial analysts and other stakeholders relating to this Agreement or the transactions contemplated hereby, and (ii) may make public announcements in the Ordinary Course that do not relate specifically to this Agreement or the Arrangement, provided that, in each case, such announcements or discussions, as applicable, are not inconsistent with (A) the most recent press release, public disclosures or public statements made by the Company or the Purchaser that were approved by both Parties prior to filing or release, as applicable, and (B) the joint communication plan referred to in Section 4.10(a); and provided further that, except as required by Article 5, the Company shall have no obligation to obtain the consent of or consult with the Purchaser in connection with any press release, public statement, disclosure or filing by the Company with respect to a Change in Recommendation. For the avoidance of doubt, the Parties agree that the provisions of this Section 4.10 shall not apply to filings or disclosures in connection with the Company Circular, the Interim Order and the Final Order, which shall be governed by other provisions of this Agreement.

(c) The Parties acknowledge that each of the Company and the Purchaser will file this Agreement (with such redactions as may be mutually agreed upon between the Company and the Purchaser, each acting reasonably) and a material change report relating thereto on SEDAR.

4.11 Notice and Cure Provisions

(a) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

- (i) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or

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(ii) give rise to, a failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(b) Notification provided under this Section 4.11 will not affect the representations, warranties, covenants, conditions, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(c) The Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(a)(iii)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Purchaser*] and the Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(a)(iv)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Company*], unless the Party seeking to terminate the Agreement (the “**Terminating Party**”) has delivered a written notice (“**Termination Notice**”) to the other Party (the “**Breaching Party**”) specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date, provided that, for greater certainty, if any matter is not capable of being cured by the Outside Date, the Terminating Party may immediately exercise the applicable termination right.

(d) If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company shall postpone or adjourn the Company Meeting to the earlier of (a) five Business Days prior to the Outside Date and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

4.12 Employee Matters

(a) The Parties acknowledge that any change of control, retention, severance or any other similar payments owed to Company Employees or the directors of the Company by the Company or any of its Subsidiaries as a result of the completion of the Arrangement (as disclosed in Schedule 4.12(a) of the Company Disclosure Letter) shall, subject to Schedule 4.12(a) of the Company Disclosure Letter, be paid by the Company to such Company Employees or directors on the Effective Date in accordance with the terms of the applicable Employee Plan and Schedule 4.12(a) of the Company Disclosure Letter prior to or simultaneously with the sending by the Company of the Articles of Arrangement to the Director in accordance with Section 2.9.

(b) The Purchaser hereby agrees to comply with the terms set forth in Schedule 4.12(b) of the Company Disclosure Letter.

(c) With respect to all employee benefit plans of the Purchaser and its affiliates that the Purchaser or its affiliates designate as being for the benefit of Company Employees, for all purposes, including determining eligibility to participate, level of benefits, vesting, benefit accruals and early retirement subsidies, each Company Employee’s service with the Company or any of its Subsidiaries (as well as service with any predecessor employer of the Company or any such Subsidiary, to the extent service with the predecessor employer was recognized by

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the Company or such Subsidiary) shall be treated as service with the Purchaser or any of its affiliates; provided, however, that such service need not be recognized to the extent that such recognition would result in any duplication of benefits or compensation for the same period of service or is not permitted under the applicable benefit plan and subject, in any case, to compliance with applicable Laws with respect to the Company Employees who are subject to a Collective Agreement or a union certification application, as may be amended or modified from time to time in accordance with such Collective Agreement and applicable Law.

(d) Notwithstanding anything in this Agreement to the contrary, this Section 4.12 shall not (i) give any Company Employees any right to continued employment; (ii) except as set forth in Schedule 4.12(b) of the Disclosure Letter, affect or otherwise increase the severance, post-termination benefits or other termination entitlements of Company Employees under their current employment agreements, any Employee Plan and the related trust agreement, (iii) impair in any way the right of the Company to terminate the employment of any Company Employee; or (iv) apply to any Company Employee who is or becomes covered by a Collective Agreement whose terms and conditions of employment following the Effective Time shall be governed by the terms of the applicable Collective Agreement.

(e) The provisions of this Section 4.12 are solely for the benefit of the Parties, and no provision of this Section 4.12 is intended to, or shall, constitute the establishment or adoption of or an amendment to any Employee Plan and, except as otherwise explicitly provided for in this Agreement, no current or former employee or any other individual associated therewith shall be regarded for any purpose as a third party beneficiary of this Agreement or have the right to enforce the provisions hereof.

4.13 Insurance and Indemnification

(a) Prior to the Effective Date, the Company shall purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser shall, or shall cause the Company and its Subsidiaries to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% (such amount, the "**Base Premium**") of the Company's current annual aggregate premium for policies currently maintained by the Company or its Subsidiaries; provided further, however, that if such insurance can only be obtained at a premium in excess of the Base Premium, the Company may purchase the most advantageous policies of directors' and officers' liability insurance reasonably available for an annual premium not to exceed the Base Premium, and the Purchaser shall, or shall cause the Company and its Subsidiaries to, maintain such coverage for six years from the Effective Date.

(b) The Purchaser shall cause the Company and its Subsidiaries to honour all rights to indemnification or exculpation now existing under applicable Law, the Constatng Documents of the Company or any of its Subsidiaries or under indemnification agreements entered into in the Ordinary Course in favour of present and former employees, officers and directors of the Company and its Subsidiaries (together with their respective heirs, executors or administrators, the "**Indemnified Persons**"), and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms

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without modification for a period of not less than six years from the Effective Date, and the Company and its Subsidiaries or any of their respective successors or assigns (including any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of the Company or any of its Subsidiaries with or into one or more other entities (pursuant to a statutory procedure or otherwise)), as applicable, shall continue to honour such rights of indemnification and exculpation and indemnify such Indemnified Persons pursuant thereto, with respect to actions or omissions of such Indemnified Persons occurring prior to the Effective Time, for six years from the Effective Date.

(c) If the Company or any of its Subsidiaries or any of their respective successors or assigns (including any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of the Company or any of its Subsidiaries with or into one or more other entities (pursuant to a statutory procedure or otherwise)) (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Company or its Subsidiaries) assumes all of the obligations set forth in this Section 4.13.

(d) The Purchaser shall pay all reasonable expenses, including legal fees, that may be incurred by any Indemnified Person in enforcing the indemnity and other obligations provided for in this Section 4.13. The rights of each Indemnified Person hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Person may have under the Constatng Documents of the Company or any of its Subsidiaries or any other indemnification arrangement.

(e) The provisions of this Section 4.13 shall be binding, jointly and severally, on all successors of the Purchaser.

(f) The Purchaser acknowledges to each Indemnified Person his or her direct rights against it under the provisions of this Section 4.13, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on their behalf.

4.14 Exchange Delisting

If requested by the Purchaser, the Company agrees to cooperate with the Purchaser in taking, or causing to be taken, all actions necessary to delist the Company Participating Shares from the NYSE, TSX and TSXV, as applicable, as promptly as practical following the Effective Time (including, if requested by the Purchaser, such actions as may be necessary to delist the Company Participating Shares on the Effective Date).

4.15 Purchaser Debt Financing

(a) The Purchaser shall take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to arrange and obtain the Debt Financing at or prior to the Closing on the terms and conditions contained in the Debt Commitment Letter, including to:

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- (i) maintain in effect the Debt Commitment Letter in accordance with its terms (except for such amendments, supplements, modifications, full or partial replacements or waivers permitted under this Section 4.15);
- (ii) negotiate and enter into the Debt Financing Documents;
- (iii) satisfy or obtain the waiver of all conditions to funding in the Debt Commitment Letter (or Debt Financing Documents entered into with respect to the Debt Financing) that are applicable to and within the control of the Purchaser to enable the consummation of the Debt Financing at or prior to the Effective Time;
- (iv) assuming that all conditions contained in the Debt Commitment Letter have been satisfied, consummate the Debt Financing at or prior to the Closing; and
- (v) enforce its rights under the Debt Commitment Letter, including in the event of a breach by the Debt Financing Sources that would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by the Arrangement (it being agreed that any delay to a date that would be later than the Outside Date is a material delay),

provided that, subject to the other terms of this Agreement to the contrary, (1) nothing in this clause will limit the ability of the Purchaser to pursue the Debt Financing in any manner not otherwise prohibited by this Agreement and (2) in no event shall the Purchaser be required to pay any fees or any interest rates applicable to the Debt Financing in excess of those contemplated by the Debt Commitment Letter as in effect on the date hereof (including any flex provisions), or agree to any term (including any "market flex" term) less favorable to the Purchaser than such term contained in such Debt Commitment Letter as in effect on the date hereof.

(b) The Purchaser shall have the right from time to time to amend, restate, supplement, terminate, replace or otherwise modify, or waive its rights under, any Debt Commitment Letter or Debt Financing Document, including to reduce the available funding under or to terminate any such Debt Commitment Letter or Debt Financing Document in order to obtain alternative sources of financing in lieu of all or a portion of the Debt Financing, including via an offering of debt securities (a "**Substitute Financing**"); provided that the Purchaser shall not permit, without the prior written consent of the Company, any amendment, restatement, supplement, termination, replacement or other modification to be made to, or any waiver or release of any provision or remedy to be made under, the Debt Commitment Letter or any Debt Financing Document (it being understood that the exercise of any "market flex" provisions shall not be deemed to be an amendment, restatement, supplement, termination, replacement, modification, waiver or release) if such amendment, restatement, supplement, termination, replacement, modification, waiver or release would:

- (i) reduce the aggregate amount of net proceeds available from the Debt Financing (including, for greater certainty, any Substitute Financing and/or Alternative Financing) to an amount that, together with the Purchaser's cash on hand and cash equivalents, would be less than the amount required to satisfy the aggregate Arrangement Consideration

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payable by the Purchaser under the terms of the Plan of Arrangement pursuant to this Agreement (for the avoidance of doubt, it is understood and agreed that any reduction of the aggregate amount of the net proceeds available from the Debt Financing with the gross cash proceeds available from any Alternative Financing and/or Substitute Financing shall not constitute an amendment, restatement, termination, replacement, supplement, modification, or waiver that is subject to the terms of this Section 4.15(b)(i)); or

- (ii) impose new or additional conditions precedent or otherwise expand, amend or modify any of the conditions precedent to the receipt of the Debt Financing, including any change to the Limited Conditionality Provisions or Specified Representations (as such terms are defined in the Debt Commitment Letter, or any analogous or similar terms), in a manner reasonably likely to prevent or delay or materially impair the ability of the Purchaser to fund the Arrangement Consideration on the Closing Date, provided, however, that this shall not prevent (or require the Purchaser to obtain the prior written consent of the Company for) any conditions precedent that are new or additional to, or expand, amend or modify, the conditions precedent contained in the Debt Commitment Letter (including the "market flex" provisions thereof)(x) that are customary for a bridge facility or a bond financing or (y) that are not materially less favourable to the Purchaser.

(c) The Purchaser shall be permitted to: (i) amend, restate, terminate, replace, supplement or otherwise modify the Debt Commitment Letter to add and appoint lenders, arrangers, book-runners, underwriters, agents, syndication and documentation agents or similar entities who have not executed the Debt Commitment Letter as at the date of this Agreement to provide for the assignment and reallocation of a portion of the financing commitments contained therein and to grant customary approval rights to such additional entities in connection with their addition or appointment and (ii) assign its rights and obligations under the Debt Commitment Letter to certain affiliates of the Purchaser to the extent permitted under the Debt Commitment Letter (provided that any such assignment shall not affect the liabilities or obligations of the Purchaser under the terms of this Agreement and the Purchaser shall cause any such assignee to perform any such obligations to the extent necessary to preserve the original intent of the Parties under this Agreement).

(d) The Purchaser shall deliver to the Company true, correct and complete copies of any executed written amendment, modification, restatement, supplement, replacement, modification, waiver or release relating to the Debt Commitment Letter (provided that such copies may be subject to customary redactions with respect to fee amounts, economic terms and "market flex" provisions). Any reference in this Agreement to (A) "Debt Commitment Letter" and "Debt Financing Document" shall include any amendment, restatement, supplement, replacement or other modification of such document, in each case from and after such amendment, restatement, supplement, replacement or other modification, and (B) the "Debt Financing" shall be deemed to include, in whole or in part (as applicable), any replacement or substitute financing provided for thereunder, including, for greater certainty, a Substitute Financing or any other Alternative Financing.

(e) Upon reasonable request by the Company, the Purchaser will provide the Company with information, in reasonable detail, with respect to the current status of all material

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activity concerning arranging and obtaining the Debt Financing. Without limiting the generality of the foregoing, the Purchaser shall give the Company notice as soon as reasonably practicable:

- (i) of any actual material breach or material default by any party to the Debt Commitment Letter or the Debt Financing Documents of which the Purchaser becomes aware;
- (ii) of the receipt of any written notice or other communication with respect to any actual breach, default, termination or repudiation by any party to the Debt Commitment Letter or any Debt Financing Documents;
- (iii) if the Purchaser determines in good faith that it will not be able to satisfy any of the obligations to, or otherwise be able to, obtain some or any portion of the Debt Financing on the terms, in the manner or from the sources contemplated by the Debt Commitment Letter or Debt Financing Documents prior to the Outside Date; and
- (iv) if the Debt Commitment Letter expires or is terminated for any reason.

As soon as reasonably practicable after the date the Company delivers to the Purchaser a written request, the Purchaser shall provide any information reasonably requested by the Company relating to the circumstances referred to in clauses (i) to (iv) in this Section 4.15(e). The Purchaser shall not be required to make a disclosure under this Section 4.15(e) to the extent that any such disclosure would be prohibited under applicable Law or could reasonably be expected to result in a waiver of attorney-client privilege.

(f) If any portion of the Debt Financing that is required to fund the Arrangement Consideration becomes unavailable on the terms and conditions (including any applicable “market flex” provisions) contemplated by the Debt Commitment Letter, the Purchaser shall use its reasonable best efforts to arrange and obtain, as promptly as practicable but in no event later than Closing, alternative financing for such unavailable portion, including alternative debt and/or equity financing (“**Alternative Financing**”), provided that such Alternative Financing shall not reduce aggregate proceeds in the manner described in Section 4.16(c)(i) (subject to the carve-outs contained therein) nor impose additional conditions in the manner set forth in Section 4.16(c)(ii) (subject to the carve-outs contained therein).

(g) The Purchaser shall deliver to the Company true, correct and complete copies of any executed commitment or similar letter(s) for any Alternative Financing or Substitute Financing when available (provided that such copies may be subject to customary redactions with respect to fee amounts, economic terms, “market flex” provisions, and other confidential or commercially sensitive information). In the event that: (i) Alternative Financing as contemplated under Section 4.15(f) is obtained or (ii) Substitute Financing as contemplated under Section 4.15(b) is obtained or (iii) the Purchaser otherwise arranges and obtains alternative debt or equity financing, all references in this Agreement to “Debt Financing” shall be deemed to include such Alternative Financing and/or Substitute Financing and all references to the “Debt Commitment Letter” shall be deemed to include the applicable commitment or similar letter(s) and any related fee letter(s) for the Alternative Financing and/or Substitute Financing and all references to “Debt Financing Documents” shall be deemed to include the applicable credit,

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underwriting, agency or purchase agreement, or other definitive documentation, for such Alternative Financing and/or Substitute Financing.

(h) The Company shall use its reasonable best efforts to, and shall cooperate with the Purchaser in order to, obtain all appropriate consents and waivers from the lenders under the Company Credit Facility at or prior to the Effective Time in order to avoid an event of default thereunder in connection with the Arrangement and the transactions contemplated by this Agreement.

(i) Except if the Company Credit Facility is repaid and terminated at the Effective Time, the Purchaser shall, and shall cooperate with the Company in order to, obtain all appropriate consents and waivers from the lenders under the Company Credit Facility at or prior to the Effective Time in order to avoid an event of default thereunder in connection with the Arrangement and the transactions contemplated by this Agreement.

4.16 Financing Assistance

(a) Subject to Section 4.16(c), the Company shall use its reasonable best efforts, and shall cause its Subsidiaries and its and their Representatives to use their reasonable best efforts, to provide such customary and timely co-operation to the Purchaser as the Purchaser may reasonably request in connection with the arrangement, syndication, marketing or consummation of the Debt Financing and any and all full or partial alternative debt and/or equity financing that may be sought and/or obtained by the Purchaser to fund the aggregate Arrangement Consideration payable under the terms of, or otherwise in connection with, the Plan of Arrangement (collectively the “**Financing**”), including using reasonable best efforts to:

- (i) co-operate in respect of diligence efforts, presentations or meetings held by or on behalf of the Purchaser with the financial institutions identified in the Debt Commitment Letter, and with any other investor, agent, arranger, lender, underwriter or other Person that commits or proposes to provide or arrange, or enters into definitive agreements (including, for greater certainty, any credit, underwriting, agency or securities purchase agreement for a Substitute Financing) related to the Financing (collectively, the “**Financing Sources**”), including the participation of senior officers of the Company in a reasonable number of due diligence sessions and one-on-one sessions with prospective investors, and presentations to rating agencies, provided that during the prevalence of the COVID-19 pandemic and the existence of travel restrictions and public health ordinances and advisories limiting or recommending against travel or gatherings, all meetings shall at the Company’s option, be conducted virtually online;
- (ii) without limiting the confidentiality restrictions noted in Section 4.16(c)(v) below, provide or make available to the Purchaser, its Representatives and the Financing Sources and their respective agents and advisors the Required Financing Information and other such financial information, operating data, business and or other information regarding the Company or any of its Subsidiaries, as the Purchaser may reasonably request in connection with the preparation of any marketing materials, offering documents, prospectuses, offering memorandums, bank information memorandums, rating agency presentations, investor presentations and

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similar documents (collectively, the "Financing Materials") used in connection with the Financing and assist in the preparation of the Financing Materials, including by (x) providing the Purchaser and its Representatives with any financial information and data required to prepare any pro forma financial statements that are required under applicable Securities Laws to be included in, or as may otherwise be reasonably required for and are customarily included in, the Financing Materials and (y) providing customary authorization letters to the Financing Sources authorizing the distribution of information to prospective lenders and other financing sources (without limiting the confidentiality restrictions below) and containing a customary representation to the Debt Financing Sources that that the public side versions of such documents (if any) do not include material non-public information about the Company or its Subsidiaries or their securities and as to the accuracy of the information contained in the disclosure and marketing materials related to the financing contemplated by the Debt Commitment Letter; provided, however, that the Company shall not be required to provide (i) any pro forma financial statements or any information regarding any post-Effective Time or pro forma adjustments desired to be incorporated into any information used in connection with the Financing (including any synergies or cost savings), pro forma ownership or an as-adjusted capitalization table, (ii) projections, (iii) any description of all or any component of the Financing, or (iv) risk factors relating to all or any component of the Financing;

- (iii) co-operate and provide information reasonably required by or for the benefit of the Financing Sources in the context of due diligence and verification, in compliance with applicable requirements or consistent with customary practice, as applicable, including promptly executing and delivering to Purchaser and the Financing Sources at least four Business Days before the Effective Date all documentation and other information with respect to the Company and its Subsidiaries (excluding information about its shareholders and creditors) that is required in connection with the Financing under applicable "know-your-customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, and the requirements of 31 C.F.R. §1010.230;
- (iv) to the extent requested by the Purchaser, co-operate in the discharge of existing Indebtedness and Liens of the Company and its Subsidiaries in connection with the Financing (which discharge, for the avoidance of doubt, shall be the obligation of the Purchaser to be funded by the Purchaser and shall not be required to take effect before the Effective Time), including obtaining customary debt pay-off letter(s) and delivering a draft of such pay-off letter(s) to the Purchaser for review and comment;
- (v) to the extent requested by the Purchaser, provide guarantees and facilitate the pledging of collateral and granting of security interests in connection with the Financing, (which guarantees and security interests, for the avoidance of doubt, shall not be required to take effect before the Effective Time), and co-operate with the preparation and negotiation of

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and entry into of definitive and ancillary documentation in connection with the Financing;

- (vi) promptly updating any Required Financing Information provided by or on behalf of it, or which relates to the Company and its Subsidiaries, to ensure that such information does not contain a Misrepresentation and as may be necessary so that such Required Financing Information (i) satisfies the Compliance Requirements, (ii) meets the applicable requirements set forth in the definition of "Required Financing Information" and (iii) would not, after giving effect to such update(s), cause the Marketing Period to cease or be deemed not to have commenced pursuant to the definition of "Marketing Period";
- (vii) use reasonable best efforts to obtain any necessary co-operation from any of its auditors and any other advisors to the use of any financial or other expert information required to be included, or customarily included, in the Financing Materials, including any consents and authorization letters with respect to the inclusion thereof in such Financing Materials and customary comfort letters, and cause its auditors and any other advisors to participate in a reasonable number of accounting due diligence sessions and drafting sessions as may be required in connection with the Financing; and
- (viii) cause the taking of any corporate actions, or otherwise, by the Company and its Subsidiaries reasonably necessary to permit the completion of such Financing, in each case effective no earlier than, the Effective Time and subject to the completion of the Arrangement.

(b) Notwithstanding anything contained in this Agreement to the contrary, the Purchaser expressly acknowledges and agrees that its obligations hereunder are not conditioned in any manner upon obtaining the Debt Financing, any Alternative Financing or Replacement Financing, or any other financing, regardless of the reasons why financing is not obtained or whether such reasons are within or beyond the control of the Purchaser. For the avoidance of doubt, if any financing referred to in this Section 4.16 is not obtained, the Purchaser will continue to be obligated to consummate the Arrangement, subject to and on the terms contemplated by this Agreement, subject to the applicable conditions set forth in Article 6.

(c) The Company or any of its Subsidiaries and their respective Representatives shall only be required to undertake the actions described in Section 4.16(a) provided that:

- (i) such actions do not unreasonably interfere with the ongoing business operations of the Company or any of its Subsidiaries;
- (ii) the Company shall not be required to provide, or cause any of its Subsidiaries to provide, co-operation that involves any binding commitment or agreement (including the entry into any agreement or the execution of any certificate) by the Company or its Subsidiaries (or commitment or agreement which becomes effective prior to the Effective Time) which is not conditional on the completion of the Arrangement and does not terminate without liability to the Company and its Subsidiaries upon the termination of this Agreement;

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- (iii) neither the Company nor any of its Subsidiaries shall be required to take any action pursuant to any Contract, certificate or instrument that is not contingent upon the occurrence of the Effective Time or that would be effective prior to the Effective Time;
 - (iv) no employee, officer or director of the Company or any of its Subsidiaries shall be required to take any action which would result in such Person incurring any personal liability (as opposed to liability in such Person's capacity as an officer) with respect to the matters related to the Financing;
 - (v) any Financing Sources acknowledge the confidentiality of Confidential Information (as defined in the Confidentiality Agreement) received by them (including through customary "click-through" confidentiality undertakings on electronic data sites);
 - (vi) neither the Company nor any of its Subsidiaries shall be required to:
 - (A) pay any commitment, consent or other similar fee, incur any liability (other than the payment of reasonable and documented out-of-pocket costs related to such co-operation which shall be reimbursed by the Purchaser to the extent contemplated by Section 4.16(d)) or provide or agree to provide any indemnity in connection with any Financing prior to the Effective Time;
 - (B) contravene any applicable Law or the Constatng Documents of the Company or any of its Subsidiaries; or
 - (C) contravene any agreement that relates to any outstanding Indebtedness of the Company or any of its Subsidiaries or any other Material Contracts;
 - (vii) such action would not cause any condition to Closing set forth in Article 6 to fail to be satisfied by the Outside Date;
 - (viii) such action would not cause any breach of this Agreement that is not irrevocably waived by the Purchaser; and
 - (ix) the Company shall not be required to waive or amend any terms of this Agreement.
- (d) If this Agreement is terminated (other than pursuant to Section 7.2(a)(iv)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Company*]), the Purchaser shall:
- (i) forthwith reimburse the Company for all reasonable out-of-pocket costs, fees and expenses incurred by the Company and its Subsidiaries in connection with any Financing; and
 - (ii) indemnify the Company and its Subsidiaries from and against any and all losses, damages, costs and expenses suffered or incurred by any of them

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in connection with the co-operation of the Company and its Subsidiaries contemplated by Section 4.16(a) or in connection with any Financing, in each case, other than in connection with any information supplied by or on behalf of the Company or any of its Subsidiaries (or which relates to the Company or any of its Subsidiaries which is approved in writing by the Company or any of its Subsidiaries) or to the extent resulting from the breach of this Agreement by, or the fraud, negligence or willful misconduct of the Company or any of its Subsidiaries or any of their respective Representatives.

(e) The Company hereby consents to the use of its and its Subsidiaries' trademarks, trade names and logos in connection with the Financing; provided that:

- (i) such trademarks, trade names and logos are used solely:
 - (A) in a manner that is not intended, or reasonably likely, to harm or disparage the Company or its Subsidiaries or the reputation or goodwill of the Company and its Subsidiaries; and
 - (B) in connection with a description of the Company, its business and products and the transactions contemplated by this Agreement (including the Financing); and
- (ii) the Financing Sources shall only be entitled to use such trademarks, trade names and logos in connection with the Financing and they shall have no property rights therein.

**ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION**

5.1 Non-Solicitation

(a) Except as expressly provided in this Article 5, the Company shall not, and shall cause its Subsidiaries not to, directly or indirectly, through any Representative or otherwise, and shall not permit any such Person to:

- (i) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries) any inquiry, proposal or offer (whether public or otherwise) that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (ii) enter into or otherwise engage, continue or participate in any discussions or negotiations with any Person (other than the Purchaser or any Person acting jointly or in concert with the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (iii) make a Change in Recommendation;

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- (iv) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five Business Days following the formal announcement or public disclosure of such Acquisition Proposal or, in the event that the Company Meeting is scheduled to occur within such five (5) Business Day period, prior to the third Business Day prior to the date of the Company Meeting will not be considered to be in violation of this Section 5.1, provided the Company Board has rejected such Acquisition Proposal and affirmed the Company Board Recommendation before the end of such period); or
- (v) accept or enter into, or publicly propose to accept or enter into, any Contract in respect of an Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by Section 5.3).

(b) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection with such termination shall:

- (i) immediately discontinue access to and disclosure of all information, if any, to any such Person, including any data room and any confidential information, properties, facilities, books and records of the Company or any of its Subsidiaries; and
- (ii) promptly request, and exercise all rights it has to require, (A) the return or destruction of all copies of any confidential information regarding the Company or any of its Subsidiaries provided to any Person other than the Purchaser since January 1, 2020 in connection with any Acquisition Proposal, and (B) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of its Subsidiaries, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights.

(c) The Company represents and warrants that, since January 1, 2020, the Company has not waived any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, except to permit submissions of expressions of interest prior to the date of this Agreement.

(d) The Company covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party or may hereafter become a party in accordance with Section 5.3, and (ii) neither the Company, nor any of its Subsidiaries nor any of their respective Representatives will, without the prior written consent of the Purchaser (which consent may be withheld, conditioned or delayed in the Purchaser's sole and absolute

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discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations with respect to the Company, or any of its Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party.

5.2 Notification of Acquisition Proposals

If the Company or any of its Subsidiaries or any of their respective Representatives receives or otherwise becomes aware of (X) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or (Y) any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries in connection with any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any of its Subsidiaries, the Company:

- (a) may, in a form reasonably acceptable to the Purchaser (i) communicate with any Person solely for the purposes of clarifying the terms of any such inquiry, proposal or offer made by such Person, (ii) advise any Person of the restrictions of this Agreement, and (iii) advise any Person making such inquiry, proposal or offer that the Company Board has determined that such inquiry, proposal or offer does not constitute, or is not reasonably expected to constitute or lead to, a Superior Proposal;
- (b) shall promptly notify the Purchaser, at first orally, and then as soon as practicable (and in any event within 24 hours) in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request and copies of all agreements, documents, correspondence or other material received in respect of, from or on behalf of such Person; and
- (c) shall keep the Purchaser fully informed of the status of discussions and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request (to the extent permitted by this Article 5), and any material changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.

5.3 Responding to an Acquisition Proposal

(a) Notwithstanding Section 5.1, if at any time, prior to obtaining the approval by the Company Participating Shareholders of the Arrangement Resolution, the Company receives a *bona fide* written Acquisition Proposal that was not solicited in contravention of Section 5.1, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries, if and only if:

- (i) the Company Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition

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Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal;

- (ii) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction;
- (iii) the Company has been, and continues to be, in compliance with its obligations under this Article 5 in all material respects;
- (iv) prior to providing any such copies, access, or disclosure, the Company enters into an Acceptable Confidentiality Agreement with such Person and any such copies, access or disclosure provided to such Person shall have already been (or shall concurrently be) provided to the Purchaser; and
- (v) the Company promptly provides the Purchaser with, prior to providing any such copies, access or disclosure, a true, complete and final executed copy of such Acceptable Confidentiality Agreement.

(b) Nothing contained in this Agreement shall prohibit the Company Board or the Company from making any disclosure to securityholders of the Company if the Company Board, acting in good faith and upon the advice of outside legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Company Board or such disclosure is required by applicable Law, provided that (i) the Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review and comment on the form and content of any disclosure to be made pursuant to this Section 5.3(b), and shall give reasonable consideration to comments made by the Purchaser and its outside legal counsel, and (ii) notwithstanding the foregoing, the Company Board shall not be permitted to make a Change in Recommendation other than as permitted by Section 5.4.

5.4 Right to Match

(a) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Company Participating Shareholders, the Company Board may make a Change in Recommendation, if and only if:

- (i) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;
- (ii) the Company has been, and continues to be, in compliance with its obligations under this Article 5 in all material respects;
- (iii) the Company has delivered to the Purchaser a written notice of the determination of the Company Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Company Board to make a Change in Recommendation with respect to such Superior Proposal, including a notice as to the value in financial terms that the Company Board has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered

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under the Superior Proposal (collectively, the “**Superior Proposal Notice**”);

- (iv) the Company or its Representatives have provided to the Purchaser a copy of any proposed definitive agreement for the Superior Proposal;
- (v) at least five Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the material referred to in Section 5.4(a)(iv);
- (vi) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(b), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal; and
- (vii) if the Purchaser has offered to amend this Agreement and the Arrangement under Section 5.4(b), the Company Board has determined in good faith, after consultation with the Company’s outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(d).

(b) For greater certainty notwithstanding any Change in Recommendation in accordance with Section 5.4(a), the Company shall cause the Company Meeting to occur and the Arrangement Resolution to be put to the Company Participating Shareholders thereat for consideration in accordance with this Agreement, and the Company shall not submit to a vote of its shareholders any Acquisition Proposal other than the Arrangement Resolution prior to the termination of this Agreement.

(c) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (i) the Company Board shall review any offer made by the Purchaser under Section 5.4(a)(vi) to amend the terms of this Agreement and the Arrangement in good faith, after consultation with outside legal counsel and financial advisors, in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to constitute a Superior Proposal; and (ii) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If, as a consequence of the foregoing, the Company Board, after consultation with outside legal counsel and financial advisors, determines that such Acquisition Proposal would cease to constitute a Superior Proposal, the Company shall promptly so advise the Purchaser, and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(d) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or a modification to, the consideration (or value of such consideration) to be received by Company Participating Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded an additional five Business Day Matching Period from the date on

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which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials referred to in Section 5.4(a)(iv) with respect to each new Superior Proposal from the Company.

(e) The Company Board shall promptly reaffirm the Company Board Recommendation by press release after any Acquisition Proposal which is not determined to constitute a Superior Proposal is publicly announced or the Company Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(b) would result in an Acquisition Proposal no longer constituting a Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its outside legal counsel.

(f) If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than 10 Business Days before the Company Meeting, the Company may, and shall at the request of Purchaser, postpone the Company Meeting to a date that is not more than 15 Business Days after the scheduled date of the Company Meeting (and, in any event, prior to the Outside Date).

5.5 Breach by Subsidiaries and Representatives

Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and its Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Company, its Subsidiaries or its Representatives is deemed to be a breach of this Article 5 by the Company.

ARTICLE 6
CONDITIONS

6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

- (a) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Company Participating Shareholders at the Company Meeting in accordance with the Interim Order.
- (b) **Interim and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.
- (c) **Key Regulatory Approvals.** Each of the Key Regulatory Approvals has been made, given or obtained and each such Key Regulatory Approval is in force and has not been rescinded or amended in such a way as to prevent or otherwise make illegal the consummation of the Arrangement.

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- (d) **Illegality.** No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.
- (e) **Listing of Consideration Shares.** The Arrangement Consideration Shares to be issued pursuant to the Arrangement have been approved for listing on the TSX (subject only to customary conditions) and the NYSE (subject only to official notice of issuance).

6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Representations and Warranties of the Company.** The representations and warranties of the Company set forth in: (i) paragraphs 1 [*Organization and Qualification*], 2 [*Corporate Authorization*], 3 [*Execution and Binding Obligation*] and 5(a) [*Non-Contravention*] of Schedule C shall be true and correct in all respects as of the date of this Agreement and as of the Effective Time, as if made at and as of such time; (ii) the representations and warranties of the Company set forth in paragraphs 6 [*Capitalization*] and 33 [*Brokers*] of Schedule C shall be true and correct in all respects (except for *de minimis* inaccuracies) as of the date of this Agreement and true and correct in all respects (except for *de minimis* inaccuracies and as a result of transactions, changes, conditions, events or circumstances permitted hereunder) as of the Effective Time; and (iii) all other representations and warranties of the Company set forth in this Agreement shall be true and correct in all respects (disregarding for purposes of this Section 6.2(a)(iii) any materiality or Material Adverse Effect qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Time, as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date), except in the case of this Section 6.2(a)(iii) where the failure to be so true and correct in all respects, individually or in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect, and the Company has delivered a certificate confirming same to the Purchaser, executed by two executive officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (b) **Performance of Covenants by the Company.** The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time which have not been waived by the Purchaser, and has delivered a certificate confirming same to the Purchaser, executed by two executive officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (c) **Material Adverse Effect.** Since the date of this Agreement, there has not occurred a Material Adverse Effect.

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6.3 Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

- (a) **Representations and Warranties of the Purchaser.** The representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Effective Time, as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date), except where the failure to be so true and correct in all respects, individually and in the aggregate, would not reasonably be expected to materially impede or delay the consummation of the Arrangement, and each of the Purchaser and the Purchaser has delivered a certificate confirming same to the Company, executed by two executive officers thereof (in each case without personal liability) addressed to the Company and dated the Effective Date.
- (b) **Performance of Covenants by the Purchaser.** The Purchaser has fulfilled or complied in all material respects with each of its covenants contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time which have not been waived by the Company, and the Purchaser has delivered a certificate confirming same to the Company, executed by two executive officers thereof (in each case without personal liability) addressed to the Company and dated the Effective Date.
- (c) **Purchaser Material Adverse Effect.** Since the date of this Agreement, there shall not have occurred a Purchaser Material Adverse Effect. The Parties acknowledge and agree that this Section 6.3(c) is intended for the benefit of, and shall be enforceable by, the Controlling Shareholder and, for such purpose, the Company hereby confirms that it is acting as agent and trustee for and on its behalf.
- (d) **Payment of Consideration.** The Purchaser shall have complied with its obligations under Section 2.10, the Depositary will have confirmed to the Company receipt from or on behalf of the Purchaser of the Arrangement Consideration contemplated by Section 2.10 and the obligation of the Depositary to pay the amounts payable (in cash and/or Arrangement Consideration Shares, as applicable) to the Company Participating Shareholders pursuant to and in accordance with the Arrangement shall have become irrevocable.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depositary, all funds and Purchaser Shares held in escrow by the Depositary pursuant to Section 2.10 hereof shall be

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released from escrow when the Certificate of Arrangement is issued without any further act or formality required on the part of any Person.

**ARTICLE 7
TERM AND TERMINATION**

7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

7.2 Termination

- (a) This Agreement may be terminated prior to the Effective Time by:
- (i) the mutual written agreement of the Parties;
 - (ii) either the Company or the Purchaser if:
 - (A) **Failure of Company Participating Shareholders to Approve.** The Required Shareholder Approval is not obtained at the Company Meeting in accordance with the Interim Order, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(a)(ii)(A) if the failure to obtain the Required Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
 - (B) **Illegality.** After the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 7.2(a)(ii)(B) has used its commercially reasonable efforts or, in respect of the Regulatory Approvals and the Key Regulatory Approvals or the Competition Act, as applicable, the efforts required by Section 4.5 (to the extent within its control), as applicable, to appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; and provided further that the enactment, making, enforcement or amendment of such Law was not caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement (including Section 4.5); or
 - (C) **Occurrence of Outside Date.** The Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(a)(ii)(C) if

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the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement (including Section 2.10 or Section 4.5);

(iii) the Company if:

(A) **Breach of Representation or Warranty or Failure to Perform Covenants by the Purchaser.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(a) [*Purchaser Representations and Warranties Condition*] or Section 6.3(b) [*Purchaser Covenants Condition*] not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date; provided that the Company is not then in breach of this Agreement so as to cause any condition in Sections 6.1 [*Mutual Conditions Precedent*] or Section 6.2(a) [*Company Representations and Warranties Condition*] or Section 6.2(b) [*Company Covenants Condition*] not to be satisfied;

(B) **Failure to Fund.** (i) All conditions precedent contained in Section 6.1 and Section 6.2 have been satisfied or waived (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), (ii) if the Purchaser has given written notice to the Company that it requires a Marketing Period, the Marketing Period has ended, and (iii) the Company has irrevocably given written notice to the Purchaser that it is ready, willing and able to complete the Arrangement, and (iv) at least five Business Days prior to such termination, the Company has given the Purchaser written notice stating its intention to terminate this Agreement pursuant to this Section 7.2(a)(iii)(B), and the Purchaser does not provide or cause to be provided to the Depositary sufficient funds or Arrangement Consideration Shares to complete the transactions contemplated by the Agreement as required pursuant to Section 2.10; or

(iv) the Purchaser if:

(A) **Breach of Representation or Warranty or Failure to Perform Covenants by the Company.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(a) [*Company Representations and Warranties Condition*] or Section 6.2(b) [*Company Covenants Condition*] not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date; provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Sections 6.1 [*Mutual Conditions Precedent*] or Section 6.3(a) [*Purchaser*

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Representations and Warranties Condition] or Section 6.3(b) [*Purchaser Covenants Condition*] not to be satisfied; or

- (B) **Change in Recommendation.** Prior to the approval by the Company Participating Shareholders of the Arrangement Resolution, (1) the Company Board fails to unanimously (subject to abstentions of any conflicted director) recommend the Arrangement Agreement or withdraws, amends, modifies or qualifies the Company Board Recommendation in a manner adverse to Purchaser or publicly proposes or states its intention to do any of the foregoing, or (2) fails to publicly reaffirm (without qualification) the Company Board Recommendation within five Business Days after having been requested in writing by the Purchaser, acting reasonably, to do so (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting), or (3) the Company Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or a neutral position with respect to a publicly announced, or otherwise publicly announced, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if such date is sooner) after such Acquisition Proposal's public announcement (in each case, a "**Change in Recommendation**") or (4) the Company breaches Article 5 in any material respect.
- (C) **Company Material Adverse Effect.** There has occurred a Material Adverse Effect which is incapable of being cured on or prior to the Outside Date.

(b) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(a)(i)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

7.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the occurrence of the Effective Time, Section 4.13 shall survive for a period of six years following such termination; and (b) in the event of termination under Section 7.2, this Section 7.3 and Sections 8.2 through to and including Section 8.17 shall survive, and provided further that, except as provided in Section 8.2(i), no Party shall be relieved of any liability for any willful breach by it of this Agreement.

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**ARTICLE 8
GENERAL PROVISIONS**

8.1 Amendments

(a) This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Company Participating Shareholders and any such amendment may, subject to the Interim Order and the Final Order and Laws, without limitation:

- (i) change the time for performance of any of the obligations or acts of the Parties;
- (ii) waive or modify, in whole or in part, any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
- (iii) waive or modify, in whole or in part, any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (iv) waive or modify, in whole or in part, any mutual conditions contained in this Agreement.

(b) Notwithstanding anything set forth in this Agreement to the contrary, to the extent any amendment, modification or waiver of this Section 8.1, Section 8.2(i), Section 8.6, Section 8.7(c), Section 8.10(b) or the definitions of "Debt Commitment Letter", "Debt Financing", "Debt Financing Sources" and "Debt Financing Documents" (and any provision of this Agreement to the extent an amendment, supplement, modification or waiver of such provision would modify the substance of any of the foregoing provisions) is sought that is adverse to the interests of the Debt Financing Sources, the prior written consent of such adversely affected Debt Financing Source will be required before such amendment, modification or waiver is rendered effective.

8.2 Termination Amounts

(a) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Amount Event occurs, the Company shall pay the Termination Amount to the Purchaser (or as the Purchaser may direct by notice in writing) in accordance with Section 8.2(c).

(b) For the purposes of this Agreement, "**Termination Amount**" means \$800,000,000, and "**Termination Amount Event**" means the termination of this Agreement:

- (i) by the Purchaser, pursuant to Section 7.2(a)(iv)(B) [*Change in Recommendation*];
- (ii) by any Party pursuant to any subsection of Section 7.2(a) if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(a)(iv)(B) [*Change in Recommendation*]; or

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- (iii) (1) by the Company or the Purchaser pursuant to Section 7.2(a)(ii)(A) [*Failure of Company Participating Shareholders to Approve*] or Section 7.2(a)(ii)(C) [*Occurrence of Outside Date*] or (2) by the Purchaser pursuant to Section 7.2(a)(iv)(A) [*Breach of Representation or Warranty or Failure to Perform Covenants by the Company*], in either case, if:
- (A) prior to such termination, an Acquisition Proposal is publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or any of its affiliates) or any Person (other than the Purchaser or any of its affiliates) shall have publicly announced an intention to do so; and
- (B) within 12 months following the date of such termination, (X) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) is consummated, or (Y) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a Contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above and, whether or not such Acquisition Proposal is later consummated.

For purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more".

- (c) The Termination Amount shall be paid by the Company as follows, by wire transfer of immediately available funds to an account designated by the Purchaser:
- (i) if a Termination Amount Event occurs due to a termination of this Agreement described in Section 8.2(b)(i) or Section 8.2(b)(ii), within two Business Days of the occurrence of such Termination Amount Event; or
- (ii) if a Termination Amount Event occurs due to a termination of this Agreement described in Section 8.2(b)(iii), on or prior to the earlier of the consummation of an Acquisition Proposal or the entering into of a Contract in respect of an Acquisition Proposal, as applicable.
- (d) Despite any other provision in this Agreement relating to the payment of fees and expenses, if a Reverse Termination Amount Event occurs, the Purchaser shall pay the Reverse Termination Amount to the Company (or as the Company may direct by notice in writing) in accordance with Section 8.2(f).
- (e) For purposes of this Agreement, "**Reverse Termination Amount**" means \$1,200,000,000 and "**Reverse Termination Amount Event**" means the termination of this Agreement:
- (i) by any Party pursuant to Section 7.2(a)(ii)(B) [*Illegality*] or Section 7.2(a)(ii)(C) [*Occurrence of Outside Date*], in either case, as a result of the condition in Section 6.1(c) [*Key Regulatory Approvals*] or Section 6.1(d) [*Illegality*] (but only if the Law allowing for termination

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relates to one or more of the Key Regulatory Approvals or the Competition Act), as applicable, not being satisfied; provided that, in the case of a termination pursuant to Section 7.2(a)(ii)(C) [*Occurrence of Outside Date*]: (i) the conditions set forth in Section 6.1(a) [*Arrangement Resolution*], Section 6.1(b) [*Interim and Final Order*] and Section 6.2(c) [*Material Adverse Effect*] were, at the time of such termination, satisfied or had been waived by the Purchaser; and (ii) in the event of such termination by the Purchaser, the failure to obtain the Key Regulatory Approvals by the Outside Date has not been caused by, and is not a result of, the failure by the Company to perform in all material respects any of its covenants or agreements under this Agreement (including under Section 4.5); or

(ii) or by the Company pursuant to Section 7.2(a)(iii)(B) [*Failure to Fund*].

(f) The Reverse Termination Amount (less any RTA Asset Portion, if applicable) shall be paid by the Purchaser by wire transfer of immediately available funds to an account designated by the Company within ten Business Days after the occurrence of a Reverse Termination Amount Event, provided that the Company may, within five Business Days after the occurrence of a Reverse Termination Amount Event, request, by notice in writing to the Purchaser (the "**RTA Request**"), to receive all or a portion of the Reverse Termination Amount (the "**RTA Asset Portion**") in the form of assets or alternative consideration ("**Alternative Consideration**"). The RTA Request shall list all potential Alternative Consideration that the Company is willing to accept and may suggest a value that the Company believes should be attributed to such Alternative Consideration for the purposes of this Section 8.2(f). The Purchaser Board shall review any RTA Request in good faith and, within 30 days thereof, will notify the Company of (i) any Alternative Consideration that the Purchaser is prepared to transfer to the Company in satisfaction of all or a portion of the RTA Asset Portion, and (ii) the value the Purchaser ascribes to such Alternative Consideration (which shall be determined by the Purchaser Board in good faith). If requested by the Company, the Purchaser will engage in good faith discussions with the Company for a period of 60 days (or such longer period as the Parties may agree in writing) to determine if the Parties can reach an agreement with respect to the terms and conditions upon which the Purchaser would satisfy all or a portion of the RTA Asset Portion in Alternative Consideration. If the Parties reach such an agreement to satisfy all or any portion of the RTA Asset Portion in Alternative Consideration, then (i) the Parties shall use commercially reasonable efforts to transfer such Alternative Consideration to the Company as promptly as reasonably practicable, subject to the terms and conditions agreed to by the Parties (which terms and conditions shall address, among other things, the manner in which the RTA Asset Portion represented by such transaction will be satisfied if the transaction is not completed in accordance with its terms), and (ii) the balance of the RTA Asset Portion, if any, shall be paid in cash within five Business Days of the end of the 60 day period referred to in the preceding sentence, or any extension thereof agreed to by the Parties in writing. Notwithstanding the foregoing, at any time after delivering an RTA Request and prior to the Parties entering into an agreement referred to in paragraph (i) of the preceding sentence, the Company may, upon written notice to the Purchaser, elect not to receive Alternative Consideration and to have any remaining unpaid RTA Asset Portion be paid in cash within twenty Business Days of such notice being provided to the Purchaser. In no event will the aggregate amount of cash paid to the Company and the value (as set forth in any agreement between the Parties) of Alternative Consideration transferred to the Company exceed the Reverse Termination Amount.

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(g) For the avoidance of doubt, in no event shall the Company be obligated to pay the Termination Amount, or shall the Purchaser be obligated to pay the Reverse Termination Amount, on more than one occasion, in each case, whether or not the Termination Amount or the Reverse Termination Amount, as applicable, may be payable at different times or upon the occurrence of different events.

(h) The Parties acknowledge that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement. The Parties further acknowledge that the payment amounts set forth in this Section 8.2 are payments in consideration for the disposition of the rights of the Party entitled to receive such payments under this Section 8.2 and that the amounts set out in this Section 8.2 are a genuine pre-estimate of the damages, including opportunity costs, which the affected Party will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such amounts are excessive or punitive.

(i) Subject to the rights of the Parties to injunctive and other equitable relief or specific performance in accordance with Section 8.7 to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement, each Party agrees that the payment of the Termination Amount or the Reverse Termination Amount, as applicable, in the manner provided in this Section 8.2 is the sole and exclusive remedy of such Party in respect of the event giving rise to such payment and the termination of this Agreement, and following receipt of the Termination Amount or Reverse Termination Amount, as applicable, no Party shall be entitled to bring or maintain any claim, action or proceeding against the Party or any of its affiliates or any Debt Financing Source arising out of or in connection with this Agreement (or the termination thereof) or the transactions contemplated herein and neither Party nor any of its affiliates, or any Debt Financing Source, shall have any further liability with respect to this Agreement or the transactions contemplated hereby to the other Party or any of their respective affiliates; provided, however, that this limitation shall not apply in the event of fraud or a wilful breach by the Party or any of its Subsidiaries making such payments of its representations, warranties, covenants or agreements set forth in this Agreement (which breach and liability therefore shall not be affected by termination of this Agreement or any payment of the Termination Amount or the Reverse Termination Amount, as applicable). For greater certainty, should the Company have reason to terminate this Agreement but elect not to terminate this Agreement, the Company shall be free to pursue any and all remedies against the Purchaser, including injunctive relief, specific performance or other equitable remedy, arising from the facts entitling the Company to otherwise terminate this Agreement.

8.3 Expenses

Except as provided in Sections 2.3(c), 4.5(f), 4.7, 4.8 and 8.2, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of the Company incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

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8.4 Notices

Any notice, direction or other communication given pursuant to this Agreement (each a “**Notice**”) must be in writing, sent by hand delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise on the next Business Day; or (ii) if sent by email (with confirmation of transmission) on the date of transmission if it is a Business Day and transmission was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like Notice):

(a) to the Company at:

Shaw Communications Inc.
630 – 3rd Avenue S.W., Suite 900
Calgary, Alberta
T2P 4L4

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

Email: [REDACTED]

Attention: Peter Johnson,
Executive Vice President, Chief Legal and Regulatory Officer

Email: [REDACTED]

with a copy to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, Ontario
M5V 3J7

Attention: Vincent A. Mercier and Brett Seifred
Email: vmercier@dwpv.com and bseifred@dwpv.com

(b) to Purchaser at:

Rogers Communications Inc.
333 Bloor Street East, 10th Floor
Toronto, Ontario
M4W 1G9

Attention: Joe Natale, Chief Executive Officer
Email: [REDACTED]

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with a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario, M5H 2S7

Attention: Dale Lastman and Chris Sunstrum
Email: dlastman@goodmans.ca and csunstrum@goodmans.ca

Rejection or other refusal to accept, inability to deliver because of changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

8.5 Time of the Essence

Time is of the essence in this Agreement.

8.6 Third Party Beneficiaries

(a) Except for (i) the rights of the Persons set forth in Section 4.7(d), Section 4.13 and Section 6.3(c), which, without limiting their terms, are intended as stipulations for the irrevocable benefit of, and shall be enforceable by, the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.7 as the "**Third Party Beneficiaries**"), and (ii) the benefits in favour of the Debt Financing Sources set forth in Section 8.1(b), Section 8.2(i), this Section 8.6 and Section 8.7(c), the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(b) Despite Section 8.6(a), the Parties acknowledge:

- (i) to each of the Third Party Beneficiaries their direct rights against the applicable Party under Section 4.13(a), respectively, of this Agreement, which are intended for the irrevocable benefit of, and shall be enforceable by, each Third Party Beneficiary, his or her heirs, executors, administrators and legal representatives, and for such purpose, the Company or the Purchaser, as applicable, confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf; and
- (ii) to each Debt Financing Source their respective rights against the Parties, as applicable, under each of Section 8.1, Section 8.1(b), Section 8.2(i), this Section 8.6 and Section 8.7(c) which are intended for the benefit of, and shall be enforceable by, each of the Debt Financing Sources.

(c) Subject to Section 8.1, the Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any

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Person who is not a Party, without notice to or consent of that Person, including any Third Party Beneficiary.

8.7 Equitable Remedies

(a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with their specific terms or were otherwise breached by a Party. The Parties accordingly agree (and further agree not to take any contrary position in any litigation concerning this Agreement) that (i) each Party shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement or the obligations of the Parties to consummate the Closing in accordance with the provisions of this Agreement, and to specifically enforce compliance with, or performance of, the terms of this Agreement against the other Party without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which a Party may be entitled at Law or in equity, and (ii) the right of specific performance is an integral part of the transactions contemplated by this Agreement and, without such right, neither the Company nor the Purchaser would have entered into this Agreement.

(b) Notwithstanding anything to the contrary in this Agreement, it is hereby acknowledged and agreed that the Company shall be entitled to seek specific performance to cause the Purchaser to enforce the obligations of the Debt Financing Sources to fund the financing under the Debt Commitment Letter, but only in the event that each of the following conditions has been satisfied: (i) all of the conditions set forth in Section 6.1 and Section 6.2 have been satisfied (excluding conditions that, by their terms, are to be satisfied on the Effective Date); (ii) the Purchaser fails to pay the aggregate Arrangement Consideration as required by Section 2.10; and (iii) all of the conditions to the consummation of the financing provided by the Debt Commitment Letter have been satisfied (excluding conditions that, by their terms, are to be satisfied on the Effective Date).

(c) Notwithstanding anything to the contrary contained in this Agreement, but without limiting any of the Company's rights under Sections 8.7(a), 8.7(b) or 8.7(d) or the rights of the Parties to the Debt Commitment Letters under the terms thereof, the Company hereby waives, any rights or claims against any Debt Financing Source in connection with this Agreement, the Debt Financing or the transactions contemplated hereby or thereby and the Company agrees not to commence any action or proceeding against any Debt Financing Source in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or in respect of any other document or theory of law or equity in connection therewith, whether at law, in contract, in tort or otherwise and agrees to cause any such action or proceeding asserted by the Company in violation of the prohibition on commencing actions or proceedings contained in this Section 8.7(c) against any Debt Financing Source to be dismissed or otherwise terminated. In particular, the Company agrees that no Debt Financing Source shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature. For the avoidance of doubt, nothing contained herein shall in any way limit or modify the rights and obligations of the Purchaser or the Debt Financing Sources set forth under the Debt Commitment Letter or any other commitment letter, fee letter or definitive agreement pertaining to the Debt Financing, and nothing herein shall restrict the ability of the Company to seek specific performance of the Purchaser's obligations hereunder, including under Section 8.7(b).

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(d) If, prior to the Outside Date, any Party brings any action in accordance with this Section 8.7 to enforce specifically the performance of the terms and provisions hereby by any other Party or the Company brings any action seeking an injunction, specific performance or other equitable relief in connection with the Debt Commitment Letter, the Outside Date shall automatically be extended (i) for the period during which such action is pending, plus 20 Business Days, or (ii) by such other time period established by the court presiding over such action, as the case may be.

8.8 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

8.9 Entire Agreement

This Agreement, the Confidentiality Agreement and the JDA constitute the entire agreement between the Company and the Purchaser with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Company and the Purchaser. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Company and the Purchaser in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. Neither the Company nor the Purchaser has relied or is relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement. Each of the Confidentiality Agreement and the JDA shall survive the termination of this Agreement in accordance with its terms.

8.10 Successors and Assigns

(a) This Agreement becomes effective only when executed by the Company or the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company and the Purchaser and their respective successors and permitted assigns.

(b) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party, provided however that the Purchaser (or any permitted assign of the Purchaser) may, at any time, assign its rights and obligations under this Agreement without such consent to a wholly-owned Subsidiary of the Purchaser if such assignee delivers an instrument in writing confirming that it is bound by and shall perform all of the obligations of the assigning party under this Agreement as if it were an original signatory and provided further that the assigning party shall not be relieved of its obligations hereunder.

8.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect.

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Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.12 Governing Law

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Alberta courts situated in the City of Calgary and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum. Any legal proceedings arising out of this Agreement shall be conducted in the English language only.

8.13 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.14 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

8.15 No Liability

No director or officer of the Purchaser shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered on behalf of the Purchaser under this Agreement. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered on behalf of the Company or any of its Subsidiaries under this Agreement.

8.16 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. *Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.*

8.17 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other method of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile, PDF or similarly executed

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electronic copy of this Agreement, and such facsimile, PDF or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature Page Follows.]

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IN WITNESS WHEREOF the Parties have executed this Arrangement as of the date first written above.

ROGERS COMMUNICATIONS INC.

by



Name: Joseph Natale

Title: President and
Chief Executive Officer



Name: Anthony Staffieri

Title: Chief Financial Officer

SHAW COMMUNICATIONS INC.

by



Name: Trevor English

Title: Executive Vice President, Chief
Financial and Corporate
Development Officer



Name: Peter Johnson
Title: Executive Vice President, Chief
Legal and Regulatory Officer

IN WITNESS WHEREOF the Parties have executed this Arrangement as of the date first written above.


ROGERS COMMUNICATIONS INC.

by _____
Name:
Title:

Name:
Title:

SHAW COMMUNICATIONS INC.


by _____
Name: Trevor English
Title: Executive Vice President, Chief
Financial and Corporate
Development Officer



Name: Peter Johnson
Title: Executive Vice President, Chief
Legal and Regulatory Officer

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**SCHEDULE A
PLAN OF ARRANGEMENT**

(See attached)

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PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“Arrangement Agreement” means the Arrangement Agreement made as of March 13, 2021 between the Purchaser and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

“Cash Consideration” means \$40.50;

“Company” means Shaw Communications Inc.;

“Company Dividend” has the meaning specified in Section 2.3(f);

“Company Shares” means the Class A Shares and the Class B Shares;

“Court” means the Court of Queen’s Bench of Alberta, or other court as applicable;

“Depository” means AST Trust Company (Canada), as depository, or such other Person as the Company and the Purchaser mutually agree on, each acting reasonably;

“Dissenting Shareholder” means a holder of Company Shares as of the record date of the Company Meeting who: (a) has validly exercised its Dissent Rights in strict compliance with the Dissent Right provisions of this Plan of Arrangement; (b) has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights; and (c) is ultimately entitled to be paid the fair value for his, her or its Company Shares, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such holder of Company Shares;

“Dissent Rights” has the meaning specified in Section 3.1;

“Effective Date” means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

“Effective Time” means 1:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

“Eligible Holder” means a Shaw Family Shareholder that is: (i) a resident of Canada for the purposes of the Tax Act and not exempt from tax under Part I of the Tax Act; or (ii) a partnership, any member of which is a resident of Canada for the purposes of the Tax Act, that is not exempt from tax under Part I of the Tax Act;

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“Equity Awards” means the Company Options, Company RSUs, Company PSUs and Company DSUs;

“Final Order” means the final order of the Court pursuant to section 193 of the ABCA in a form acceptable to the Company and Purchaser, each acting reasonably, as contemplated by Section 2.5 of the Arrangement Agreement, approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company and the Purchaser, each acting reasonably) on appeal;

“holders” means: (a) when used with reference to the Company Shares, except where the context otherwise requires, the holders of the Company Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Company Shares; (b) when used with reference to the Qualifying Holdco Shares, except where the context otherwise requires, the holders of the Qualifying Holdco Shares shown from time to time in the registers maintained by or on behalf of the Qualifying Holdco in respect of the Qualifying Holdco Shares; and (c) when used with reference to Equity Awards, the holders of Equity Awards shown from time to time in the respective registers or accounts maintained by or on behalf of the Company;

“Interim Order” means the interim order of the Court pursuant to section 193 of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended, modified, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably;

“Letter of Transmittal” means the letter of transmittal to be sent by the Company to holders of Company Shares for use in connection with the Arrangement;

“Liens” means any mortgage, charge, pledge, hypothec, security interest, lien (statutory or otherwise), or adverse right or claim, or other third party interest or encumbrance of any kind;

“Plan of Arrangement” means this plan of arrangement proposed under Section 193 of the ABCA, and any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and Purchaser, each acting reasonably;

“Purchaser” means Rogers Communications Inc.;

“Purchaser Loan” means a demand loan from the Purchaser to the Company denominated in Canadian dollars in an aggregate principal amount not exceeding the aggregate amount of cash required by the Company to make the payments in Sections 2.3(b) to Section 2.3(e), which amount shall be provided by the Company to the Purchaser in writing prior to the Effective Time, and which shall be evidenced by way of a demand promissory note granted by the Company in favour of the Purchaser;

“Purchaser Share” means a Class B Non-Voting Share in the capital of the Purchaser;

“Qualifying Holdco” means a corporation that is wholly-owned by one or more Shaw Family Shareholders that meets the conditions described in Section 4.1 of the Controlling Shareholder

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Voting Support Agreement, and which directly holds Shaw Family Company Shares at the Effective Time;

“Qualifying Holdco Shares” means all of the shares in the capital of a Qualifying Holdco at the Effective Time;

“Section 85 Election” has the meaning specified in Section 2.6;

“Shaw Family Company Shares” means (a) the 50,719,468 Company Shares owned, directly or indirectly, or controlled by the Shaw Family Living Trust as of the date of the Arrangement Agreement as set forth in Schedule “A” to the Controlling Shareholder Voting Support Agreement, plus (b) up to 5,946,607 additional Company Shares held by Shaw Family Shareholders or Qualifying Holdcos at the Effective Time, plus (c) such additional number of Company Shares, if any, that the Purchaser agrees can be included as Shaw Family Company Shares;

“Shaw Family Consideration” means the aggregate of the Shaw Family Share Consideration in respect of every Shaw Family Company Share transferred to the Purchaser pursuant to Section 2.3(j) and the Shaw Family Holdco Share Consideration in respect of every Qualifying Holdco provided that such aggregate amount cannot exceed \$917,990,415 in cash and 23,641,470.40 Purchaser Shares, unless, with the consent of the Purchaser, the aggregate number of Shaw Family Company Shares exceeds 56,666,075, in which case the cash and Purchaser Shares forming part of the Shaw Family Consideration shall be proportionately increased;

“Shaw Family Group” means (a) the estate of JR Shaw, his spouse and issue (whether natural born or legally adopted) and spouses thereof, the estates of any such individuals, and corporations owned or controlled by any one or more of the foregoing or by trusts of which any one or more of the foregoing are the principal beneficiaries (including the Shaw Family Living Trust), (b) the estate of James Robert Shaw; and (c) each of the charitable foundations listed in Schedule “B” to the Controlling Shareholder Voting Support Agreement;

“Shaw Family Holdco Share Consideration” in respect of a Qualifying Holdco means (a) an amount of cash equal to \$16.20 multiplied by the number of Company Shares held by that Qualifying Holdco at the Effective Time; and (b) that number of Purchaser Shares equal to 0.417206775 multiplied by the number of Company Shares held by that Qualifying Holdco at the Effective Time, payable to the Shaw Family Shareholders in respect of the Qualifying Holdco Shares of that Qualifying Holdco transferred by the Shaw Family Shareholders to the Purchaser;

“Shaw Family Share Consideration” means (a) \$16.20 in cash, and (b) 0.417206775 Purchaser Shares, payable in respect of each Shaw Family Company Share transferred to the Purchaser pursuant to Section 2.3(j); and

“Shaw Family Shareholder” means the Shaw Family Living Trust and any other member of the Shaw Family Group (other than a Qualifying Holdco) that is the registered holder of Company Shares or Qualifying Holdco Shares at the Effective Time and that has agreed (in a form reasonably acceptable to the Purchaser) to be a Shaw Family Shareholder; provided that no Person will become a Shaw Family Shareholder without the prior consent of the Purchaser if, after giving effect thereto, the aggregate number of Shaw Family Company Shares would exceed 56,666,075.

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1.2 Headings, References, etc.

The division of this Plan of Arrangement into Articles, sections, and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise indicated, all references to an "Article" or "section" followed by a number and/or a letter refer to the specified Article or section of this Plan of Arrangement. The terms "hereof", "herein" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, section or other portion hereof.

1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires: (a) words importing the singular number include the plural and vice versa; (b) words importing any gender include all genders; and (c) "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required or permitted to be taken hereunder by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day. In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.6 References to Dates, Statutes, etc.

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute, regulation, direction or instrument is to that statute, regulation, direction or instrument as now enacted or as the same may from time to time be amended, re-enacted or replaced, and in the case of a reference to a statute, includes any regulations, rules, policies or directions made thereunder. Any reference in this Plan of Arrangement to a Person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns. References to any contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with its terms.

1.7 Time

Time shall be of the essence in every matter or action contemplated in this Plan of Arrangement. All times expressed herein are local time (Calgary, Alberta) unless otherwise stipulated herein.

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**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Company, the Purchaser, all holders and beneficial owners of Company Shares, Company Options, Company RSUs, Company PSUs and Company DSUs, including Dissenting Holders, the register and transfer agent of the Company, the Depositary and all other Persons, at and after the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below, without further authorization, act or formality, in each case, in accordance with the transfer mechanics set out in Section 2.4 and unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) the Purchaser shall make the Purchaser Loan to fund the payments in Sections 2.3(b), 2.3(c), 2.3(d) and 2.3(e);
- (b) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Company Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Cash Consideration exceeds the exercise price of such Company Option, in each case, less applicable withholdings in accordance with Section 4.3, and each such Company Option shall immediately be cancelled and, for greater certainty, where such amount is nil or negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option;
- (c) each Company RSU, Company PSU or Company DSU outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Company RSU/PSU Plan or the Company DSU Plan, as applicable, shall, without any further action by or on behalf of a holder of Company RSUs, Company PSUs or Company DSUs, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the Cash Consideration, less applicable withholdings in accordance with Section 4.3, and each such Company RSU, Company PSU or Company DSU shall immediately be cancelled;

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- (d) the Company shall make a cash payment to the ERP Trust (as defined in the ERP), in an amount equal to the amount required to be contributed by the Company in accordance with Section 12.05 of the ERP which shall have been calculated by the Actuary (as defined in the ERP) with effect as of the Effective Time, less applicable withholdings in accordance with Section 4.3;
- (e) the Company shall make a cash payment to the SERP Trust (as defined in the SERP) in an amount equal to the amount required to be contributed by the Company in accordance with Section 7.02(c) of the SERP, less applicable withholdings in accordance with Section 4.3;
- (f) the Company shall make a payment to the Depositary in an amount equal to any unpaid Company Permitted Dividend that has been declared by the Company Board in accordance with the terms of the Arrangement Agreement on the Company Shares with a record date prior to the Effective Date (the “**Company Dividends**”), less applicable withholdings in accordance with Section 4.3;
- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred (free and clear of any Liens), without any further act or formality, to the Purchaser, in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:
 - (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares as set out in Section 3.1;
 - (ii) the name of each such Dissenting Shareholder shall be removed as the holder of such Company Shares from the registers of Company Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of any Liens) and shall be entered in the registers of Company Shares maintained by or on behalf of the Company;
- (h) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Class A Share (other than Shaw Family Company Shares, and Class A Shares held by Dissenting Shareholders or Qualifying Holdcos) shall be transferred (free and clear of all Liens) to the Purchaser in consideration for the Cash Consideration;
- (i) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Class B Share (other than Shaw Family Company Shares, and Class B Shares held by Dissenting Shareholders or Qualifying Holdcos) shall be transferred (free and clear of all Liens) to the Purchaser in consideration for the Cash Consideration;
- (j) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Shaw Family Company Share (other than Shaw Family Company

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Shares held by a Qualifying Holdco) shall be transferred (free and clear of all Liens) to the Purchaser in exchange for the Shaw Family Share Consideration; and

- (k) contemporaneously with the step contemplated in Section 2.3(g), all outstanding Qualifying Holdco Shares of each Qualifying Holdco held by the Shaw Family Shareholders shall be transferred (free and clear of all Liens) to the Purchaser in exchange for the Shaw Family Holdco Share Consideration in respect of each Qualifying Holdco. The Shaw Family Holdco Share Consideration in respect of each Qualifying Holdco, including the portion satisfied by cash and the portion satisfied by Purchaser Shares for each Qualifying Holdco Share, shall be allocated amongst the Qualifying Holdco Shares of such Qualifying Holdco in a manner consistent with the Section 85 Election or as may otherwise be agreed by the relevant Shaw Family Shareholders and the Purchaser, acting reasonably.

2.4 Transfer Mechanics

- (a) With respect to each Company Option, Company RSU, Company PSU and Company DSU deemed to be transferred and assigned in accordance with Sections 2.3(b) and 2.3(c), the following shall be deemed to have occurred as of the time of such applicable transfer and assignment:
- (i) each holder thereof shall cease to be a holder of such applicable Equity Award;
 - (ii) each holder's name shall be removed from the register of the applicable Equity Award;
 - (iii) the Company Stock Option Plan, the Company RSU/PSU Plan and the Company DSU Plan, and all agreements relating to the applicable Equity Awards, shall be terminated and shall be of no further force and effect; and
 - (iv) each holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to Section 2.3(b) and Section 2.3(c), as applicable, at the time and in the manner specified in Section 4.1.
- (b) With respect to each Class A Share, Class B Share or Qualifying Holdco Share deemed to have been transferred and assigned in accordance with Sections 2.3(h) to 2.3(k), the following shall be deemed to have occurred as of the time of the applicable transfer and assignment:
- (i) the holder thereof shall cease to be the holder of such Company Share or Qualifying Holdco Share, as applicable, and to have any rights as holders thereof, other than the right to be paid the Cash Consideration or Shaw Family Consideration, as applicable, in accordance with this Plan of Arrangement;
 - (ii) the name of the holder thereof shall be removed from the register of Company Shares or Qualifying Holdco Shares, as applicable;
 - (iii) the holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise,

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required to transfer and assign such Company Share or Qualifying Holdco Share; and

- (iv) the Purchaser shall be deemed to be the transferee (free and clear of all Liens) of all of the outstanding Company Shares (other than Company Shares held by the Qualifying Holdcos but including all Company Shares transferred by Dissenting Shareholders pursuant to Section 2.3(g)) and all Qualifying Holdco Shares and the register of the Company and any Qualifying Holdco shall be revised accordingly.

2.5 No Fractional Purchaser Shares and Rounding of Cash Consideration

- (a) In no event shall a Shaw Family Shareholder be entitled to a fractional Purchaser Share. Where the aggregate number of Purchaser Shares to be issued to a Shaw Family Shareholder pursuant to this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable: (i) the number of Purchaser Shares to be received by such Shaw Family Shareholder shall be rounded down to the nearest whole Purchaser Share; and (ii) such Shaw Family Shareholder shall receive a cash payment (rounded up to the nearest whole \$0.01) equal to the product of the (A) \$58.2445 and (B) the fractional Purchaser Share amount.
- (b) If the aggregate cash amount which a holder of Company Shares or Qualifying Holdco Shares is entitled to receive pursuant to this Plan of Arrangement would otherwise include a fraction of \$0.01, then the aggregate cash amount to which such holder shall be entitled to receive shall be rounded up to the nearest whole \$0.01.

2.6 Tax Elections

If requested by an Eligible Holder who receives Purchaser Shares pursuant to the Arrangement, the Purchaser shall make a joint election with such Eligible Holder in accordance with subsection 85(1) or 85(2) of the Tax Act (and any similar provision of any provincial legislation) provided that such election is in accordance with the provisions of the Tax Act (and applicable provincial legislation) (a "**Section 85 Election**"). The agreed amount under such joint election shall be determined by each Eligible Holder in such Eligible Holder's sole discretion within the limits set out in the Tax Act (and applicable provincial legislation). The obligation of the Purchaser in this regard is limited to Eligible Holders that provide the Purchaser with a validly completed tax election within 90 days after the Effective Date, and the Purchaser will not assume any responsibility for the proper completion or timely filing of such election. The Purchaser will not have any obligation to make such an election in respect of any holder of Company Shares or holder of Qualifying Holdco Shares other than an Eligible Holder who receives Purchaser Shares pursuant to the Arrangement.

**ARTICLE 3
RIGHTS OF DISSENT**

3.1 Rights of Dissent

Registered holders of Company Shares as of the record date for the Company Meeting may exercise dissent rights with respect to the Company Shares held by such holder as of such date ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the

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manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding Section 191 of the ABCA, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. (Calgary Time) two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Company Shares held by them and in respect of which Dissent Rights have been validly exercised to the Company free and clear of all Liens, as provided in Section 2.3(g), and if they:

- (a) ultimately are entitled to be paid fair value for such Company Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(g)); (ii) will be entitled to be paid the fair value of such Company Shares, which fair value shall be determined as of the close of business on the day before the Arrangement Resolutions were adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Company Shares shall be deemed to have participated in the Arrangement as of the Effective Time on the same basis as a non-dissenting holder of Company Shares (other than a Shaw Family Shareholder) and shall be entitled to receive only the consideration contemplated in Section 2.3 that such holder of Company Shares would have received pursuant to the Arrangement if such holder of Company Shares had not exercised Dissent Rights.

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall the Company, the Purchaser or any other Person be required to recognize a Person exercising Dissent Rights: (i) unless, as of the deadline for exercising Dissent Rights (as set forth in Section 3.1), such Person is a registered holder of the Company Shares in respect of which such Dissent Rights are sought to be exercised; (ii) if such Person has voted or instructed a proxyholder to vote such Company Shares in favour of the Arrangement Resolution; or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights and does not withdraw such dissent prior to the Effective Time.
- (b) For greater certainty, in no case shall the Company, the Purchaser or any other Person be required to recognize Dissenting Shareholders as holders of Company Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(g), and the names of such Dissenting Shareholders shall be removed from the registers of holders of Company Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(g) occurs.
- (c) In addition to any other restrictions under Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Equity Awards; (ii) holders of Company Shares who vote or have instructed a proxyholder to vote such holder's Company Shares in favour of the Arrangement Resolution; (iii) any Person (including any beneficial owner of Company Shares) who is not a

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registered holder of Company Shares; and (iv) the Purchaser and its affiliates (as defined in the Arrangement Agreement).

**ARTICLE 4
PAYMENTS AND CERTIFICATES**

4.1 Payment of Consideration

- (a) Following receipt of the Final Order and prior to the filing of the Articles of Arrangement: (i) the Purchaser shall deposit or cause to be deposited with the Depository for the benefit of each holder of Company Shares and Qualifying Holdco Shares entitled to receive cash pursuant to Sections 2.3(h) to 2.3(k), the amount of cash equal to the cash payments contemplated in Sections 2.3(h) to 2.3(k), with the amount per Company Share in respect of which Dissent Rights have been exercised being deemed to be the Cash Consideration, for the benefit of the holders of Company Shares and Qualifying Holdco Shares; and (ii) Purchaser shall deposit or cause to be deposited with the Depository, for the benefit of and to be held on behalf of the Shaw Family Shareholders entitled to receive Purchaser Shares pursuant to Section 2.3(j) and Section 2.3(k), certificates representing the number of Purchaser Shares that such Shaw Family Shareholders are entitled to receive pursuant to Section 2.3(j) and Section 2.3(k). The cash deposited with the Depository shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

- (b) Upon the surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares or Qualifying Holdco Shares, as applicable, that were transferred pursuant to Sections 2.3(h) to 2.3(k), together with a duly completed and executed Letter of Transmittal, and such additional documents and instruments as the Depository may reasonably require (or the Purchaser in respect of Qualifying Holdco Shares), each Company Share or Qualifying Holdco Share, as applicable, represented by such surrendered certificate shall be exchanged by the Depository, and the Depository shall deliver to the applicable holder of such Company Share or Qualifying Holdco Share as soon as practicable and in accordance with Sections 2.3(h) to 2.3(k), Section 4.1 and Section 4.2: (i) a cheque, wire transfer or other form of immediately available funds, representing the cash amount that such holder of Company Shares or Qualifying Holdco Shares, as applicable, is entitled to receive under the Arrangement; and (ii) one or more certificates representing the Purchaser Shares that such holder of Company Shares or Qualifying Holdco Shares, as applicable, is entitled to receive under the Arrangement.

- (c) As soon as practicable after the Effective Time, the Company shall pay the amounts to be paid to holders of Equity Awards in accordance with Sections 2.3(b) and 2.3(c) either: (i) pursuant to the normal payroll practices and procedures of the Company; or (ii) in the event that payment pursuant to the normal payroll practices and procedures of the Company is not practicable for any such holder, by cheque, wire transfer or other form of immediately available funds (delivered to such holder of such Equity Awards, as applicable, as reflected on the register maintained by or on behalf of the Company in respect of such Equity Awards), or (iii) by such other means as the Company may elect or as otherwise may be reasonably requested

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by the Purchaser including with respect to the timing and manner of such delivery, in each case, less applicable withholdings in accordance with Section 4.3.

- (d) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented outstanding Company Shares or Qualifying Holdco Shares shall be deemed, immediately after the completion of the transactions contemplated in Sections 2.3(h) to 2.3(k), to represent only the right to receive upon such surrender cash and, as applicable, Purchaser Shares, in lieu of such certificate as contemplated in Sections 2.3(h) to 2.3(k). Any such certificate formerly representing outstanding Company Shares or Qualifying Holdco Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares or Qualifying Holdco Shares of any kind or nature against or in the Company or Purchaser. On such date, all cash or securities to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depository to the Purchaser or as directed by the Purchaser.
- (e) Any payment made by way of cheque by the Depository (on behalf of the Purchaser) or the Company, if applicable, pursuant to the Arrangement that has not been deposited or has been returned to the Depository (or the Company) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Date, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of any holder of Company Shares, Qualifying Holdco Shares or Equity Awards to receive the applicable consideration for any Company Shares, Qualifying Holdco Shares or Equity Awards pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.
- (f) No holder of Company Shares, Qualifying Holdco Shares or Equity Awards shall be entitled to receive any consideration with respect to Company Shares, Qualifying Holdco Shares or Equity Awards other than the consideration to which such holder entitled to receive in accordance with Sections 2.3(b), 2.3(c), 2.3(g), 2.3(h), 2.3(i), 2.3(j), 2.3(k) and this Section 4.1 and, for greater certainty, no such holder shall be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than Company Dividends pursuant to Section 2.3(f). No dividend or other distribution declared or made after the Effective Time with respect to Company Shares or Equity Awards with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Company Shares, Qualifying Holdco Shares or Equity Awards.
- (g) All dividends or other distributions payable with respect to any Purchaser Shares allotted and issued pursuant to this Arrangement for which a certificate has not been issued shall be paid or delivered to the Depository to be held by the Depository for the benefit and on behalf of the registered holder thereof. All monies received by the Depository shall be invested by it in interest-bearing trust accounts upon such terms as the Depository may reasonably deem appropriate. The Depository shall pay and deliver to any such holder, as soon as reasonably

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practicable after application therefor is made by the holder to the Depositary in such form as the Depositary may reasonably require, such dividends or other distributions and any interest thereon to which such holder is entitled, less any amounts withheld pursuant to Section 4.3.

- (h) All Company Dividends, if any, shall be paid or delivered to the Depositary to be held by the Depositary for the benefit and on behalf of the registered holder of the Company Shares. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by the holder to the Depositary in such form as the Depositary may reasonably require, the Company Dividends and any interest thereon to which such holder is entitled, less any amounts withheld pursuant to Section 4.3. The holders' rights to receive payment from the Depositary pursuant to this Section 4.1(h) shall represent all of the holder's rights with respect to the Company Dividends.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares or Qualifying Holdco Shares that were transferred pursuant to Sections 2.3(h) to 2.3(k) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue, pay and deliver, in exchange for such lost, stolen or destroyed certificate, the cash amount and, as applicable, the Purchaser Shares, which such holder is entitled to receive pursuant to this Plan of Arrangement. When authorizing such issuance, delivery or payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash or Purchaser Shares are to be delivered shall as a condition precedent to the issuance, delivery or payment thereof, give a bond satisfactory to the Company, the Purchaser and the Depositary, each acting reasonably, in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, each acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company and the Depositary, and any other Person that makes a payment hereunder, as applicable, shall be entitled to deduct or withhold (or cause to be deducted or withheld) from the amount payable or otherwise deliverable to any Person pursuant to the Arrangement or this Plan of Arrangement, including Company Participating Shareholders exercising Dissent Rights, and from all dividends, other distributions or other amounts otherwise payable to any former Company Shareholders, holder of Qualifying Holdco Shares or holders of Company Options, Company RSUs, Company PSUs or Company DSUs, such Taxes or other amounts as the Purchaser, the Company, the Depositary or other Persons are or may be required or permitted to deduct or withhold with respect to such payment under the Tax Act, or any other provisions of any applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld Taxes or other amounts are actually remitted to the appropriate Governmental Entity.

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4.4 No Liens

Any exchange or transfer of Company Shares, Qualifying Holdco Shares or Equity Awards pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Qualifying Holdco Shares and Equity Awards issued or outstanding prior to the Effective Time; (b) the rights and obligations of the holders of Company Shares, Qualifying Holdco Shares and Equity Awards, the Company, the Purchaser, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares, Qualifying Holdco Shares and Equity Awards shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

**ARTICLE 5
AMENDMENTS**

5.1 Amendments to Plan of Arrangement

- (a) The Company and the Purchaser may amend, modify or supplement this Plan of Arrangement at any time, and from time to time, prior to the Effective Time, provided that each such amendment, modification or supplement must: (i) be set out in writing; (ii) be approved by the Company and the Purchaser, each acting reasonably; (iii) filed with the Court and, if made following the Company Meeting, approved by the Court; and (iv) communicated to holders of Company Shares, if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by either the Purchaser or the Company at any time prior to the Company Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if: (i) it is consented to by each of the Company and the Purchaser (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by holders of some or all of the Company Shares in the manner directed by the Court. Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval, provided that (i) it concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of

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any holder of Company Shares or (ii) is an amendment contemplated in Section 5.1(d) made following the Effective Date.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, without communication to the holders of the Company Shares, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Company Shares, Qualifying Holdco Shares or Equity Awards.

5.2 Termination

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

**ARTICLE 6
FURTHER ASSURANCES**

6.1 Notwithstanding

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

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**SCHEDULE B
ARRANGEMENT RESOLUTION**

BE IT RESOLVED THAT:

1. The arrangement (as may be amended, supplemented or varied, the “**Arrangement**”) under section 193 of the *Business Corporations Act* (Alberta) involving Shaw Communications Inc. (the “**Company**”), pursuant to the arrangement agreement between the Company and Rogers Communications Inc. dated March 13, 2021, as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms (the “**Arrangement Agreement**”), as more particularly described and set forth in the management information circular of the Company dated _____, 2021 (the “**Circular**”), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement, the full text of which is set out as Appendix ____ to the Circular, as it has been or may be amended or varied in accordance with the Arrangement Agreement and its terms, involving the Company (the “**Plan of Arrangement**”), is hereby authorized, approved and adopted.
3. The (a) Arrangement Agreement and all the transactions contemplated therein, (b) the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement, (c) the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any amendments, supplements or modifications thereto, and (d) causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Company Participating Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court of Queen’s Bench of Alberta (the “**Court**”), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Company Participating Shareholders: (a) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their respective terms, and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
5. The Company is hereby authorized to apply for a final order from the Court to approve the Arrangement in accordance with and subject to the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement.
6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person’s opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

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**SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

1. **Organization and Qualification.** The Company and each of its Subsidiaries is a corporation or other entity duly incorporated or organized, as applicable, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted. The Company and each of its Subsidiaries is duly registered or otherwise authorized to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, whether owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration or other authorization necessary, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted, except to the extent that any failure of the Company or any of its Subsidiaries to be so qualified, licensed or registered or to possess such Authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
2. **Corporate Authorization.** The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby other than approval by the Company Participating Shareholders in the manner required by the Interim Order and Law and approval by the Court.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** Except as disclosed in Schedule 3.1(4) of the Company Disclosure Letter, the execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company or any of its Subsidiaries other than: (a) the Interim Order and any approvals required by the Interim Order; (b) the Final Order; (c) filings with the Registrar under the ABCA, (d) the Key Regulatory Approvals; (e) filings with the Securities Authorities or the TSX, the TSXV or the NYSE, as applicable, and (f) actions, filings or notifications, the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
5. **Non-Contravention.** The execution and delivery of, and performance by the Company of its obligations under, this Agreement and the consummation of the Arrangement and

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the other transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

- (a) contravene, conflict with, or result in any violation or breach of the Company's Constatng Documents or the organizational documents of any of its Subsidiaries;
- (b) assuming compliance with the matters referred to in paragraph 4 above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company, any of its Subsidiaries or any of their respective properties or assets;
- (c) except as disclosed in Schedule 3.1(5) of the Company Disclosure Letter, allow any Person to exercise any rights, require any consent or notice under or other action by any Person, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Material Contract or any material Authorization to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound; or
- (d) result in the creation or imposition of any Lien (other than a Permitted Lien) upon any of the Company Assets.

except, in the case of each of paragraphs (b), (c) and (d), as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

6. Capitalization.

- (a) The authorized capital of the Company consists of the number of Class A Shares determined in accordance with the Company's Constatng Documents, an unlimited number of Class B Shares, an unlimited number of Class 1 Preferred Shares and an unlimited number of Class 2 Preferred Shares, of which 12,000,000 were designated as Company Preferred Series A Shares and 12,000,000 were designated as Company Preferred Series B Shares.
- (b) As of the close of business on the Business Day prior to the date of this Agreement, there were:
 - (i) 22,372,064 Class A Shares issued and outstanding;
 - (ii) 476,237,390 Class B Shares issued and outstanding, other than any repurchases of Class B Shares under the Company's normal course issuer bid that have not yet settled;
 - (iii) no Class 1 Preferred Shares issued and outstanding;
 - (iv) 10,012,393 Company Preferred Series A Shares issued and outstanding;
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- (v) 1,987,607 Company Preferred Series B Shares issued and outstanding.
- (c) All outstanding Company Shares have been duly authorized and validly issued and are fully paid and non-assessable. All outstanding Company Equity Awards have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued and will be fully paid and non-assessable and will not be subject to or issued in violation of any pre-emptive rights. No Company Shares have been issued, and no Company Equity Awards have been granted, in violation of any Law or any pre-emptive or similar rights applicable to them.
- (d) Schedule 3.1(6)(d) of the Company Disclosure Letter sets forth (i) the names and holdings of each Person who holds Company Equity Awards and the number of such Company Equity Awards, as indicated by type, held as of the close of business on the date that is three Business Days prior to the date of this Agreement, (ii) the exercise price of each Company Option, and (iii) the aggregate amount payable to the holders of the Company Equity Awards applying the methodology set forth in the Plan of Arrangement.
- (e) Except for (i) outstanding rights under the Company Stock Option Plan, the Company RSU/PSU Plan, the Company DSU Plan and the DRIP, or (ii) pursuant to the terms of the Company Shares and Company Senior Notes, there are no issued, outstanding or authorized securities, options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind (including any shareholder rights plan or poison pill) that obligate the Company or any of its Subsidiaries to, directly or indirectly, issue, sell or transfer any securities of the Company or any of its Subsidiaries, or give any Person a right to subscribe for or acquire, any securities of the Company or any of its Subsidiaries.
- (f) There are no bonds, debentures or other evidences of indebtedness of the Company or any of its Subsidiaries outstanding which have the right to vote (or that are convertible or exercisable for securities having the right to vote) with Company Participating Shareholders on any matter.
- (g) Other than as contemplated by this Agreement, in connection with the Company's normal course issuer bid (and the automatic share purchase plan entered into by the Company in connection therewith) or pursuant to the terms of the Class 1 Preferred Shares and Class 2 Preferred Shares and the Company Senior Notes, there are no issued, outstanding or authorized obligations on the part of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any securities of the Company or its Subsidiaries, or qualify securities for public distribution in Canada, the United States or elsewhere, or with respect to the voting or disposition of any securities of the Company.

7. Shareholders and Similar Agreements.

- (a) Other than the Company Shares, the Company Options, Company RSUs, Company PSUs and Company DSUs, there are no securities or other instruments or obligations of the Company or any of its Subsidiaries that carry (or

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which is convertible into, or exchangeable or exercisable for, securities having) the right to vote generally with the holders of the Company Participating Shares on any matter.

- (b) All dividends or distributions on voting or equity securities of the Company that have been declared or authorized have been paid in full.
- (c) Neither the Company nor any of its Subsidiaries is a party to any unanimous shareholders agreement, shareholder agreement, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any securities of the Company or any of its Subsidiaries. To the knowledge of the Company, as of the date hereof, other than the Voting Support Agreements, there are no irrevocable proxies or voting Contracts with respect to any securities issued by the Company or any of its Subsidiaries.

8. Subsidiaries.

- (a) The following information with respect to each Subsidiary of the Company is accurately set out in Schedule 3.1(8)(a) of the Company Disclosure Letter: (i) its name; (ii) the percentage owned directly or indirectly by the Company, (iii) to the knowledge of the Company, the name of, and number, type and percentage owned, by registered holders of capital stock or other equity interests if other than the Company and its Subsidiaries; and (iv) its jurisdiction of incorporation, organization, formation, or governance.
- (b) Except as disclosed in Schedule 3.1(8)(a) of the Company Disclosure Letter, the Company is, directly or indirectly, the registered and beneficial owner of all of the outstanding shares or other equity interests of each of its Subsidiaries, free and clear of any Liens, all such shares or other equity interests so owned by the Company have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights. Except for the shares or other equity interests owned by the Company in any Subsidiary that are disclosed in Schedule 3.1(7) of the Company Disclosure Letter, the Company does not own, beneficially or of record, any equity interests of any kind in any other Person.
- (c) The Subsidiaries listed in Schedule 3.1(8)(a) of the Company Disclosure Letter are the only Subsidiaries of the Company (collectively, the “**Material Subsidiaries**”) that are material to the Company (based on the requirements for disclosure of Subsidiaries in an Annual Information Form set out in National Instrument 51-102 – *Continuous Disclosure Obligations*).
- (d) The Company indirectly owns 33% of the issued and outstanding interests of the Burrard Landing Lot 2 Holdings Partnership (the “**Partnership**”) free and clear of all Liens (other than Permitted Liens) and all such interests held have been, to the knowledge of the Company, duly and validly authorized and issued by the Partnership. Except as disclosed in Schedule 8(d) of the Company Disclosure Letter, the Company has not been granted an option or other right in respect of the transfer or sale of such interests and has not agreed or made any commitment to sell or transfer such interests held to any third party. The Constatting Documents of the Partnership provided to the Purchaser are, to the

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knowledge of the Company, true and correct and are in full force and effect and unamended as of the date hereof.

9. Canadian Securities Law Matters and Stock Exchange Compliance.

- (a) The Company is a “reporting issuer” under Canadian Securities Laws in each of the provinces of Canada. The Class A Shares are listed and posted for trading on the TSXV, the Class B Shares are listed and posted for trading on the TSX and are listed on the NYSE, the Company Preferred Series A Shares are listed and posted for trading on the TSX and the Company Preferred Series B Shares are listed and posted for trading on the TSX. The Company is in compliance in all material respects with applicable Canadian Securities Laws and the applicable listing and corporate governance rules and regulations of the TSX, TSXV and NYSE.
- (b) As of the date hereof, the Company has not taken any action to cease to be a reporting issuer in any province of Canada nor has the Company received notification from any Canadian Securities Authority seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company is pending, in effect or, to the knowledge of the Company, has been threatened, or is expected to be implemented or undertaken (other than in connection with the transactions contemplated by this Agreement), and the Company is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction.

10. U.S. Securities Law Matters.

- (a) The Class B Shares are registered pursuant to Section 12(b) of the U.S. Exchange Act and the Company is in material compliance with its reporting obligation as a “foreign private issuer”, as defined in Rule 3b-4 under the U.S. Exchange Act, pursuant to Section 13 of the U.S. Exchange Act.
- (b) Other than the Class B Shares, the Company does not have, nor is it required to have, any class of equity securities registered under the U.S. Exchange Act, nor is the Company subject to any reporting obligation (whether active or suspended) pursuant to section 15(d) of the U.S. Exchange Act.
- (c) The Company is not an investment company registered or required to be registered under the United States *Investment Company Act of 1940*, as amended.
- (d) The Company is not, and on the Effective Date will not be, a “shell company” (as defined in Rule 405 under the U.S. Securities Act).

11. Reports.

- (a) Since August 31, 2019, the Company has timely filed true and correct copies of the Company Filings that the Company is required to file under applicable Canadian Securities Laws and U.S. Securities Laws, other than such Company Filings that the failure to file would, individually or in the aggregate, not have a

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Material Adverse Effect. The documents comprising the Company Filings (a) complied as filed in all material respects with Law, and (b) did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation.

- (b) Any amendments to the Company Filings required to be made have been filed on a timely basis with the applicable Governmental Entity. The Company has not filed any confidential material change report with any Governmental Entity which at the date hereof remains confidential or any other confidential filings filed under applicable Canadian Securities Laws or U.S. Securities Laws. There are no outstanding or unresolved comments in comments letters from any Governmental Entity respect to any of the Company Filings and, to the knowledge of the Company, neither the Company nor any of the Company Filings is subject of an ongoing audit, review, comment or investigation by any Governmental Entity.

12. Financial Statements.

- (a) The Company's audited consolidated financial statements as at and for the fiscal years ended August 31, 2020, 2019 and 2018 or, if closing has not occurred prior to November 15, 2021, August 31, 2021, 2020 and 2019 (including any of the notes or schedules thereto, the auditor's report thereon and related management's discussion and analysis) and the unaudited consolidated interim financial statements as at and for the three months ended November 30, 2020 (including any of the notes or schedules thereto and related management's discussion and analysis), in each case, filed as part of the Company Filings: (i) were prepared in accordance with IFRS; and (ii) present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise), the consolidated financial position, income, comprehensive income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for the respective periods covered by such financial statements (except as may be expressly indicated in the notes to such financial statements). The Company does not intend to correct or restate, nor, to the knowledge of the Company is there any basis for any correction or restatement of, any aspect of any of the financial statements referred to in this Paragraph 3.1(12). Except as described in the notes to the Company's audited consolidated financial statements as at and for the fiscal years ended August 31, 2020, 2019 and 2018 or, if closing has not occurred prior to November 15, 2021, August 31, 2021, 2020 and 2019, there has been no material change in the Company's accounting methods, policies or practices since August 31, 2020. Except as disclosed in Schedule 3.1(12) of the Company Disclosure Letter, there are no, nor are there any commitments to become a party to, any off-balance sheet transactions, arrangements, obligations (including contingent obligations) or similar relationships of the Company or any of its Subsidiaries with unconsolidated entities or other Persons.
- (b) The financial books, records and accounts of the Company and each of its Subsidiaries: (i) have been maintained, in all material respects, in accordance with IFRS; (ii) are stated in reasonable detail; (iii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Company and its

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Subsidiaries; and (iv) accurately and fairly reflect the basis of the Company's financial statements.

13. **Disclosure Controls and Internal Control over Financial Reporting.**

- (a) The Company has established and maintains a system of disclosure controls and procedures (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*) that are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under applicable Laws is recorded, processed, summarized and reported within the time periods specified in applicable Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under applicable Laws are accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.
- (b) The Company has established and maintains a system of internal control over financial reporting (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) that is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
- (c) To the knowledge of the Company, there is no material weakness (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) relating to the design, implementation or maintenance of its internal control over financial reporting, or fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of the Company. To the knowledge of the Company, none of the Company, any of its Subsidiaries or any of their respective directors or officers, or the auditors, accountants or other representatives of the Company has received or otherwise obtained knowledge of any material complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any material complaint, allegation, assertion, or claim that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, or any expression of concern from its employees regarding questionable accounting or auditing matters.

14. **Minute Books.** The corporate minute books of the Company and its Subsidiaries contain the minutes of all meetings and resolutions of their respective boards of directors and each committee thereof and have been maintained in accordance with applicable Laws, and are complete and accurate, except as would not reasonably be expected to have a Material Adverse Effect and except for minutes of meetings of the Company Board and the Special Committees relating to the Arrangement.

15. **Auditors.** The auditors of the Company are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable

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event (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) with the present or any former auditors of the Company.

16. **No Undisclosed Liabilities.** There are no material liabilities or obligations of the Company or of any of its Subsidiaries of any kind whatsoever, whether accrued, contingent or absolute, determined, determinable or otherwise, other than liabilities or obligations: (a) accrued or disclosed in the consolidated balance sheet of the Company and its Subsidiaries as at and for the three months ended November 30, 2020; (b) incurred in the Ordinary Course since August 31, 2020; or (c) incurred in connection with this Agreement.
17. **Absence of Certain Changes.** Since August 31, 2020 to the date of this Agreement, other than the transactions contemplated in this Agreement or as publicly disclosed in the Company Filings, the business of the Company and its Subsidiaries has been conducted in the Ordinary Course.
18. **Transactions with Directors, Officers, Employees, etc.** Neither the Company nor any of its Subsidiaries is indebted to any of its directors, officers, independent contractors or Company Employees or any of their respective associates or affiliates (except for amounts due in the Ordinary Course as salaries, bonuses and director's fees or the reimbursement of expenses or expense accounts in the Ordinary Course). There are no Contracts (other than in the Ordinary Course) with, or advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any shareholder, director, officer or Company Employee, or any of their respective affiliates or associates.
19. **No "Collateral Benefit".** Except as disclosed in Schedule 3.1(19) of the Company Disclosure Letter, to the knowledge of the Company, no related party of the Company (within the meaning of MI 61-101), together with its associated entities, that beneficially owns or exercises control or direction over 1.0% or more of the outstanding Class A Shares or 1.0% or more of the outstanding Class B Shares, will receive a "collateral benefit" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement.
20. **Compliance with Laws.** Except for non-compliance which would not reasonably be expected to have a Material Adverse Effect, the Company and each of its Subsidiaries is, and since January 1, 2020 has been in material compliance with applicable Law, and neither the Company nor any of its Subsidiaries is under any investigation with respect to, has been convicted, charged or threatened to be charged with, or has received notice of, any violation or potential violation of any Law from any Governmental Entity, except for failures to comply or violations that have not had or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.
21. **Authorizations and Licenses.**
 - (a) The Company and its Subsidiaries, as applicable, own, possess or have obtained all Authorizations (including all Authorizations issued by the CRTC and ISED Canada) that are required by Law in connection with the operation of the business of the Company and each of its Subsidiaries as presently conducted, or in connection with the ownership, operation or use of the Company Assets, respectively, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

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- (b) The Company and its Subsidiaries, as applicable, lawfully hold, own or use, and have complied with, all such Authorizations, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each such Authorization is valid and in full force and effect, and is renewable by its terms or in the Ordinary Course. To the knowledge of the Company, (i) there are no facts, events or circumstances that may reasonably be expected to result in a failure to obtain or failure to be in compliance with all Authorizations as are necessary to conduct the business of the Company or its Subsidiaries, (ii) no event has occurred which, with the giving of notice, lapse of time or both, could constitute a default under, or in respect of, any Authorization, and (iii) to the knowledge of the Company, none of the Company and its Subsidiaries have received written notice of any actual or alleged breach of or default under such Authorizations, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (c) To the knowledge of the Company, no action, investigation or proceeding is pending in respect of or regarding any such Authorization and none of the Company or any of its Subsidiaries has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such Authorization, or stating the intention of any Person to revoke, refuse to renew or materially amend any such Authorization.
22. **Material Contracts.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) each Material Contract is legal, valid, binding and in full force and effect and is enforceable by the Company or a Subsidiary of the Company, as applicable, in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction, (b) none of the Company or its Subsidiaries is in breach or default under any Material Contract, nor does the Company have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, and (c) as of the date hereof, none of the Company or any of its Subsidiaries knows of, or has received any notice (whether written or oral) of, any breach, default, cancelation, termination, or no renewal under any Material Contract by any other party to any Material Contract. True and complete copies of all of the Material Contracts have been made available in the Data Room.
23. **Title to Company Assets.** Except as disclosed in Schedule 3.1(23) of the Company Disclosure Letter, no Person has any right of first refusal, undertaking or commitment or any right or privilege capable of becoming such, to purchase any of the material Company Assets, or any material part thereof or material interest therein. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, no part of the Company Assets has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor, to the knowledge of the Company, does any Person have any intent or proposal to give such notice or commence any such proceedings. Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, all material tangible or corporeal Company Assets are, in all material respects, in good operating condition and repair having regard to their uses and ages, and are adequate and suitable for their respective uses.

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24. **Real Property and Personal Property.**

- (a) Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Company or its Subsidiaries, as applicable, have valid, good and marketable title to all of the Owned Real Property, free and clear of any Liens, except for Permitted Liens, and (ii) except as disclosed in Schedule 3.1(24)(a) of the Company Disclosure Letter, there are no outstanding options or obligations to purchase or rights of first offer, refusal or opportunity to purchase, the Owned Properties, or any portion thereof or interest therein. Neither the Company nor any of its Subsidiaries has granted any Person the right to use, lease or occupy any material portion of the Owned Real Property, taken as a whole.
- (b) Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (i) each Real Property Lease is valid, legally binding, enforceable and in full force and effect, (ii) none of the Company or any of its Subsidiaries is in breach of, or default under, any Real Property Lease, and no event has occurred which, with notice, lapse of time or both, would constitute such a breach or default by the Company or any of its Subsidiaries or permit termination, modification or acceleration by any third party thereunder, and (iii) to the knowledge of the Company, no third party has repudiated or has the right to terminate or repudiate any Real Property Lease (except for the normal exercise of remedies in connection with a default thereunder or any termination rights set forth therein) or any provision thereof, and no third party is in material breach of or default under any Real Property Lease. Neither the Company nor any of its Subsidiaries has granted any Person the right to use, sublease, or occupy any material portion of the Leased Premises, taken as a whole.
- (c) The Company and its Subsidiaries have valid, good and marketable title to all personal property owned by them, except as would not, individually or in the aggregate, be reasonably expected to have a Company Material Adverse Effect.

25. **Intellectual Property.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) the Company and/or its Subsidiaries own or possess, or has a license to or otherwise has the right to use, all Intellectual Property which is material and necessary for the conduct of its business as presently conducted, (b) to the knowledge of the Company, such Intellectual Property owned by the Company and/or its Subsidiaries are valid and enforceable subject only to any limitation under bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction, and does not infringe in any material way upon the rights of others, and (c) to the knowledge of the Company, no third party is infringing upon the Intellectual Property owned by the Company and/or its Subsidiaries in a manner that currently would be reasonably expected to adversely affect such Intellectual Property.

26. **Litigation.** Except as disclosed in Schedule 3.1(26) of the Company Disclosure Letter, and other any inquiry, investigation or proceeding solely related to satisfying or obtaining the Regulatory Approvals, there are no claims, actions, suits or arbitrations or inquiries, investigations or proceedings pending, or, to the knowledge of the Company threatened,

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against the Company or any of its Subsidiaries, or affecting any of their respective properties or assets, that if determined adverse to the interests of the Company or its Subsidiaries (a) would have, individually or in the aggregate, a Material Adverse Effect, (b) would be reasonably expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby. Neither the Company nor any of its Subsidiaries, nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that would have or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or that would or would be reasonably expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of the Company, threatened against or relating to the Company or any of its Subsidiaries before any Governmental Entity.

27. **Environmental Matters.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, (a) no written notice, order, complaint or penalty has been received by the Company or any of its Subsidiaries alleging that the Company or any of its Subsidiaries is in violation of, or has any liability or potential liability under, any Environmental Law, and, to the knowledge of the Company, there are no claims pending or threatened against the Company or any of its Subsidiaries which allege a violation of, or any liability or potential liability under, any Environmental Laws, (b) the Company and each of its Subsidiaries has all environmental permits necessary for the operation of their respective businesses and to comply with all Environmental Laws, and (c) the operations of the Company and each of its Subsidiaries are in compliance in with Environmental Laws.
28. **Employees and Collective Agreements.**
- (a) The Company and its Subsidiaries are in compliance with all terms and conditions of employment and all Laws respecting employment, including pay equity, wages, hours of work, overtime, vacation, privacy, human rights, worker classification, workers' compensation and work safety and health, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
 - (b) All amounts due or accrued due for all salary, wages, bonuses, incentive compensation, deferred compensation, commissions, vacation with pay, sick days and benefits under Employee Plans and other similar accruals have either been paid or are accrued and accurately reflected in all material respects in the books and records of the Company and its Subsidiaries.
 - (c) There are no material outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation Laws owing by the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries has been assessed or reassessed in any material respect under such Laws during the past two years.
 - (d) Except as disclosed in Schedule 3.1(28)(d) of the Company Disclosure Letter, there are no change of control payments, golden parachutes, severance payments, retention payments, Contracts or other agreements with current or former Company Employees or Employee Plans providing for cash or other

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compensation or benefits (including any increase in amount of compensation or benefit or the acceleration of time of payment or vesting of any compensation or benefit) upon the consummation of, or relating to, the Arrangement, including a change of control of the Company or of any of its Subsidiaries.

- (e) The Collective Agreements described in Schedule 3.1(28)(e) of the Company Disclosure Letter are the only Collective Agreements in force with respect to the Company Employees.
- (f) Other than the Collective Agreements described in Schedule 3.1(28)(e) of the Company Disclosure Letter, neither the Company nor any Subsidiary is (i) a party to, nor is engaged in any negotiations with respect to, any collective bargaining, union agreement, employee association agreement, project labour agreement or similar Contract, or (ii) subject to any actual or, to the knowledge of the Company, threatened application for certification or bargaining rights or letter of understanding or related successor employer application.
- (g) To the knowledge of the Company, there are no threatened or pending union organizing activities involving any Company Employees not already covered by a Collective Agreement. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Company, threatened against, the Company or any of its Subsidiaries and no such event has occurred within the past two years.
- (h) The Company and its Subsidiaries are in material compliance with the Collective Agreements and there are no material grievances or arbitration proceedings under the Collective Agreements.
- (i) To the knowledge of the Company, neither the Company nor any of its Subsidiaries has engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Company, threatened against the Company.

29. Employee Plans.

- (a) The Company has disclosed in the Data Room true, correct and complete copies of: (i) all material Employee Plans as amended, together with all related documentation including funding, trust, insurance and investment management agreements, and (ii) summary plan descriptions, employee booklets, actuarial reports, financial statements, and asset statements.
- (b) Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, all of the Employee Plans are and have been established, registered, qualified, funded, invested and administered in accordance with all Laws, and in accordance with their terms, the terms of the material documents that support such Employee Plans and the terms of agreements between the Company and its Subsidiaries and Company Employees (present and former) who are members of, or beneficiaries under, the Employee Plans. To the knowledge of the Company, no fact or circumstances exists which could adversely affect the registered or qualified status of any such Employee Plan.

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- (c) To the knowledge of the Company, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any Employee Plan being ordered, or required to be, terminated or wound up in whole or in part, having its registration under applicable Laws refused or revoked, being placed under the administration of any trustee or receiver or Governmental Entity or being required to pay any material taxes, penalties, payments or levies under applicable Laws.
 - (d) All contributions or premiums required to be made or paid by the Company or any of its Subsidiaries as the case may be, under the terms of each Employee Plan or by Law have been made in a timely fashion in accordance with Law and in accordance with the terms of the applicable Employee Plan.
 - (e) Except as expressly disclosed in the Employee Plans disclosed in the Data Room and Schedule 3.1(29) of the Company Disclosure Letter, and other than as required by Law, none of the Employee Plans provide for post-termination welfare benefits to any individual for any reason and neither the Company nor any of its Subsidiaries has any Liability to provide post-termination or retiree welfare benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.
 - (f) Except as disclosed in Schedule 3.1(29) of the Company Disclosure Letter, no Employee Plan is a “registered pension plan”, a “multi-employer pension plan” or contains a “defined benefit provision” within, in each case, the meaning of the Tax Act. Neither the Company nor any of its Subsidiaries or sponsors, maintains or contributes to, or is obligated to contribute to, or has, within the past three years, sponsored, maintained or contributed to an Employee Plan of the kind described in the preceding sentence.
 - (g) To the knowledge of the Company, no Employee Plan is subject to, or within the past three years, has been subject to, any material claims (other than routine claims for benefits) or actions initiated or reasonably expected to be initiated by any Governmental Entity, or by any other party.
 - (h) No Employee Plan is registered, operated or subject to the Laws of any jurisdiction outside of Canada.
 - (i) Only Company Employees, directors, and their respective beneficiaries, participate in the Employee Plans, and no entity other than the Company or its Subsidiaries is a participating employer under any Employee Plan. All Employee Plans are sponsored by the Company and/or its Subsidiaries.
30. **Insurance.** The Company and each of its Subsidiaries is, and has been continuously since January 1, 2020, insured by reputable third party insurers with reasonable and prudent policies appropriate and customary for the size and nature of the business of the Company, its Subsidiaries and their respective assets. The insurance policies of the Company and its Subsidiaries are in all material respects in full force and effect in accordance with their terms and none of the Company or any of its Subsidiaries is in default in any material respect under the terms of any such policy. To the knowledge of the Company, there is no material claim pending under any insurance policy of the

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Company or its Subsidiaries that has been denied, rejected or disputed by any insurer, or as to which any insurer has refused to cover all or any material portion of such claim. To the knowledge of the Company, all material claims covered by any insurance policy of the Company or any of its Subsidiaries have been properly reported to and accepted by the applicable insurer.

31. Taxes.

(a) Each of the Company and its Subsidiaries has duly and timely filed all material Tax Returns required to be filed by it prior to the date hereof and all such Tax Returns are true, complete and correct in all material respects.

(b) Each of the Company and its Subsidiaries has paid on a timely basis all material Taxes which are due and payable by it on or before the date hereof (including instalments), other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published consolidated financial statements of the Company in accordance with IFRS. Each of the Company and its Subsidiaries has provided accruals in accordance with IFRS in the most recently published consolidated financial statements of the Company for any Taxes of the Company and its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

(c) No material deficiencies, litigation, audits, claims, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Company or any of its Subsidiaries, and neither the Company, nor any of its Subsidiaries, is a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any of their respective assets.

(d) No claim has been made by any Governmental Entity in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that the Company, or any of its Subsidiaries, is or may be subject to material Tax by that jurisdiction or is or may be required to file a tax return in that jurisdiction.

(e) There are no Liens (other than Permitted Liens) with respect to Taxes upon any of the assets of the Company or any of its Subsidiaries.

(f) Each of the Company and its Subsidiaries has withheld, deducted or collected all material amounts required to be withheld, deducted or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.

(g) There are no outstanding agreements, arrangements, elections, waivers or objections extending or waiving the statutory period of limitations applicable to any material claim for, or the period for the collection or assessment or reassessment of Taxes due from the Company or any of its Subsidiaries, for any taxable period and no request for any such waiver or extension is currently pending.

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(h) The Company and each of its Subsidiaries has made available to the Purchaser true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.

(i) None of the Company or any of its Subsidiaries has, at any time, directly or indirectly transferred any property or supplied any services to, or acquired any property or services from, a Person with whom the Company or Subsidiary, as the case may be, was not dealing at arm's length (within the meaning of the Tax Act) for consideration other than consideration equal to the fair market value of such property or services at the time of transfer, supply or acquisition, as the case may be, nor has the Company or any of its Subsidiaries been deemed to have done so for purposes of the Tax Act.

(j) The Company and its Subsidiaries have complied in material respects with the transfer pricing (including any contemporaneous documentation) provisions of each applicable Law, including for greater certainty, under section 247 of the Tax Act (and the corresponding provisions of any applicable provincial Law).

(k) There are no circumstances existing which could result in the material application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to the Company or any of its Subsidiaries. Except as in accordance with past practices, the Company and its Subsidiaries have not claimed nor will they claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any material amount could be included in the income of the Company or its Subsidiaries for any period ending after the Effective Date.

(l) For the purposes of the Tax Act, any applicable Tax treaty and any other relevant Tax purposes (i) the Company is resident in, and is not a non-resident of, Canada, and is a "taxable Canadian corporation"; and (ii) each of its Subsidiaries is resident in the jurisdiction in which it was formed, and is not resident in any other country and if resident in Canada and is a corporation, is a "taxable Canadian corporation".

32. **Opinion of Financial Advisors.** The Special Committee and the Company Board have received each of the Fairness Opinions and such Fairness Opinions have not been withdrawn or modified as of the date hereof.
33. **Brokers.** Except for the engagement letters between the Company and the Financial Advisors and the fees payable under or in connection with such engagements, no investment banker, broker, finder, financial adviser or other intermediary has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries or is entitled to any fee, commission or other payment from the Company or any of its Subsidiaries in connection with this Agreement or any other transaction contemplated by this Agreement. In Schedule 3.1(33) of the Company Disclosure Letter, the Company has disclosed to the Purchaser all fees, commissions or other payments that may be payable to the Financial Advisors in connection with this Agreement or any other transaction contemplated by this Agreement and a true and complete copy of the engagement letter between the Company and each Financial Advisor has been provided to Goodmans LLP.
34. **Anti-Terrorism Laws.** Neither the Company nor any of its Subsidiaries has been or is currently subject to any economic or financial sanctions or trade embargoes imposed,

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authorized, administered or enforced by any Governmental Entity (including the Government of Canada, the Office of Foreign Assets Control of the U.S. Treasury Department (including the designation as a “specially designated national or blocked person” thereunder), or any other applicable sanctions authority) or other similar Laws (collectively, “**Sanctions**”). To the knowledge of the Company, neither the Company nor any of its Subsidiaries has received any written notice alleging that the Company, any of its Subsidiaries or any of their respective Representatives has violated any Sanctions, and, to the knowledge of the Company, no condition or circumstances exist (including any ongoing action, suit, proceeding or hearing) that would form the basis of any such allegations.

35. **Corrupt Practices Legislation.** Neither the Company nor any of its Subsidiaries have, directly or indirectly, taken any action which is or would be otherwise inconsistent with or prohibited by the Corruption of Foreign Public Officials Act (Canada), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the anti-bribery corruption and corruption provisions of the Criminal Code (Canada) or any applicable Law of similar effect (collectively, the “**Corrupt Practices Legislation**”). Neither the Company nor any of its Subsidiaries has received any notice alleging that the Company or any of its Subsidiaries or any of their respective Representatives has violated any Corrupt Practices Legislation, and, to the knowledge of the Company, no condition or circumstances exist that would form the basis of any such allegations.
36. **Money Laundering.** The operations of the Company and each of its Subsidiaries have been, since September 1, 2018, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements and money laundering or similar Laws (“**Money Laundering Laws**”). Neither the Company nor any of its Subsidiaries has received any notice alleging that the Company, any of its Subsidiaries or any of their respective Representatives has violated any Money Laundering Laws, and, to the knowledge of the Company, no condition or circumstances exist (including any ongoing actions, suits, proceedings or hearings) that would form the basis of any such allegations.
37. **Privacy and Anti-Spam.** Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:
- (a) the Company and each of its Subsidiaries have complied, in all material respects, with all applicable Privacy Laws, and there are no material actions, suits, proceedings or hearings in progress or pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries with respect to any of the foregoing;
 - (b) the Company and each of its Subsidiaries have taken commercially reasonable measures (including implementing and monitoring organizational, technical and physical security) to ensure that confidential information of the Company and its Subsidiaries and Company Data are protected against unauthorized access, use, modification, disclosure or other misuse, and, since September 1, 2018, to the knowledge of the Company, no material unauthorized access to or unauthorized use, modification, disclosure or other material misuse of such confidential information or Company Data has occurred; and

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- (c) the Company and each of its Subsidiaries have conducted its business in compliance with CASL, and the Company and each of its Subsidiaries retain records sufficient to demonstrate such compliance, including evidence of express consent or circumstances giving rise to implied consent or any exemption available under CASL.

38. Special Committee and Board Approval.

- (a) The Special Committee, after receiving financial and legal advice, has unanimously recommended to the Company Board that the Company Board (i) approve this Agreement and the Arrangement, and (ii) recommend that the Company Participating Shareholders (other than the Shaw Family Group) vote in favour of the Arrangement Resolution.
- (b) The Company Board, after receiving the recommendation of the Special Committee and after receiving financial and legal advice, has unanimously (subject to abstentions of any conflicted director): (i) determined that the Arrangement is fair and reasonable to the Company Participating Shareholders (other than the Shaw Family Group) and in the best interests of the Company, (ii) resolved to unanimously (subject to abstentions of any conflicted director) recommend that Company Participating Shareholders (other than the Shaw Family Group) vote in favour of the Arrangement Resolution, and (iii) authorized the entering into of this Agreement and the performance by the Company of its obligations under this Agreement, and no action has been taken to amend, or supersede such determinations, resolutions, or authorizations.

39. Funds Available. The Company has sufficient funds available to pay the Termination Amount.

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**SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

1. **Organization and Qualification.** The Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted.
2. **Corporate Authorization.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby.
3. **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
4. **Governmental Authorization.** The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Purchaser or any of its Subsidiaries other than: (a) the Interim Order and any approvals required by the Interim Order; (b) the Final Order; (c) filings with the Registrar under the ABCA, (d) the Key Regulatory Approvals, and (e) filings with the Securities Authorities or the TSX, the TSXV or the NYSE, as applicable.
5. **Non-Contravention.** The execution and delivery of, and performance by the Purchaser of its obligations under, this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby (including the Financing, any Alternative Financing or Substitute Financing permitted by the terms of this Agreement or any other financings being entered into in connection therewith) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):
 - (a) contravene, conflict with, or result in any violation or breach of the Purchaser's Constatng Documents;
 - (b) assuming compliance with the matters referred to in paragraph 4 above, contravene, conflict with or result in a violation of breach of any Law applicable to the Purchaser, any of its Subsidiaries or any of their respective properties or assets, except as would not reasonably be expected to, individually or in the aggregate, materially impede the ability of the Purchaser to consummate the Arrangement and the transactions contemplated hereby; or

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- (c) constitute a breach of or default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Purchaser or any of its Subsidiaries is entitled under any Contract in respect of Indebtedness (other than clause (e) of such defined term) to which the Purchaser or any of its Subsidiaries is a party or by which the Purchaser or any of its Subsidiaries is bound.
6. **Litigation.** There are no claims, actions, suits or arbitrations or inquiries, investigations or proceedings pending, or, to the knowledge of the Purchaser, threatened, against the Purchaser or any of its Subsidiaries, or affecting any of their respective properties or assets, that if determined adverse to the interests of the Purchaser or its Subsidiaries, would, individually or in the aggregate, reasonably be expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby. Neither the Purchaser nor any of its Subsidiaries, nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that would reasonably be expected to prevent or delay the consummation of the Arrangement or the transactions contemplated hereby.
7. **Financing.** The Purchaser will have, at the Effective Time, assuming the Debt Financing contemplated in the Debt Commitment Letter is funded, sufficient funds available to satisfy the aggregate Arrangement Consideration payable under the terms of the Plan of Arrangement and any other obligations payable by the Purchaser pursuant to this Agreement. The Purchaser has delivered to the Company a true, correct and complete copy, including all exhibits, schedules or amendments thereto, of the Debt Commitment Letter (provided that such copies may be subject to customary redactions with respect to fee amounts, economic terms and “market flex” provisions, provided further that none of such redactions affect or relate to the conditionality, enforceability, termination, timing, availability or aggregate principal amount of the Debt Financing or reduce the Debt Financing below the amount set forth in the Debt Commitment Letter). The Debt Commitment Letter is in full force and effect, constitutes a legal, valid and binding obligation of the Purchaser and each of the Debt Financing Sources, and at the date hereof such Debt Financing has not been modified, amended, restated or replaced. None of the respective commitments contained in the Debt Commitment Letter have been withdrawn, terminated or rescinded in whole or in part. The Purchaser is not in breach of any of the terms or conditions set forth in the Debt Commitment Letter and no event has occurred which, with or without notice, lapse of time or both, could reasonably be expected to constitute such a breach by the Purchaser or a failure by the Purchaser to satisfy a condition precedent set forth therein. The Purchaser has fully paid any and all commitment fees or other fees required by the Debt Commitment Letter to be paid on or before the date of this Agreement, and will pay any such fees when due prior to and including the Effective Date. There are no conditions precedent or other contingencies related to the funding of the full amount of the financing provided for in the Debt Commitment Letter other than as specified in the Debt Commitment Letter and the Purchaser has no reason to believe that the conditions set forth in the Debt Commitment Letter will not be satisfied, that such available cash will not be available on the Effective Date or that the Debt Commitment Letter will not be funded on the Effective Date. The aggregate proceeds contemplated by the Debt Commitment Letter shall be sufficient to enable the Purchaser to consummate the transactions contemplated by this Agreement (including the payment of all necessary fees, expenses and other amounts in relation thereto). Except for customary engagement letters, there are no side letters or other agreements, arrangements or understandings, whether written or oral, contingent or

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otherwise, with any Person relating to the availability, amount or conditionality contained in the Debt Commitment Letter, other than as set forth in the Debt Commitment Letter.

8. **Solvency.** Immediately after giving effect to the consummation of the transactions contemplated by this Agreement (including the Financing, any Alternative Financing or Substitute Financing permitted by the terms of this Agreement or any other financings being entered into in connection therewith):
- (a) the fair value of the assets of the Purchaser and its Subsidiaries, taken as a whole, shall be greater than the total amount of the liabilities of the Purchaser and its Subsidiaries (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with IFRS, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), taken as a whole;
 - (b) the Purchaser and its Subsidiaries, taken as a whole, shall be able to pay their debts and obligations as they become due in the ordinary course of business; and
 - (c) the Purchaser and its Subsidiaries, taken as a whole, shall have adequate capital to carry on their businesses and all businesses in which they are about to engage,

and, for greater certainty, "Subsidiaries" shall include the Company and its Subsidiaries for the purposes of this paragraph 8.

9. **Security Ownership.** Neither the Purchaser, any of its Subsidiaries nor any Person acting jointly or in concert with the Purchaser, beneficially owns or exercises control or direction over, any securities of the Company.
10. **Residency and Ownership Restrictions.**
- (a) The Purchaser is a "qualified corporation" within the meaning of the Direction to the CRTC (Ineligibility of Non-Canadians) and the Canadian Telecommunications Common Carrier Ownership and Control Regulations. The Purchaser has knowledge of and is familiar with the restrictions imposed under applicable Laws with respect to the ownership and control of the Company and the ownership and control of certain CRTC licenses held by the Company, including the restrictions set forth under Broadcasting Legislation and the related regulations and directions thereto, and the eligibility requirements of ISED Licences held by the Company, and shall comply with all such requirements up to and including the Closing.
 - (b) The Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act* (Canada).
 - (c) For the purposes of the Tax Act, any applicable Tax treaty and any other relevant Tax purposes, the Purchaser is resident in, and is not a non-resident of, Canada, and is a "taxable Canadian corporation".

**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “29” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**



Suite 1100, 225 - 6th Avenue S.W.
Brookfield Place
Calgary, Alberta
Canada T2P1N2
T: 403.269.6900

May 26, 2021

DELIVERED VIA EMAIL

Tamela J. Coates, Q.C.
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tfriedland@goodmans.ca

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Tom Friedland

jes@bdplaw.com

Burnet, Duckworth & Palmer LLP
2400, 525 - 8th Avenue SW
Calgary, AB T2P 1G

Attention: Jeffrey E. Sharpe

kelly.osaka@dentons.com

Dentons Canada LLP
15th Floor, Bankers Court
850 - 2nd Street SW
Calgary, AB T2P 0R8

Attention: Kelly Osaka

Dear Sirs and Mesdames:

Re: In the matter of a proposed Plan of Arrangement involving Shaw Communications Inc., Rogers Communications Inc., and the Class A Shareholders and Class B Shareholders of Shaw Communications Inc., Action No. 2101-05012

Enclosed is a filed copy of the Final Order granted by Justice Jeffrey on May 25, 2021, served pursuant to paragraph 4 thereof.

We enclose cover pages of confirmation of filing for the Bench Brief of Shaw Communications Inc., Affidavit #2 of Trevor English and Affidavit of Rasheed Mohammed.

It has been a pleasure to work with you throughout.

Yours very truly,

LAWSON LUNDELL LLP

Tamela J. Coates, Q.C.*
TJC/frd
Enclosures (4)

*Professional Corporation

**WITNESS STATEMENT OF DEAN PREVOST
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COURT FILE NUMBER 2101-05012

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF SECTION 193 OF
THE *BUSINESS CORPORATIONS ACT*, RSA
2000, c B-9, AS AMENDED]

 AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING SHAW
COMMUNICATIONS INC., ROGERS
COMMUNICATIONS INC., AND CLASS A
SHAREHOLDERS AND CLASS B
SHAREHOLDERS OF SHAW
COMMUNICATIONS INC.



503194

JP

APPLICANT SHAW COMMUNICATIONS INC.

RESPONDENT NOT APPLICABLE

DOCUMENT **FINAL ORDER**

I hereby certify this to be a true copy of
the original Order

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

LAWSON LUNDELL LLP
Barristers and Solicitors
Suite 1100, 225 – 6th Avenue SW
Brookfield Place
Calgary, Alberta T2P 1N2
Solicitors: Tamela J. Coates, Q.C. / Shannon L. Wray
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Email: tcoates@lawsonlundell.com
 swray@lawsonlundell.com
File Number: 30520-156599

Dated this 26 day of May 2021

Jesse Peterson
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: May 25, 2021

NAME OF JUDGE WHO MADE THIS ORDER: Justice P.R. Jeffrey

LOCATION OF HEARING: Calgary, Alberta via Webex

UPON THE Originating Application (the "Originating Application") of Shaw Communications Inc. ("Shaw" or the "Applicant") for approval of an arrangement (the

**WITNESS STATEMENT OF DEAN PREVOST
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“**Arrangement**”) involving Shaw, Rogers Communications Inc. (“**Rogers**”), and the holders of Class A Participating Shares (the “**Class A Shareholders**”) and the holders of Class B Non-Voting Participating Shares (the “**Class B Shareholders**”) and, together with the Class A Shareholders, the (“**Shareholders**”) of Shaw pursuant to section 193 of the Alberta *Business Corporations Act*, RSA 2000, c B-9, as amended (the “**ABCA**”);

AND UPON reading the Originating Application, the Interim Order of this Court granted April 19, 2021 by Justice L. B. Ho (the “**Interim Order**”), the Affidavit #1 of Trevor English, sworn April 14, 2021, the Affidavit #2 of Trevor English, sworn May 20, 2021 and the exhibits referred to therein, and the Affidavit of Rasheed Mohammed, affirmed May 13, 2021;

AND UPON being advised that service of notice of this application has been effected in accordance with the Interim Order or as otherwise accepted by the Court;

AND UPON being advised by litigation counsel to Shaw, Lawson Lundell LLP, that no notices of intention to appear have been filed in respect of this application;

AND UPON the Court being satisfied that the meeting (the “**Meeting**”) of the Shareholders was called and conducted in accordance with the terms of the Interim Order;

AND UPON the Court being satisfied that Shaw has sought and obtained the approval of the Arrangement by the Shareholders in the manner and by the requisite majorities and the majority of the minority votes required by the Interim Order;

AND UPON it appearing that it is impracticable to effect the transactions contemplated by the Arrangement under any other provision of the ABCA;

AND UPON the Court being satisfied that the statutory requirements to approve the Arrangement have been fulfilled and that the Arrangement has been put forward in good faith;

AND UPON the Court being satisfied that the terms and conditions of the Arrangement and the procedures relating thereto are fair and reasonable, substantively and procedurally, to the Shareholders and other affected persons and that the Arrangement ought to be approved;

AND UPON hearing from counsel for Shaw and counsel for Rogers;


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IT IS HEREBY ORDERED THAT:

1. The Arrangement proposed by Shaw, on the terms set forth in **Schedule “A”** to this final order (“**Final Order**”), is hereby approved by the Court under Section 193 of the ABCA.
2. The terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable, substantively and procedurally, to the Shareholders and all other affected persons.
3. The articles of arrangement in respect of the Arrangement (the “**Articles of Arrangement**”) shall be filed pursuant to Section 193 of the ABCA on such date as Shaw determines in accordance with the terms of the Arrangement and the Arrangement Agreement between Shaw and Rogers dated March 13, 2021.
4. Service of the Originating Application, the Interim Order, the notice of the Meeting and the Notice of Originating Application, and the Shaw management information circular is hereby deemed good and sufficient service. Service of this Final Order shall be made on all persons who appeared on this application, either by counsel or in person, but is otherwise dispensed with.
5. Shaw may, on notice to such parties as the Court may order, seek leave at any time prior to the filing of the Articles of Arrangement to vary this Final Order or seek advice and directions as to the implementation of this Final Order.

J.C.Q.B.A.



**WITNESS STATEMENT OF DEAN PREVOST
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**SCHEDULE "A"
ARRANGEMENT**

[Balance of page intentionally left blank. Text of Arrangement follows on next page.]

**WITNESS STATEMENT OF DEAN PREVOST
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PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"Arrangement Agreement" means the Arrangement Agreement made as of March 13, 2021 between the Purchaser and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

"Cash Consideration" means \$40.50;

"Company" means Shaw Communications Inc.;

"Company Dividend" has the meaning specified in Section 2.3(f);

"Company Shares" means the Class A Shares and the Class B Shares;

"Court" means the Court of Queen's Bench of Alberta, or other court as applicable;

"Depository" means AST Trust Company (Canada), as depository, or such other Person as the Company and the Purchaser mutually agree on, each acting reasonably;

"Dissenting Shareholder" means a holder of Company Shares as of the record date of the Company Meeting who: (a) has validly exercised its Dissent Rights in strict compliance with the Dissent Right provisions of this Plan of Arrangement; (b) has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights; and (c) is ultimately entitled to be paid the fair value for his, her or its Company Shares, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such holder of Company Shares;

"Dissent Rights" has the meaning specified in Section 3.1;

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 1:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

"Eligible Holder" means a Shaw Family Shareholder that is: (i) a resident of Canada for the purposes of the Tax Act and not exempt from tax under Part I of the Tax Act; or (ii) a partnership, any member of which is a resident of Canada for the purposes of the Tax Act, that is not exempt from tax under Part I of the Tax Act;

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"Equity Awards" means the Company Options, Company RSUs, Company PSUs and Company DSUs;

"Final Order" means the final order of the Court pursuant to section 193 of the ABCA in a form acceptable to the Company and Purchaser, each acting reasonably, as contemplated by Section 2.5 of the Arrangement Agreement, approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company and the Purchaser, each acting reasonably) on appeal;

"holders" means: (a) when used with reference to the Company Shares, except where the context otherwise requires, the holders of the Company Shares shown from time to time in the registers maintained by or on behalf of the Company in respect of the Company Shares; (b) when used with reference to the Qualifying Holdco Shares, except where the context otherwise requires, the holders of the Qualifying Holdco Shares shown from time to time in the registers maintained by or on behalf of the Qualifying Holdco in respect of the Qualifying Holdco Shares; and (c) when used with reference to Equity Awards, the holders of Equity Awards shown from time to time in the respective registers or accounts maintained by or on behalf of the Company;

"Interim Order" means the interim order of the Court pursuant to section 193 of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended, modified, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably;

"Letter of Transmittal" means the letter of transmittal to be sent by the Company to holders of Company Shares for use in connection with the Arrangement;

"Liens" means any mortgage, charge, pledge, hypothec, security interest, lien (statutory or otherwise), or adverse right or claim, or other third party interest or encumbrance of any kind;

"Plan of Arrangement" means this plan of arrangement proposed under Section 193 of the ABCA, and any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and Purchaser, each acting reasonably;

"Purchaser" means Rogers Communications Inc.;

"Purchaser Loan" means a demand loan from the Purchaser to the Company denominated in Canadian dollars in an aggregate principal amount not exceeding the aggregate amount of cash required by the Company to make the payments in Sections 2.3(b) to Section 2.3(e), which amount shall be provided by the Company to the Purchaser in writing prior to the Effective Time, and which shall be evidenced by way of a demand promissory note granted by the Company in favour of the Purchaser;

"Purchaser Share" means a Class B Non-Voting Share in the capital of the Purchaser;

"Qualifying Holdco" means a corporation that is wholly-owned by one or more Shaw Family Shareholders that meets the conditions described in Section 4.1 of the Controlling Shareholder

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Voting Support Agreement, and which directly holds Shaw Family Company Shares at the Effective Time;

"Qualifying Holdco Shares" means all of the shares in the capital of a Qualifying Holdco at the Effective Time;

"Section 85 Election" has the meaning specified in Section 2.6;

"Shaw Family Company Shares" means (a) the 50,719,468 Company Shares owned, directly or indirectly, or controlled by the Shaw Family Living Trust as of the date of the Arrangement Agreement as set forth in Schedule "A" to the Controlling Shareholder Voting Support Agreement, plus (b) up to 5,946,607 additional Company Shares held by Shaw Family Shareholders or Qualifying Holdcos at the Effective Time, plus (c) such additional number of Company Shares, if any, that the Purchaser agrees can be included as Shaw Family Company Shares;

"Shaw Family Consideration" means the aggregate of the Shaw Family Share Consideration in respect of every Shaw Family Company Share transferred to the Purchaser pursuant to Section 2.3(j) and the Shaw Family Holdco Share Consideration in respect of every Qualifying Holdco provided that such aggregate amount cannot exceed \$917,990,415 in cash and 23,641,470.40 Purchaser Shares, unless, with the consent of the Purchaser, the aggregate number of Shaw Family Company Shares exceeds 56,666,075, in which case the cash and Purchaser Shares forming part of the Shaw Family Consideration shall be proportionately increased;

"Shaw Family Group" means (a) the estate of JR Shaw, his spouse and issue (whether natural born or legally adopted) and spouses thereof, the estates of any such individuals, and corporations owned or controlled by any one or more of the foregoing or by trusts of which any one or more of the foregoing are the principal beneficiaries (including the Shaw Family Living Trust), (b) the estate of James Robert Shaw; and (c) each of the charitable foundations listed in Schedule "B" to the Controlling Shareholder Voting Support Agreement;

"Shaw Family Holdco Share Consideration" in respect of a Qualifying Holdco means (a) an amount of cash equal to \$16.20 multiplied by the number of Company Shares held by that Qualifying Holdco at the Effective Time; and (b) that number of Purchaser Shares equal to 0.417206775 multiplied by the number of Company Shares held by that Qualifying Holdco at the Effective Time, payable to the Shaw Family Shareholders in respect of the Qualifying Holdco Shares of that Qualifying Holdco transferred by the Shaw Family Shareholders to the Purchaser;

"Shaw Family Share Consideration" means (a) \$16.20 in cash, and (b) 0.417206775 Purchaser Shares, payable in respect of each Shaw Family Company Share transferred to the Purchaser pursuant to Section 2.3(j); and

"Shaw Family Shareholder" means the Shaw Family Living Trust and any other member of the Shaw Family Group (other than a Qualifying Holdco) that is the registered holder of Company Shares or Qualifying Holdco Shares at the Effective Time and that has agreed (in a form reasonably acceptable to the Purchaser) to be a Shaw Family Shareholder; provided that no Person will become a Shaw Family Shareholder without the prior consent of the Purchaser if, after giving effect thereto, the aggregate number of Shaw Family Company Shares would exceed 56,666,075.

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1.2 Headings, References, etc.

The division of this Plan of Arrangement into Articles, sections, and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise indicated, all references to an "Article" or "section" followed by a number and/or a letter refer to the specified Article or section of this Plan of Arrangement. The terms "hereof", "herein" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, section or other portion hereof.

1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires: (a) words importing the singular number include the plural and vice versa; (b) words importing any gender include all genders; and (c) "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

1.5 Date for Any Action

If the date on which any action is required or permitted to be taken hereunder by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day. In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.6 References to Dates, Statutes, etc.

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute, regulation, direction or instrument is to that statute, regulation, direction or instrument as now enacted or as the same may from time to time be amended, re-enacted or replaced, and in the case of a reference to a statute, includes any regulations, rules, policies or directions made thereunder. Any reference in this Plan of Arrangement to a Person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns. References to any contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with its terms.

1.7 Time

Time shall be of the essence in every matter or action contemplated in this Plan of Arrangement. All times expressed herein are local time (Calgary, Alberta) unless otherwise stipulated herein.

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**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Company, the Purchaser, all holders and beneficial owners of Company Shares, Company Options, Company RSUs, Company PSUs and Company DSUs, including Dissenting Holders, the register and transfer agent of the Company, the Depositary and all other Persons, at and after the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below, without further authorization, act or formality, in each case, in accordance with the transfer mechanics set out in Section 2.4 and unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) the Purchaser shall make the Purchaser Loan to fund the payments in Sections 2.3(b), 2.3(c), 2.3(d) and 2.3(e);
- (b) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Company Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Cash Consideration exceeds the exercise price of such Company Option, in each case, less applicable withholdings in accordance with Section 4.3, and each such Company Option shall immediately be cancelled and, for greater certainty, where such amount is nil or negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option;
- (c) each Company RSU, Company PSU or Company DSU outstanding immediately prior to the Effective Time (whether vested or unvested), notwithstanding the terms of the Company RSU/PSU Plan or the Company DSU Plan, as applicable, shall, without any further action by or on behalf of a holder of Company RSUs, Company PSUs or Company DSUs, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the Cash Consideration, less applicable withholdings in accordance with Section 4.3, and each such Company RSU, Company PSU or Company DSU shall immediately be cancelled;

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- (d) the Company shall make a cash payment to the ERP Trust (as defined in the ERP), in an amount equal to the amount required to be contributed by the Company in accordance with Section 12.05 of the ERP which shall have been calculated by the Actuary (as defined in the ERP) with effect as of the Effective Time, less applicable withholdings in accordance with Section 4.3;
- (e) the Company shall make a cash payment to the SERP Trust (as defined in the SERP) in an amount equal to the amount required to be contributed by the Company in accordance with Section 7.02(c) of the SERP, less applicable withholdings in accordance with Section 4.3;
- (f) the Company shall make a payment to the Depositary in an amount equal to any unpaid Company Permitted Dividend that has been declared by the Company Board in accordance with the terms of the Arrangement Agreement on the Company Shares with a record date prior to the Effective Date (the "Company Dividends"), less applicable withholdings in accordance with Section 4.3;
- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred (free and clear of any Liens), without any further act or formality, to the Purchaser, in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:
 - (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares as set out in Section 3.1;
 - (ii) the name of each such Dissenting Shareholder shall be removed as the holder of such Company Shares from the registers of Company Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of any Liens) and shall be entered in the registers of Company Shares maintained by or on behalf of the Company;
- (h) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Class A Share (other than Shaw Family Company Shares, and Class A Shares held by Dissenting Shareholders or Qualifying Holdcos) shall be transferred (free and clear of all Liens) to the Purchaser in consideration for the Cash Consideration;
- (i) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Class B Share (other than Shaw Family Company Shares, and Class B Shares held by Dissenting Shareholders or Qualifying Holdcos) shall be transferred (free and clear of all Liens) to the Purchaser in consideration for the Cash Consideration;
- (j) contemporaneously with the step contemplated in Section 2.3(g), each outstanding Shaw Family Company Share (other than Shaw Family Company

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Shares held by a Qualifying Holdco) shall be transferred (free and clear of all Liens) to the Purchaser in exchange for the Shaw Family Share Consideration; and

- (k) contemporaneously with the step contemplated in Section 2.3(g), all outstanding Qualifying Holdco Shares of each Qualifying Holdco held by the Shaw Family Shareholders shall be transferred (free and clear of all Liens) to the Purchaser in exchange for the Shaw Family Holdco Share Consideration in respect of each Qualifying Holdco. The Shaw Family Holdco Share Consideration in respect of each Qualifying Holdco, including the portion satisfied by cash and the portion satisfied by Purchaser Shares for each Qualifying Holdco Share, shall be allocated amongst the Qualifying Holdco Shares of such Qualifying Holdco in a manner consistent with the Section 85 Election or as may otherwise be agreed by the relevant Shaw Family Shareholders and the Purchaser, acting reasonably.

2.4 Transfer Mechanics

- (a) With respect to each Company Option, Company RSU, Company PSU and Company DSU deemed to be transferred and assigned in accordance with Sections 2.3(b) and 2.3(c), the following shall be deemed to have occurred as of the time of such applicable transfer and assignment:
 - (i) each holder thereof shall cease to be a holder of such applicable Equity Award;
 - (ii) each holder's name shall be removed from the register of the applicable Equity Award;
 - (iii) the Company Stock Option Plan, the Company RSU/PSU Plan and the Company DSU Plan, and all agreements relating to the applicable Equity Awards, shall be terminated and shall be of no further force and effect; and
 - (iv) each holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to Section 2.3(b) and Section 2.3(c), as applicable, at the time and in the manner specified in Section 4.1.
- (b) With respect to each Class A Share, Class B Share or Qualifying Holdco Share deemed to have been transferred and assigned in accordance with Sections 2.3(h) to 2.3(k), the following shall be deemed to have occurred as of the time of the applicable transfer and assignment:
 - (i) the holder thereof shall cease to be the holder of such Company Share or Qualifying Holdco Share, as applicable, and to have any rights as holders thereof, other than the right to be paid the Cash Consideration or Shaw Family Consideration, as applicable, in accordance with this Plan of Arrangement;
 - (ii) the name of the holder thereof shall be removed from the register of Company Shares or Qualifying Holdco Shares, as applicable;
 - (iii) the holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise,

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required to transfer and assign such Company Share or Qualifying Holdco Share; and

- (iv) the Purchaser shall be deemed to be the transferee (free and clear of all Liens) of all of the outstanding Company Shares (other than Company Shares held by the Qualifying Holdcos but including all Company Shares transferred by Dissenting Shareholders pursuant to Section 2.3(g)) and all Qualifying Holdco Shares and the register of the Company and any Qualifying Holdco shall be revised accordingly.

2.5 No Fractional Purchaser Shares and Rounding of Cash Consideration

- (a) In no event shall a Shaw Family Shareholder be entitled to a fractional Purchaser Share. Where the aggregate number of Purchaser Shares to be issued to a Shaw Family Shareholder pursuant to this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable: (i) the number of Purchaser Shares to be received by such Shaw Family Shareholder shall be rounded down to the nearest whole Purchaser Share; and (ii) such Shaw Family Shareholder shall receive a cash payment (rounded up to the nearest whole \$0.01) equal to the product of the (A) \$58.2445 and (B) the fractional Purchaser Share amount.
- (b) If the aggregate cash amount which a holder of Company Shares or Qualifying Holdco Shares is entitled to receive pursuant to this Plan of Arrangement would otherwise include a fraction of \$0.01, then the aggregate cash amount to which such holder shall be entitled to receive shall be rounded up to the nearest whole \$0.01.

2.6 Tax Elections

If requested by an Eligible Holder who receives Purchaser Shares pursuant to the Arrangement, the Purchaser shall make a joint election with such Eligible Holder in accordance with subsection 85(1) or 85(2) of the Tax Act (and any similar provision of any provincial legislation) provided that such election is in accordance with the provisions of the Tax Act (and applicable provincial legislation) (a "Section 85 Election"). The agreed amount under such joint election shall be determined by each Eligible Holder in such Eligible Holder's sole discretion within the limits set out in the Tax Act (and applicable provincial legislation). The obligation of the Purchaser in this regard is limited to Eligible Holders that provide the Purchaser with a validly completed tax election within 90 days after the Effective Date, and the Purchaser will not assume any responsibility for the proper completion or timely filing of such election. The Purchaser will not have any obligation to make such an election in respect of any holder of Company Shares or holder of Qualifying Holdco Shares other than an Eligible Holder who receives Purchaser Shares pursuant to the Arrangement.

**ARTICLE 3
RIGHTS OF DISSENT**

3.1 Rights of Dissent

Registered holders of Company Shares as of the record date for the Company Meeting may exercise dissent rights with respect to the Company Shares held by such holder as of such date ("Dissent Rights") in connection with the Arrangement pursuant to and in the

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manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding Section 191 of the ABCA, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. (Calgary Time) two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Company Shares held by them and in respect of which Dissent Rights have been validly exercised to the Company free and clear of all Liens, as provided in Section 2.3(g), and if they:

- (a) ultimately are entitled to be paid fair value for such Company Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(g)); (ii) will be entitled to be paid the fair value of such Company Shares, which fair value shall be determined as of the close of business on the day before the Arrangement Resolutions were adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Company Shares shall be deemed to have participated in the Arrangement as of the Effective Time on the same basis as a non-dissenting holder of Company Shares (other than a Shaw Family Shareholder) and shall be entitled to receive only the consideration contemplated in Section 2.3 that such holder of Company Shares would have received pursuant to the Arrangement if such holder of Company Shares had not exercised Dissent Rights.

3.2 Recognition of Dissenting Shareholders

- (a) In no circumstances shall the Company, the Purchaser or any other Person be required to recognize a Person exercising Dissent Rights: (i) unless, as of the deadline for exercising Dissent Rights (as set forth in Section 3.1), such Person is a registered holder of the Company Shares in respect of which such Dissent Rights are sought to be exercised; (ii) if such Person has voted or instructed a proxyholder to vote such Company Shares in favour of the Arrangement Resolution; or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights and does not withdraw such dissent prior to the Effective Time.
- (b) For greater certainty, in no case shall the Company, the Purchaser or any other Person be required to recognize Dissenting Shareholders as holders of Company Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(g), and the names of such Dissenting Shareholders shall be removed from the registers of holders of Company Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(g) occurs.
- (c) In addition to any other restrictions under Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Equity Awards; (ii) holders of Company Shares who vote or have instructed a proxyholder to vote such holder's Company Shares in favour of the Arrangement Resolution; (iii) any Person (including any beneficial owner of Company Shares) who is not a

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registered holder of Company Shares; and (iv) the Purchaser and its affiliates (as defined in the Arrangement Agreement).

**ARTICLE 4
PAYMENTS AND CERTIFICATES**

4.1 Payment of Consideration

- (a) Following receipt of the Final Order and prior to the filing of the Articles of Arrangement: (i) the Purchaser shall deposit or cause to be deposited with the Depository for the benefit of each holder of Company Shares and Qualifying Holdco Shares entitled to receive cash pursuant to Sections 2.3(h) to 2.3(k), the amount of cash equal to the cash payments contemplated in Sections 2.3(h) to 2.3(k), with the amount per Company Share in respect of which Dissent Rights have been exercised being deemed to be the Cash Consideration, for the benefit of the holders of Company Shares and Qualifying Holdco Shares; and (ii) Purchaser shall deposit or cause to be deposited with the Depository, for the benefit of and to be held on behalf of the Shaw Family Shareholders entitled to receive Purchaser Shares pursuant to Section 2.3(j) and Section 2.3(k), certificates representing the number of Purchaser Shares that such Shaw Family Shareholders are entitled to receive pursuant to Section 2.3(j) and Section 2.3(k). The cash deposited with the Depository shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.
- (b) Upon the surrender to the Depository for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares or Qualifying Holdco Shares, as applicable, that were transferred pursuant to Sections 2.3(h) to 2.3(k), together with a duly completed and executed Letter of Transmittal, and such additional documents and instruments as the Depository may reasonably require (or the Purchaser in respect of Qualifying Holdco Shares), each Company Share or Qualifying Holdco Share, as applicable, represented by such surrendered certificate shall be exchanged by the Depository, and the Depository shall deliver to the applicable holder of such Company Share or Qualifying Holdco Share as soon as practicable and in accordance with Sections 2.3(h) to 2.3(k), Section 4.1 and Section 4.2: (i) a cheque, wire transfer or other form of immediately available funds, representing the cash amount that such holder of Company Shares or Qualifying Holdco Shares, as applicable, is entitled to receive under the Arrangement; and (ii) one or more certificates representing the Purchaser Shares that such holder of Company Shares or Qualifying Holdco Shares, as applicable, is entitled to receive under the Arrangement.
- (c) As soon as practicable after the Effective Time, the Company shall pay the amounts to be paid to holders of Equity Awards in accordance with Sections 2.3(b) and 2.3(c) either: (i) pursuant to the normal payroll practices and procedures of the Company; or (ii) in the event that payment pursuant to the normal payroll practices and procedures of the Company is not practicable for any such holder, by cheque, wire transfer or other form of immediately available funds (delivered to such holder of such Equity Awards, as applicable, as reflected on the register maintained by or on behalf of the Company in respect of such Equity Awards), or (iii) by such other means as the Company may elect or as otherwise may be reasonably requested

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by the Purchaser including with respect to the timing and manner of such delivery, in each case, less applicable withholdings in accordance with Section 4.3.

- (d) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented outstanding Company Shares or Qualifying Holdco Shares shall be deemed, immediately after the completion of the transactions contemplated in Sections 2.3(h) to 2.3(k), to represent only the right to receive upon such surrender cash and, as applicable, Purchaser Shares, in lieu of such certificate as contemplated in Sections 2.3(h) to 2.3(k). Any such certificate formerly representing outstanding Company Shares or Qualifying Holdco Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares or Qualifying Holdco Shares of any kind or nature against or in the Company or Purchaser. On such date, all cash or securities to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.
- (e) Any payment made by way of cheque by the Depositary (on behalf of the Purchaser) or the Company, if applicable, pursuant to the Arrangement that has not been deposited or has been returned to the Depositary (or the Company) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Date, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of any holder of Company Shares, Qualifying Holdco Shares or Equity Awards to receive the applicable consideration for any Company Shares, Qualifying Holdco Shares or Equity Awards pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.
- (f) No holder of Company Shares, Qualifying Holdco Shares or Equity Awards shall be entitled to receive any consideration with respect to Company Shares, Qualifying Holdco Shares or Equity Awards other than the consideration to which such holder entitled to receive in accordance with Sections 2.3(b), 2.3(c), 2.3(g), 2.3(h), 2.3(i), 2.3(j), 2.3(k) and this Section 4.1 and, for greater certainty, no such holder shall be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than Company Dividends pursuant to Section 2.3(f). No dividend or other distribution declared or made after the Effective Time with respect to Company Shares or Equity Awards with a record date on or after the Effective Date shall be delivered to the holder of any unsundered certificate which, immediately prior to the Effective Date, represented outstanding Company Shares, Qualifying Holdco Shares or Equity Awards.
- (g) All dividends or other distributions payable with respect to any Purchaser Shares allotted and issued pursuant to this Arrangement for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary for the benefit and on behalf of the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such holder, as soon as reasonably

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practicable after application therefor is made by the holder to the Depositary in such form as the Depositary may reasonably require, such dividends or other distributions and any interest thereon to which such holder is entitled, less any amounts withheld pursuant to Section 4.3.

- (h) All Company Dividends, if any, shall be paid or delivered to the Depositary to be held by the Depositary for the benefit and on behalf of the registered holder of the Company Shares. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by the holder to the Depositary in such form as the Depositary may reasonably require, the Company Dividends and any interest thereon to which such holder is entitled, less any amounts withheld pursuant to Section 4.3. The holders' rights to receive payment from the Depositary pursuant to this Section 4.1(h) shall represent all of the holder's rights with respect to the Company Dividends.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares or Qualifying Holdco Shares that were transferred pursuant to Sections 2.3(h) to 2.3(k) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue, pay and deliver, in exchange for such lost, stolen or destroyed certificate, the cash amount and, as applicable, the Purchaser Shares, which such holder is entitled to receive pursuant to this Plan of Arrangement. When authorizing such issuance, delivery or payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash or Purchaser Shares are to be delivered shall as a condition precedent to the issuance, delivery or payment thereof, give a bond satisfactory to the Company, the Purchaser and the Depositary, each acting reasonably, in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, each acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company and the Depositary, and any other Person that makes a payment hereunder, as applicable, shall be entitled to deduct or withhold (or cause to be deducted or withheld) from the amount payable or otherwise deliverable to any Person pursuant to the Arrangement or this Plan of Arrangement, including Company Participating Shareholders exercising Dissent Rights, and from all dividends, other distributions or other amounts otherwise payable to any former Company Shareholders, holder of Qualifying Holdco Shares or holders of Company Options, Company RSUs, Company PSUs or Company DSUs, such Taxes or other amounts as the Purchaser, the Company, the Depositary or other Persons are or may be required or permitted to deduct or withhold with respect to such payment under the Tax Act, or any other provisions of any applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld Taxes or other amounts are actually remitted to the appropriate Governmental Entity.

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4.4 No Liens

Any exchange or transfer of Company Shares, Qualifying Holdco Shares or Equity Awards pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Qualifying Holdco Shares and Equity Awards issued or outstanding prior to the Effective Time; (b) the rights and obligations of the holders of Company Shares, Qualifying Holdco Shares and Equity Awards, the Company, the Purchaser, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares, Qualifying Holdco Shares and Equity Awards shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

**ARTICLE 5
AMENDMENTS**

5.1 Amendments to Plan of Arrangement

- (a) The Company and the Purchaser may amend, modify or supplement this Plan of Arrangement at any time, and from time to time, prior to the Effective Time, provided that each such amendment, modification or supplement must: (i) be set out in writing; (ii) be approved by the Company and the Purchaser, each acting reasonably; (iii) filed with the Court and, if made following the Company Meeting, approved by the Court; and (iv) communicated to holders of Company Shares, if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by either the Purchaser or the Company at any time prior to the Company Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if: (i) it is consented to by each of the Company and the Purchaser (in each case, acting reasonably); and (ii) if required by the Court, it is consented to by holders of some or all of the Company Shares in the manner directed by the Court. Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval, provided that (i) it concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of

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any holder of Company Shares or (ii) is an amendment contemplated in Section 5.1(d) made following the Effective Date.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, without communication to the holders of the Company Shares, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Company Shares, Qualifying Holdco Shares or Equity Awards.

5.2 Termination

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

**ARTICLE 6
FURTHER ASSURANCES**

6.1 Notwithstanding

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

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COURT FILE NUMBER 2101-05012
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
MATTER IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, RSA 2000, c B-9, AS AMENDED



COM
May 25, 2021

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING SHAW COMMUNICATIONS INC., ROGERS COMMUNICATIONS INC., AND CLASS A AND CLASS B SHAREHOLDERS OF SHAW COMMUNICATIONS INC.

APPLICANT SHAW COMMUNICATIONS INC.
RESPONDENT NOT APPLICABLE
DOCUMENT **BENCH BRIEF OF SHAW COMMUNICATIONS INC.**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **LAWSON LUNDELL LLP**
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swray@lawsonlundell.com
File Number: 30520-156599

BENCH BRIEF OF SHAW COMMUNICATIONS INC.

(for the Final Order application to be heard by the Honourable Justice P.R. Jeffrey at 2:00 p.m. on May 25, 2021)

**WITNESS STATEMENT OF DEAN PREVOST
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ENTERED



COURT FILE NUMBER 2101-05012
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
MATTER IN THE MATTER OF SECTION 193 OF THE
BUSINESS CORPORATIONS ACT, RSA 2000, c
B-9, AS AMENDED

COM
May 25, 2021

AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING SHAW
COMMUNICATIONS INC., ROGERS
COMMUNICATIONS INC., AND CLASS A
SHAREHOLDERS AND CLASS B
SHAREHOLDERS OF SHAW
COMMUNICATIONS INC.

APPLICANT SHAW COMMUNICATIONS INC.
RESPONDENT NOT APPLICABLE
DOCUMENT **AFFIDAVIT #2 OF TREVOR ENGLISH**
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swray@lawsonlundell.com
File Number: 30520-156599

AFFIDAVIT #2 OF TREVOR ENGLISH

Sworn on May 20th, 2021

I, Trevor English, of Calgary, Alberta, business executive, SWEAR THAT:

1. I am the Executive Vice President, Chief Financial and Corporate Development Officer of Shaw Communications Inc. (“**Shaw**”). For the purpose of this Affidavit, all capitalized terms not separately defined herein (for convenience) shall have the meanings given to

**WITNESS STATEMENT OF DEAN PREVOST
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502405

COURT FILE NUMBER 2101-05012
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
MATTER IN THE MATTER OF SECTION 193 OF THE
BUSINESS CORPORATIONS ACT, RSA
2000, c B-9, AS AMENDED



AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING SHAW
COMMUNICATIONS INC., ROGERS
COMMUNICATIONS INC., AND CLASS A
SHAREHOLDERS AND CLASS B
SHAREHOLDERS OF SHAW
COMMUNICATIONS INC.

COM
May 25, 2021

APPLICANT SHAW COMMUNICATIONS INC.
RESPONDENT NOT APPLICABLE
DOCUMENT **AFFIDAVIT OF MAILING RASHEED MOHAMMED**

ADDRESS FOR SERVICE AND
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swray@lawsonlundell.com
File Number: 30520-156599

AFFIDAVIT OF RASHEED MOHAMMED

I, Rasheed Mohammed, of the city of Brampton, in the Province of Ontario, do hereby solemnly affirm that:

- 1) I am an employee of Broadridge Investor Communications Corporation ("Broadridge") at 2601 14th Avenue, Markham, Ontario, and as such have knowledge of the matters herein deposed to.
- 2) Broadridge has been appointed by Shaw Communications Inc. ("Shaw") to:
 - i) complete the mailing to the holders of Class A Participating Shares and Class B Non-Voting Participating Shares of Shaw (collectively, the "Shareholders"), both registered and non-registered; and
 - ii) electronically deliver the Notice of Special Meeting and Management Information Circular (the "Circular") via email to the holders of restricted share units, performance share units, deferred share units, and/or options to purchase Class B Non-Voting Participating Shares of Shaw (each, a "Shaw Equity Award Holder").

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This is Exhibit “30” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

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Canadian Radio-television and
Telecommunications Commission

Conseil de la radiodiffusion et des
télécommunications canadiennes

Broadcasting Decision CRTC 2022-76

PDF version

References: 2021-281 and 2021-281-1

Ottawa, 24 March 2022

Rogers Communications Inc.

Across Canada

Public record: 2021-0228-4

Virtual public hearing in the National Capital Region

22 November 2021

Shaw Communications Inc. – Change of ownership and effective control

Summary

The Commission **approves**, subject to a number of modifications and the fulfilment of specific conditions of approval, an application by Rogers Communications Inc. (Rogers), on behalf of Shaw Communications Inc. (Shaw), for authority to transfer the effective control of the broadcasting undertakings licensed to Shaw or its subsidiaries to Rogers or its subsidiaries. The Commission concludes that the transaction as modified by the Commission is in the public interest and advances the objectives set out for the Canadian broadcasting system in the *Broadcasting Act* (the Act). Canadians as consumers will benefit from this transaction.

Specifically, the Commission, in approving this application, imposes a number of specific measures to ensure that the transaction benefits Canadians and the Canadian broadcasting system, including the following:

- Rogers must submit to the Commission a revised proposal to pay tangible benefits amounting to \$27,233,885, with modifications to the allocation proposed. Specifically
 - 80% must be directed to the Canada Media Fund (CMF), the Independent Local News Fund (ILNF) and the identified certified independent production funds (CIPFs). Of this portion
 - 60% must be directed to the CMF for programs impacting equity seeking groups; and
 - 40% must be distributed equally between the ILNF (20%) and the identified CIPFs (10% to the Rogers Documentary Fund and the Rogers Cable Network Fund, and 10% to the Shaw Rocket Fund); and

Canada

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- 20% must be directed to the discretionary initiatives as proposed by Rogers including the Broadcasting Accessibility Fund (BAF), as well as to the Broadcasting Participation Fund (BPF);
- Rogers must ensure that the Rogers Documentary Fund and the Rogers Cable Network Fund (the Rogers funds) and the Shaw Rocket Fund (SRF) continue to be supported through its ongoing financial contribution to CIPFs. Specifically, Rogers must ensure that equivalent contribution amounts be issued to the Rogers funds and the SRF;
- Rogers must distribute a minimum of 45 independent English- and French-language services on each of its terrestrial and satellite direct-to-home broadcasting distribution undertakings;
- Rogers must air 48 prime time locally reflective news specials each year that are original programming and go over and above its current hours of locally reflective news programming;
- Rogers must demonstrate its progress in ensuring that it meets the access and local programming requirements for each of the licensed and exempt undertakings currently operated by Shaw Cablesystems Limited.
- Rogers must report to the Commission on its progress regarding, among others, its commitments to
 - increase the aggregate number of journalists employed in Citytv markets across the country, doubling its journalistic strength in Western Canada; and
 - create an Indigenous news team composed of journalists based in all the provinces where Rogers provides news content, delivering Indigenous-led stories to First Nations, Métis and Inuit communities;
- Rogers must provide set-top-box data to programming undertakings free of charge in accordance with the requirements set out in the decision;
- Rogers must provide assistance to independent programming services in the development of online applications and is expected to launch such applications as they become available in a manner that fosters their discoverability;
- Rogers must amend its conditions of licence to require that Corus Entertainment Inc. (Corus) is not advantaged in its dealings with Rogers and vice versa; and
- Rogers is expected to refrain from entering into any agreement for exclusive or preferential distribution of online broadcasting services or content through its distribution platforms.

With respect to Rogers' various commitments to consumers, the Commission expects Rogers to

- inform current Shaw customers that their contracts will be honoured and of what will happen once the contracts end, as well as to provide them with a range of options, including equivalent levels of service, 90 days before the end of their current contracts;

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- maintain or improve the quality of service for current Shaw customers, as well as to maintain or improve the accessibility of all services for customers with disabilities; and
- consult with the relevant communities and take their feedback into consideration with regard to the accessibility of its services.

The Commission acknowledges the concerns raised by a number of interveners related to equity seeking groups. Accordingly, the Commission accepts Rogers' various commitments to increase diversity in the Canadian broadcasting system and imposes directions, expectations and encouragements to ensure that these commitments are maintained and that approval of the transaction will yield real benefits to Indigenous, racialized and all equity seeking communities. The Commission notes that Rogers is required to file reports on diversity. These reports allow the Commission and the public to monitor how Rogers fulfills its commitments to equity seeking populations and remains accountable to these groups.

Application

1. Rogers Communications Inc. (Rogers) filed an application, on behalf of Shaw Communications Inc. (Shaw) pursuant to paragraph 4(4)(a) of the *Broadcasting Distribution Regulations* for authority to change the ownership and effective control of Shaw through the transfer of all the issued and outstanding shares of Shaw or its subsidiaries to Rogers or its subsidiaries, and to acquire the following licensed undertakings:
 - the national direct-to-home (DTH) broadcasting distribution undertaking (BDU) Shaw Direct;
 - the national satellite relay distribution undertaking (SRDU) Shaw Broadcast Services; and
 - the 16 terrestrial BDUs operated by Shaw Cablesystems Limited in the following locations:

Province	Location
British Columbia	Coquitlam, Kelowna, Langford, Nanaimo, New Westminister, Vancouver (North and West), Vancouver (Richmond), Victoria and White Rock
Alberta	Calgary, Edmonton (2 undertakings) and Red Deer
Saskatchewan	Saskatoon
Manitoba	Winnipeg (2 undertakings)

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2. In addition, Rogers requested, pursuant to paragraph 10(4)(a) of the *Discretionary Services Regulations*, authority to acquire from Shaw Cablesystems Limited:
 - Shaw Cablesystems Limited's 25.17% interest in Cable Public Affairs Channel Inc. (CPAC), which operates two national discretionary services—one French-language service and one English-language service—also known as CPAC, as well as the terrestrial video-on-demand (VOD) service Shaw On-demand; and
 - all the issued and outstanding shares of Shaw Pay-Per-View Ltd., which operates the terrestrial pay-per-view (PPV) service Shaw Pay-Per-View and the DTH PPV service Shaw Pay-Per-View.

The parties

3. Rogers is ultimately controlled by the Rogers Control Trust. It is one of the largest broadcasting and telecommunications companies in Canada, with broadcasting assets in distribution, television and radio services. Rogers operates
 - licensed and exempt BDUs in Ontario, Quebec, New Brunswick, and Newfoundland and Labrador;
 - 12 over-the-air (OTA) television stations including its Citytv and OMNI networks;
 - OMNI Regional, which has mandatory distribution under paragraph 9(1)(h) of the *Broadcasting Act* (the Act), and a number of other licensed discretionary television services, including several sports-related services; and
 - 57 radio stations across Canada.
4. Shaw and its wholly owned subsidiaries—7538375 Canada Inc., Shaw Cablesystems Limited and Shaw Pay-Per-View Ltd.—are controlled indirectly by the board of directors of SFLTCO LTD (SFLTCO), acting as trustee of the Shaw Family Living Trust. Shaw Satellite Services Inc., the licensee of Shaw Broadcast Services, is a wholly owned subsidiary of 7538375 Canada Inc. Star Choice Television Network Incorporated, the licensee of Shaw Direct, is a wholly owned subsidiary of Shaw Satellite Services Inc. Shaw is also one of the largest broadcasting and telecommunications companies in Canada, with broadcasting assets in distribution and television services. In addition to the services mentioned above, Shaw operates exempt BDUs in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. These services do not operate in the same markets as Rogers' exempt BDUs.
5. In a letter dated 7 October 2021, the Commission authorized CPAC to participate in the proceeding as an interested party. CPAC is a federally incorporated not-for-profit corporation owned by companies that own and control BDUs. Through its licensed and exempt programming services, it is unique in its focus on providing non-partisan coverage of the proceedings of the House of Commons and of the committees of the House and the Senate, as well as in-depth public affairs content in both official languages. CPAC's services have mandatory distribution under paragraph 9(1)(h) of the Act pursuant to Broadcasting Order 2018-330.

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The transaction

6. According to the plan of arrangement announced on 15 March 2021 and approved by shareholders on 20 March 2021, Rogers would purchase all of the issued and outstanding shares and assume the debt and real property leases of Shaw or its subsidiaries for \$25,246,027,514.
7. The transaction also involves Shaw's wireline and wireless telecommunications services and business automation and security. The current decision does not consider these services since the change in ownership of these elements does not require prior approval from the Commission. Components of the transaction not within the Commission's jurisdiction are subject to review by either the Competition Bureau or Innovation, Science and Economic Development Canada pursuant to their respective statutory mandates. In addition, Rogers would acquire Shaw's exempt BDUs. This decision does not consider these exempt services since the change in ownership of services operating under an exemption order does not require prior approval from the Commission. The complete list of undertakings involved in the transaction for the purposes of this decision is set out in Appendix 1.
8. Rogers proposed that, immediately before the close of the transaction, Shaw would surrender its licences for the terrestrial VOD service Shaw On-demand and the terrestrial PPV service Shaw Pay-per-view. Following the close of the transaction, Shaw customers would be migrated to the on-demand services currently provided by Rogers.
9. Pursuant to Broadcasting Regulatory Policy 2014-459 (the Tangible Benefits Policy), the Commission requires the payment of tangible benefits as part of all changes in ownership of licensed broadcasting undertakings except BDUs. Accordingly, Rogers proposed that the acquisition of only the DTH PPV service Shaw Pay-per-view and Shaw's share of CPAC would be subject to tangible benefits. Rogers indicated that the value of the elements in question was \$57,459,991 and proposed a tangible benefits package of \$5,746,000 representing 10% of the proposed value of the elements to be included in the value of the transaction.

Interventions

10. The Commission received 365 interventions in regard to this application, of which 334 were in support of the application, 25 were comments on the application and 6 were opposed to the application. The following 30 interveners appeared at the hearing:
 - Beanfield Technologies Inc.;
 - BCE Inc. (Bell);
 - Canadian Association of Community Television Users and Stations;
 - Canadian Broadcast Museum Foundation;
 - Canadian Communication Systems Alliance (CCSA);
 - Canadian Media Producers Association;

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- Channel Zero Inc.;
- Coastal First Nations/Great Bear Initiative;
- Cogeco Communications Inc. (Cogeco);
- Community Media Advocacy Centre;
- Daniel Taylor;
- Documentary Organization of Canada;
- Forum for Research and Policy in Communications (FRPC);
- Independent Broadcasters Group (IBG);
- interCultural Online Health Network;
- John Roman;
- Karen Tanaka;
- Miracle Channel Association;
- Owen Sound Chamber of Commerce;
- Public Interest Advocacy Centre (PIAC);
- Quebec English-language Production Council;
- Saskatchewan Premier Ball Hockey League;
- Southern Alberta Council on Public Affairs;
- St. Andrews Community Channel Inc.;
- S.U.C.C.E.S.S.;
- TELUS Communications Inc. (TELUS);
- TLN/Ethnic Channels Group (TLN/ECG);
- UBC Digital Emergency Medicine;
- Unifor; and
- Wildbrain Ltd.

Regulatory Framework

11. Pursuant to subsection 5(1) of the Act, the Commission's mandate is to regulate and supervise all aspects of the Canadian broadcasting system in the public interest. The public interest is reflected in the numerous objectives of the Act and of the Canadian broadcasting policy set out in subsection 3(1) of the Act.
12. The Commission must consider each application on its merits, according to the circumstances specific to the application. In addition, the Commission must be assured that approval of a proposed ownership transaction furthers the public interest as

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expressed in the objectives set out in subsection 3(1) of the Act. The current transaction has an impact on the following objectives set out in section 3(1) of the Act:

- (d) the Canadian broadcasting system should
 - (i) serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada,
 - (ii) encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view,
 - (iii) through its programming and the employment opportunities arising out of its operations, serve the needs and interests, and reflect the circumstances and aspirations, of Canadian men, women and children, including equal rights, the linguistic duality and multicultural and multiracial nature of Canadian society and the special place of aboriginal peoples within that society. [...]
- (e) each element of the Canadian broadcasting system shall contribute in an appropriate manner to the creation and presentation of Canadian programming;
- (f) each broadcasting undertaking shall make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming, unless the nature of the service provided by the undertaking, such as specialized content or format or the use of languages other than French and English, renders that use impracticable, in which case the undertaking shall make the greatest practicable use of those resources; [...]
- (i) the programming provided by the Canadian broadcasting system should
 - (i) be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and tastes,
 - (ii) be drawn from local, regional, national and international sources,
 - (iii) include educational and community programs,
 - (iv) provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern, and
 - (v) include a significant contribution from the Canadian independent production sector; [...]

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- (t) distribution undertakings
- (i) should give priority to the carriage of Canadian programming services and, in particular, to the carriage of local Canadian stations,
 - (ii) should provide efficient delivery of programming at affordable rates, using the most effective technologies available at reasonable cost,
 - (iii) should, where programming services are supplied to them by broadcasting undertakings pursuant to contractual arrangements, provide reasonable terms for the carriage, packaging and retailing of those programming services, and
 - (iv) may, where the Commission considers it appropriate, originate programming, including local programming, on such terms as are conducive to the achievement of the objectives of the broadcasting policy set out in this subsection, and in particular provide access for underserved linguistic and cultural minority communities.
13. The review of the applications that relate to changes in ownership or effective control is an essential element of the Commission's regulatory and supervisory mandate. In this regard, the *Broadcasting Distribution Regulations* and the *Discretionary Services Regulations* require that all broadcasting licensees obtain prior Commission approval before concluding a transaction that would result in a change in the effective control of a broadcasting undertaking.
14. As indicated in the Tangible Benefits Policy, the applicant must demonstrate that its proposal would yield a clear benefit to the Canadian broadcasting system as a whole and to the community served by the undertaking to be acquired. In that policy, the Commission specified that it does not solicit competitive applications for changes in effective control of broadcasting undertakings. Therefore, the onus is on the applicant to demonstrate that approval is in the public interest, that the benefits of the transaction, both tangible and intangible, are commensurate with the size and nature of the transaction and that the application represents the best possible proposal under the circumstances.
15. The Commission has the authority, pursuant to subsection 9(1) of the Act, to issue licences for such terms and conditions related to the circumstances of the licensee as it deems appropriate for the implementation of the broadcasting policy set out in subsection 3(1) of the Act, as well as to amend those conditions.

Issues

16. To determine whether the transaction would serve the public interest, the Commission must be persuaded that the proposed transaction benefits Canadians and the Canadian broadcasting system. In its determination, the Commission must consider how the proposed transaction furthers the objectives of the Act. This includes considering how the transaction would affect Canadians and the extent to which the transaction could change the respective negotiating power of BDUs and programming services.

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17. After examining the record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues to determine the impact of the transaction on the Canadian broadcasting system and whether the proposed transaction is in the public interest:

- the impact on consumers;
- the transfer of Shaw Cablesystems Limited's interest in CPAC;
- which non-exempt broadcasting elements of the transaction as a whole are subject to tangible benefits, and the value of the transaction for the purposes of this decision;
- the amount and allocation of tangible benefits;
- the impact on the competitive landscape;
- the delivery of signals to BDUs via Shaw's relay distribution undertakings;
- the effect of the transaction on Corus Entertainment Inc. (Corus) as a vertically integrated entity;
- the compliance of the community channels currently branded as Shaw Spotlight;
- news programming;
- whether the Commission should direct Rogers' BDUs to contribute to specific certified independent production funds (CIPFs);
- the carriage of independent programming services;
- the provision of set-top-box data;
- Rogers' proposal to assist in the development of digital platform applications; and
- exclusive access to content.

Impact on consumers

18. The Commission examined how the transaction would affect consumer interests. It considered the possible impacts on various consumer segments including low-income households, seniors and people with disabilities. It considered Rogers' strategy for migrating Shaw customers to Rogers' services, including customers with disabilities who may have specific arrangements in place to enhance their access and experience, to ensure that sufficient protections exist for consumers. It also considered how consumer choice would be maintained, for example for consumers who may prefer entry-level service offerings.

19. At the hearing, Rogers confirmed that existing contracts for Shaw customers would continue to be honoured. In addition, Rogers stated that it would continue to offer television-only packages and provided evidence that its customer service representatives are trained in regard to entry-level service offerings. Rogers also noted that, while it is still working to understand the exact nature of Shaw's accommodations for customers

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with disabilities, it intends to ensure that the accommodations continue to be offered, in keeping with its intention to continue improving accessibility in the Canadian broadcasting system. Finally, Rogers stated it will continue to comply with the Television Service Provider (TVSP) Code and to participate in the Commission for Complaints for Telecom-television Services (CCTS).

20. The Commission finds that Rogers' commitments will ensure that the interests of Shaw consumers will be adequately safeguarded. In particular, the Commission finds that Rogers' commitment to continue offering television-only packages adequately addresses the Commission's concerns regarding pricing increases for low-income households and seniors. Accordingly, the Commission expects Rogers to inform Shaw customers that their contracts will be honoured and, 90 days before the end of their current contracts with Shaw, to inform them of what options will be available once their contracts end, including how they will be able to continue to receive the same or a similar level of service. In addition, the Commission expects Rogers to maintain or improve the quality of service for current Shaw customers, as well as to maintain or improve the accessibility of all services for customers with disabilities. Further, the Commission expects Rogers to consult with the relevant communities and take their feedback into consideration with regard to the accessibility of its services.
21. Finally, the Commission reminds Rogers of the best practices set out in Broadcasting Decision 2016-458 to promote choice for Canadians and enable them to form their own value propositions for television services. The Commission reminds Rogers that it is required by condition of licence to comply with the TVSP Code and to participate in the CCTS. The Commission also reminds Rogers of the Commission's determinations related to the provision of paper bills set out in Telecom and Broadcasting Decision 2022-28.

CPAC

22. As one way of ensuring that the public interest is served, the Commission expects applicants to propose tangible benefits that are proportionate to the size and nature of the transaction and that will yield measurable improvements to the communities served by the licensed broadcasting undertaking to be acquired, as well as to the Canadian broadcasting system as a whole. Therefore, the Commission must first determine which elements of the proposed transaction are subject to review and tangible benefits as part of the current proceeding. As part of its application, Rogers requested authority to acquire Shaw Cablesystems Limited's 25.17% voting interest in CPAC. As a result, Rogers would become CPAC's majority shareholder with 66.75% of the voting shares. First, the Commission must determine whether CPAC should be included in the value of the current transaction.
23. In addition, the Commission must determine whether the transfer of these shares to Rogers and any safeguards as to CPAC's programming and editorial independence proposed by Rogers would serve the public interest. The Commission must be assured that the governance of CPAC, at the level of its board of directors, as well as the programming offered by the service are not unduly affected by the proposed transaction.

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24. CPAC's services are the only Canadian television services dedicated primarily to providing Parliamentary coverage and related in-depth public affairs content in both official languages. The programming they provide would not otherwise be available in the Canadian broadcasting system. The Commission is of the view that these unique services should continue to be available to all Canadians, consistent with the objectives of the Canadian broadcasting policy.
25. More specifically, CPAC provides programming, in furtherance of paragraphs 3(1)(b) and 3(1)(d)(i) of the Act, that is essential to the maintenance and enhancement of national identity and cultural sovereignty and serves to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada. CPAC presents programming originating in all regions of Canada and includes a significant amount of programming that is culturally diverse and reflects official language minority communities.

Whether the transaction would result in Rogers exercising effective of control of CPAC

26. Subsection 10(3) of the *Discretionary Services Regulations* states that

(3) For the purposes of this section, effective control of a licensee or its undertaking includes situations in which

(a) a person controls a majority of the voting interests of the licensee directly or indirectly, other than by way of security only;

(b) a person has the ability to cause the licensee or its board of directors to take a course of action; or

(c) the Commission, after a public hearing of an application for a licence or in respect of an existing licence, determines that a person has effective control of the licensee or its undertaking and sets that determination out in a decision or public notice.

27. The Commission notes that according to Schedule A, paragraph 2(ii) of CPAC's Restated Certificate of Incorporation dated 23 January 2009 (the Articles)

The holders of the common shares shall be entitled to vote at any meeting of the shareholders of the Corporation on the basis of one vote per share except with respect to the resolutions regarding the election or removal of directors of the Corporation in which case each registered holder of common shares shall be entitled to one vote only, irrespective of the number of common shares registered in the name of the holder.

28. As a result of the proposed transaction, Rogers would become the majority shareholder of CPAC, increasing its shareholdings from 41.58% to 66.75%. Under a typical corporate structure, this would generally mean that, as the majority shareholder, Rogers could exercise effective control of the corporation. However, CPAC's corporate structure is unique: the Articles provide that despite holding 66.75% of the voting rights, Rogers would continue to be entitled to only one vote in the election or removal of directors of CPAC.

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29. Therefore, the Commission considers that Rogers would not gain effective control of CPAC by virtue of the transfer of shares.

Whether the transaction would result in Rogers exercising de facto control of CPAC

30. To assess control in fact, the Commission has generally relied on the following test set out in Decision No. 297-A-1993 of the Canadian Transportation Agency:

There is no one standard definition of control in fact but generally, it can be viewed as the ongoing power or ability, whether exercised or not, to determine or decide the strategic decision-making activities of an enterprise. It can also be viewed as the ability to manage and run the day-to-day operations of an enterprise. Minority shareholders and their designated directors normally have the ability to influence a company as do others such as bankers and employees. The influence, which can be exercised either positively or negatively by way of veto rights, needs to be dominant or determining, however, for it to translate into control in fact.

31. As mentioned above, the Articles stipulate that holders of common shares are entitled to vote at any meeting of the shareholders of CPAC on the basis of one vote per share except with respect to resolutions regarding the election or removal of directors of CPAC, in which case each registered holder of common shares shall be entitled to one vote only, regardless of the number of common shares registered in the name of the holder.

32. Rogers stated that it was prepared to commit to electing only one member to CPAC's board of directors following the transaction. This would significantly limit Rogers' ability to influence the board of directors' decisions. In addition, Rogers proposed to consolidate its interests in CPAC into one corporate entity at the close of the transaction to further reassure the Commission that it would have only one vote with respect to the resolutions regarding the election or removal of directors.

33. In addition, CPAC proposed to amend its Articles to provide that all matters requiring a shareholder vote would require the approval of a majority of CPAC's individual shareholders (regardless of the number of shares held) in addition to a majority of the number of shares voted. The proposed text of this amendment is set out in CPAC's undertaking.

34. Following the transfer of the shares, Rogers would not have control over the election of board members, and Rogers would be able to elect only one board member. Therefore, Rogers would not be able to cause CPAC to adopt a specific course of action. Moreover, given the proposed amendment to the Articles, Rogers, even as majority shareholder, would be unable to have a shareholder resolution passed.

35. Therefore, the Commission considers that Rogers would not gain de facto control of CPAC by virtue of the transfer of shares.

36. The Commission expects that the motion to amend the Articles of CPAC be submitted to and approved by shareholders **before** the board can vote on a resolution to approve the transfer of Shaw Cablesystems Limited's interest in CPAC to Rogers.

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The independence of CPAC's programming

37. In its intervention, FRPC was not convinced that Rogers would not exercise effective control of CPAC and thus influence its programming. FRPC recommended expanding CPAC's board of directors to include individuals from academic, public interest and other groups, and that broadcasters have 20% or fewer of the votes of the board to ensure its independence in editorial decisions.
38. At the hearing, CPAC stated that its board of directors has never played a role in programming, editorial or content decisions and that this independence is codified in its programming and editorial policy. CPAC maintains a strict barrier between the board of directors and the services' programming and journalistic operations. Programming decisions are made by CPAC's management and programming staff.
39. Therefore, the Commission is satisfied that following the transfer of the shares, CPAC would continue to be able to fulfill its mandate of providing coverage of the proceedings of the House of Commons and of the committees of the House and the Senate, with in-depth public affairs content in both official languages, without interference from Rogers.

CPAC's application for authority to effect a change in ownership

40. Under subparagraph 10(4)(b)(iii) of the *Discretionary Services Regulations*, except as otherwise provided under a condition of its licence, a licensee shall obtain the Commission's prior approval of any act, transaction or agreement that, directly or indirectly, would result in a person alone owning less than 50% of the issued common shares of the licensee owning 50% or more of those shares but not having, directly or indirectly, effective control of the licensee.
41. Schedule B of the Articles stipulates that the right to transfer shares of CPAC is restricted and that no shares shall be transferred without the consent of the directors of the corporation expressed by a resolution passed by the directors. The transfer of Shaw Cablesystems Limited's shares in CPAC to Rogers was not approved by the board of directors of CPAC at the time of Rogers' application. Therefore, CPAC as the licensee of the discretionary services in question, would be required to file an application for authority to change the ownership of CPAC through the transfer of Shaw Cablesystems Limited's shares to Rogers with approval from the board of directors. In its current position as a minority shareholder of CPAC, Rogers cannot file such an application on CPAC's behalf.
42. In light of the above, the Commission **directs** CPAC to file by no later than **30 days after close of transaction** an application pursuant to subparagraph 10(4)(b)(iii) of the *Discretionary Services Regulations* for Rogers to acquire Shaw Cablesystems Limited's 25.17% interest in CPAC. The application must meet the following requirements:
- CPAC must provide its amended Articles, demonstrating the date of the amendment, to the Commission prior to or with its application;

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- Rogers must consolidate its shares in CPAC under a single corporate entity, and CPAC must reflect this change in its application; and
- Rogers must be limited to electing only one member to CPAC's board of directors.

An application from CPAC that meets those criteria will be processed administratively by the Commission. Once the Commission has processed that application and rendered a decision, CPAC must provide to the Commission the resolution passed by its board of directors, demonstrating the date of the resolution, to approve the transfer of Shaw Cablesystems Limited's interest in CPAC to Rogers.

Value of the transaction

43. As set out in the Tangible Benefits Policy, the Commission requires the payment of tangible benefits as part of a change in the effective control of licensed radio and television programming undertakings. The value of the transaction determines the amount of tangible benefits to be paid, taking into account the public interest and the absence of a competitive licensing process.
44. The Tangible Benefits Policy also sets out that the Commission does not require the payment of tangible benefits pursuant to a change in the effective control of a licensed BDU. Therefore, the value associated with the purchase of only licensed radio and television programming services is taken into account to determine the value of the transaction for the purpose of imposing tangible benefits. To determine the value of the transaction when the overall transaction involves assets that are not subject to tangible benefits, the Tangible Benefits Policy provides a simplified method based on the revenue of the elements of the transaction that are subject to tangible benefits.

Position of the parties

45. In its initial application, Rogers submitted that the application of the Tangible Benefits Policy should be limited to the acquisition of Shaw's DTH PPV service and Shaw's share of CPAC. Rogers indicated that the value of these elements was \$57,459,991 and proposed a tangible benefits package of \$5,746,000, which represents 10% of the value of the elements to be included in the value of the transaction.
46. At the hearing and in subsequent submissions to the Commission, Rogers maintained that Shaw's VOD and terrestrial PPV services should not be included in the calculation of the value of the transaction because Shaw would surrender the licences for these services immediately prior to the close of the transaction. Therefore, effective control of the services would not transfer to Rogers. Rogers also noted that the Commission has not imposed tangible benefits in similar cases previously. Specifically, Rogers cited BCE Inc.'s acquisition of MTS Inc.'s terrestrial BDU approved in Broadcasting Decision 2016-487; Rogers' acquisition of Mountain Cablevision Limited and Fido Solutions Inc. approved in Broadcasting Decision 2013-642; and Rogers' acquisition of Aurora Cable TV Limited approved in Broadcasting Public Notice 2008-77.

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47. Interveners that addressed the value of the transaction commented that the proposed value of the transaction was not commensurate with the size and nature of the transaction. PIAC further argued that Shaw surrendering the licences of the on-demand services prior to the close of the transaction would represent a form of non-competition agreement and that these services should be included in the calculation of the value of the transaction regardless of whether Rogers requires the licences for their continued operation.

Commission's analysis

48. Provided that the transfer of CPAC's shares from Shaw to Rogers is completed in the manner specified above, CPAC will not be undergoing a change in effective control as a result of this transaction. In accordance with the Tangible Benefits Policy, tangible benefits are proposed as a result of changes in effective control of all licensed radio and television programming services. Consequently, to the extent that CPAC remains controlled by its board of directors, the payment of tangible benefits related to the transfer of CPAC shares is not required. In accordance with subsection 10(4) of the *Discretionary Services Regulations*, should CPAC undertake any act, transaction or agreement that directly or indirectly results in a change of effective control of the undertaking, this would be considered and addressed by the Commission once CPAC files its required application. However, for the purpose of the current transaction, the Commission removes the value of CPAC from the calculation of the value of the transaction.

49. Subsection 32(1) of the Act stipulates that authority to operate a broadcasting undertaking in Canada is granted through a licence issued by the Commission or if the undertaking operates in accordance with a relevant exemption order issued by the Commission. Shaw has the authority to operate its video-on-demand and pay-per-view undertakings as a result of the licences issued by the Commission in Broadcasting decisions 2017-155, 2019-278 and 2019-279 (Shaw's on-demand services). If an undertaking continues to operate on an uninterrupted basis, that authority cannot lapse or cease to be in effect without contravening subsection 32(1) of the Act.

50. In the context of this transaction, Rogers proposed to continue to operate Shaw's on-demand services, albeit under Rogers' licences granted in Broadcasting decisions 2017-151 and 2019-207. Given that these licences are national in nature, the Commission does not in principle take issue with Rogers' proposal. However, the Commission considers that Shaw, at the behest of Rogers, cannot surrender its on-demand licences prior to the close of the transaction, since Rogers intends to continue to operate these services on an uninterrupted basis. The services would be operating without a licence, even if just for a short time. In addition, the Commission considers that applicants should not attempt to structure transactions to avoid the payment of tangible benefits. Therefore, while Rogers may relinquish Shaw's on-demand licences, it can do so only after the close of transaction and not before.

51. The Commission notes that Rogers objected to the inclusion of these on-demand services in the overall valuation of the transaction, citing Broadcasting Decision 2016-487 (Bell's acquisition of MTS Inc.), Broadcasting Decision 2013-642 (Rogers' acquisition of

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Mountain Cablevision Limited) and Broadcasting Public Notice 2008-77 (Rogers' acquisition of Aurora Cable TV Limited) in support of this position. Broadcasting Decision 2016-487 involved a regional on-demand undertaking that was ultimately wound down by the purchaser. In that case, the value associated with that on-demand service was minimal. In contrast, Rogers intends to migrate the customers of Shaw's on-demand services into its own national services, substantially increasing Rogers' market share and revenues. The fact that Rogers intends to continue to operate Shaw's services, the scale of those services and the resulting impact on the Canadian broadcasting system are not comparable to the facts of the cases cited by Rogers.

52. Further, the Commission notes that the purchase price accounts for Shaw's on-demand services. The assets necessary to operate these services would transfer to Rogers. Rogers would continue to provide these services to Shaw's customers as part of Rogers' own on-demand services. Rogers would benefit from an expanded subscriber base, and the revenue associated with these services would be transferred to Rogers. These elements represent an intrinsic value attached to those services that must be accounted for in the value of the transaction. Therefore, the Commission is of the view that it would be in the public interest for the value of these services to be reflected through the payment of tangible benefits to the overall benefit of the Canadian broadcasting system. Accordingly, the Commission amends the value of the transaction to include all three of Shaw's on-demand services.
53. At the hearing, the Commission asked Rogers to submit an undertaking to confirm whether any ancillary agreements, such as a consultation contract, needed to be included in the value of the transaction. In its undertaking, Rogers confirmed that no such agreement existed.
54. In light of the above, the Commission determines the value of the transaction according to the simplified revenue method set out in the Tangible Benefits Policy. Shaw's total revenue in 2020 was \$5.4 billion. The Commission determined that the revenue of the elements subject to tangible benefits constituted 0.9807% of Shaw's total 2020 revenue, as set out in the table below. The Commission applied this percentage to the purchase price to determine the elements' respective portion of the purchase price, which is the value of the transaction for the purposes of this decision. Accordingly, the Commission determines that the value of the transaction is \$247,580,772.

Service for which there is a change in effective control and that is subject to tangible benefits	2020 revenue	Proportion of total revenue of \$5.4 billion
Shaw On-Demand (terrestrial VOD service)	\$30,910,331	0.5726%
Shaw Pay-per-view (terrestrial PPV service)	\$13,812,765	0.2559%
Shaw Pay-per-view (DTH PPV service)	\$8,213,347	0.1522%
Total	\$52,936,443	0.9807%

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55. In addition, should Rogers choose to surrender Shaw's licences for its terrestrial VOD and PPV services, the Commission **directs** Rogers to do so following the close of the transaction and not before.
56. Finally, the Commission notes that it will not revise the value of the transaction in light of the results of the regulatory review by either the Competition Bureau or Innovation, Science and Economic Development Canada. Any request to modify the value of the transaction will require a new application.

Tangible benefits package

57. For transactions resulting in a change in the effective control of television services, the amount of the tangible benefits is expected to represent at least 10% of the value of the transaction as determined by the Commission. The Tangible Benefits Policy states that the Commission may choose to exercise its discretion and depart from this policy where called for to meet the public interest and according to the record before it at the time.
58. The Tangible Benefits Policy stipulates that at least 80% of all tangible benefits stemming from a change in effective control of a television service is to be allocated to production funds. Of this amount
- at least 60% is to be allocated to the Canada Media Fund (CMF); and
 - up to 40% may be allocated to various CIPFs.

Up to 20% of the total amount of tangible benefits may be allocated to eligible initiatives as defined in the Tangible Benefits Policy provided that these do not serve the interests of the applicant, that they are incremental and that they serve the public interest.

Rogers' proposal

59. In an undertaking following the public hearing, Rogers submitted a revised value of the transaction that included Shaw's three on-demand services and Shaw's shares of CPAC and a tangible benefits package of \$26,620,000, which represents 10% of the revised proposed value of the transaction. Rogers proposed a tangible benefits package whereby
- 80% of tangible benefits required to be allocated to production funds would be distributed as follows:
 - 60% to the CMF; and
 - 40%, as an exception, to the Independent Local News Fund (ILNF) instead of eligible CIPFs; and
 - the remaining 20% would be distributed among the following eligible discretionary initiative:
 - 15 film festivals in Western Canada;
 - the Chinatown Storytelling Centre;

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- the National Screen Institute (NSI);
- the Banff World Media Festival;
- the University of British Columbia School of Journalism, Writing and Media Scholarship Fund for BIPOC Students;
- the Sarah McLachlan School of Music; and
- the Broadcasting Accessibility Fund (BAF).

Commission's analysis

60. As previously mentioned, the Commission expects applicants to propose tangible benefits that are proportionate to the size and nature of the transaction and will yield measurable improvements to the communities served by the broadcasting undertaking to be acquired, as well as to the Canadian broadcasting system as a whole. Pursuant to this policy, the Commission also generally expects the contributions proposed to represent 10% of the value of the transaction as determined by the Commission. However, the Commission may depart from its policy if such a departure is required to meet the public interest. For the reasons set out below, the Commission finds that the minimum tangible benefits package of 10% of the value of the transaction is insufficient and not commensurate with the size and nature of the transaction.
61. While the Commission does not generally require the payment of tangible benefits pursuant to the change in effective control of BDUs, approval of this transaction would result in a significant consolidation of BDU assets that would have a significant impact on the Canadian broadcasting industry. In addition, the Commission notes that in acquiring these BDU assets, Rogers will be in a stronger position to negotiate agreements for programming services as well as agreements to distribute them. Accordingly, the Commission determines that Rogers shall pay tangible benefits in the amount of \$27,233,885, which represents 11% of the value of the transaction. The Commission considers that a tangible benefits package that amounts to \$27,233,885 is more proportionate to the size and nature of the transaction and will yield measurable improvements to the communities served by the broadcasting undertakings to be acquired.
62. The Commission notes that Rogers' proposed allocation to the CMF is consistent with the Tangible Benefits Policy. Nevertheless, the Commission considers it in the public interest to ensure that equity seeking groups benefit directly from the funding to be directed into the system through tangible benefits. Therefore, the Commission requires that Rogers file a revised tangible benefits proposal so that the funds allocated to the CMF are specifically directed to programs and initiatives benefitting equity seeking groups. The Commission notes that the following programs would satisfy the Commission's intent:
- the CMF's pilot program for racialized communities; and
 - the CMF's Northern Incentive Program.

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63. As a **condition of approval**,¹ the Commission requires Rogers to file by no later than **25 April 2022** its signed agreement with the CMF attesting that the tangible benefits to be directed to the CMF pursuant to this transaction will be allocated to the CMF's pilot program for racialized communities and its Northern Incentive Program. If those programs cease to exist or such an agreement cannot be reached for any reason, Rogers is to provide an alternate proposal to the Commission, in keeping with the Commission's requirement that those tangible benefits directly benefit equity seeking groups.
64. Under the Tangible Benefits Policy, the Commission requires that at least 80% of all tangible benefits relating to changes in the effective control of licensed television undertakings shall be allocated to the CMF or various CIPFs, unless a compelling case is made that other measures could better meet the public interest. The Commission notes that Rogers did not include CIPFs such as the Rogers Documentary Fund and the Rogers Cable Network Fund (the Rogers funds) and the Shaw Rocket Fund (SRF) among its revised proposed tangible benefits recipients. Instead, Rogers proposed to allocate the portion usually allocated to CIPFs to the ILNF.
65. Given the various challenges that the Canadian broadcasting industry, and particularly private conventional television stations, has faced prior to and during the COVID-19 pandemic, the Commission considers that Rogers' proposal to allocate a portion of the tangible benefits to the ILNF would be in the public interest. However, CIPFs are an important part of the development of a robust Canadian production sector, and the Commission is of the view that the Rogers funds and the SRF should not be excluded from this portion of the tangible benefits package. Accordingly, the Commission requires Rogers, as part of its revised tangible benefits proposal, to allocate the 40% typically allocated to CIPFs to the following initiatives, in the following proportions:
- 10% to the Rogers funds and 10 % the SRF in equal payments over seven consecutive broadcast years; and
 - 20% to the ILNF in one lump sum at the close of the transaction.
66. The discretionary initiatives proposed by Rogers are eligible and in line with the Tangible Benefits Policy. However, the Commission notes that Rogers currently sponsors some of the festivals that it has proposed to support as part of its tangible benefits package. The Tangible Benefits Policy stipulates that discretionary initiatives must be incremental and non-self-serving. Therefore, the Commission must ensure that tangible benefits stemming from this transaction either are not directed toward initiatives that Rogers would have otherwise supported in the absence of this transaction or are incremental to Rogers' existing commitments. Otherwise, the Canadian broadcasting system would not necessarily benefit from the allocation of these tangible benefits.
67. Therefore, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the conditions of licence of all the television programming undertakings currently operated

¹ For ease of reference, a list of the conditions of approval imposed throughout this decision is set out in Appendix 2.

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by a Rogers-related entity² to include a requirement that Rogers must file a report by 30 November of each year detailing all of the contributions that it has made to each of the discretionary initiatives that it currently sponsors, specifically indicating how the allocations are incremental in nature. These reports will enable the Commission to verify that the allocation of tangible benefits stemming from this transaction is truly incremental and truly benefits the Canadian broadcasting system.

68. During the hearing, several interveners stressed the importance of maintaining funding for the Broadcasting Participation Fund (BPF) and the BAF. The Commission is of the view that ensuring some funding for the BPF and the BAF would enable the public and consumer groups to continue to participate in Commission proceedings and in the broadcasting system in a meaningful and fulsome way. Such participation is critical, particularly in the context of the Canadian broadcasting system today and its rapid evolution. Therefore, the Commission requires Rogers to propose a revised tangible benefits package that allocates \$725,439 each to the BPF and the BAF. In addition, the Commission requires Rogers to make these payments over three consecutive broadcast years instead of the usual seven given the funds' current circumstances and the significant role that they will be called on to play in the near future.
69. Given the complexity of this tangible benefits package and of the changes required, the Commission is of the view that Rogers should be required by condition of licence to file a report by 30 November of each year specifying
- the amount of tangible benefits expended during the broadcast year, with a breakdown of the expenditures for each recipient;
 - the total tangible benefits expended to date; and
 - the amount of tangible benefits remaining to be expended.

Accordingly, the Commission requires Rogers, as a **condition of approval**, to file by no later than **25 April 2022**, an application to amend the conditions of licence for all of the television programming undertakings currently operated by a Rogers-related entity to require it to report annually on its tangible benefits expenditures stemming from this transaction.

70. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file by no later than **25 April 2022**, a revised tangible benefits package in the amount of \$27,233,885 and reflecting the Commission's determinations as set out in the table below. The Commission considers that a revised proposal for tangible benefits, both tangible and intangible, that aligns with the determinations set out above would yield benefits that are commensurate with the size and nature of the transaction.

² The licences for its Citytv stations, Outdoor Life Network, FX, FXX, Sportsnet 360, Sportsnet, Sportsnet One, Rogers on Demand, Hockey Night in Canada (Television network), OMNI stations and Rogers Sportsnet PPV.

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80% - Production funds and the ILNF (\$21,787,108)

Recipient	Total amount of tangible benefits	Timing
CMF (60%)	\$13,072,265	Expended equally over 7 consecutive broadcast years
CIPFs: SRF (10%) Rogers funds (10%)	\$4,357,421	Expended equally over 7 consecutive broadcast years
ILNF (20%)	\$4,357,421	Lump sum upon the close of the transaction

20% - Discretionary initiatives (\$5,446,777)

Recipient	Total amount of tangible benefits	Timing
University of British Columbia School of Journalism, Writing, and Media Scholarship fund for BIPOC students	\$1,100,000	Lump sum upon the close of the transaction
Film festival grants: 15 film festivals in the Prairie provinces and British Columbia	\$900,000	Lump sum upon the close of the transaction
Banff World Media Festival	\$800,000	Expended equally over 7 consecutive broadcast years
NSI Winnipeg	\$800,000	Expended equally over 7 consecutive broadcast years
BAF	\$725,439	Expended equally over 3 consecutive broadcast years
BPF	\$725,439	Expended equally over 3 consecutive broadcast years
Chinatown Storytelling Centre	\$230,000	Expended equally over 7 consecutive broadcast years
Sarah McLachlan School of Music Vancouver, Surrey and Edmonton	\$165,900	Expended equally over 7 consecutive broadcast years

Competitive landscape

71. In Broadcasting Public Notice 2008-4 (the Diversity of Voices Policy), the Commission set out that BDUs are a crucial part of the Canadian broadcasting system playing an important role in meeting the needs of consumers and achieving the objectives set out in the Act. In this regard, the Commission recognizes the importance of fostering a competitive environment for distribution undertakings and of encouraging a plurality of ownership. Specifically, the Commission indicated that, as a general rule, it would not approve an application for a change in the effective control of BDUs that would result in one person being in a position to effectively control the delivery of programming services in any given market.

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72. Several interveners noted that if Shaw subscribers remained with the same provider, Rogers would have approximately 47% of BDU subscribers in Canada (excluding Quebec). Bell and TELUS suggested that this market share would enable Rogers to determine what programming services are carried and able to be successful. Many interveners expressed similar concerns and requested that the Commission impose additional competitive safeguards.
73. In its final reply, Rogers noted that the transaction would not change the number of BDUs serving each market since Rogers and Shaw do not currently operate terrestrial BDUs in the same markets. Rogers also submitted that the Commission's existing safeguards effectively preclude Rogers from effectively controlling the delivery of programming services, and it reiterated its intention to continue operating in compliance with the Commission's regulatory framework. In addition, Rogers would not be the sole BDU in any market. Finally, Rogers indicated that it would continue to follow the best practices set out in Broadcasting Decision 2016-458, which include providing customers with a variety of methods to manage their television services and not penalizing customers who switch to lower-priced packages.
74. The Commission recognizes that following the transaction, Rogers would become the largest BDU in Canada. However, the increase in its subscriber base would not represent a concentration of ownership that would result in a reduction of the effective competition in local markets because Rogers and Shaw do not currently operate in the same local markets.
75. The Commission recognizes that the Canadian broadcasting system is currently undergoing significant change with the growing presence and influence of digital media. The Commission is of the view that supporting the production, distribution and promotion of Canadian programming is one of the most important aspects of navigating these changes in the Canadian broadcasting system. The Commission also recognizes that this transaction would be transformative for the Canadian broadcasting system and is cognizant of the particular impacts, both direct and indirect, that this transaction may have on independent programming services, other BDUs and the Canadian broadcasting system as a whole.
76. As part of this proceeding, the Commission has directed Rogers to file a revised tangible benefits package of over \$27 million, allocated to various Canadian programming initiatives. In addition, Rogers stated that it was prepared to accept a number of conditions of approval that would result in the enhancement of local, community and Canadian programming, as well as the distribution of Canadian programming through digital platforms.
77. Nevertheless, the Commission agrees that additional safeguards are required to ensure that Rogers continues to contribute to the Canadian broadcasting system and that its increased scale will not have a deleterious effect on competition in the distribution market, the distribution of Canadian and non-Canadian online broadcasting services, or the availability of Canadian programming services, particularly independent services.

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78. The Commission examined the imposition of additional safeguards in relation to relay distribution undertakings, independent programming undertakings, local news, community television, CIPFs, online digital distribution applications and exclusivity.

Relay distribution undertakings

79. Relay distribution undertakings, such as Shaw's SRDU Shaw Broadcast Services and Shaw's exempt terrestrial relay distribution undertakings (TRDUs), deliver conventional OTA television stations and transport discretionary services to BDUs. However, SRDU licences encompass only the delivery of conventional OTA television stations. As per Broadcasting Regulatory Policy 2012-94, the transport of discretionary services is not incorporated into SRDU licences.
80. The CCSA, Cogeco and TELUS expressed concerns that Rogers' acquisition of Shaw's SRDU and exempt TRDUs would result in anti-competitive behaviour relating, for example, to the rates for and transport of discretionary programming services. The interveners recommended that the Commission impose the Wholesale Code and sections 9 and 12 to 15.01 of the *Broadcasting Distribution Regulations* via condition of licence on the SRDU Shaw Broadcast Services.
81. Rogers stated its intention to continue to honour all existing contracts related to Shaw's SRDU and TRDUs for the full term of each agreement. In addition, Rogers indicated that it would accept that the dispute resolution provisions currently applied through a condition of licence on the SRDU's delivery of conventional OTA television stations be also applied to the SRDU's transport of discretionary services by condition of licence. However, Rogers indicated that it was opposed to the imposition of the Wholesale Code and sections 9 and 12 to 15.01 of the *Broadcasting Distribution Regulations* on the SRDU because these provisions were not designed to regulate relationships between SRDUs and BDUs and could prove to be irrelevant or redundant.
82. The Commission is of the view that the imposition of additional safeguards by condition of licence on the SRDU Shaw Broadcast Services is warranted to address the concerns raised on the record. The safeguards set out below will provide assurances to BDUs and programming services that currently have agreements with the SRDU.
83. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the licence of the SRDU Shaw Broadcast Services to include the following condition of licence:

- dispute resolution with respect to the transport of discretionary services:

If there is a dispute between the licensee and a distribution undertaking, whether operating by licence or by exemption order, concerning the terms under which discretionary programming services are or may be provided, one or both parties to the dispute may refer the matter to the Commission and the licensee shall submit to a dispute resolution process if the Commission so requires.

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- the standstill rule:

During any dispute between the licensee and a person licensed to carry a distribution undertaking or the operator of an exempt distribution undertaking concerning the carriage or terms of carriage of programming services or concerning any right or obligation under the Act, the licensee shall continue to distribute those programming services at the same rates and on the same terms and conditions as it did before the dispute.

For the purposes of this condition, a dispute exists from the moment that written notice of the dispute is provided to the Commission and served on the other undertaking that is party to the dispute and ends when an agreement settling the dispute is reached by the concerned undertakings or, if no such agreement is reached, when the Commission renders a decision concerning any unresolved matter.

- the Wholesale Code:

The licensee shall adhere to the Wholesale Code, as applicable, set out in the appendix to Broadcasting Regulatory Policy 2015-438, in its dealings with any licensed or exempt broadcasting undertaking.

84. With regard to the exempt TRDUs, the Commission notes that BDUs can avail themselves of dispute resolution given that all TRDUs must comply with all prescribed conditions of exemptions, which include the obligation to submit to dispute resolution. In addition, the Wholesale Code applies as a guideline to TRDUs. As specified in the TRDU exemption order set out in Broadcasting Order 2009-638, if a dispute concerning the terms and conditions under which programming services are or may be provided or distributed arises between an undertaking and a distribution undertaking or a programming undertaking, whether operating by licence or by exemption order, either party may request dispute resolution, and the undertaking must submit to such dispute resolution process or processes as may be required by the Commission and to any decision resulting therefrom.
85. Finally, the Commission expects Rogers to continue to honour all existing contracts related to Shaw's SRDU and TRDUs for the full term of each such agreement. Further, at the hearing, Rogers confirmed that it would continue to make an allocation to the Aboriginal Peoples Television Network and to the uplink of Indigenous community radio stations. To provide some financial certainty to these Indigenous services after the close of the transaction, the Commission expects Rogers to continue contributing a portion of its gross revenues from broadcasting activities to the Aboriginal Peoples Television Network and to the uplink of Indigenous community radio stations.

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Effect of the transaction on Corus's status

Corus's status after the close of the transaction

86. Subsection 19(1) of the *Broadcasting Distribution Regulations* defines independent programming undertaking as follows: “no licensee of a distribution undertaking or operator of an exempt distribution undertaking, or affiliate of the licensee or operation, will hold, directly or indirectly, an interest or rights in the assets of that programming undertaking.” Subsection 19(3) of the *Broadcasting Distribution Regulations* requires BDUs to provide at least one independent programming service in the same language, where available, for each related programming undertaking that it distributes in the licensed area (also known as the 1:1 rule).
87. Corus operates 31 discretionary services, 39 radio stations, 15 conventional television stations and a range of other media and content services. Corus is controlled indirectly by the board of directors of SFLTCO. Corus is currently considered a “related programming undertaking” in accordance with the definition of that term set out in the *Broadcasting Distribution Regulations*. For the purpose of subsection 19(3), the programming services held by Corus are currently not considered “independent programming services” because Shaw holds, either directly or indirectly, an interest in Corus. Although Corus became a separate entity from Shaw following Broadcasting Decision 2016-110, the Commission has consistently held that Shaw and Corus are a single vertically integrated entity, in accordance with Broadcasting Regulatory Policy 2015-96. The Commission has also consistently considered Shaw and Corus to be a single voice under the Diversity of Voices Policy.
88. While acknowledging that Rogers is not acquiring Corus, several interveners expressed the view that Corus should not be considered an independent programming undertaking. The interveners were concerned that Rogers would have an incentive to engage in anti-competitive behaviour with Corus following the close of the transaction. Corus confirmed that it would operate independently from Rogers, including in its negotiation of affiliation agreements. Corus stated that it does not expect to receive preferential treatment from Rogers.
89. Rogers stated that, following the transaction, neither Rogers nor the Rogers Control Trust would own any shares of Corus or have any board or management representation at Corus. Thus, Rogers would neither control nor materially influence Corus after the close of the transaction. While Rogers would continue to enter into contractual agreements with Corus, it would have no incentive to confer an undue preference onto Corus. In addition, Rogers proposed to carry a minimum of 45 non-Corus independent programming services on its BDUs for three years following the close of the transaction. In response to questions at the hearing, Rogers replied that it was willing to adhere to the following:
- Corus shall not be duly advantaged in its dealings with Rogers going forward, and vice versa;
 - Rogers and Corus shall not act as a single entity when it works in their favour; and

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- Rogers shall not deprive, directly or indirectly, other BDUs or industry participants of Corus's content.

90. The Commission notes that, following the close of the transaction, Rogers would not control more than 10% of Corus. Accordingly, Corus's television programming undertakings would be considered "independent programming undertakings" as defined in subsection 19(1) of the *Broadcasting Distribution Regulations*. Therefore, the Commission is satisfied that Corus would remain unrelated to Rogers from a regulatory perspective following the close of the transaction.

91. In light of the above, the Commission recognizes that Corus would be considered an independent programming undertaking as defined in the *Broadcasting Distribution Regulations* following the close of the transaction. The Commission acknowledges that this change in Corus's status could have a significant impact on the Canadian broadcasting industry since Corus would become by far the largest provider of independent programming services in Canada.

Regulatory framework protecting independent programming services

92. The Commission has put in place a number of mechanisms to support independent programming services including

- the 1:1 rule set out in subsection 19(3) of the *Broadcasting Distribution Regulations*;
- the standstill rule set out in section 15.01 of the *Broadcasting Distribution Regulations*;
- provisions of the Wholesale Code set out in the appendix to Broadcasting Regulatory Policy 2015-438 including 4(g) and 7 to 12; and
- various dispute resolution mechanisms set out in Broadcasting and Telecom Information Bulletin 2019-184.

93. IBG and TLN/ECG expressed the concern that Corus's services would crowd out smaller independent programming services from the English-language distribution market and enable Rogers to circumvent the safeguards in place for independent programming services. Despite Rogers' stated intention to carry 45 non-Corus independent programming services on its BDUs for three years following the close of the transaction, interveners noted that Rogers would still have considerable market power over independent programming services.

94. Rogers acknowledged that Corus's status as an independent programming undertaking would mean that the 1:1 rule would no longer be triggered with regard to Corus's services. However, Rogers argued that the current safeguards are sufficient to address concerns and that no additional mechanisms are necessary.

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95. The Commission recognizes that Corus's status as an independent programming undertaking would change the relationship between Corus and all BDUs from both a wholesale and a packaging perspective. This change in status would also affect the relationship between Corus's programming services and other independent programming services as it relates to their distribution and ultimately their viewership. The Commission is of the view that Rogers' intention to carry 45 non-Corus independent programming services addresses some of these concerns in the short term.
96. However, the Commission acknowledges that its regulatory framework relating to independent programming services was designed to support smaller independent programming undertakings and was not intended to apply to an independent programming undertaking of Corus's scale. While a review of the Commission's regulatory framework relating to independent programming services and their commercial relationships with BDUs is beyond the scope of this proceeding, the Commission acknowledges that the application of existing policies could lead to unintended outcomes following the close of the transaction.
97. In light of the above, the Commission, while recognizing that BDUs routinely make packaging changes to adapt and improve their offerings to customers, encourages BDUs to minimize packaging changes until the Commission can complete a review of its policy framework supporting independent programming services and stations. The Commission intends to launch a public proceeding as soon as feasible to review the impact of Corus's new status and the appropriateness of existing mechanisms with respect to independent programming services.
98. In addition, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the licence of its broadcasting distribution undertakings to require that
- Corus will not be duly advantaged in its dealings with Rogers going forward, and vice versa;
 - Rogers and Corus will not act as a single entity when it works in their favour; and
 - Rogers not deprive, directly or indirectly, other BDUs or industry participants of Corus's content.

Independent Local News Fund funding

99. As set out in Appendix 1 to Broadcasting Regulatory Policy 2016-224 (the Local and Community Television Policy), all private conventional television stations that provide locally reflective news and information that do not belong to a vertically integrated group are eligible to receive funding from the ILNF, subject to Commission approval.
100. Several interveners were concerned that, since Corus's Global television stations could become eligible for ILNF funding as independent programming services, current recipients would see an overall decrease in their respective share of funding from the ILNF.

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101. The Commission will consider this issue as part of a separate proceeding. Namely, in the Local and Community Television Policy, the Commission indicated that it intended to launch a public process to determine whether the fund remains necessary to achieve the objectives of the Act or whether changes are required to better achieve those objectives.

News programming

Local expression contributions to news programming

102. Under the *Broadcasting Distribution Regulations*, BDUs must, for each broadcast year, contribute 5% of their gross revenues derived from broadcasting activities in that year to support Canadian programming. BDUs are authorized to allocate up to 2% of those revenues to local expression. Since BDUs are in the best position to assess their subscribers' needs for locally reflective programming and how to allocate their resources accordingly, the Commission provided a certain amount of flexibility with regard to these contributions. In addition to spending on their own community channels, BDUs can either

- transfer a portion of their local expression contributions to local private television stations to fund local news programming; or
- transfer a portion of their local expression contributions from one community channel to another.

103. In the Local and Community Television Policy, the Commission also set out its expectation that local television stations maintain a local presence, by among other means, employing full-time journalists on the ground in the market.

104. Rogers indicated that it intends to use the local expression contributions that Shaw currently allocates to Corus's Global television stations to fund local news on its Citytv stations. As a result, the Global stations would stop receiving this local expression contribution and the Citytv stations could receive an increase of approximately \$13.5 million in local expression contribution per broadcast year in addition to what Rogers currently allocates.

105. At the hearing and in an undertaking, Rogers also indicated that it was prepared to commit, as a condition of approval, to invest in news programming through the following five strategic editorial initiatives:

- air a total of 48 annual prime time news specials each year across Vancouver, Edmonton, Calgary and Winnipeg, tackling important local issues;
- create a Western Canada digital news service for IPTV and smart television platforms, providing top news stories and breaking news from Western Canada;
- add two Western-Canada-based journalists to CityNews's Parliament Hill team, providing a Western Canada perspective on national stories;

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- increase the aggregate number of journalists employed in Citytv markets across the country, doubling its journalistic strength in Western Canada; and
- create an Indigenous news team composed of journalists based in all the provinces where Rogers provides news content, delivering Indigenous-led stories to First Nations, Métis and Inuit communities.

106. At the hearing, the Commission also asked Rogers to comment on the possibility that the Commission could impose new requirements by condition of licence, one of which was related to the aggregate number of journalists employed by CityNews across the country. Rogers explained that the majority of its local expression contribution would be used to hire journalists and to improve the quality of its journalism.

107. The Commission considers that journalists are a vital component of democracy and that by delivering news and information to Canadians, they make significant contributions to the Canadian broadcasting system and play a major role in fulfilling the objectives set out in the Act.

108. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the broadcasting licence of its Citytv stations to include in its diversity report details specifying how the following four initiatives contribute incrementally to the Canadian broadcasting system and serve the public interest:

- the creation of a Western Canada news service;
- the addition of two Western-Canada-based journalists to CityNews's Parliament Hill team;
- the creation of an Indigenous news team composed of journalists based in all the provinces where Rogers provides news content, delivering Indigenous-led stories to First Nations, Métis and Inuit communities; and
- the hiring of journalists primarily from equity seeking groups including no fewer than six from Indigenous communities to increase the aggregate number of journalists employed in Citytv markets across the country.

109. In addition, the Commission **directs** Rogers, pursuant to subsection 12(3) of the *Television Broadcasting Regulations, 1987*, to report annually by 30 November on how many journalists it employs in each Citytv market, how many journalists it has hired in the past broadcast year, the level of the journalist positions filled and how many of its journalists self-identify as members of equity seeking groups. This report will be published on the Commission's website. Further, the Commission expects Rogers to reflect the cultural diversity of Canada in its employment practices, including in senior level positions specifically involved in programming decisions and in various aspects of its operations.

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110. Finally, the Commission requires Rogers to ensure that all additional local expression funds originating from the acquired Shaw BDUs and redirected to its Citytv stations as a result of this transaction translate into incremental contributions to the Canadian broadcasting system that are over and above the 11% expenditure requirement currently imposed on Rogers' Citytv stations for locally reflective news and thus benefit Canadians and the public interest by providing access to a diversity of high quality programming.

Locally reflective news

111. As set out in Appendix 3 to Broadcasting Decision 2017-151, Rogers' six Citytv stations are subject to a condition of licence requiring that, for each broadcast year, Rogers shall make sufficient expenditures such that the television stations of the Rogers Media Group collectively devote 11% of the previous year's gross revenues of those television stations to the acquisition of or investment in locally reflective news. In addition, Rogers is required by condition of licence to broadcast at least 7 hours of local programming, 3 of which must be locally reflective news, per week in non-metropolitan markets and at least 14 hours of local programming, 6 of which must be locally reflective news, per week in metropolitan markets.

112. The Commission asked Rogers to comment on the possibility that the Commission could impose additional requirements by condition of licence related to expenditures and exhibition requirements in metropolitan and non-metropolitan markets for locally reflective news. Rogers responded that no stations that have received local expression contributions have been subject to additional requirements related to locally reflective news. Rogers stated that imposing such requirements on its Citytv stations in Vancouver, Edmonton, Calgary and Winnipeg would be unfair, especially since these four stations are among the weakest in their respective markets. Rogers reiterated that it intends to use the local expression contribution originally provided by Shaw to invest in a greater number of journalists to improve the depth and quality of its news coverage, as well as to invest in 48 prime time local news specials.

113. Paragraph 3(d)(1) of the Act states that the Canadian broadcasting system should serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada. The Commission recognizes that the 48 annual prime time local specials proposed by Rogers in Citytv's Western markets will help meet this objective of the Act by offering high quality and informative original news specials that will keep Canadians informed on changing events, issues and the various socio-economic, cultural, and political realities that Canadians face every day. However, the 48 annual prime time local specials would have limited impact on the achievement of this objective should they simply replace local news already produced by Rogers and not be incremental. Therefore, the Commission considers it appropriate to require that the 48 specials be incremental to Citytv's current exhibition and expenditure requirements for locally reflective news.

114. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the licences of its Citytv stations to add a requirement that the 48 prime time local

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news specials be original programming and incremental to Citytv's current exhibition and expenditure requirements for locally reflective news.

115. In addition, the Commission **directs** Rogers, pursuant to subsection 12(3) of the *Television Broadcasting Regulations, 1987*, to report annually by 30 November on the local news specials, where they aired, when they aired, and how the content was original programming and incremental to its current locally reflective news programming expenditure and exhibition requirements. Rogers must also clearly demonstrate how the local expression funds originating from the acquired Shaw BDUs and redirected to the Citytv stations are incremental to the 11% expenditure requirement currently imposed on the Citytv stations. This report will be published on the Commission's website.

Shaw Spotlight's compliance with its regulatory obligations

116. A number of interveners raised the issue of the non-compliance of Shaw's community channels, Shaw Spotlight. At the hearing and in an undertaking, Rogers claimed that Shaw Spotlight is on the path toward full compliance. Rogers also indicated that it intends to ensure that Shaw Spotlight operates in full regulatory compliance going forward. To this end, Rogers provided a list of new and existing initiatives that it intends to leverage to ensure Shaw Spotlight's compliance, including consulting with Indigenous communities, hiring 10 Indigenous community ambassadors and developing mentorship opportunities for Indigenous content creators.
117. A number of obligations are set out in the *Broadcasting Distribution Regulations* that relate to the distribution of community programming. These include the requirements that 60% of the programming aired each broadcast week be local programming and that 50% be access programming. The Local and Community Television Policy states that community programming plays a role in fostering a greater diversity of voices and alternative choices by facilitating expression at the local level.
118. In Broadcasting Decision 2018-266, the Commission determined that Shaw's community channels were in non-compliance with their regulatory obligations under the *Broadcasting Distribution Regulations* and the Local and Community Television Policy. The Commission found that Shaw had categorized programming produced for one community channel as access or local programming for several other community channels. Because Shaw misinterpreted the definitions of local and access programming, a number of its community programming undertakings failed to meet their regulatory requirements related to the broadcast of local and access programming.
119. The Commission will assess Shaw Spotlight's compliance with its regulatory obligations at its next licence renewal. However, the Commission **directs** Rogers to file as an appendix to the licence renewal application a report outlining its progress in returning Shaw's community channels to compliance and specifically detailing its progress in implementing the initiatives that it stated that it intends to leverage. Should the report not demonstrate sufficient progress, the Commission may consider imposing new conditions of licence at the next licence renewal.

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120. In addition, the Commission expects Rogers to continue providing, in relation to its community channels, employment opportunities, especially in key positions that have a direct impact on programming decisions, to members of equity seeking groups, including those currently served by Shaw. The Commission also expects Rogers to continue to offer diverse programming across all community channels.

Contributions to certified independent production funds

121. CIPFs are production funds that have been certified by the Commission to receive funding contributions from BDUs. As set out in paragraph 34(1)(b) of the *Broadcasting Distribution Regulations*, licensees of terrestrial BDUs that are required to make an annual contribution to Canadian programming may allocate up to 20% of that contribution to CIPFs. As set out in paragraph 52(2)(a) of the *Broadcasting Distribution Regulations*, licensees of DTH BDUs may allocate up to 0.5% of their gross revenues derived from broadcasting activities to CIPFs. These contributions support the work of the creative sector in producing content for Canadians.

122. A number of interveners recommended that the Commission impose a requirement that Rogers continue to fund the SRF, a CIPF, to preserve the SRF's support for children's programming.

123. At the hearing and in an undertaking, Rogers indicated that, for the remainder of its current licence term, it intends to allocate 50% of its allowable BDU CIPF contributions to the SRF, while the other 50% would go to the Rogers funds. Further, Rogers indicated that it intends to continue working with producers of children's programming to raise equity funding for their projects.

124. Contributions by BDUs to CIPFs are not mandated. The Commission's policy is to provide BDUs with discretion in these matters. The Commission is of the view that this flexibility enables BDUs and CIPFs to adapt to the evolving realities of the industry. The Commission is also of the view that Rogers has been responsive in adapting to industry needs. However, the Commission recognizes the significance of the SRF in supporting the production of programs for children and youth, particularly those from equity seeking groups. Accordingly, the Commission finds it appropriate to direct Rogers to provide equal support to the Rogers funds and the SRF through its BDU contributions.

125. In light of the above, the Commission **directs** Rogers to continue to allocate its allowable CIPF contributions to both the Rogers funds and the SRF in equal amounts for the remainder of Rogers' licence term, as proposed by Rogers. Further, the Commission **directs** Rogers to foster diversity in its content and to support producers from equity seeking communities through BDU contributions.

Carriage of independent programming services

45 Canadian English- and French-language independent services

126. A number of interveners expressed concerns that Rogers' market power following the transaction would enable it to determine the success or failure of programming services,

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particularly independent programming services. To respond to these concerns, Rogers indicated its intention to carry 45 independent Canadian English- and French-language programming services on all current and acquired BDUs for a period of three years after the close of the transaction. Some interveners argued that this was insufficient and proposed that the Commission require Rogers to carry 50 to 60 independent programming services for 5 to 7 years following the close of the transaction.

127. Rogers argued that increasing the number of independent programming services that Rogers would be required to carry would have unintended consequences. It noted that Shaw's legacy platform is capacity constrained and that the obligation to carry more than 45 independent programming services could require dropping other services, reducing signal quality or converting high definition services to lower definition. With regard to the IPTV platform, the issue relates to costs, since significant fees are associated with the encoding of linear channels. Adding more programming services could force Rogers to drop others to save on operating expenses or avoid passing on the fees associated with encoding to programmers.
128. The Commission recognizes the capacity constraints of Shaw's legacy platform and that increasing the number of independent services to more than 45 services could have a negative impact on subscribers in that they could lose access to other services or experience a reduction in signal quality. The Commission is of the view that the carriage of a minimum of 45 independent programming services strikes the right balance between ensuring that independent programming services, collectively, benefit from stable carriage by Rogers, and maintaining Rogers' ability to manage its capacity appropriately.
129. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file by no later than **30 days following the close of the transaction** an application to amend the licences of the BDUs Rogers would own following the transaction to include a requirement to distribute a minimum of 45 Canadian independent English- and French-language programming services, excluding Corus services, on each of its terrestrial BDUs and DTH BDUs. In addition, the Commission encourages Rogers to ensure that any of its BDUs already carrying 45 or more independent programming services maintain or increase those levels.

Ethnic and third-language independent programming services

130. Some interveners requested specific protections for ethnic and third-language independent programming services. TLN/ECG proposed a ban on repackaging ethnic programming services for five years following the close of the transaction and suggested that Rogers be required to offer subscribers the option to add a Canadian ethnic independent programming service channel at no additional cost.
131. Rogers responded that its commitment to carry 45 independent programming services includes 8 English-language ethnic programming services owned by ECG, TLN or the Asian Television Network. In addition, Rogers indicated that competitive forces would ensure that it continues to distribute third-language programming services, particularly given the diversity of ethnic and third-language populations in Shaw's current markets.

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Rogers added that the existing 1:1 rule for third-language services set out in section 27 of the *Broadcasting Distribution Regulations* provides sufficient protection, particularly since both Rogers and Shaw currently exceed that threshold.

132. The Commission considers that the 1:1 rule for third-language programming services provides important safeguards. Moreover, both Shaw and Rogers have demonstrated their ability to exceed regulatory requirements in responding to consumer demand. As a result, the Commission considers that additional safeguards for ethnic and third-language independent programming services are not needed at this time.

Terms of carriage

133. Interveners proposed a number of additional regulatory measures to protect independent programming services given Rogers' significant market power following the transaction. These measures included requiring Rogers to honour current affiliation agreements for a minimum of five years and requiring Rogers to provide no less favourable terms in aggregate.
134. The Commission considers that these additional measures amount to guaranteeing carriage terms for independent programming services and that such measures would constitute an unwarranted intrusion into business matters that could insulate programmers from consumer choices. Nevertheless, the Commission expects Rogers to treat independent undertakings fairly and to avoid dropping channels, imposing punitive or retaliatory measures, imposing unreasonable rates, significantly changing packaging or otherwise materially reducing wholesale payments. The Commission will monitor Rogers' relationships with independent programming undertakings to ensure such behaviours do not manifest.

Dispute resolution and the standstill rule

135. Subsection 15.01(1) of the *Broadcasting Distribution Regulations* sets out the standstill rule:

During any dispute between a licensee and a person licensed to carry on a programming undertaking or the operator of an exempt programming undertaking concerning the carriage or terms of carriage of programming services or concerning any right or obligation under the Act, the licensee shall continue to distribute those programming services at the same rates and on the same terms and conditions as it did before the dispute.

136. A number of interveners expressed concerns about the dispute resolution process generally and the application of the standstill rule more specifically. Cogeco suggested that the Commission adopt uniform language to confirm that any party may refer a dispute and launch the dispute resolution process. IBG recommended that the Commission confirm that the standstill rule applies even if Rogers serves a notice of intent to stop carrying a service. A number of interveners requested automatic referral to dispute resolution in certain scenarios including when a dispute is not resolved within 90 days or when Rogers intends to stop carrying a service. Interveners also expressed a fear

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of retaliatory behaviour following the filing of a notice of dispute, such as Rogers terminating carriage of a given programming service unless the programming undertaking agrees to lower rates. In its intervention, Blue Ant Media Inc. recommended requiring a “show cause” hearing when a BDU unilaterally wishes to cease carriage of an independent programming service.

137. The Commission notes that paragraph 13 of the Wholesale Code provides parties with the ability to automatically engage the dispute resolution process prior to the expiration of an affiliation agreement where both parties intend to renew the agreement. With hundreds of negotiations taking place at any given time, some parties have inferred that a BDU can dictate whether dispute resolution is engaged or that dispute resolution is not possible when a BDU wishes to terminate an affiliation agreement. However, the Commission emphasizes that dispute resolution can be initiated by any party to a dispute in accordance with subsection 14(1) of the *Discretionary Services Regulations* and subsection 12(1) of the *Broadcasting Distribution Regulations*.
138. Parties also benefit from the standstill rule, which applies to the carriage of programming services. In theory, if a BDU were to signal its intention to cease the carriage of a programming service, such an issue could be brought to the Commission’s attention through its dispute resolution process, in which case parties would be required to comply with the standstill rule. The standstill rule applies upon the filing by any party of a notice of dispute. Once the standstill rule is triggered, a BDU cannot cease the distribution of the programming service in question or change the terms and conditions under which it is distributed until the parties reach an agreement or the Commission rules on the issue. The Commission also notes that filing a notice of dispute, which can take the form of an undue preference application, a complaint under the Wholesale Code, a request for final offer arbitration, a request for staff-assisted mediation or a simple notification to the Commission of the existence of the dispute, generally does not require the filing of extensive evidence. The Commission also confirms that the standstill rule applies with respect to the distribution by Rogers of exempt programming undertakings and undertakings operating under Broadcasting Order 2012-409 (the digital media exemption order [DMEO]).
139. In light of the above, the Commission considers that the existing dispute resolution framework is robust. Nevertheless, extending the scope of the dispute resolution framework would reduce the risk of retaliatory or punitive practices. Therefore, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the licence of its BDUs to specify that
- a) in any dispute with an independent programming service, the standstill rule will be extended to all of the services belonging to that ownership group; and
 - b) if an affiliation agreement is not concluded within 90 days of the initiation of a negotiation with an independent programming service or services, the matter will be automatically referred to the Commission for dispute resolution.

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For greater certainty, the Commission notes that this condition will trigger the application of the standstill rule set out in section 15.01 of the *Broadcasting Distribution Regulations*.

Provision of set-top box data

140. In Broadcasting Regulatory Policy 2015-96, the Commission required the broadcasting industry to form a working group that would develop a set-top-box (STB) audience measurement system. (A set-top box or cable box is a device that receives and processes an external signal so that it can be displayed on a television screen.) Given that the development of the STB audience measurement system (now sometimes referred to by the industry as the enhanced television audience measurement [ETAM] system) has taken a significant amount of time and that it had yet to be operational in 2018, the Commission imposed in Broadcasting Decision 2018-263, through a suspensive condition of licence, an interim requirement that BDUs provide any requesting programming undertaking with the STB data regarding that programming undertaking, in the form of raw data or reports, within 30 days of a written request, at no cost, for up to a maximum of two times per broadcast year.
141. This interim condition of licence was to be suspended and replaced with a more general requirement, also imposed by condition of licence, that BDUs provide STB data to the STB audience measurement system once such a system became operational. To date, the interim condition of licence continues to apply to Rogers since the system is still not fully implemented.
142. In its application, Rogers stated that it would provide STB data to independent programming undertakings on request at no cost once a year until the ETAM system is implemented. If the system is not in place by 31 August 2022, Rogers would provide a second report upon request for subsequent years, provided that this request is received no earlier than 6 months after the request for the first report in a given year. In addition, Rogers would provide STB data free of charge for use on the CYNCH platform, since STB data is required to use it. (Rogers described the CYNCH platform as a self-serve ad-buying platform that enables advertisers to plan and purchase their advertising campaigns online.)
143. A number of interveners claimed that STB data remains difficult to obtain. Intervenors noted that despite repeated requests, Rogers and other BDUs have not been consistent in their provision of STB data, and the formats in which that data is provided are not useful to them. Some intervenors suggested that Rogers provides STB data only when doing so works in its favour in the context of contract negotiations. The intervenors stressed that independent programming undertakings' inability to obtain the data is widening the gap between them and vertically integrated BDUs and that when STB data is not provided in a timely manner, programming undertakings are unable to make timely decisions in response to the needs of subscribers. With regard to the CYNCH platform, some intervenors argued that Rogers' proposal to provide STB data for the CYNCH platform at no cost is appreciated and should be a condition of approval.

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144. When the Commission asked Rogers whether it had denied requests from programmers for STB data, Rogers noted that it had denied one such request because it had commenced its flow of data to the Numeris ETAM system. In addition, Rogers disputed the assertion that it has leveraged STB data as a “negotiation tactic.”
145. The Commission considers that Rogers’ proposed commitment with regard to the provision of STB data to programmers falls short of the existing obligations set out in the interim condition of licence, notably in terms of frequency in the current broadcast year and in terms of timelines. The Commission reiterates that the full implementation of the ETAM system to provide STB data to independent programming undertakings is a pressing issue. The Commission notes that while Rogers and other BDUs may have started providing data to Numeris’ ETAM system, the system is not yet operational in the sense contemplated by the conditions of licence, since programmers cannot yet access data through the system. Therefore, the Commission reminds Rogers that it continues to be bound by the interim condition of licence, which requires it and other vertically integrated BDUs to provide intelligible STB data using universally used metrics up to two times per broadcast year within 30 days of the submission of a request by a programming undertaking.
146. Further, the Commission considers that STB data is crucial to ensuring fairness in negotiations between programmers and BDUs. Therefore, when Rogers uses STB data in the context of a dispute, it must provide the data to the other party to the dispute.
147. With regard to Rogers’ proposal to provide STB data free of charge for the CYNCH platform, the Commission considers that this would provide an additional resource that may be useful to independent programming undertakings. Therefore, the Commission requires Rogers, as a **condition of approval**, to file an application to amend its BDU licences to reflect its intention to provide STB data free of charge for use on the CYNCH platform, with parameters that ensure that it is provided in a timely manner.

Online digital distribution applications

148. The broadcasting industry is in the process of transitioning from conventional and legacy distribution to online distribution. The DMEO specifies that undertakings must submit information regarding their activities in broadcasting in digital media as required by the Commission to monitor the development of broadcasting in digital media. This is consistent with paragraph 11(1)(b) of the *Broadcasting Distribution Regulations*, which requires licensees to respond to any request for information from the Commission regarding the licensee’s adherence to its conditions of licence, the Act and regulations, industry standards, practices or codes, and any other self-regulatory mechanism of the industry.
149. Rogers stated that it is prepared to provide assistance to independent programming undertakings in the development of applications or free ad-supported streaming television (FAST) channels for online digital distribution of independent services. Rogers indicated that the applications or FAST channels would contribute to improving the discoverability of independent content. Rogers indicated that it would connect independent programming

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undertakings with a developer with expertise in the Comcast system (a proprietary IPTV platform), and it would work with Comcast to test and launch the resulting applications or FAST channels. The applications and FAST channels would be compatible for all distributors that use the Comcast platform. Rogers stated that they could easily be adapted to be compatible with other distribution platforms. Rogers specified that the costs associated with the development of these applications and channels would be incurred by the programmer.

150. Interveners submitted that additional safeguards are required relating to digital application platforms. IBG noted that Rogers' proposal is vague and unenforceable. It also expressed concerns that Canadian applications, and independent applications in particular, are not given sufficient priority (e.g., on the platform's homepage) and called for regulatory intervention to ensure their discoverability. Other interveners proposed a linkage rule requiring a 1:1 ratio of independent service applications to non-Canadian and vertically integrated applications.
151. The Commission is of the view that independent programming services, particularly those serving niche and diverse audiences, require a measure of support to successfully transition to digital media broadcasting distribution and to ensure that their services are discoverable. Certain measures are already available to programming services, such as dispute resolution mechanisms and the Wholesale Code that apply as guidelines to the distribution of programming under the DMEQ. Specifically, paragraph 5(f) of the Wholesale Code prevents Rogers from imposing unreasonable terms and conditions that restrict a programming service from providing programming on multiple distribution platforms, and paragraph 11 of the Wholesale Code requires Rogers to provide reasonable terms of access at fair market value to independent programming undertakings.
152. To provide further clarity to parties engaged in negotiations or other contractual matters, the Commission considers that the following behaviours on the part of Rogers could constitute undue preference:
 - setting any terms that prevent an independent programming service from launching online;
 - forcing a service to go online rather than carrying a linear service; and
 - unduly favouring Rogers', Corus's or non-Canadian services on digital platforms.
153. In light of the above, the Commission requires Rogers, as a **condition of approval**, to file, by no later than **30 days following the close of the transaction**, an application to amend the licence of its BDUs to codify its intention to provide assistance to independent services in the development of online digital distribution applications or FAST channels.
154. In addition, the Commission expects Rogers to launch Canadian applications or FAST channels as they become available, on reasonable and fair market terms to be established through negotiations. The Commission also expects Rogers to foster the discoverability of Canadian applications including by having them featured on the homepage of Rogers'

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various distribution platforms and setting them as the default application initiated by a voice command.

155. Finally, in accordance with section 4 of the DMEO, the Commission **directs** Rogers to submit a plan within three months of the date of this decision detailing how Rogers intends to ensure the discoverability of Canadian online distribution applications, as well as to report every six months thereafter on which applications it is carrying and how their discoverability is being ensured for the duration of Rogers' BDU licence term. This report will be published on the Commission's website.

Exclusive access to content

156. Interveners suggested that, given Rogers' market share following the transaction, non-Canadian and Canadian online broadcasting services could seek to deal with Rogers rather than attempt to market their services directly to consumers. Some interveners expressed concerns that Rogers could obtain exclusive or preferential access to non-Canadian online services or provide itself with an anti-competitive head start. TELUS requested the imposition of requirements ensuring that Rogers provide timely access to all the programming it controls including features and functionalities on all platforms under reasonable terms, and that Rogers be required to provide advance notice of the launch of a new service.
157. Rogers argued that additional safeguards in this respect are not needed given the existing framework and particularly the undue preference provisions. In its final undertaking, Rogers stated that it would not before or after the transaction acquire exclusive rights to non-Canadian online services.
158. To ensure that Canadians have more than one route to access programming, the Commission generally requires programming services to be offered to all BDUs. The Commission specifically prohibited PPV and VOD services from acquiring exclusive programming since they are typically unique to the BDUs that distribute them. Hybrid VOD undertakings are permitted to hold exclusive content, but that content must be made available to all Canadians over the Internet without requiring a subscription to a specific BDU or other service. Similar requirements have been applied to new discretionary services, prohibiting "head starts," and a similar obligation is set out in the DMEO requiring undertakings to make programming available to all other undertakings. The Commission recognizes that these requirements do not explicitly cover new features and functionalities.
159. As noted by Rogers, several mechanisms are already in place to address the concerns raised by interveners. In particular, undue preference provisions are set out in the *Discretionary Services Regulations*, the *Broadcasting Distribution Regulations* and the DMEO that prohibit Rogers from granting itself or any other party an undue preference or disadvantage. In addition, the Wholesale Code applies as a condition of licence to Rogers' licensed undertakings and as a guideline to its exempt undertakings, and is applied by the Commission in the context of any dispute.

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160. Nevertheless, for greater certainty, the Commission considers it important to identify various scenarios that could be found to constitute preferential behaviour. These behaviours include

- entering into an exclusive arrangement with a non-Canadian or Canadian digital media broadcasting undertaking;
- removing Rogers services or content from other BDUs or platforms or providing the services or content exclusively on Rogers' platforms;
- unreasonably denying other BDUs' access to new features or functionalities;
- securing significant volume discounts that would allow Rogers to offer its BDU subscribers pricing that other BDUs could never match; and
- imposing a wholesale rate that has the effect of requiring a BDU, including its affiliated VOD or PPV undertaking, to charge its clients, whether programmers or subscribers, rates that are substantially higher than the retail rate Rogers charges in any of its own direct-to-consumer offerings or third-party direct-to-consumer platforms.

161. In addition, the Commission **directs** Rogers to file all of its affiliation agreements with the Commission so that the Commission may monitor the situation and to ensure that negotiations and the resulting agreements respect the Wholesale Code.

162. Finally, the Commission notes Rogers' commitment and expects Rogers to refrain from entering into any agreement for exclusive or preferential distribution of any online programming service or rights necessary for its distribution.

Conclusion

163. In light of all of the above, the Commission is of the view that the application, subject to the modifications outlined above, is the best possible proposal given the circumstances and that this transaction would not diminish the diversity of voices in Canada, that the competitive landscape would not be unduly affected and that the transaction would be in the public interest.

164. Accordingly, the Commission **approves**, subject to the conditions of approval set out in Appendix 2 to this decision, the application by Rogers for authority to acquire from Shaw or its subsidiaries the following:

- the 16 terrestrial BDUs operated by Shaw Cablesystems Limited in British Columbia, Alberta, Saskatchewan and Manitoba;
- the national DTH BDU Shaw Direct;
- the national SRDU Shaw Broadcast Services; and
- all the issued and outstanding shares of Shaw Pay-Per-View Ltd.

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The full list of licensed broadcasting undertakings involved, as well as their terms and conditions of licence, are set out in Appendix 1.

165. The Commission directs Shaw to notify the Commission of the close of the transaction.
166. Rogers must submit to the Commission updated ownership information, including the composition of its board of directors, following the close of the transaction.
167. The Commission wishes to thank all who participated in this proceeding. The thoughtfulness and clarity reflected in the written submissions and presentations at the hearing greatly assisted the Commission in its deliberations.

Secretary General

Related documents

- *When and how communications service providers must provide paper bills*, Telecom and Broadcasting Decision CRTC 2022-28, 10 February 2022
- *Notice of hearing*, Broadcasting Notice of Consultation CRTC 2021-281, 12 August 2021
- *Shaw Pay-Per-View (direct-to-home) – Licence renewal*, Broadcasting Decision CRTC 2019-279, 5 August 2019
- *Shaw Pay-Per-View (terrestrial) – Licence renewal*, Broadcasting Decision CRTC 2019-278, 5 August 2019
- *Rogers Sportsnet PPV – Licence renewal*, Broadcasting Decision CRTC 2019-207, 12 June 2019
- *Practices and procedures for dispute resolution*, Broadcasting and Telecom Information Bulletin CRTC 2019-184, 29 May 2019
- *Distribution of the programming services of Cable Public Affairs Channel Inc. (CPAC Inc.) known as Cable Public Affairs Channel and of the exempt services operated by CPAC Inc. by licensed broadcasting distribution undertakings*, Broadcasting Order CRTC 2018-330, 29 August 2018
- *Shaw – Licence renewal for various terrestrial broadcasting distribution undertakings*, Broadcasting Decision CRTC 2018-266, 2 August 2018
- *Renewal of licences for various terrestrial broadcasting distribution undertakings that will expire in August 2018 – Introductory decision*, Broadcasting Decision CRTC 2018-263, 2 August 2018
- *Shaw On Demand – Licence renewal and licence amendment*, Broadcasting Decision CRTC 2017-155, 15 May 2017
- *Rogers Media Inc. – Licence renewals for English-language television stations, services and network*, Broadcasting Decision CRTC 2017-151, 15 May 2017

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- *Terrestrial broadcasting distribution undertaking serving Winnipeg and surrounding areas – Change of effective control*, Broadcasting Decision CRTC 2016-487, 20 December 2016
- *Licence renewal of broadcasting distribution undertakings – Review of practices relating to the small basic service and flexible packaging options and imposition of various requirements*, Broadcasting Decision CRTC 2016-458, 21 November 2016
- *Policy framework for local and community television*, Broadcasting Regulatory Policy CRTC 2016-224, 15 June 2016
- *Various television services and stations – Corporate reorganization (transfer of shares)*, Broadcasting Decisions CRTC 2016-110, 23 March 2016
- *The Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015
- *Let's Talk TV*, Broadcasting Regulatory Policy CRTC 2015-96, 19 March 2015
- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014
- *Terrestrial broadcasting distribution undertakings serving various locations in Ontario, New Brunswick, and Newfoundland and Labrador; national video-on-demand programming undertaking known as Rogers On Demand; and terrestrial and direct-to-home national pay-per-view services known as Rogers Sportsnet – Acquisition of assets (corporate reorganization)*, Broadcasting Decision CRTC 2013-642, 29 November 2013
- *Amendments to the Exemption order for new media broadcasting undertakings (now known as the Exemption order for digital media broadcasting undertakings)*, Broadcasting Order CRTC 2012-409, 26 July 2012
- *Licensing and other issues relating to satellite relay distribution undertakings*, Broadcasting Regulatory Policy CRTC 2012-94, 14 February 2012
- *Amendments to the Exemption order respecting terrestrial relay distribution network undertakings*, Broadcasting Order CRTC 2009-638, 9 October 2009
- *Applications processed pursuant to streamlined procedures*, Broadcasting Public Notice CRTC 2008-77, 3 September 2008
- *Diversity of Voices*, Broadcasting Public Notice CRTC 2008-4, 15 January 2008

This decision is to be appended to each licence.

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Appendix 1 to Broadcasting Decision CRTC 2022-76

**List of broadcasting undertakings currently licensed to
Shaw Communications Inc. or its subsidiaries**

Terrestrial broadcasting distribution undertakings

Licensee	Location
Shaw Cablesystems Limited	Coquitlam, Kelowna, Langford, Nanaimo, New Westminster, Vancouver (North and West), Vancouver (Richmond), Victoria and White Rock, British Columbia
	Calgary, Edmonton (2 undertakings) and Red Deer, Alberta
	Saskatoon, Saskatchewan
	Winnipeg (2 undertakings), Manitoba

The terms, conditions of licence and expectations for these undertakings are set out in Appendix 2 to *Shaw – Licence renewal for various terrestrial broadcasting distribution undertakings*, Broadcasting Decision CRTC 2018-266, 2 August 2018.

National direct-to-home broadcasting distribution undertaking Shaw Direct

Licensee	Location
Star Choice Television Network Incorporated	Across Canada

The conditions of licence, expectations and encouragement for this undertaking are set out in the appendix to *Shaw Direct – Licence renewal*, Broadcasting Decision CRTC 2019-388, 29 November 2019.

Satellite relay distribution undertaking Shaw Broadcasting Services

Licensee	Location
Shaw Satellite Services Inc.	Across Canada

The conditions of licence for this undertaking are set out in the appendix to *Satellite relay distribution undertaking – Licence renewal*, Broadcasting Decision CRTC 2019-386, 29 November 2019.

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National terrestrial video-on-demand service Shaw On-demand

Licensee	Location
Shaw Cablesystems Limited	Across Canada

The terms, conditions of licence, expectations and encouragements for this service are set out in the appendix to *Shaw On Demand – Licence renewal and licence amendment*, Broadcasting Decision CRTC 2017-155, 15 May 2017.

Terrestrial pay-per-view service Shaw Pay-Per-View

Licensee	Location
Shaw Pay-Per-View Ltd.	Edmonton, Alberta

The conditions of licence for this service are set out in *Shaw Pay-Per-View (terrestrial) – Licence renewal*, Broadcasting Decision CRTC 2019-278, 5 August 2019.

Direct-to-home pay-per-view service Shaw Pay-Per-View

Licensee	Location
Shaw Pay-Per-View Ltd.	Edmonton, Alberta

The conditions of licence for this service are set out in *Shaw Pay-Per-View (direct-to-home) – Licence renewal*, Broadcasting Decision CRTC 2019-279, 5 August 2019.

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Appendix 2 to Broadcasting Decision CRTC 2022-76

Conditions of approval, directions, expectations, encouragements and reminders relating to the change in effective control of Shaw Communications Inc. or its subsidiaries' undertakings approved in this decision

Conditions of approval

The Commission **directs** the licensee to file, by no later than **25 April 2022**, as a condition of approval, a signed agreement between the Canada Media Fund (CMF) and Rogers Communications Inc. (Rogers) attesting that the tangible benefits allocated to the CMF stemming from the transaction will be allocated equally between the CMF's pilot program for racialized communities and the Northern Incentive Program. This agreement must stipulate that, if the pilot program for racialized communities ceases to exist or such an agreement cannot be reached for any reason, Rogers must provide an alternate proposal to the Commission.

The Commission **directs** the licensee to file, by no later than **25 April 2022**, as a condition of approval, a new tangible benefits proposal amounting to \$27,233,885 that meets the following allocations:

- 80% (\$21,787,108) to production funds and the Independent Local News Fund (ILNF), divided among:
 - the Canada Media Fund (CMF) (\$13,072,265), specifically, the CMF's pilot program for racialized communities and the CMF's Northern incentive program, or to initiatives benefitting equity seeking groups;
 - certified independent production funds (\$4,357,421), specifically, the Shaw Rocket Fund (\$2,178,710) and the Rogers Documentary Fund and the Rogers Cable Network Fund (\$2,178,711), in equal annual payments over seven consecutive broadcast years;
 - the ILNF (\$4,357,421), as a lump sum upon the close of the transaction;
- 20% (\$5,446,777) to discretionary initiatives, divided among:
 - 15 film festivals in British Columbia, Alberta, Saskatchewan and Manitoba (\$900,000), as a lump sum upon the close of the transaction;
 - the Chinatown Storytelling Centre (\$230,000), in equal annual payments over seven consecutive broadcast years;
 - the National Screen Institute Winnipeg (\$800,000), in equal annual payments over seven consecutive broadcast years;
 - the University of British Columbia School of Journalism, Writing, and Media Scholarship fund for BIPOC students (\$1,100,000), as a lump sum upon the close of the transaction;

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- the Sarah McLachlan School of Music, Vancouver, Surrey and Edmonton (\$165,900), in equal annual payments over seven consecutive broadcast years;
- the Banff World Media Festival (\$800,000), in equal annual payments over seven consecutive broadcast years;
- the Broadcasting Accessibility Fund (\$725,439), in equal annual payments over three consecutive broadcast years; and
- the Broadcasting Participation Fund (\$725,439), in equal annual payments over three consecutive broadcast years.

The Commission **directs** the licensee to file, by no later than **25 April 2022**, as a condition of approval, an application to include, in its conditions of licence for all of its television programming undertakings, a requirement that it annually report on its tangible benefits expenditures by 30 November of each broadcast year. The report must be in an Excel or Word document and must include

- the total amount of benefits to be expended;
- the amount spent that broadcast year, with a breakdown of the expenditures for each recipient; and
- the remaining amount of benefits left to be expended.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend the conditions of licence for its Citytv stations, Outdoor Life Network, FX, FXX, Sportsnet 360, Sportsnet, Sportsnet One, Rogers on Demand, Hockey Night in Canada (television network), OMNI stations and Rogers Sportsnet PPV to include a requirement to file a report by 30 November of each year detailing all of the contributions that it has made to each of the discretionary initiatives, specifically indicating how the allocations are incremental in nature, so that the Commission can verify that the allocation of tangible benefits stemming from this transaction truly benefits the Canadian broadcasting system.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend the conditions of licence for its broadcasting distribution undertakings (BDUs) to ensure that:

- Corus Entertainment Inc. (Corus) will not be duly advantaged in its dealings with Rogers Communications Inc. or its subsidiaries (Rogers) going forward, and vice versa;
- Rogers and Corus will not act as a single entity when it works in their favour; and
- Rogers will not deprive either directly or indirectly other BDUs or industry participants of Corus's content.

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The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend the conditions of licence of the satellite relay distribution undertaking Shaw Broadcast Services to include the following:

- dispute resolution with respect to the transport of discretionary services:

If there is a dispute between the licensee and a distribution undertaking, whether operating by licence or by exemption order, concerning the terms under which discretionary programming services are or may be provided, one or both parties to the dispute may refer the matter to the Commission and the licensee shall submit to a dispute resolution process if the Commission so requires.

- the standstill rule:

During any dispute between the licensee and a person licensed to carry a distribution undertaking or the operator of an exempt distribution undertaking concerning the carriage or terms of carriage of programming services or concerning any right or obligation under the Act, the licensee shall continue to distribute those programming services at the same rates and on the same terms and conditions as it did before the dispute.

For the purposes of this condition, a dispute exists from the moment that written notice of the dispute is provided to the Commission and served on the other undertaking that is party to the dispute and ends when an agreement settling the dispute is reached by the concerned undertakings or, if no such agreement is reached, when the Commission renders a decision concerning any unresolved matter.

- the Wholesale Code:

The licensee shall adhere to the Wholesale Code, set out in the appendix to *Wholesale Code*, Broadcasting Regulatory Policy CRTC 2015-438, 24 September 2015, in its dealings with any licensed or exempt broadcasting undertaking.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend its conditions of licence for its Citytv stations in relation to the new requirement to produce 48 annual prime time locally reflective news specials that represent incremental expenditures, are original programming, and go over and above its current hours of locally reflective news programming.

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The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend its conditions of licence for its Citytv stations in relation to the reporting on the various commitments listed below within its diversity report:

- Indigenous news content team;
- Western Canada journalists to be added to Parliament Hill team in Ottawa;
- growing investment in the Western news markets; and
- mentorship opportunities for Indigenous content creators.

This reporting is to detail exactly how these initiatives are funded through incremental expenditures, positively contributing to the Canadian broadcasting industry and meet the public interest.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend the conditions of licence of the broadcasting distribution undertakings (BDUs) it would own following the transaction to include a requirement to distribute a minimum of 45 Canadian independent English- and French-language services from independent programmers other than Corus Entertainment Inc. on each of its terrestrial BDUs and direct-to-home BDUs.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to amend the conditions of licence of its broadcasting distribution undertakings to specify that

- a) in any dispute with an independent programming service, the standstill rule will be extended to all of the services belonging to that ownership group; and
- b) if an affiliation agreement is not concluded within 90 days of the initiation of a negotiation with an independent programming service or services, the matter will be automatically referred to the Commission for dispute resolution.

For greater certainty, the Commission notes that this condition will trigger the application of the standstill rule set out in section 15.01 of the *Broadcasting Distribution Regulations*.

The Commission **directs** the licensee to file, by no later than **30 days following the close of the transaction**, as a condition of approval, an application to add a condition of licence in relation to the provision of data on the CYNCH platform with similar parameters as those set out in the interim condition of licence linked to the launch of the enhanced television audience measurement system.

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Directions

The Commission **directs** Cable Public Affairs Channel Inc. (CPAC) to file by no later than **30 days following the close of the transaction** an application pursuant to subparagraph 10(4)b(iii) of the *Discretionary Services Regulations* for Rogers Communications Inc. (Rogers) to acquire Shaw Cablesystems Limited's 25.17% interest in CPAC. The application must meet the following requirements:

- CPAC must provide a resolution passed by its board of directors, demonstrating the date of the resolution, to approve the transfer of Shaw Cablesystems Limited's interest in CPAC to Rogers;
- CPAC must provide its amended articles of incorporation, demonstrating the date of the amendments, to the Commission prior to or with its application;
- Rogers must consolidate its shares in CPAC under a single corporate entity, and CPAC must reflect this change in its application; and
- Rogers must be able to elect only one member to CPAC's board of directors.

The Commission **directs** Shaw Communications Inc. to notify the Commission of the date of the close of the transaction.

The Commission **directs** the licensee to surrender the licences for Shaw Communications Inc. or its subsidiaries' terrestrial video-on-demand and pay-per-view services following and not before the close of the transaction.

The Commission **directs** the licensee to file, by no later than **60 days following the close of the transaction**, a one-time report to demonstrate its progress in ensuring that it meets the access and local programming requirements for each of the licensed and exempt undertakings currently operated by Shaw Cablesystems Limited. This report must also include whether and how it has implemented the initiatives that it stated that it intends to leverage. The report must be submitted as an appendix to the licence renewal application should the deadlines overlap, or at the earliest date that corresponds to the deadline set out in the condition above or to the date specified in the call for renewal applications.

The Commission **directs** the licensee to report annually by 30 November on how many journalists it employs in each Citytv market, how many journalists it has hired in the past broadcast year, the level of the journalist positions filled and how many of its journalists self-identify as members of equity seeking groups. This report will be published on the Commission's website.

The Commission **directs** the licensee to report annually by 30 November what the 48 annual prime time locally reflective news specials were, where they aired, when they aired and how the content was original programming and incremental to its current locally reflective news programming expenditure and exhibition requirements. Rogers must also clearly demonstrate how the local expression funds originating from the acquired Shaw BDUs and redirected to the Citytv stations are incremental to the 11% expenditure requirement currently imposed on the Citytv stations. This report will be published on the Commission's website.

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The Commission **directs** the licensee to continue to allocate its allowable certified independent production fund contributions to both the Shaw Rocket Fund and the Rogers funds (the Rogers Documentary Fund and the Rogers Cable Network Fund) in equal amounts for the remainder of the licence term.

The Commission **directs** the licensee to foster diversity in its content and to support producers from equity seeking communities through broadcasting distribution contributions.

The Commission **directs** the licensee to submit a plan within three months of the date of this decision detailing how it intends to ensure the discoverability of Canadian online distribution applications, as well as to report every six months thereafter on which applications it is carrying and how their discoverability is ensured for the duration of Rogers Communications Inc.'s broadcasting distribution undertaking licence term. This report will be published on the Commission's website.

The Commission **directs** the licensee to file all of its affiliation agreements with the Commission so that the Commission may ensure that negotiations and the resulting agreements respect the Wholesale Code.

Expectations

The Commission expects the licensee to inform the current customers of Shaw Communications Inc. or its subsidiaries that their contracts will be honoured and of what will happen once the contracts end, as well as to provide them with a range of options, including equivalent levels of service, 90 days before the end of their current contracts.

The Commission expects the licensee to maintain or improve the quality of service for current customers of Shaw Communications Inc. or its subsidiaries, as well as to maintain or improve the accessibility of all services for customers with disabilities.

The Commission expects the licensee to consult with the relevant communities and take their feedback into consideration with regard to the accessibility of its services.

The Commission expects Cable Public Affairs Channel Inc. to amend its incorporation articles as described **before** the board can vote on a resolution to approve the transfer of Shaw Cablesystems Limited's interest to Rogers Communications Inc.

The Commission expects the licensee to treat independent services fairly and to avoid dropping channels, imposing punitive or retaliatory measures, imposing unreasonable rates, significantly changing packaging or otherwise materially reducing wholesale payments.

The Commission expects the licensee to continue to honour all existing contracts related to Shaw Communications Inc. or its subsidiaries' satellite and terrestrial relay distribution undertakings for the full term of each such agreement.

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The Commission expects the licensee to continue providing, in relation to its community channels, employment opportunities, especially in key positions with a direct impact on programming decisions, to members of equity seeking groups, including those currently served by Shaw Communications Inc. or its subsidiaries.

The Commission expects the licensee to continue to offer diverse programming across all community channels.

The Commission expects the licensee to continue contributing a portion of its gross revenues from broadcasting activities to the Aboriginal Peoples Television Network and to the uplink of Indigenous community radio stations.

The Commission expects the licensee to launch the Canadian online digital distribution applications or free ad-supported streaming television channels that it helps develop as they become available, on reasonable and fair market terms established through negotiations.

The Commission expects the licensee to foster the discoverability of Canadian online digital distribution applications.

The Commission expects the licensee to refrain from entering into any agreement for exclusive or preferential distribution of any online programming service or rights necessary for its distribution.

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.

Encouragements

The Commission, while recognizing that broadcasting distribution undertakings (BDUs) routinely make packaging changes to adapt and improve their offerings to customers, encourages BDUs to minimize packaging changes until the Commission can complete a review of its policy framework supporting independent programming services and stations.

The Commission encourages the licensee, for its broadcasting distribution undertakings already carrying 45 or more independent programming services, to maintain or increase those levels.

The Commission encourages the licensee to increase cultural diversity and representation at all levels of its journalistic staff as well as its executive staff.

Reminders

The Commission reminds the licensee that it is required to provide set-top-box (STB) data up to two times per broadcast year within 30 days of the submission of a request until the enhanced television audience measurement system is fully launched. The Commission also reminds Rogers Communications Inc. (Rogers) that the STB data must be intelligible and use universal metrics. Further, when Rogers uses STB data in the context of a dispute, it must provide the data to the other party to the dispute.

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The Commission reminds the licensee that it is required by condition of licence to comply with the Television Service Provider Code and to participate in the Commission for Complaints for Telecom-television Services.

The Commission reminds the licensee of the Commission's determinations related to the provision of paper bills set out in *When and how communications service providers must provide paper bills*, Telecom and Broadcasting Decision CRTC 2022-28, 10 February 2022.

The Commission reminds the licensee of the best practices set out in *Licence renewal of broadcasting distribution undertakings – Review of practices relating to the small basic service and flexible packaging options and imposition of various requirements*, Broadcasting Decision CRTC 2016-458, 21 November 2016.

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “31” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “32” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “33” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “34” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

**WITNESS STATEMENT OF DEAN PREVOST
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**ROGERS, SHAW AND QUEBECOR ANNOUNCE AGREEMENT FOR SALE OF FREEDOM
MOBILE**

The proposed divestiture of Freedom Mobile to Quebecor will ensure the presence and viability of a strong fourth wireless carrier in Canada

Quebecor brings an undeniable operational and competitive track record, as well as significant financial resources

TORONTO, CALGARY AND MONTREAL, June 17, 2022 – Rogers Communications Inc. (“Rogers”), Shaw Communications Inc. (“Shaw”) and Quebecor Inc. (“Quebecor”) today announced an agreement (the “Divestiture Agreement”) for the sale of Freedom Mobile Inc. (“Freedom”) to Quebecor, subject to regulatory approval (the “Freedom Transaction”). The Freedom Transaction will ensure the presence of a strong and sustainable fourth wireless carrier across Canada. The parties strongly believe the agreement effectively addresses the concerns raised by the Commissioner of Competition and the Minister of Innovation, Science and Industry regarding viable and sustainable wireless competition in Canada.

Under the terms of the Divestiture Agreement, Quebecor has agreed to buy Freedom on a cash-free, debt-free basis at an enterprise value of C\$2.85 billion, expanding Quebecor’s wireless operations nationally. The Divestiture Agreement provides for the sale of all of Freedom branded wireless and Internet customers as well as all of Freedom’s infrastructure, spectrum and retail locations. It also includes a long-term undertaking by Shaw and Rogers to provide Quebecor transport services (including backhaul and backbone) and roaming services. The parties will work expeditiously and in good faith to finalize definitive documentation.

As Freedom’s new owner, Quebecor will bring a strong operational track record, a history of competing vigorously and successfully in telecommunications services, including its wireless brands in Quebec and Eastern Ontario, and significant financial and spectrum resources to enable an expedient path to the next evolution of 5G technology for Freedom.

“Our agreement with Quebecor to divest Freedom is a critical step towards completing our proposed merger with Shaw. We strongly believe the divestiture will meet the Government of Canada’s objective of a strong and sustainable fourth wireless services provider,” said Tony Staffieri, President and CEO of Rogers. “This agreement between proven cable and wireless companies will ensure the continuation of a highly competitive market with robust future investments in Canada’s world class networks. We look forward to securing the outstanding regulatory approvals for our merger with Shaw so that we can deliver significant long-term benefits to Canadian consumers, businesses and the economy.”

“This is a truly Canadian-made solution that will benefit all Canadians by delivering increased competition and choice, the next generation of telecommunications services and enabling the transformative benefits of a combined Rogers and Shaw. We look forward to completing the Shaw Transaction which would make Rogers a truly national telecommunications provider.” said Edward Rogers, Chairman of Rogers Communications.

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“This is a turning point for the Canadian wireless market,” said Pierre Karl Péladeau, President and CEO of Quebecor. “Quebecor’s Videotron subsidiary is the strong 4th player who, coupled with Freedom’s solid footprint in Ontario and Western Canada, can deliver concrete benefits for all Canadians. We have always believed that for there to be healthy competition in wireless services only a player with a proven track record can successfully enter the market. This is a value-added transaction for all consumers and the Canadian economy. After fifteen years of growth in the Quebec wireless market, we have demonstrated our expertise, our ability to innovate and our financial strength. Now we are taking another step to bring the opportunities our customers already enjoy to consumers across Canada.” Mr. Péladeau added that Quebecor and Rogers have always had a strong relationship. This trilateral agreement with Shaw is yet another example.

“Today’s announcement marks an important milestone in our bold and transformative journey to join together with Rogers,” said Brad Shaw, Executive Chairman and CEO of Shaw. “Since Shaw entered the wireless business in 2016, we have made significant strides towards changing the Canadian wireless landscape. We made a promise to Canadians that we would increase choice and affordability and I’m proud to say we delivered on that promise. Today’s announcement ensures that Freedom Mobile will remain a strong competitor.”

Required Approvals

The Freedom Transaction is conditional, among other things, on clearance under the Competition Act and the approval of ISED and would close substantially concurrently with closing of the Rogers-Shaw transaction.

The Rogers-Shaw transaction, announced March 15, 2021 has already been approved by the shareholders of Shaw and the Court of Queen’s Bench of Alberta, and the Canadian Radio-television and Telecommunications Commission, and remains subject to review by the Competition Bureau and the Minister of Innovation, Science and Industry (ISED).

Rogers standalone financial guidance for 2022, provided on April 20, 2022, remains unchanged.

Caution Regarding Forward Looking Statements

This news release includes “forward-looking statements” within the meaning of applicable securities laws, including, without limitation, statements about the terms and conditions of the Freedom Transaction, the anticipated benefits and effects of the Freedom Transaction and the Rogers-Shaw Transaction and the timing thereof, the potential timing and anticipated receipt of the required regulatory approvals for the Freedom Transaction and the Rogers-Shaw Transaction, and the anticipated timing for closing of the Freedom Transaction and the Rogers-Shaw Transaction. Forward-looking information may in some cases be identified by words such as “will”, “anticipates”, “expects”, “intends” and similar expressions suggesting future events or future performance.

We caution that all forward-looking information is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause the current objectives, strategies and intentions of Rogers, Shaw, or Quebecor to change. Such risks, uncertainties and other factors include, among others, the

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possibility that the Freedom Transaction or the Rogers-Shaw Transaction will not be completed in the expected timeframe or at all; the failure to obtain any necessary regulatory approvals in connection with the Freedom Transaction or the Rogers-Shaw Transaction in the expected timeframe or at all; the possibility that the parties will not be able to reach a resolution with the Commissioner of Competition or ISED regarding the Rogers-Shaw Transaction; pending or potential litigation associated with the Rogers-Shaw Transaction or the Freedom Transaction, including any hearing or proceeding by or involving regulatory authorities; the failure to realize the anticipated benefits of the Freedom Transaction and the Rogers-Shaw Transaction in the expected timeframe or at all; and general economic, business and political conditions.

Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and that it would be unreasonable to rely on such statements as creating legal rights regarding the future results or plans of Rogers, Shaw or Quebecor. We cannot guarantee that any forward-looking information will materialize and you are cautioned not to place undue reliance on this forward-looking information. Any forward-looking information contained in this news release represent expectations as of the date of this news release and are subject to change after such date. A comprehensive discussion of other risks that impact Rogers, Shaw and Quebecor can also be found in their public reports and filings which are available under their respective profiles on as applicable www.sedar.com and www.sec.gov.

Forward-looking information is provided herein for the purpose of giving information about the Freedom Transaction and the Rogers-Shaw Transaction, their expected timing and their anticipated benefits. Readers are cautioned that such information may not be appropriate for other purposes. The completion of the Freedom Transaction and the Rogers-Shaw Transaction is subject to certain closing conditions, termination rights and other risks and uncertainties including, without limitation, regulatory approvals and, in the case of the Freedom Transaction, agreement by the parties of the terms of a definitive agreement on or before July 15, 2022 or such other date as agreed by the parties. There can be no assurance that such regulatory approvals will be obtained or that either the Freedom Transaction or the Rogers-Shaw Transaction will occur, or that either will occur on the terms and conditions described herein or previously announced. The Freedom Transaction and the Rogers-Shaw Transaction could be modified, restructured or terminated. There can be no assurance that the Freedom Transaction or the Rogers-Shaw Transaction will be acceptable to regulatory authorities and, if applicable, will be completed in order to permit the Freedom Transaction or the Rogers-Shaw Transaction to be consummated. Finally, there can be no assurance that the anticipated benefits of either the Freedom Transaction or the Rogers-Shaw Transaction will be achieved in the expected timeframe or at all.

All forward-looking statements are made pursuant to the “safe harbour” provisions of the applicable Canadian and United States securities laws. Neither Rogers, Shaw nor Quebecor are under any obligation (and Rogers, Shaw and Quebecor expressly disclaim any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. All of the forward-looking information in this news release is qualified by the cautionary statements herein.

About Rogers

Rogers is a leading Canadian technology and media company that provides world-class communications services and entertainment to consumers and businesses on our award-winning networks. Our founder, Ted Rogers, purchased his first radio station, CHFI, in 1960. Today, we are dedicated to providing industry-leading wireless, cable, sports, and media to

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millions of customers across Canada. Our shares are publicly traded on the Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI). For more information, please visit: www.rogers.com or <http://investors.rogers.com>.

About Shaw Communications Inc.

Shaw is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, video and digital phone. Business provides business customers with Internet, data, WiFi, digital phone, and video services. The Wireless division provides wireless voice and LTE data services.

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

About Quebecor Inc.

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs nearly 10,000 people in Canada.

A family business founded in 1950, Quebecor is strongly committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment and entrepreneurship.

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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “35” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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This is Exhibit “36” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

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NEWS RELEASE

**ROGERS, SHAW AND QUEBECOR SIGN DEFINITIVE AGREEMENT FOR SALE OF
FREEDOM MOBILE**

Agreement consistent with the terms agreed to by the parties on June 17, 2022

Quebecor's acquisition of Freedom Mobile creates a strong national wireless carrier that will offer competitive high-quality services, including 5G connectivity across Canada

TORONTO, MONTREAL AND CALGARY, August 12, 2022 – Rogers Communications Inc. (“Rogers”), Shaw Communications Inc. (“Shaw”) and Quebecor Inc. (“Quebecor”) today announced that they have entered into a definitive agreement (the “Agreement”) for the sale of Freedom Mobile Inc. (“Freedom”) to Videotron Ltd., a subsidiary of Quebecor (the “Freedom Transaction”), subject to regulatory approvals and closing of the merger of Shaw and Rogers announced on March 15, 2021 (the “Rogers-Shaw Transaction”).

The parties strongly believe the Freedom Transaction provides the best opportunity to create a strong fourth national wireless services provider and addresses the concerns raised by the Commissioner of Competition and the Minister of Innovation, Science and Industry regarding the Rogers-Shaw Transaction. With this Agreement, the new combined business of Videotron and Freedom will be well-positioned to launch a strong, competitive national 5G offering, using Videotron’s 3500 MHz holdings. Accordingly, the parties believe the Rogers-Shaw Transaction should now be approved.

This definitive agreement is substantially consistent with the terms previously announced on June 17, 2022.

“We are very pleased with this Agreement, and we are determined to continue building on Freedom’s assets,” said Pierre Karl Péladeau, President and CEO of Quebecor. “Quebecor has shown that it is the best player to create real competition and disrupt the market. Our strong track record combined with Freedom’s solid Canadian footprint will allow us to offer consumers in British Columbia, Alberta and Ontario more choice, value, and affordability through discounted multiservice bundles and innovative products.”

“This Agreement with Quebecor brings us one step closer to completing our merger with Shaw,” said Tony Staffieri, President and CEO of Rogers. “We strongly believe that this divestiture solution addresses the concerns raised by the Commissioner of Competition and the Minister of Innovation, Science and Industry and we look forward to securing the outstanding regulatory approvals for our merger with Shaw so that we can start delivering its significant long-term benefits to Canadian consumers and businesses, including improved network resiliency.”

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“My family, our management team, and our people are extremely proud of what we built with Freedom Mobile. Over the past six years we invested billions of dollars and launched products and services that disrupted the marketplace and helped redefine what Canadians can expect from their wireless carrier, but there’s much more that could be done as next generation networks are deployed, technology becomes more sophisticated and consumers’ demands for fast and responsive applications continue to increase,” said Brad Shaw, Executive Chairman and CEO of Shaw. “Bringing Freedom Mobile and Quebecor together will expand Freedom’s scope to create a national provider with greater ability to invest and compete for the future growth and technology Canadians will need.”

Required Approvals

The Freedom Transaction is conditional on, among other things, clearance under the Competition Act and approval of the Minister of Innovation, Science and Industry. It is also conditional on, and would close substantially concurrently with, closing of the Rogers-Shaw Transaction. As previously announced, Rogers, Shaw and the Shaw Family Living Trust have agreed to extend the outside date of the Rogers-Shaw Transaction to December 31, 2022 (which outside date may be further extended to January 31, 2023 at the option of Rogers or Shaw, provided Rogers has committed financing available to complete the merger), demonstrating their commitment to completing this transformative combination.

The Rogers-Shaw Transaction, which would see Shaw merge with Rogers, has already been approved by the shareholders of Shaw and the Court of Queen’s Bench of Alberta, and the Canadian Radio-television and Telecommunications Commission, and remains subject to review by the Competition Tribunal and approval by the Minister of Innovation, Science and Industry. The Commissioner of Competition has applied for an order of the Competition Tribunal that the parties not proceed with the Rogers-Shaw Transaction, and closing of the Rogers-Shaw Transaction is conditional on either agreement with the Commissioner of Competition or the Competition Tribunal disposing of the application on terms that allow the transaction to close.

Rogers’ standalone financial guidance for 2022, provided on April 20, 2022, remains unchanged.

Caution Regarding Forward Looking Statements

This news release includes “forward-looking statements” within the meaning of applicable securities laws, including, without limitation, statements about the terms and conditions of the Freedom Transaction, the anticipated benefits and effects of the Freedom Transaction and the Rogers-Shaw Transaction and the timing thereof, including the expected impact of the Freedom Transaction on competitive conditions in Canada’s telecommunications industry or wireless markets and the ability of Quebecor to emerge as Canada’s fourth national wireless competitor, the potential timing and anticipated receipt of the required regulatory approvals and clearances for the Freedom Transaction and the Rogers-Shaw Transaction, and the anticipated timing for closing of the Freedom Transaction and the Rogers-Shaw Transaction. Forward-looking information may in some cases be identified by words such as “will”, “anticipates”, “believes”, “expects”, “intends” and similar expressions suggesting future events or future performance.

We caution that all forward-looking information is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause the current objectives, strategies and intentions of Rogers, Shaw or Quebecor to change. Such risks, uncertainties and other factors include, among others, the possibility that the Freedom Transaction or the Rogers-Shaw Transaction will not be completed in the expected timeframe or at all; the failure to obtain any necessary regulatory approvals and clearances in connection with the Freedom

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Transaction or the Rogers-Shaw Transaction in the expected timeframe or at all; the possibility that the parties will not be able to reach a resolution with the Commissioner of Competition or the Minister of Innovation, Science and Industry regarding the Rogers-Shaw Transaction; the outcome and timing of pending or potential litigation or regulatory proceedings associated with the Rogers-Shaw Transaction or the Freedom Transaction, including the proceeding commenced on May 9, 2022 by the Commissioner of Competition before the Competition Tribunal to block the Rogers-Shaw Transaction and any appeals from any decision rendered by the Competition Tribunal; the failure to realize the anticipated benefits of the Freedom Transaction and the Rogers-Shaw Transaction in the expected timeframes or at all; and general economic, business and political conditions. Accordingly, we warn investors to exercise caution when considering statements containing forward-looking information and that it would be unreasonable to rely on such statements as creating legal rights regarding the future results or plans of Rogers, Shaw or Quebecor. We cannot guarantee that any forward-looking information will materialize and you are cautioned not to place undue reliance on this forward-looking information. Any forward-looking information contained in this news release represent expectations as of the date of this news release and are subject to change after such date. A comprehensive discussion of other risks that impact each of Rogers, Shaw and Quebecor can also be found in its public reports and filings, which are available under their respective profiles, as applicable, at www.sedar.com and www.sec.gov.

Forward-looking information is provided herein for the purpose of giving information about the Freedom Transaction and the Rogers-Shaw Transaction, their expected timing and their anticipated benefits. Readers are cautioned that such information may not be appropriate for other purposes. The completion of the Freedom Transaction and the Rogers-Shaw Transaction is subject to certain closing conditions, termination rights and other risks and uncertainties including, without limitation, regulatory approvals and clearances. There can be no assurance that such closing conditions will be satisfied, that such regulatory approvals and clearances will be obtained or that either the Freedom Transaction or the Rogers-Shaw Transaction will occur, or that either will occur on the terms and conditions described herein or previously announced. The Freedom Transaction and the Rogers-Shaw Transaction could be modified, restructured or terminated. There can be no assurance that one or both of the Freedom Transaction or the Rogers-Shaw Transaction will be acceptable to regulatory authorities or will be completed in order to permit the other transaction to be consummated. There can also be no assurance that the outside date of the Rogers-Shaw Transaction will be further extended by the parties, or that the outside date of the Freedom Transaction will be extended by the parties to the extent necessary to permit closing of either transaction to occur. Finally, there can be no assurance that the anticipated benefits of either the Freedom Transaction or the Rogers-Shaw Transaction will be achieved in the expected timeframes or at all.

All forward-looking statements are made pursuant to the “safe harbour” provisions of the applicable Canadian and United States securities laws. None of Rogers, Shaw or Quebecor is under any obligation (and each of Rogers, Shaw and Quebecor expressly disclaims any such obligation) to update or alter any statements containing forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. All of the forward-looking information in this news release is qualified by the cautionary statements herein.

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About Rogers

Rogers is a leading Canadian technology and media company that provides communications services and entertainment to consumers and businesses. Rogers shares are publicly traded on the

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Toronto Stock Exchange (TSX: RCI.A and RCI.B) and on the New York Stock Exchange (NYSE: RCI). For more information, please visit: www.rogers.com or <http://investors.rogers.com>.

About Quebecor Inc.

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs nearly 10,000 people in Canada.

A family business founded in 1950, Quebecor is strongly committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment and entrepreneurship.

About Shaw Communications Inc.

Shaw is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, video and digital phone. Business provides business customers with Internet, data, WiFi, digital phone, and video services. The Wireless division provides wireless voice and LTE data services. Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Symbol: TSX – SJR.B, NYSE – SJR, and TSXV – SJR.A). For more information, please visit www.shaw.ca.

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Quebecor Inc. investor relations contact

Hugues Simard, Chief Financial Officer

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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “37” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “38” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “39” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “40” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “41” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**



Media Release

March 31, 2021

TELUS announces closing of C\$1.3 billion equity offering

Vancouver, B.C. – TELUS Corporation (“TELUS” or the “Company”) (TSX-T, NYSE-TU) announced today the closing of its bought deal offering (the “Offering”) of common shares (the “Common Shares”) announced on March 25, 2021. The Company sold an aggregate of 51,300,000 Common Shares for total gross proceeds of C\$1.3 billion. The Common Shares were offered through a syndicate of underwriters led by RBC Capital Markets and CIBC Capital Markets, together with BMO Capital Markets, Scotiabank and TD Securities Inc. as joint bookrunners.

Proceeds of the Offering will be used to further strengthen the Company’s balance sheet and, principally, to capitalize on a unique strategic opportunity to accelerate its broadband capital investment program, including the substantial advancement of the build-out of TELUS PureFibre infrastructure in Alberta, British Columbia and Eastern Quebec, as well as an accelerated roll-out of the Company’s national 5G network.

This media release does not constitute an offer to sell or the solicitation of an offer to buy the Common Shares, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About TELUS

TELUS (TSX: T, NYSE: TU) is a dynamic, world-leading communications technology company with \$16 billion in annual revenue and 16 million customer connections spanning wireless, data, IP, voice, television, entertainment, video, and security. We leverage our global-leading technology and compassion to enable remarkable human outcomes. Our longstanding commitment to putting our customers first fuels every aspect of our business, making us a distinct leader in customer service excellence and loyalty. In 2020, TELUS was recognized as having the fastest wireless network in the world, reinforcing our commitment to provide Canadians with access to superior technology that connects us to the people, resources and information that make our lives better. TELUS Health is Canada’s leader in digital health technology, improving access to health and wellness services and revolutionizing the flow of health information across the continuum of care. TELUS Agriculture provides innovative digital solutions throughout the agriculture value chain, supporting better food outcomes from improved agri-business data insights and processes. TELUS International (TSX and NYSE: TIXT) is a leading digital customer experience innovator that delivers next-generation AI and content management solutions for global brands across the technology and games, ecommerce and FinTech, communications and media, healthcare, travel and hospitality sectors. TELUS and TELUS International operate in 25+ countries around the world.

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

For more information, please contact:

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Media Relations

Steve Beisswanger

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Steve.Beisswanger@TELUS.com

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “42” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO



APRIL 5, 2021

Today SaskTel announced that it will invest approximately \$323 million of capital in Saskatchewan in 2021-2022* and over \$1.4 billion over the next five years. This investment demonstrates SaskTel’s ongoing commitment to provide the residents of Saskatchewan with the latest wireless, television, internet, data and business support services.

“Improved broadband infrastructure and expanded network coverage is critical to the success of Saskatchewan families and businesses, and is a priority for our government,” said **Don Morgan, Minister Responsible for SaskTel** [🔗](#). “As our province embarks on a path to economic recovery in the months ahead, today’s announcement will ensure Saskatchewan people have access to the latest technology and advanced networks essential to our future as we emerge from COVID-19.”

“Throughout our history, SaskTel has been committed to making Saskatchewan communities stronger and more connected no matter the challenges we face along the way,” said **Doug Burnett, SaskTel President and CEO**. “Recognizing the increased role of connectivity in our lives, this year’s capital plans improve and expand network connections for thousands of our customers while ensuring excellent customer service stays at the forefront of what we do.”

Feedback

Highlights of 2021-2022 core Saskatchewan investment program include:

- **\$85.8 million for Fibre to the x (FTTx) program.** SaskTel's Fibre-to-the-Premises (FTTP) and Fibre-to-the-Business (FTTB) initiatives, collectively known as FTTx, will continue to bring the fibre-optic infrastructure powering SaskTel infiNET™ service directly to homes and businesses in communities across the province. This year's investments will expand the infiNET network further outside Saskatchewan's nine majors, allowing SaskTel to bring dramatically faster Internet to more communities across the province. This expansion comes as SaskTel also accelerates its investments in the FTTB initiative to help more businesses modernize their operations.

Key points:

- \$43.5 million – FTTP in the nine major centres.
- \$18.2 million – FTTP outside of the nine majors and Phase I of the Rural Fibre Initiative.
- \$24.1 million – FTTB
- In 2021-22, SaskTel's FTTx program is forecasted to connect approximately 17,320 homes and 1,715 business locations.

Powered by SaskTel's fibre-optics network, infiNET service delivers internet speeds reaching up to 300 Megabits per second (Mbps), allowing subscribers to surf, stream, and share however much content they want at incredible speeds. Plus, as a fibre based network, SaskTel infiNET service has the capacity to evolve accordingly to support the increased popularity of cloud meeting services, 4K video streaming, and growing adoption of IoT devices by households and organizations.

- **\$95.9 million for wireless network enhancements.** SaskTel's 4G LTE network provides service to more than 99% of Saskatchewan's population, and includes over 1,000 cell sites throughout the province. In 2021-22, SaskTel will further invest in strengthening its wireless network and launching its 5G network.

Key points:

- \$55 million – 4G LTE Modernization and Initial 5G Roll-Out. In 2021-22, SaskTel will launch 5G while modernizing its existing 4G LTE network to deliver improved functionality and reliability to users. As part of these overall efforts, SaskTel will begin to upgrade its 4G LTE network with the latest Samsung equipment in a phased and targeted manner. A launch of 5G on select towers is planned for later 2021.
- \$27.5 million for Long Term Evolution (LTE) enhancements
- \$7.5 million – Wireless Saskatchewan (Final Phase)

Feedback

- **\$75.4 million on several initiatives for wireline network growth and enhancements**
 - \$35 million – Access and Core Demand and Growth. These expenditures ensure SaskTel’s extensive wireline networks remain flexible and able to meet ongoing needs for capacity expansions and technology updates.
 - \$25 million – Network modernization
 - \$7.0 million – maxTV growth and service development
 - \$6.0 million – Customer Premise Equipment (CPE)

- **\$66.1 million to improve customer services and operations** through continued investment in Information Technology (IT) and Information Systems (IS) platforms and service enhancements.

Key points:

- Enhancements to Consumer Market Self-Serve Platform as well as initiatives to streamline current consumer market wireline product and bundle offerings
- Business Market Sales Tools Evolution to implement improved customer experience initiatives to better serve business market customers.
- IS infrastructure Demand to enable SaskTel’s continued evolution into a world-class Information Communications Technology (ICT) provider.

****Capital spending is for the fiscal year 2021-2022 – April 1, 2021 – March 31, 2022.***

About SaskTel

SaskTel is the leading Information and Communications Technology (ICT) provider in Saskatchewan, with over \$1.2 billion in annual revenue and approximately 1.35 million customer connections including 637,000 wireless accesses, 296,000 wireline network accesses, 286,000 internet accesses and 112,000 maxTV™ subscribers. SaskTel and its wholly-owned subsidiaries offer a wide range of ICT products and services including competitive voice, data and Internet services, wireless data services, maxTV services, data centre services, cloud-based services, security monitoring services, advertising services, and international software and consulting services. SaskTel and its wholly-owned subsidiaries have a workforce of approximately 3,600 full-time equivalent employees (FTEs). Visit SaskTel at www.sasktel.com.

For media inquiries, please contact:

SaskTel Media Relations
306.777.2727
media.relations@sasktel.com

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “43” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

BCE



Bell's biggest-ever network acceleration plan gets bigger with additional investment now up to \$1.7 billion over the next 2 years

- Greater regulatory certainty and positive investment climate supports increased capital investment in Canada's network infrastructure, including expansion rollouts
- Builds on Bell's historic plan announced earlier this year to invest in Canada's COVID-19 recovery, growing employment and the country's leadership in broadband communications
- With additional network investment in 2020 to manage unprecedented usage increases during the COVID crisis, Bell's 2020-2022 capital investment plan will reach up to approximately \$14 billion – almost \$2 billion more than originally planned

MONTRÉAL, May 31, 2021 /CNW/ - Bell today announced that its [accelerated capital investment plan](#) announced earlier this year will now increase by up to \$1.7 billion, or as much as \$500 million more, in response to the support for infrastructure investment reflected in recent federal regulatory and policy decisions.

This \$1.7 billion in accelerated Bell investment for 2021 and 2022 is in addition to the approximately \$4 billion in capital that Bell has typically invested each year in network expansion over the last decade. With an additional \$200 million also invested in capacity and coverage in 2020 to respond to the unprecedented usage demands of the COVID crisis, Bell's total capital investment from 2020-2022 will be as high as \$14 billion.

"Since 1880, the Bell team has ensured Canadians have the critical network infrastructure necessary to build a prosperous society and a sustainable economy and we're accelerating our commitment as we all look forward to our country's future beyond COVID-19," said Mirko Bibic, President and CEO of BCE Inc. and Bell Canada. "The unprecedented impacts of the crisis have necessitated a bold response from all stakeholders in Canada's economy, and Bell is responding with the largest capital acceleration project in our company's 141-year history. Now, with greater regulatory stability fostering an improved investment climate, we're proud to take our plan even further by growing our investment to advance how Canadians in communities large and small connect with each other and the world."

Bell's accelerated capital investment plan announced in February 2021 originally consisted of \$1 billion to \$1.2 billion in additional network funding to help Canada's recovery from the COVID crisis. With the CRTC's recent decision and ongoing government policy support for facilities-based competition and investment, Bell has now increased the amount of accelerated funding to \$1.5 billion to \$1.7 billion. This investment will significantly increase the number of wireline and wireless connections in Canada's rural and urban centres alike over the next 2 years, including significantly expanded plans for all-fibre connections while creating additional employment as network construction activity speeds up.

"The policy approach of the federal government and the CRTC is an expression of confidence in our country's future and the importance of network investment to ensure consumers and businesses have access to next-generation communications services in a digital economy. We expect communications providers to also step up with investments and innovations of their own to drive competition and deliver outstanding value to Canadians nationwide," said Mr. Bibic. "World-leading network investment by Canada's communications providers has played a key role in seeing the country through COVID-19 and laying the foundation for recovery. The Bell team is proud to have been here to support our customers and communities through the challenges of the past year and by what the future has in store."

With 5G coverage now at approximately 35% of the Canadian population, Bell recently announced the [expansion of Canada's fastest-ranked and most-advanced 5G network](#) to a further 23 cities and towns in Québec, Ontario and Manitoba, on track to reach up to 70% national 5G coverage this year.

About Bell

The Bell team builds world-leading broadband wireless and fibre networks, provides innovative mobile, TV, Internet and business communications services and delivers the most compelling content with premier television, radio, out of home and digital media brands. With a goal to advance how Canadians connect each other and the world, Bell serves more than 22 million consumer and business customer connections across every province and territory. Founded in Montréal in 1880, Bell is wholly owned by BCE Inc. (TSX, NYSE: BCE). To learn more, please visit [Bell.ca](#) or [BCE.ca](#).

Bell supports the social and economic prosperity of our communities with a commitment to the highest environmental, social and governance (ESG) standards. We measure our progress in increasing environmental sustainability, achieving a diverse and inclusive workplace, leading data governance and protection, and building stronger and healthier communities. This includes confronting the challenge of mental illness with the [Bell Let's Talk](#) initiative, which drives mental health awareness and action with programs like the annual Bell Let's Talk Day and Bell funding for community care, research and workplace programs nationwide year round.

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Caution Concerning Forward-Looking Statements

Certain statements made in this news release are forward-looking statements, including statements relating to our anticipated capital expenditures and the benefits expected to result therefrom, including our two-year increased capital investment program to accelerate broadband network and 5G footprint expansion, our business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act of 1995*. Forward-looking statements are subject to inherent risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results or events could differ materially from our expectations. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this news release describe our expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Our capital investment and network deployment plans and the benefits expected to result therefrom are subject to risks and, accordingly, there can be no assurance that our capital investment and network deployment plans will be completed or that the benefits expected to result therefrom will be realized. The value of the planned investment assumes our ability to access or generate the necessary sources of capital. However, there can be no certainty that the necessary sources of capital will be available with the result that the actual investment made by us could materially differ from current expectations. For additional information on assumptions and risks underlying certain of our forward-looking statements made in this news release, please consult BCE Inc.'s (BCE) 2021 Annual MD&A dated March 4, 2021, BCE's 2021 First Quarter MD&A dated April 28, 2021 and BCE's news release dated April 29, 2021 announcing its first quarter results for the first quarter of 2021, filed by BCE with the Canadian provincial securities regulatory authorities (available at [Sedar.com](https://www.sedar.com)) and with the U.S. Securities and Exchange Commission (available at [SEC.gov](https://www.sec.gov)). These documents are also available at [BCE.ca](https://www.bce.ca).

SOURCE Bell Canada

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “44” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO



News Releases

Bell and Distributel announce strategic agreement to support expansion of Internet services for consumers and businesses

Sep 2, 2022

MONTREAL and TORONTO, Sept. 2, 2022 /CNW Telbec/ - Bell and Distributel together announced that Distributel intends to join the Bell group of companies to support its growth strategy in the residential and business segments for Internet services. With this acquisition, Distributel will continue delivering world class, innovative products and services to Canadian consumers and businesses across the country.

Bell is committed to providing world-leading, resilient networks to Canadians, and offering consumers and businesses an array of services that best meet their needs. Investing in a successful company such as Distributel and its family of brands aligns with Bell's efforts to provide customers with a choice in service options. With Bell's investment, Distributel will benefit from expanded resources and access to technology required to support the next stage in its business growth and to continue to enhance the services it already successfully delivers to customers.

"Distributel is a highly successful company with experienced industry talent and we're excited for them to join the Bell group of companies. As part of Bell, Distributel will enhance its innovative services for residential and small and medium business customers, backed by Bell's resources and technology."

- Blaik Kirby, Group President, Consumer and Small & Medium Business (SMB), Bell

"With this announcement, Distributel is better positioned to compete and deliver on our decades-long commitment to bringing choice and affordability to Canadians from coast to coast to coast. We hope Canadians are as excited as we are about the many benefits that will result from this partnership. Our teams remain focused on serving our customers with excellence across all our brands as we leverage Bell's resources to expand and enhance our product offerings."

- Matt Stein, CEO, Distributel

Upon the acquisition close, Distributel will continue to operate independently and existing operations will continue under the leadership of Matt Stein, CEO of Distributel. The details of the transaction were not disclosed and the transaction is subject to regulatory approvals.

About Bell

Bell is Canada's largest communications company, providing advanced broadband wireless, TV, Internet, media and business communication services throughout the country. Founded in Montréal in 1880, Bell is wholly owned by BCE Inc. To learn more, please visit [Bell.ca](https://bell.ca) or [BCE.ca](https://bce.ca).

Through [Bell for Better](https://bell.ca/better), we are investing to create a better today and a better tomorrow by supporting the social and economic prosperity of our communities with a commitment to the highest environmental, social and governance (ESG) standards. This includes the Bell Let's Talk initiative, which promotes Canadian mental health with national awareness and anti-stigma campaigns like Bell Let's Talk Day and significant Bell funding of community care and access, research and workplace leadership initiatives throughout the country. To learn more, please visit [Bell.ca/LetsTalk](https://bell.ca/LetsTalk).

About Distributel

Established in 1988, Distributel is a national, award-winning, independent communications provider offering a wide range of consumer, business and wholesale communications services. In 2020, the company proudly achieved certification as a Great Place to Work®, earning recognition for its progressive, collaborative workplace. 100% Canadian-owned, with offices across the country and a national network, Distributel is focused on providing choice and value to Canadians. With the acquisition of Primus Telecommunications, the company is even better positioned to offer solutions to consumers and businesses of all sizes. Distributel offers high speed internet, TV, mobile and home phone products through its consumer brands. It delivers business solutions through the Primus and ThinkTel brands as a provider of advanced voice and data offerings for the SMB and Enterprise markets throughout Canada. The company also forges new partnerships and brings innovative services to the wholesale market. For more information, visit www.distributel.ca.

Bell

Media inquiries

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Investor inquiries

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Distributel

Media inquiries

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Caution Concerning Forward-Looking Statements

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

Certain statements made in this news release are forward-looking statements, including statements relating to the proposed acquisition of Distributel by Bell and Bell's plans regarding Distributel, certain benefits expected to result from the acquisition for both Distributel and Bell, Bell's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. All such forward-looking statements are made pursuant to the "safe harbor" provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to inherent risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results or events could differ materially from our expectations. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this news release describe Bell's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable securities laws, Bell does not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. The completion of the proposed acquisition is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, regulatory approvals. Accordingly, there can be no assurance that the proposed acquisition will occur, or that it will occur on the terms and conditions contemplated in this news release. The proposed acquisition could be modified, restructured or terminated. There can also be no assurance that the benefits expected to result from the proposed acquisition will be realized. For additional information on assumptions and risks underlying certain of the forward-looking statements made in this news release, please consult BCE Inc.'s (BCE) 2021 Annual MD&A dated March 3, 2022, BCE's 2022 First Quarter MD&A dated May 4, 2022, BCE's 2022 Second Quarter MD&A dated August 3, 2022 and BCE's news release dated August 4, 2022 announcing its financial results for the second quarter of 2022, filed by BCE with the Canadian provincial securities regulatory authorities (available at [Sedar.com](https://www.sedar.com)) and with the U.S. Securities and Exchange Commission (available at [SEC.gov](https://www.sec.gov)). These documents are also available at [BCE.ca](https://www.bce.ca).

SOURCE Bell Canada

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “45” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “46” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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**WITNESS STATEMENT OF DEAN PREVOST
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REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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**WITNESS STATEMENT OF DEAN PREVOST
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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

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REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

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**WITNESS STATEMENT OF DEAN PREVOST
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JOHN CARLO MASTRANGELO

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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

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**WITNESS STATEMENT OF DEAN PREVOST
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Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

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**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “57” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

This is Exhibit “58” referred to in the Affidavit of Dean Prevost sworn by Dean Prevost at the City of Toronto, in the Province of Ontario, before me on September 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOHN CARLO MASTRANGELO

REDACTED

**WITNESS STATEMENT OF DEAN PREVOST
PUBLIC**

COMMISSIONER OF COMPETITION
Applicant

-and- ROGERS COMMUNICATIONS INC. et al.
Respondents

Court File No. CT-2022-002

THE COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c.
C-34;

AND IN THE MATTER OF the proposed acquisition by
Rogers Communications Inc. of Shaw Communications Inc.;
and

AND IN THE MATTER OF an application by the
Commissioner of Competition for one or more orders pursuant
to section 92 of the *Competition Act*.

WITNESS STATEMENT OF DEAN PREVOST

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Toronto ON M5H 1J8

Lawyers for the Respondents