

SHAW COMMUNICATIONS INC

Form 6-K

July 13, 2007

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934
For the month of July 2007
Shaw Communications Inc.**

(Translation of registrant's name into English)

Suite 900, 630 1st Avenue S.W., Calgary, Alberta T2P 4L4 (403) 750-4500

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, Shaw Communications Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 13, 2007

Shaw Communications Inc.

By:

/s/ Steve Wilson

Steve Wilson

Sr. V.P., Chief Financial Officer

Shaw Communications Inc.

NEWS RELEASE

Strong growth and dividend increase of 18% to \$285 million per year

Calgary, Alberta (July 13, 2007) Shaw Communications Inc. announced results for the third quarter ended May 31, 2007. Consolidated service revenue improved 12.1% and 12.7%, for the three and nine month periods over the comparable periods last year to \$702.2 million and \$2.06 billion, respectively. Total service operating income before amortization¹ of \$310.7 million and \$913.6 million increased by 11.2% and 13.8% respectively, over the same periods. Funds flow from operations² increased to \$259.5 million for the quarter and \$755.8 million for the year-to-date compared to \$221.1 million and \$626.6 million in the same periods last year.

Commenting on the results, Chief Executive Officer Jim Shaw said, "This quarter we continued to see solid operational and financial results due to the efforts of our strong management team and over 9,000 employees. Customer gains were posted across all products and we delivered solid growth in revenue and service operating income before amortization.

During the quarter Basic cable subscribers increased by 3,289, Digital and Internet customers grew by 20,875 and 27,873, respectively, and Digital Phone lines were up by 51,128. DTH customers increased by 5,337.

Free cash flow¹ for the three and nine month periods was \$103.6 million and \$280.1 million compared to \$96.5 million and \$210.6 million for the same periods last year. The growth in free cash flow was primarily related to the increase in service operating income before amortization. The improvement of \$7.1 million and \$69.5 million, respectively, over the comparable periods was achieved despite an increase in capital spending in the current three and nine month periods of \$27.7 million and \$51.4 million.

Net income of \$91.7 million or \$0.42 per share for the third quarter ended May 31, 2007 compared to \$126.4 million or \$0.58 per share for the same quarter last year. Net income for the first nine months of the year was \$252.5 million or \$1.17 per share compared to \$247.9 million and \$1.14 per share last year. The current and comparable three and nine month periods included non-operating items which are more fully detailed in Management's Discussions and Analysis (MD&A). These included a gain on the sale of a portfolio investment in the third quarter of 2006 as well as tax recoveries related to reductions in enacted income tax rates in each the first and third quarters of last year.

Excluding the non-operating items, net income for the three and nine month periods ended May 31, 2007 would have been \$86.2 million and \$246.2 million compared to net income of \$63.9 million and \$152.1 million in the comparable periods.³

During the quarter our Digital Phone footprint was expanded in British Columbia, with launches in Abbotsford, Chilliwack, Whalley, Port Coquitlam, and the surrounding areas of Kelowna and Penticton. As at May 31, 2007 we have 343,753 Digital Phone lines and the service is now available to almost 80% of our homes passed.

Customers are pleased with the range and quality of telephone services we offer and we continue to see strong demand for our Digital Phone products, said Jim Shaw. In just over two years since our first launch, penetration of Digital Phone lines now stands at 20% of basic customers who have the service available to them. Its strength, the growth of other products and continued pricing power have contributed to increase Shaw's overall consolidated revenues and service operating income before amortization by almost 25% over the last two years.

Cable service revenue increased 14.3% for the quarter to \$526.9 million and 14.8% on a year to date basis to \$1.54 billion. The improvement was primarily driven by customer growth and rate increases. Service operating income before amortization improved 12.5% to \$247.2 million for the quarter and 13.8% to \$729.1 million for the nine month period.

Satellite division service revenue increased 5.9% and 6.7% to \$175.4 million and \$518.5 million, respectively, for the three and nine month periods over the same periods last year primarily due to rate increases and customer growth. Service operating income before amortization for the three and nine month periods improved 6.3% to \$63.6 million and 13.8% to \$184.5 million, respectively, largely due to growth in DTH revenues.

Mr. Shaw said: As a result of our performance for the first nine months of the year, free cash flow remains on track to exceed \$310 million, which is in line with our guidance and plan to accelerate certain capital spending in the final quarter of fiscal 2007 in order to continue to meet customer demand and our high standards for service delivery. In fiscal 2008 we will continue to invest to ensure our network will support and maintain our leading broadband business, grow telephony products and provide next generation services for our customers. We will also continue a number of multi-year projects currently underway related to facilities expansion and a new customer management and billing system. Our preliminary view for fiscal 2008 calls for capital investment to range from \$640 - \$670 million. Consistent with previous years, we plan to provide specific guidance on service operating income before amortization and free cash flow when we release our 2007 year-end results.

On March 2, 2007 the Company closed a \$400 million offering of 5.70% senior notes due March 2, 2017. The net proceeds were used for debt repayment, working capital and general corporate purposes.

Yesterday our Board of Directors approved an increase in the equivalent annual dividend rate to \$1.32 on Shaw's Class B Non-Voting Participating shares and \$1.315 on Shaw's Class A Participating shares (on a pre-split basis). The 18% increase represents an annual dividend amount of \$285 million. This new rate will be effective starting with the monthly dividend paid on September 27, 2007.

On July 10, 2007 shareholders approved the proposed two-for-one stock split of the Company's outstanding Class A Participating Shares and Class B Non-Voting Participating Shares. The split will be effective as of the close of business on July 30, 2007. After giving effect to the two-for-one stock split and the dividend increase, the equivalent annual dividend rate will be \$0.66 on Shaw's Class B Non-Voting Participating shares and \$0.6575 on Shaw's Class A Participating shares which represents a yield of over 2.5%.

In closing, Mr. Shaw summarized: As the market for communication and entertainment services becomes more competitive, we continue to drive growth in the business, strengthen our financial position and deliver solid returns to our shareholders. This is done through our focus on the customer, the capabilities of our network, our consistent enhancements to products and new offerings. Through the last quarter of this year, we will continue this focus to achieve our free cash flow objective.

Shaw Communications Inc. is a diversified communications company whose core business is providing broadband cable television, High-Speed Internet, Digital Phone, telecommunications services (through Shaw Business Solutions) and satellite direct-to-home services (through Star Choice) to 3.2 million customers. 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).

This news release contains forward-looking statements, identified by words such as anticipate, believe, expect, plan, intend and potential. These statements are based on current conditions and assumptions and are not a guarantee of future events. Actual events could differ materially as a result of changes to Shaw's plans and the impact of events, risks and uncertainties. For a discussion of these factors, refer to Shaw's current annual information form, annual and quarterly reports to shareholders and other documents filed with regulatory authorities.

For more information, please contact:

Shaw Investor Relations Department
Investor.relations@sjrb.ca

- 1 See definitions and discussion under Key Performance Drivers in MD&A.
- 2 Funds flow from operations is before changes in non-cash working capital as presented in the unaudited interim Consolidated Statement of Cash Flows.
- 3 See reconciliation of Net Income in Consolidated Overview in MD&A

Shaw Communications Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2007**

July 13, 2007

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included herein is a Caution Concerning Forward-Looking Statements section which should be read in conjunction with this report.

The following should also be read in conjunction with Management's Discussion and Analysis included in the Company's August 31, 2006 Annual Report and the Consolidated Financial Statements and the Notes thereto and the unaudited interim Consolidated Financial Statements of the current quarter.

**CONSOLIDATED RESULTS OF OPERATIONS
THIRD QUARTER ENDING MAY 31, 2007
SELECTED FINANCIAL HIGHLIGHTS**

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|---|----------------------------|---------|-------------|---------------------------|-----------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| (\$000's Cdn except per share amounts) | | | | | | |
| Operations: | | | | | | |
| Service revenue | 702,238 | 626,654 | 12.1 | 2,058,974 | 1,827,396 | 12.7 |
| Service operating income before amortization ⁽¹⁾ | 310,748 | 279,544 | 11.2 | 913,573 | 802,790 | 13.8 |
| Funds flow from operations ⁽²⁾ | 259,470 | 221,099 | 17.4 | 755,818 | 626,580 | 20.6 |
| Net income | 91,658 | 126,410 | (27.5) | 252,547 | 247,881 | 1.9 |
| Per share data: | | | | | | |
| Earnings per share - basic | \$ 0.42 | \$ 0.58 | | \$ 1.17 | \$ 1.14 | |
| diluted | \$ 0.42 | \$ 0.58 | | \$ 1.16 | \$ 1.14 | |
| Weighted average participating shares outstanding during period (000's) | 217,018 | 217,625 | | 216,015 | 218,093 | |

(1) See definition under Key Performance Drivers in Management's Discussion and Analysis.

(2) Funds flow from operations is before changes in non-cash working capital as presented in the unaudited

interim
Consolidated
Statement of
Cash Flows.

SUBSCRIBER HIGHLIGHTS

| | Total | Three months ended | | Growth | |
|--|------------------|---------------------|----------------|----------------|-------------|
| | | May 31, 2007 | May 31, | 2007 | 2006 |
| | | 2007 | 2006 | 2007 | 2006 |
| Subscriber statistics: | | | | | |
| Basic cable customers | 2,228,898 | 3,289 | 2,248 | 22,578 | 38,515 |
| Digital customers | 747,431 | 20,875 | 14,733 | 74,847 | 61,623 |
| Internet customers (including pending installs) | 1,421,899 | 27,873 | 21,654 | 104,444 | 112,674 |
| DTH customers | 877,899 | 5,337 | 4,283 | 8,691 | 21,325 |
| Digital phone lines (including pending installs) | 343,753 | 51,128 | 50,294 | 131,046 | 112,400 |

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ADDITIONAL HIGHLIGHTS

The expansion of Shaw's Digital Phone footprint continued in British Columbia with roll-outs during the quarter in Abbotsford, Chilliwack, Whalley, Port Coquitlam and the surrounding areas of Kelowna and Penticton. Most recently the service was rolled out to Port Moody and Summerland, also in British Columbia. As at May 31, 2007 the number of Digital Phone lines, including pending installations, was 343,753.

Customer growth continued with Basic cable subscribers increasing by 3,289, Digital and Internet customers grew 20,875 and 27,873, respectively, and Digital Phone lines were up 51,128. DTH customers increased by 5,337.

Consolidated service revenue of \$702.2 million and \$2.06 billion for the three and nine month periods, respectively, improved 12.1% and 12.7% over the comparable periods last year and total service operating income before amortization² of \$310.7 million and \$913.6 million increased by 11.2% and 13.8% respectively, over the same periods.

Consolidated free cash flow¹ of \$103.6 million and \$280.1 million for the three and nine month periods, respectively, improved \$7.1 million and \$69.5 million over the same periods last year.

On March 2, 2007 the Company closed a \$400 million offering of 5.70% senior notes due March 2, 2017. The net proceeds were used for debt repayment, working capital and general corporate purposes.

During the quarter the Company completed an acquisition of several small systems in British Columbia that complement existing cable systems. The acquisition provides synergies with existing operations in growing markets.

The Company announced an increase in the equivalent annual dividend rate to \$1.32 on Shaw's Class B Non-Voting Participating shares and \$1.315 on Shaw's Class A Participating shares (on a pre-split basis). The 18% increase represents an annual dividend amount of \$285 million. The new rate will be effective starting with the monthly dividend paid on September 27, 2007.

On July 10, 2007 shareholders approved the proposed two-for-one stock split of the Company's outstanding Class A Participating Shares and Class B Non-Voting Participating Shares. The split will be effective as of the close of business on July 30, 2007. After giving effect to the two-for-one stock split and the dividend increase, the equivalent annual dividend rate will be \$0.66 on Shaw's Class B Non-Voting Participating shares and \$0.6575 on Shaw's Class A Participating shares which represents a yield of over 2.5%.

Consolidated Overview

Consolidated service revenue increased to \$702.2 million and \$2.06 billion for the three and nine month periods, respectively, up 12.1% and 12.7% over the same periods last year. These improvements were primarily due to customer growth and rate increases. Consolidated service

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operating income before amortization for the three and nine month periods increased by 11.2% and 13.8% over the comparable periods to \$310.7 million and \$913.6 million driven by overall revenue growth. Increased expenditures incurred to support continued growth, the delivery of quality customer service, enhancements to products, and the launch of Digital Phone in new markets in the cable division partially offset these improvements.

Net income was \$91.7 million and \$252.5 million for the three and nine months ended May 31, 2007, compared to \$126.4 million and \$247.9 million for the same periods last year. A number of non-operating items affected net income in each of the periods including a future tax recovery recorded during the first and third quarters of fiscal 2006 related to a reduction in corporate income tax rates which contributed \$31.4 million and \$23.4 million, respectively, to net income in those quarters. Also during the third quarter of fiscal 2006 the Company reported a gain on the sale of a portfolio investment which contributed \$37.3 million on an after-tax basis. Outlined below are further details on these and other operating and non-operating components of net income for each quarter.

| | Nine months ended | | | Nine months ended | | |
|--|----------------------|--------------------------|---------------------------|----------------------|--------------------------|---------------------------|
| | | Operating net | Non- operating | | Operating net | Non- operating |
| (\$000 s Cdn) | May 31, 2007 | of interest | | May 31, 2006 | of interest | |
| Operating income | 561,031 | | | 427,198 | | |
| Interest on long-term debt | (184,656) | | | (191,582) | | |
| Operating income after interest | 376,375 | 376,375 | | 235,616 | 235,616 | |
| Gain on sale of investment | 415 | | 415 | 47,135 | | 47,135 |
| Write-down of investment | | | | (374) | | (374) |
| Debt retirement costs | | | | (8,123) | | (8,123) |
| Foreign exchange gain on unhedged long-term debt | | | | 5,360 | | 5,360 |
| Fair value loss on foreign currency forward contract | | | | (360) | | (360) |
| Other gains | 8,525 | | 8,525 | 5,644 | | 5,644 |
| Income before income taxes | 385,315 | 376,375 | 8,940 | 284,898 | 235,616 | 49,282 |
| Income tax expense (recovery) | 132,874 | 130,189 | 2,685 | 36,824 | 83,496 | (46,672) |
| Income before following | 252,441 | 246,186 | 6,255 | 248,074 | 152,120 | 95,954 |
| Equity income (loss) on investees | 106 | | 106 | (193) | | (193) |
| Net income | 252,547 | 246,186 | 6,361 | 247,881 | 152,120 | 95,761 |

| (\$000 s Cdn) | Three months ended | | | Three months ended | | |
|--|-----------------------|---------------------------------|-------------------|-----------------------|---------------------------------|-------------------|
| | May 31, 2007 | Operating net of interest | Non- operating | May 31, 2006 | Operating net of interest | Non- operating |
| Operating income | 193,526 | | | 160,147 | | |
| Interest on long-term debt | (61,218) | | | (63,756) | | |
| Operating income after interest | 132,308 | 132,308 | | 96,391 | 96,391 | |
| Gain on sale of investments | | | | 45,445 | | 45,445 |
| Foreign exchange gain on unhedged long-term debt | | | | 1,008 | | 1,008 |
| Other gains | 7,963 | | 7,963 | 1,322 | | 1,322 |
| Income before income taxes | 140,271 | 132,308 | 7,963 | 144,166 | 96,391 | 47,775 |
| Income tax expense (recovery) | 48,518 | 46,069 | 2,449 | 17,711 | 32,525 | (14,814) |
| Income before following | 91,753 | 86,239 | 5,514 | 126,455 | 63,866 | 62,589 |
| Equity income (loss) on investees | (95) | | (95) | (45) | | (45) |
| Net income | 91,658 | 86,239 | 5,419 | 126,410 | 63,866 | 62,544 |

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The changes in net income are outlined in the table below.

| | Increase (decrease) of May 31, 2007 net income compared to: | | |
|--|--|-----------------|----------------------|
| | Three months ended | | Nine months ended |
| | February 28, 2007 | May 31, 2006 | May 31, 2006 |
| <i>(000 \$ Cdn)</i> | | | |
| Increased service operating income before amortization | 7,710 | 31,204 | 110,783 |
| Decreased amortization | 2,081 | 2,175 | 23,050 |
| Decreased interest expense | 379 | 2,538 | 6,926 |
| Change in net other costs and revenue ⁽¹⁾ | 6,725 | (39,862) | (40,043) |
| Increased income taxes | (4,988) | (30,807) | (96,050) |
| | 11,907 | (34,752) | 4,666 |

(1) Net other costs and revenue include: gain on sale of investments, write-down of investment, foreign exchange gain on unhedged long-term debt, fair value loss on a foreign currency forward contract, debt retirement costs, other gains and equity income (loss) on investees as detailed in the unaudited interim Consolidated Statements of Income and Deficit.

Earnings per share were \$0.42 for the quarter and \$1.17 for the nine month period. For the quarter, this represents a decline of \$0.16 as the comparable period benefited from a future tax recovery of \$23.4 million related to a reduction in corporate income tax rates and a gain on the sale of a portfolio investment which contributed \$37.3 million on an after-tax basis. These items were partially offset by improved service operating income before amortization in the current quarter of \$31.2 million, decreased amortization of \$2.2 million and decreased interest expense of \$2.5 million. On a year-to-date basis earnings per share improved by \$0.03 due to increased net income of \$4.7 million resulting primarily from increased service operating income before amortization of \$110.8 million, decreased amortization of \$23.1 million and decreased interest expense of \$6.9 million. These improvements were partially offset by increased income taxes of \$96.1 million that resulted from higher taxes on improved service operating income before amortization in the current period while the prior period also benefited from a tax recovery of \$54.8 million realized related to reductions in corporate income tax rates. The comparable year-to-date period also included a gain on the sale of a portfolio investment which contributed \$37.3 million on an after-tax basis. Net income in the current quarter improved \$11.9 million over the second quarter of fiscal 2007. The increase in the current quarter was primarily due to higher service operating income before amortization of \$7.7 million and improved other costs and revenue of \$6.7 million, both of which were partially offset by increased income taxes of \$5.0 million. The change in other costs and revenues was primarily due to gains reported in the current period related to the sale of certain corporate assets and foreign exchange. Funds flow from operations was \$259.5 million in the third quarter compared to \$221.1 million in the comparable quarter, and on a year-to-date basis was \$755.8 million compared to \$626.6 million in 2006. The growth over the respective quarterly and year-to-date comparative periods was principally due to increased service operating income before amortization and reduced interest expense. Consolidated free cash flow for the quarter and year-to-date of \$103.6 million and \$280.1 million, respectively, increased \$7.1 million and \$69.5 million over the comparable periods. Free cash flow improved despite increased capital spending of \$27.7 million and \$51.4 million,

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respectively, in the current three and nine month periods and was primarily due to improved service operating income before amortization. The Cable division generated \$68.3 million of free cash flow for the quarter compared to \$67.3 million in the comparable period. The Satellite division achieved free cash flow of \$35.4 million compared to free cash flow of \$29.3 million in the same period last year.

On March 2, 2007 the Company closed a \$400 million offering of 5.70% senior notes due March 2, 2017. The net proceeds were used for debt repayment, working capital and general corporate purposes.

On July 10, 2007 shareholders approved the proposed two-for-one stock split of the Company's outstanding Class A Participating Shares and Class B Non-Voting Participating Shares. The split will be effective as of the close of business on July 30, 2007. After giving effect to the two-for-one stock split, the equivalent annual dividend rate will be \$0.56 on Shaw's Class B Non-Voting Participating shares and \$0.5575 on Shaw's Class A Participating shares. As a result of the Company's performance for the first nine months of the year fiscal 2007 free cash flow remains on track to be in excess of \$310.0 million which is in line with guidance. Shaw plans to accelerate certain capital spending in the final quarter of fiscal 2007 to continue to meet customer demand and the Company's high standards for service delivery. In fiscal 2008 the Company will continue to invest to ensure the network will support and maintain its leading broadband business, grow telephony products and provide the next generation of services. A number of multi year projects currently underway related to facilities expansion and a new customer management and billing system will also continue. Shaw's preliminary view for fiscal 2008 calls for capital investment to range from \$640-\$670 million. Consistent with the past several years, Shaw plans to provide specific guidance on service operating income before amortization and free cash flow when the Company releases its 2007 year-end results.

Key Performance Drivers

The Company's continuous disclosure documents may provide discussion and analysis of non-GAAP financial measures. These financial measures do not have standard definitions prescribed by Canadian GAAP or US GAAP and therefore may not be comparable to similar measures disclosed by other companies. The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others, utilize these measures in assessing the Company's financial performance and as an indicator of its ability to service debt. These non-GAAP financial measures have not been presented as an alternative to net income or any other measure of performance required by Canadian or US GAAP.

The following contains a listing of the Company's use of non-GAAP financial measures and provides a reconciliation to the nearest GAAP measurement or provides a reference to such reconciliation.

Service operating income before amortization and operating margin

Service operating income before amortization is calculated as service revenue less operating, general and administrative expenses and is presented as a sub-total line item in the Company's unaudited interim Consolidated Statements of Income and Deficit. It is intended to indicate the

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Company's ability to service and/or incur debt, and therefore it is calculated before amortization (a non-cash expense) and interest. Service operating income before amortization is also one of the measures used by the investing community to value the business. Operating margin is calculated by dividing service operating income before amortization by service revenue.

Free cash flow

The Company utilizes this measurement as it measures the Company's ability to repay debt and return cash to shareholders. Free cash flow for cable and satellite is calculated as service operating income before amortization, less interest, cash taxes on net income, capital expenditures (on an accrual basis) and equipment costs (net). Consolidated free cash flow is calculated as follows:

| | Three months ended May 31, | | Nine months ended May 31, | |
|--|-------------------------------|--------|------------------------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>(\$000 s Cdn)</i> | | | | |
| Cable free cash flow ⁽¹⁾ | 68,255 | 67,250 | 183,315 | 158,704 |
| Combined satellite free cash flow ⁽¹⁾ | 35,381 | 29,285 | 96,808 | 51,889 |
| Consolidated | 103,636 | 96,535 | 280,123 | 210,593 |

(1) The reconciliation of free cash flow for both cable and satellite is provided in the following segmented analysis.

**CABLE
FINANCIAL HIGHLIGHTS**

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|--|----------------------------|---------|-------------|---------------------------|-----------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| <i>(\$000 s Cdn)</i> | | | | | | |
| Service revenue (third party) | 526,870 | 461,075 | 14.3 | 1,540,481 | 1,341,331 | 14.8 |
| Service operating income before amortization ⁽¹⁾ | 247,177 | 219,766 | 12.5 | 729,110 | 640,664 | 13.8 |
| Less: | | | | | | |
| Interest | 51,151 | 52,689 | (2.9) | 154,006 | 158,803 | (3.0) |
| Cash taxes on net income | | 1,035 | (100.0) | | 3,118 | (100.0) |

| | | | | | | |
|--|----------------|---------|-------|----------------|---------|--------|
| Cash flow before the following: | 196,026 | 166,042 | 18.1 | 575,104 | 478,743 | 20.1 |
| Capital expenditures and equipment costs (net): | | | | | | |
| New housing development | 21,786 | 19,448 | 12.0 | 66,911 | 61,031 | 9.6 |
| Success based | 21,559 | 20,742 | 3.9 | 59,475 | 68,535 | (13.2) |
| Upgrades and enhancement | 51,546 | 36,038 | 43.0 | 189,745 | 133,135 | 42.5 |
| Replacement | 11,490 | 7,930 | 44.9 | 29,979 | 30,105 | (0.4) |
| Buildings/other | 21,390 | 14,634 | 46.2 | 45,679 | 27,233 | 67.7 |
| Total as per Note 2 to the unaudited interim Consolidated Financial Statements | 127,771 | 98,792 | 29.3 | 391,789 | 320,039 | 22.4 |
| Free cash flow ⁽¹⁾ | 68,255 | 67,250 | 1.5 | 183,315 | 158,704 | 15.5 |
| Operating margin | 46.9% | 47.7% | (0.8) | 47.3% | 47.8% | (0.5) |

(1) See definitions and discussion under Key Performance Drivers in Management's Discussion and Analysis.

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OPERATING HIGHLIGHTS

The expansion of Shaw's Digital Phone footprint continued with the service now available to almost 80% of homes passed. During the quarter the Company added 51,128 Digital Phone lines to total 343,753, including pending installations, at May 31, 2007.

Customer growth continued with Basic cable subscribers increasing by 3,289. Digital and Internet customers grew by 20,875 and 27,873, respectively. Shaw now has in excess of 1.4 million Internet customers and Internet penetration of basic stands at 63.8%, up from 59.7% at August 31, 2006.

Free cash flow for the three and nine month periods of \$68.3 million and \$183.3 million, respectively, compares to \$67.3 million and \$158.7 million.

During the quarter the Company closed the acquisition of several small systems in British Columbia that complement existing cable systems adding approximately 5,500 cable subscribers. The acquisition provides synergies with existing operations and represents growing markets.

Quarterly cable service revenue improved 14.3% over last year to \$526.9 million and on a year to date basis increased 14.8% to \$1.54 billion. Customer growth, rate increases and the impact of acquisitions completed since June, 2006 accounted for the increase. Service operating income before amortization grew 12.5% and 13.8% over the comparable three and nine month periods to \$247.1 million and \$729.1 million, respectively. The increase was driven by improved revenue, partially offset by increased costs resulting from expenditures incurred to support continued growth.

Service revenue improved \$12.5 million or 2.4% over the second quarter of fiscal 2007 primarily due to customer growth. Service operating income before amortization improved \$3.0 million or 1.2% over this same period mainly due to the revenue related growth.

Total capital spending increased \$29.0 million and \$71.8 million over the comparable three and nine month periods to \$127.8 million and \$391.8 million, respectively. Shaw invested \$22.6 million in the third quarter of 2007 on Digital Phone compared to \$12.3 million in the same quarter last year. The increase was mainly due to customer growth and spending on projects that will allow Shaw to operate independently as a Competitive Local Exchange Carrier (CLEC). Spending in the upgrade and enhancement category for the three and nine month periods increased \$15.5 million and \$56.6 million, respectively, over the same periods last year due to investments to increase plant capacity in order to support digital phone and internet growth, and upgrades to support Video-On-Demand (VOD), digital cable and high definition (HD) TV initiatives. During the quarter Shaw successfully implemented a Class 4 toll switch which allows for the routing of telephone traffic to the lowest cost long distance provider.

Spending in Buildings and Other was up \$6.8 million and \$18.4 million for the quarter and year-to-date, respectively, over the same periods last year. The increase in both periods was primarily due to investments in new and enhanced information and customer management systems, while

Shaw Communications Inc.

the year to date also included initiatives to upgrade certain corporate assets and various facilities projects. Success based capital increased modestly over the comparable quarter by \$0.8 million and decreased \$9.1 million on a year to date basis. Digital Phone and Internet success based capital increased during both periods as a result of customer growth and increased Internet promotions. These increases were partially offset in the quarter and more than offset in the year to date period by reduced success based capital due to price increases implemented on sales of digital cable terminals (DCT) during the latter part of fiscal 2006.

In keeping with its commitment and strategy to continually enhance the customer experience, Shaw made various channel line up changes during the quarter to strengthen analog service offerings, expand its digital sports channels, and add to its High Definition (HD) line-up a number of new services including HD Net, WGN HD, and a second HD Movie Central channel. HD Net is a leader in high definition broadcasting, producing and televising original HDTV sports, entertainment and news programming. WGN HD offers a full primetime lineup of popular original series and extensive sports programming. The second Movie Central HD channel will provide expanded movie choices and also offers HBO s popular programming series. Shaw currently has over 170,000 HD capable cable customers.

SUBSCRIBER STATISTICS

| | | | May 31, 2007 | | | |
|--|------------------|--------------------------------|------------------------------|-------------|-----------------------------|-------------|
| | May 31, 2007 | August 31, 2006 ⁽¹⁾ | Three months ended Growth | Change % | Nine months ended Growth | Change % |
| CABLE: | | | | | | |
| Basic service: | | | | | | |
| Actual | 2,228,898 | 2,206,320 | 3,289 | 0.1 | 22,578 | 1.0 |
| Penetration as % of homes passed | 64.7% | 65.4% | | | | |
| Digital terminals | 985,510 | 856,797 | 38,600 | 4.1 | 128,713 | 15.0 |
| Digital customers | 747,431 | 672,584 | 20,875 | 2.9 | 74,847 | 11.1 |
| INTERNET: | | | | | | |
| Connected and scheduled | 1,421,899 | 1,317,455 | 27,873 | 2.0 | 104,444 | 7.9 |
| Penetration as % of basic | 63.8% | 59.7% | | | | |
| Standalone Internet not included in basic cable | 175,494 | 158,475 | 1,464 | 0.9 | 17,019 | 10.7 |
| DIGITAL PHONE: | | | | | | |
| Number of lines ⁽²⁾ | 343,753 | 212,707 | 51,128 | 17.5 | 131,046 | 61.6 |

⁽¹⁾ August 31, 2006 statistics are restated for comparative purposes to adjust subscribers as if

the acquisitions of cable systems in British Columbia and Ontario had occurred on that date.

(2) Represents primary and secondary lines on billing plus pending installs.

| | Three months ended May | | Nine months ended May | |
|----------------------|------------------------|------|-----------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Churn ⁽³⁾ | | | | |
| Digital customers | 3.5% | 3.6% | 9.9% | 10.4% |
| Internet customers | 3.9% | 4.1% | 10.3% | 10.3% |

(3) Calculated as the number of new customer activations less the net gain of customers during the period divided by the average of the opening and closing customers for the applicable period.

Shaw Communications Inc.

During the quarter Shaw began to digitally simulcast its channel line up in Victoria and Winnipeg and now digitally simulcasts in 5 major markets including Calgary, Edmonton and Vancouver. The customer, through the purchase of a low priced digital terminal, has access to all digital features including the on-screen programming guide, music, and Video-On-Demand and Pay Per View movies and events.

Shaw also enhanced its Digital Phone service with the roll-out of the Distinctive Ring phone feature. Many busy households are adding this to their Shaw service to help direct calls. Distinctive ring is not an extra line but a feature that allows the customer's home phone to ring differently depending on what number the caller dials. Customers are able to assign a distinctive ring to any family member in the house so they know who the call is for based on the ring tone. One Distinctive Ring number is included with Shaw Digital Phone service and Shaw Digital Phone Lite customers have the ability to add the feature for a low monthly fee.

**SATELLITE (DTH and Satellite Services)
FINANCIAL HIGHLIGHTS**

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|---|----------------------------|---------|-------------|---------------------------|---------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| <i>(\$000 s Cdn)</i> | | | | | | |
| Service revenue (third party) | | | | | | |
| DTH (Star Choice) | 153,200 | 144,998 | 5.7 | 453,685 | 424,155 | 7.0 |
| Satellite Services | 22,168 | 20,581 | 7.7 | 64,808 | 61,910 | 4.7 |
| | 175,368 | 165,579 | 5.9 | 518,493 | 486,065 | 6.7 |
| Service operating income before amortization⁽¹⁾ | | | | | | |
| DTH (Star Choice) | 51,095 | 48,838 | 4.6 | 148,356 | 129,063 | 14.9 |
| Satellite Services | 12,476 | 10,940 | 14.0 | 36,107 | 33,063 | 9.2 |
| | 63,571 | 59,778 | 6.3 | 184,463 | 162,126 | 13.8 |
| Less: | | | | | | |
| Interest ⁽²⁾ | 9,714 | 10,706 | (9.3) | 29,584 | 31,692 | (6.7) |
| Cash taxes on net income | | 35 | (100.0) | | 166 | (100.0) |
| Cash flow before the following: | 53,857 | 49,037 | 9.8 | 154,879 | 130,268 | 18.9 |
| Capital expenditures and equipment costs (net): | | | | | | |
| Success based ⁽³⁾ | 16,476 | 15,878 | 3.8 | 48,837 | 65,508 | (25.4) |
| Transponders and other | 2,000 | 3,874 | (48.4) | 9,234 | 12,871 | (28.3) |
| Total as per Note 2 to the unaudited interim | 18,476 | 19,752 | (6.5) | 58,071 | 78,379 | (25.9) |

Consolidated Financial
Statements

| | | | | | | |
|--------------------------------------|---------------|--------|------|---------------|--------|------|
| Free cash flow ⁽¹⁾ | 35,381 | 29,285 | 20.8 | 96,808 | 51,889 | 86.6 |
| Operating Margin | 36.3% | 36.1% | 0.2 | 35.6% | 33.3% | 2.3 |

(1) See definitions and discussion under Key Performance Drivers in Management's Discussion and Analysis.

(2) Interest is allocated to the Satellite division based on the actual cost of debt incurred by the Company to repay prior outstanding Satellite debt and to fund accumulated cash deficits of Shaw Satellite Services and Star Choice.

(3) Net of the profit on the sale of satellite equipment as it is viewed as a recovery of expenditures on customer premise equipment.

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OPERATING HIGHLIGHTS

Free cash flow of \$35.4 million and \$96.8 million for the three and nine month periods, respectively, compares to \$29.3 million and \$51.9 million for the same periods last year.

During the quarter Star Choice added 5,337 customers and as at May 31, 2007 customers now total 877,899

On February 1, 2007 Star Choice implemented rate increases on a number of its packages. The increases, which were fully implemented in March, generate additional revenue of approximately \$0.7 million per month. Service revenue increased 5.9% and 6.7% over the comparable quarter and nine month period last year to \$175.4 million and \$518.5 million, respectively. The improvements were primarily due to rate increases and customer growth. Service operating income before amortization increased 6.3% and 13.8% for each of the comparable three and nine month periods, respectively, to \$63.6 million and \$184.5 million. The improvements were driven by the growth in service revenue, lower sales related expenses, and reduced bad debt all of which were partially offset by costs to increase transponder capacity. The year-to-date period also benefited from recovery of provisions related to certain contractual matters.

Service revenue increased \$4.1 million over the second quarter of fiscal 2007 primarily due to a rate increase that was fully implemented in March and customer growth. Service operating income before amortization improved \$4.7 million over this same quarter primarily due to the increased revenues and lower sales related expenses. Capital expenditures of \$18.5 million and \$58.1 million for the quarter and year-to-date respectively, decreased \$1.3 million and \$20.3 million over the comparable periods last year. The current year to date amount of \$48.8 million decreased \$16.7 million over the comparable period mainly due to decreased activations and favorable pricing of receivers. Spending in Transponders and Other for the three and nine month periods of \$2.0 million and \$9.2 million, respectively, decreased \$1.9 million and \$3.6 million over the same periods last year. The decline was primarily due to the purchase of a license for the Satellite Services business in the comparable quarter while the prior year-to-date period also included investments to add additional transponder capacity.

During the quarter Star Choice also expanded their channel line up with new HD programming including HD Net, WGNHD and Series+. Series+ is a french language channel. They now offer 24 HD channels and have over 125,000 HD capable customers.

During the upcoming quarter Star Choice plans to complete several upgrade projects which will further expand its HD capacity. These include moving to a more advanced technology for HD signals which will allow for the increase in the number of HD channels per transponder.

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SUBSCRIBER STATISTICS

| | May 31, 2007 | August 31, 2006 | May 31, 2007 | | | |
|------------------------------|----------------|-----------------|------------------------------|-----|-----------------------------|-----|
| | | | Three months ended Growth | % | Nine months ended Growth | % |
| Star Choice customers (1) | 877,899 | 869,208 | 5,337 | 0.6 | 8,691 | 1.0 |

(1) Including seasonal customers who temporarily suspend their service.

| | Three months ended May 31, | | Nine months ended May 31, | |
|-----------------------|-------------------------------|------|------------------------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Churn (2) | 2.4% | 2.4% | 8.0% | 8.5% |
| Star Choice customers | 2.4% | 2.4% | 8.0% | 8.5% |

(2) Calculated as the number of new customer activations less the net gain of customers during the period divided by the average of the opening and closing customers for the applicable period.

OTHER INCOME AND EXPENSE ITEMS:

Amortization

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|----------------------------------|----------------------------|----------|-------------|---------------------------|-----------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| (\$000 s Cdn) | | | | | | |
| Amortization revenue (expense) - | | | | | | |
| Deferred IRU revenue | 3,137 | 3,136 | | 9,410 | 9,409 | |
| Deferred equipment revenue | 27,600 | 20,662 | 33.6 | 76,589 | 58,542 | 30.8 |
| Deferred equipment cost | (51,454) | (50,706) | 1.5 | (150,590) | (150,609) | |

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| | | | | | | |
|-------------------------------|-----------------|----------|-------|------------------|-----------|-------|
| Deferred charges | (1,365) | (1,503) | (9.2) | (3,838) | (4,086) | (6.1) |
| Property, plant and equipment | (95,140) | (90,986) | 4.6 | (284,113) | (288,848) | (1.6) |

The increase in amortization of deferred equipment revenue over the comparative periods is primarily due to growth in sales of higher priced HD digital equipment commencing in fiscal 2005. Amortization of property, plant and equipment increased over the comparative quarter due to the impact of current year capital expenditures. Amortization of property, plant and equipment decreased over the comparative nine month period as the impact of assets that became fully depreciated in fiscal 2006 and during the first six months of 2007 exceeded amortization on new capital purchases.

Interest

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|----------------------|----------------------------|--------|-------------|---------------------------|---------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| <i>(\$000 s Cdn)</i> | | | | | | |
| Interest | 61,218 | 63,756 | (4.0) | 184,656 | 191,582 | (3.6) |

Interest expense decreased over the comparative nine month period as a result of lower average debt levels. In addition, both the current quarter and nine month period benefited from the interest earned on short term investments as a portion of the proceeds from the \$400 million

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senior unsecured notes on March 2, 2007 was invested in short term deposits pending the repayment of maturing debt in the fall.

Investment activity

During the comparative quarter, the Company realized a pre-tax gain of \$45.3 million on the sale of its investment in Canadian Hydro Developers, Inc. (Canadian Hydro). The nine month periods also include the sale of minor interests in publicly traded companies which resulted in gains of \$0.4 million and \$1.7 million for 2007 and 2006, respectively.

Foreign exchange gain on unhedged and hedged long-term debt

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|--|----------------------------|-------|-------------|---------------------------|-------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| (\$000 s Cdn) | | | | | | |
| Foreign exchange gain on unhedged long-term debt | | 1,008 | (100) | | 5,360 | (100) |

In June 2006, the Company amended its existing credit facility and repaid US dollar denominated bank loans. Until that time Shaw recorded foreign exchange gains on the translation of foreign denominated unhedged bank debt. In addition, the Company recorded a foreign exchange gain on the US \$172.5 million COPrS prior to entering into a US dollar forward purchase contract in the first quarter of 2006 to hedge the redemption of the issue. Currently the Company does not have any foreign denominated unhedged long-term debt and therefore, does not anticipate recording any further foreign exchange gains and losses.

Under Canadian generally accepted accounting principles (GAAP), the Company translates long-term debt at period-end foreign exchange rates. Because the Company follows hedge accounting, the resulting foreign exchange gains or losses on translating hedged long-term debt are included in deferred credits or deferred charges. As a result, the amount of hedged long-term debt that is reported under GAAP is often different than the amount at which the hedged debt would be settled under existing cross-currency interest rate agreements. As outlined in Note 4 to the unaudited interim Consolidated Financial Statements, if the rate of translation was adjusted to reflect the hedged rates of the Company s cross-currency agreements (which fix the liability for interest and principal), long-term debt would increase by \$443.1 million (August 31, 2006 \$408.7 million) which represents the corresponding hedged amounts included in deferred credits.

Other gains

This category consists mainly of realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment, and the Company s share of the operations of Burrard Landing Lot 2 Holdings Partnership (the Partnership). Due to fluctuations of the Canadian dollar relative to the US dollar, the Company recorded a foreign exchange gain of \$2.2 million for the quarter (2006 -\$0.2 million) and \$0.4 million (2006 \$1.4 million) for the nine month period.

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Income Taxes

Income taxes increased over the comparative periods mainly due to the future income tax recoveries recorded in the first and third quarters of fiscal 2006 of \$31.4 million and \$23.4 million, respectively, both of which were related to reductions in corporate income tax rates and also due to increased income taxes on higher income in the current fiscal year.

RISKS AND UNCERTAINTIES

There have been no material changes in any risks or uncertainties facing the Company since August 31, 2006. A discussion of risks affecting the Company and its business is set forth in the Company's August 31, 2006 Annual Report under the Introduction to the Business - Known Events, Trends, Risks and Uncertainties in Management's Discussion and Analysis.

FINANCIAL POSITION

Total assets at May 31, 2007 were \$8.0 billion compared to \$7.5 billion at August 31, 2006. Following is a discussion of significant changes in the consolidated balance sheet since August 31, 2006.

Current assets increased by \$231.8 million due to increases in cash of \$211.0 million, accounts receivable of \$12.8 million and inventory of \$6.3 million. Cash increased as a portion of the proceeds from the \$400 million senior unsecured notes on March 2, 2007 was invested in short term deposits pending the repayment of maturing debt later in the calendar year. Accounts receivable increased mainly due to customer growth and rate increases, while inventories increased due to timing of purchases and continued growth.

Investments and other assets decreased by \$9.6 million due to the sale of an interest in a publicly traded company. Property, plant and equipment increased by \$114.9 million as current year capital expenditures exceeded amortization. Deferred charges increased \$9.7 million mainly due to an increase in deferred equipment costs of \$7.0 million. Broadcast licenses increased by \$84.9 million due to the acquisition of various cable systems.

Current liabilities (excluding current portion of long-term debt) decreased by \$53.3 million due to decreases in bank indebtedness of \$20.4 million and accounts payable of \$43.9 million, both of which were partially offset by an increase in unearned revenue of \$9.6 million. Accounts payable decreased primarily due to the timing of interest payments, while unearned revenue increased due to customer growth and rate increases.

Total long-term debt increased by \$85.2 million as a result of the issuance of \$400.0 million senior unsecured notes, partially offset by repayment of bank borrowings and Partnership debt of \$280.3 million and a decrease of \$34.5 million relating to the translation of hedged US denominated debt. Net debt, after considering the cash invested in short term deposits pending

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the repayment of maturing debt, was \$2.87 billion. It has decreased by approximately \$126 million since August 31, 2006.

Other long-term liability increased due to the current year defined benefit pension plan expense.

Deferred credits increased by \$43.7 million principally due to higher deferred foreign exchange gains on the translation of hedged US dollar denominated debt of \$34.5 million and an increase in deferred equipment revenue of \$22.7 million, both of which were partially offset by amortization of deferred IRU rental revenue of \$9.4 million.

Future income taxes increased by \$147.7 million due to the impact of cable system acquisitions and the future income tax expense recorded in the current year.

Share capital increased by \$78.2 million due to the issuance of Class B Non-Voting Shares. During the nine months ended May 31, 2007, the Company issued 89,794 Class B Non-Voting Shares for \$3.0 million as partial consideration in respect of a cable system acquisition and 2,250,477 Class B Non-Voting Shares were issued for \$75.2 million under the Company's option and warrant plans. As of June 30, 2007, share capital is as reported at May 31, 2007 with the exception of the issuance of 337,398 Class B Non-Voting Shares upon exercise of options subsequent to the quarter end.

LIQUIDITY AND CAPITAL RESOURCES

In the current year, Shaw generated \$280.1 million of consolidated free cash flow. Shaw used its free cash flow along with proceeds on issuance of Class B Non-Voting Shares of \$72.9 million, the net increase in debt of \$99.6 million, proceeds on the sale of various assets of \$15.8 million, and other net items of \$6.7 million to fund the cash component of cable systems acquisitions of \$72.2 million, pay common share dividends of \$140.5 million, invest in short term deposits of \$211.0 million and fund the net change in working capital requirements of \$51.4 million.

On November 14, 2006, Shaw received the approval of the TSX to renew its normal course issuer bid to purchase its Class B Non-Voting Shares for a further one year period. The Company is authorized to acquire up to an additional 15,300,000 Class B Non-Voting Shares, representing approximately 10% of the public float of Class B Non-Voting Shares, during the period November 17, 2006 to November 16, 2007. During the current year, no Class B Non-Voting Shares have been repurchased.

On March 2, 2007, Shaw issued \$400 million of senior unsecured notes at a rate of 5.7% due March 2, 2017. Net proceeds (after issue and underwriting expenses) of \$394.8 million were used for repayment of unsecured bank loans, general working capital purposes and to invest in short-term deposits pending the repayment of maturing debt. The notes were issued at a discount of \$0.9 million.

At May 31, 2007, Shaw had access to \$1.0 billion of available credit facilities. Based on available credit facilities and forecasted free cash flow, the Company expects to have sufficient liquidity to fund operations and obligations during the current fiscal year. On a longer-term basis, Shaw expects to generate free cash flow and have borrowing capacity sufficient to finance foreseeable future business plans and to refinance maturing debt.

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CASH FLOW

Operating Activities

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|---|----------------------------|----------|-------------|---------------------------|----------|-------------|
| | 2007 | 2006 | Change % | 2007 | 2006 | Change % |
| <i>(\$000 s Cdn)</i> | | | | | | |
| Funds flow from operations | 259,470 | 221,099 | 17.4 | 755,818 | 626,580 | 20.6 |
| Net increase in non-cash working capital balances related to operations | (28,075) | (22,536) | (24.6) | (51,430) | (33,738) | (52.4) |
| | 231,395 | 198,563 | 16.5 | 704,388 | 592,842 | 18.8 |

Funds flow from operations increased over comparative periods as a result of growth in service operating income before amortization and lower interest expense. The net change in non-cash working capital balances over the comparative periods is mainly due to timing of payment of accounts payable and accrued liabilities.

Investing Activities

| | Three months ended May 31, | | | Nine months ended May 31, | | |
|--|----------------------------|----------|----------|---------------------------|-----------|----------|
| | 2007 | 2006 | Increase | 2007 | 2006 | Increase |
| <i>(\$000 s Cdn)</i> | | | | | | |
| Cash flow used in investing activities | (156,410) | (48,488) | 107,922 | (525,010) | (340,925) | 184,085 |

The cash used in investing activities increased over the comparative periods due to higher expenditures on capital, cable system acquisitions in the current year and lower proceeds on sale of investments and other assets due to the sale of Canadian Hydro in 2006. For the nine month period, the increased cash outlay for the aforementioned items was partially offset by lower cash requirements for equipment costs (net) and deferred financing costs.

Financing Activities

The changes in financing activities during the comparative periods were as follows:

| | Three months ended May 31, | | Nine months ended May 31, | |
|--|-------------------------------|---------|------------------------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| <i>(In \$millions Cdn)</i> | | | | |
| Bank loans and bank indebtedness net repayments | (227.2) | (411.2) | (300.4) | (647.0) |
| Proceeds on \$400 million senior unsecured notes | 400.0 | | 400.0 | |
| Proceeds on \$300 million senior unsecured notes | | 300.0 | | 300.0 |
| Proceeds on \$450 million senior unsecured notes | | | | 450.0 |
| Dividends | (54.2) | (29.4) | (140.4) | (74.1) |
| Repayment of Partnership debt | (0.1) | (0.1) | (0.3) | (0.3) |
| Issue of Class B Non-Voting Shares | 17.7 | 0.3 | 72.9 | 0.4 |

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| | | | | |
|--|--------------|---------|--------------|---------|
| Purchase of Class B Non-Voting Shares for cancellation | | | | (58.0) |
| Proceeds on bond forwards | 0.2 | | 0.2 | 2.5 |
| Proceeds on prepayment of IRU | | | | 0.2 |
| Cost to terminate forward contracts | (0.4) | | (0.4) | (15.8) |
| Redemption of COPrS | | | | (201.9) |
| | 136.0 | (140.4) | 31.6 | (244.0) |

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Shaw Communications Inc.

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

| | Service operating | | | Basic earnings per share (2) | Funds flow from operations (3) |
|--|----------------------|--|------------|---------------------------------------|---|
| | Service revenue | income before amortization ⁽¹⁾ | Net income | | |
| <i>(\$000 s Cdn except per share amounts)</i> | | | | | |
| 2007 | | | | | |
| Third | 702,238 | 310,748 | 91,658 | 0.42 | 259,470 |
| Second | 685,730 | 303,038 | 79,751 | 0.37 | 252,412 |
| First | 671,006 | 299,787 | 81,138 | 0.38 | 243,936 |
| 2006 | | | | | |
| Fourth | 631,888 | 275,127 | 210,369 | 0.97 | 220,617 |
| Third | 626,654 | 279,544 | 126,410 | 0.58 | 221,099 |
| Second | 611,197 | 267,924 | 45,790 | 0.21 | 208,273 |
| First | 589,545 | 255,322 | 75,681 | 0.35 | 197,208 |
| 2005 | | | | | |
| Fourth | 562,958 | 250,759 | 69,959 | 0.31 | 191,507 |

(1) See definition and discussion under Key Performance Drivers in Management's Discussion and Analysis.

(2) Diluted earnings per share equals basic earnings per share except in the fourth quarter of 2006 where diluted earnings per share is \$0.96.

(3) Funds flow from operations

is presented
before changes
in net non-cash
working capital
as presented in
the unaudited
interim
Consolidated
Statements of
Cash Flows.

Generally, service revenue and service operating income before amortization have grown quarter-over-quarter mainly due to customer growth and rate increases. Net income has generally trended positively quarter-over-quarter as a result of the growth in service operating income before amortization described above, reductions of interest expense as a result of debt repayment and retirement, the impact of the net change in non-operating items such as gains on sale of investments, foreign currency fluctuations on unhedged US denominated debt, fair value adjustments on foreign currency forward contracts and the impact of corporate income tax rate reductions. The exceptions to the consecutive quarter-over-quarter increases in net income are the second quarter of 2006 and the first and second quarters of 2007. Net income declined by \$29.9 million in the second quarter of 2006 and by \$129.2 million in the first quarter of 2007 due to income tax recoveries primarily related to reductions in corporate income tax rates which contributed \$31.4 million and \$150.0 million to net income in the first and fourth quarters of 2006, respectively. The decline in the second quarter of 2007 was marginal. As a result of the aforementioned changes in net income, basic and diluted earnings per share have trended accordingly.

ACCOUNTING STANDARDS

Update to critical accounting policies and estimates

The Management's Discussion and Analysis (MD&A) included in the Company's August 31, 2006 Annual Report outlined critical accounting policies including key estimates and assumptions that management has made under these policies and how they affect the amounts reported in the Consolidated Financial Statements. The MD&A also describes significant accounting policies where alternatives exist. The unaudited interim Consolidated Financial Statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements.

Shaw Communications Inc.

CAUTION CONCERNING FORWARD LOOKING STATEMENTS

Certain statements included and incorporated by reference herein may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used, the words anticipate, believe, expect, plan, intend, target, guideline, goal, and similar expressions generally identify forward-looking statements. These forward-looking statements include, but are not limited to, references to future capital expenditures (including the amount and nature thereof), financial guidance for future performance, business strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of Shaw's business and operations, plans and references to the future success of Shaw. These forward-looking statements are based on certain assumptions and analyses made by Shaw in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with expectations and predictions of the Company is subject to a number of risks and uncertainties. These factors include include general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by Shaw; increased competition in the markets in which Shaw operates and from the development of new markets for emerging technologies; changes in laws, regulations and decisions by regulators in Shaw's industries in both Canada and the United States; Shaw's status as a holding company with separate operating subsidiaries; changing conditions in the entertainment, information and communications industries; risks associated with the economic, political and regulatory policies of local governments and laws and policies of Canada and the United States; and other factors, many of which are beyond the control of Shaw. Should one or more of these risks materialize or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those as described herein. Consequently, all of the forward-looking statements made in this report and the documents incorporated by reference herein are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Shaw will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this document to reflect any change in expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors affecting the Company emerge from time to time, and it is not possible for the Company to predict what factors will arise or when. In addition, the Company cannot assess the impact of each factor on its business or the extent to which any particular factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Shaw Communications Inc.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

| [thousands of Canadian dollars] | May 31, 2007 | August 31, 2006 |
|---|------------------|--------------------|
| ASSETS | | |
| Current | | |
| Cash | 210,986 | |
| Accounts receivable | 150,925 | 138,142 |
| Inventories | 60,303 | 53,994 |
| Prepays and other | 22,543 | 20,870 |
| | 444,757 | 213,006 |
| Investments and other assets | 8,371 | 17,978 |
| Property, plant and equipment | 2,364,988 | 2,250,056 |
| Deferred charges | 271,607 | 261,908 |
| Intangibles | | |
| Broadcast licenses | 4,776,387 | 4,691,484 |
| Goodwill | 88,111 | 88,111 |
| | 7,954,221 | 7,522,543 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current | | |
| Bank indebtedness | | 20,362 |
| Accounts payable and accrued liabilities | 417,170 | 461,119 |
| Income taxes payable | 6,309 | 4,918 |
| Unearned revenue | 116,118 | 106,497 |
| Current portion of long-term debt <i>[note 4]</i> | 297,231 | 449 |
| | 836,828 | 593,345 |
| Long-term debt <i>[note 4]</i> | 2,784,369 | 2,995,936 |
| Other long-term liability <i>[note 9]</i> | 53,231 | 37,724 |
| Deferred credits | 1,144,562 | 1,100,895 |
| Future income taxes | 1,132,651 | 984,938 |
| | 5,951,641 | 5,712,838 |
| Shareholders equity | | |
| Share capital <i>[note 5]</i> | 2,055,213 | 1,976,966 |
| Contributed surplus <i>[note 5]</i> | 7,650 | 5,110 |
| Deficit | (60,601) | (172,701) |
| Cumulative translation adjustment | 318 | 330 |
| | 2,002,580 | 1,809,705 |

7,954,221

7,522,543

See accompanying notes

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Shaw Communications Inc.**CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT
(Unaudited)**

| | Three months ended | | Nine months ended | |
|--|--------------------|-----------|-------------------|-----------|
| | May 31, | | May 31, | |
| [thousands of Canadian dollars except per share amounts] | 2007 | 2006 | 2007 | 2006 |
| Service revenue <i>[note 2]</i> | 702,238 | 626,654 | 2,058,974 | 1,827,396 |
| Operating, general and administrative expenses | 391,490 | 347,110 | 1,145,401 | 1,024,606 |
| Service operating income before amortization <i>[note 2]</i> | 310,748 | 279,544 | 913,573 | 802,790 |
| Amortization: | | | | |
| Deferred IRU revenue | 3,137 | 3,136 | 9,410 | 9,409 |
| Deferred equipment revenue | 27,600 | 20,662 | 76,589 | 58,542 |
| Deferred equipment cost | (51,454) | (50,706) | (150,590) | (150,609) |
| Deferred charges | (1,365) | (1,503) | (3,838) | (4,086) |
| Property, plant and equipment | (95,140) | (90,986) | (284,113) | (288,848) |
| Operating income | 193,526 | 160,147 | 561,031 | 427,198 |
| Interest <i>[note 2]</i> | (61,218) | (63,756) | (184,656) | (191,582) |
| | 132,308 | 96,391 | 376,375 | 235,616 |
| Gain on sale of investments | | 45,445 | 415 | 47,135 |
| Write-down of investment | | | | (374) |
| Foreign exchange gain on unhedged long-term debt | | 1,008 | | 5,360 |
| Fair value loss on a foreign currency forward contract | | | | (360) |
| Debt retirement costs | | | | (8,123) |
| Other gains | 7,963 | 1,322 | 8,525 | 5,644 |
| Income before income taxes | 140,271 | 144,166 | 385,315 | 284,898 |
| Income tax expense | 48,518 | 17,711 | 132,874 | 36,824 |
| Income before the following | 91,753 | 126,455 | 252,441 | 248,074 |
| Equity income (loss) on investees | (95) | (45) | 106 | (193) |
| Net income | 91,658 | 126,410 | 252,547 | 247,881 |
| Deficit, beginning of period | (98,021) | (388,906) | (172,701) | (428,855) |
| Reduction on Class B Non-Voting Shares purchased for cancellation | | | | (35,085) |
| Amortization of opening fair value loss on a foreign currency forward contract | | | | (1,705) |
| Dividends - Class A and Class B Non-Voting Shares | (54,238) | (29,365) | (140,447) | (74,097) |
| Deficit, end of period | (60,601) | (291,861) | (60,601) | (291,861) |
| Earnings per share <i>[note 6]</i> | | | | |
| Basic | 0.42 | 0.58 | 1.17 | 1.14 |

| | | | | |
|---|----------------|---------|----------------|---------|
| Diluted | 0.42 | 0.58 | 1.16 | 1.14 |
| [thousands of shares] | | | | |
| Weighted average participating shares outstanding during period | 217,018 | 217,625 | 216,015 | 218,093 |
| Participating shares outstanding, end of period | 217,282 | 217,635 | 217,282 | 217,635 |

See accompanying notes

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Shaw Communications Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| [thousands of Canadian dollars] | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|-----------|------------------------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| OPERATING ACTIVITIES <i>[note 7]</i> | | | | |
| Funds flow from operations | 259,470 | 221,099 | 755,818 | 626,580 |
| Net increase in non-cash working capital balances related to operations | (28,075) | (22,536) | (51,430) | (33,738) |
| | 231,395 | 198,563 | 704,388 | 592,842 |
| INVESTING ACTIVITIES | | | | |
| Additions to property, plant and equipment <i>[note 2]</i> | (124,153) | (97,307) | (395,403) | (312,161) |
| Additions to equipment costs (net) <i>[note 2]</i> | (22,424) | (21,011) | (61,236) | (86,388) |
| Net reduction (addition) to inventories | 9,261 | 12,425 | (6,309) | (4,646) |
| Cable business acquisitions <i>[note 3]</i> | (19,307) | | (72,225) | |
| Proceeds on sale of investments and other assets | 5,534 | 70,777 | 15,849 | 84,439 |
| Acquisition of investments | | (2,904) | | (2,904) |
| Additions to deferred charges | (5,321) | (10,468) | (5,686) | (19,265) |
| | (156,410) | (48,488) | (525,010) | (340,925) |
| FINANCING ACTIVITIES | | | | |
| Decrease in bank indebtedness | (42,163) | (29,677) | (20,362) | |
| Increase in long-term debt | 400,000 | 375,000 | 460,000 | 1,025,000 |
| Long-term debt repayments | (185,113) | (456,696) | (340,334) | (1,124,286) |
| Cost to terminate forward contracts | (370) | | (370) | (15,774) |
| Issue of Class B Non-Voting Shares, net of after-tax expenses | 17,732 | 300 | 72,947 | 416 |
| Proceeds on bond forwards | 190 | | 190 | 2,486 |
| Proceeds on prepayment of IRU | | | | 228 |
| Purchase of Class B Non-Voting Shares for cancellation | | | | (57,954) |
| Dividends paid on Class A and Class B Non-Voting Shares | (54,238) | (29,365) | (140,447) | (74,097) |
| | 136,038 | (140,438) | 31,624 | (243,981) |
| Effect of currency translation on cash balances and cash flows | (37) | (12) | (16) | (24) |
| Increase in cash | 210,986 | 9,625 | 210,986 | 7,912 |
| Cash, beginning of the period | | | | 1,713 |

| | | | | |
|--------------------------------|----------------|-------|----------------|-------|
| Cash, end of the period | 210,986 | 9,625 | 210,986 | 9,625 |
|--------------------------------|----------------|-------|----------------|-------|

Cash includes cash and term deposits

See accompanying notes

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Shaw Communications Inc.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)**

May 31, 2007 and 2006

[all amounts in thousands of Canadian dollars, except per share amounts]

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim Consolidated Financial Statements include the accounts of Shaw Communications Inc. and its subsidiaries (collectively the Company). The notes presented in these unaudited interim Consolidated Financial Statements include only significant events and transactions occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in the Company's annual audited consolidated financial statements. As a result, these unaudited interim Consolidated Financial Statements should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2006.

The unaudited interim Consolidated Financial Statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements.

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

May 31, 2007 and 2006

[all amounts in thousands of Canadian dollars, except per share amounts]

2. BUSINESS SEGMENT INFORMATION

The Company provides cable television services, high-speed Internet access, Digital Phone and Internet infrastructure services (Cable); DTH satellite services (Star Choice); and, satellite distribution services (Satellite Services). All of these operations are located in Canada. Information on operations by segment is as follows:

Operating information

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|---------|------------------------------|-----------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ |
| Service revenue | | | | |
| Cable | 527,687 | 461,847 | 1,542,950 | 1,343,565 |
| DTH | 155,074 | 146,575 | 458,756 | 428,042 |
| Satellite Services | 23,043 | 21,466 | 67,433 | 64,565 |
| | | | | |
| Inter segment - | 705,804 | 629,888 | 2,069,139 | 1,836,172 |
| Cable | (817) | (772) | (2,469) | (2,234) |
| DTH | (1,874) | (1,577) | (5,071) | (3,887) |
| Satellite Services | (875) | (885) | (2,625) | (2,655) |
| | 702,238 | 626,654 | 2,058,974 | 1,827,396 |
| | | | | |
| Service operating income before amortization | | | | |
| Cable | 247,177 | 219,766 | 729,110 | 640,664 |
| DTH | 51,095 | 48,838 | 148,356 | 129,063 |
| Satellite Services | 12,476 | 10,940 | 36,107 | 33,063 |
| | 310,748 | 279,544 | 913,573 | 802,790 |
| | | | | |
| Interest ⁽¹⁾ | | | | |
| Cable | 51,151 | 52,689 | 154,006 | 158,803 |
| DTH and Satellite Services | 9,714 | 10,706 | 29,584 | 31,692 |
| Burrard Landing Lot 2 Holdings Partnership | 353 | 361 | 1,066 | 1,087 |
| | 61,218 | 63,756 | 184,656 | 191,582 |
| | | | | |
| Cash taxes ⁽¹⁾ | | | | |
| Cable | | 1,035 | | 3,118 |
| DTH and Satellite Services | | 35 | | 166 |
| | | 1,070 | | 3,284 |

- (1) The Company reports interest and cash taxes on a segmented basis for Cable and combined satellite only. It does not report interest and cash taxes on a segmented basis for DTH and Satellite Services.

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Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

May 31, 2007 and 2006

[all amounts in thousands of Canadian dollars, except per share amounts]

Capital expenditures

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|---------|------------------------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ |
| Capital expenditures accrual basis | | | | |
| Cable | 107,032 | 80,725 | 349,079 | 278,656 |
| Corporate | 15,686 | 13,756 | 32,847 | 22,839 |
| Sub-total Cable including corporate | 122,718 | 94,481 | 381,926 | 301,495 |
| Satellite (net of equipment profit) | 1,105 | 3,052 | 6,698 | 10,535 |
| | 123,823 | 97,533 | 388,624 | 312,030 |
| Equipment costs (net of revenue received) | | | | |
| Cable | 5,053 | 4,311 | 9,863 | 18,544 |
| Satellite | 17,371 | 16,700 | 51,373 | 67,844 |
| | 22,424 | 21,011 | 61,236 | 86,388 |
| Capital expenditures and equipment costs (net) | | | | |
| Cable | 127,771 | 98,792 | 391,789 | 320,039 |
| Satellite | 18,476 | 19,752 | 58,071 | 78,379 |
| | 146,247 | 118,544 | 449,860 | 398,418 |
| Reconciliation to Consolidated Statements of Cash Flows | | | | |
| Additions to property, plant and equipment | 124,153 | 97,307 | 395,403 | 312,161 |
| Additions to equipment costs (net) | 22,424 | 21,011 | 61,236 | 86,388 |
| Total of capital expenditures and equipment costs (net) per Consolidated Statements of Cash Flows | 146,577 | 118,318 | 456,639 | 398,549 |
| Decrease (increase) in working capital related to capital expenditures | 591 | 1,127 | (4,142) | 4,265 |
| Less: Partnership capital expenditures ⁽¹⁾ | | | | (1,803) |

| | | | | |
|---|---------|---------|---------|---------|
| Less: IRU prepayments ⁽²⁾ | | (45) | (7) | (206) |
| Less: Satellite equipment profit ⁽³⁾ | (921) | (856) | (2,630) | (2,387) |
| Total capital expenditures and equipment costs (net) reported by segments | 146,247 | 118,544 | 449,860 | 398,418 |

- (1) Consolidated capital expenditures include the Company's proportionate share of the Burrard Landing Lot 2 Holdings Partnership (Partnership) capital expenditures which the Company is required to proportionately consolidate (see Note 1 to the Company's 2006 Consolidated Financial Statements). As the Partnership is financed by its own debt with no recourse to the Company, the Partnership's capital expenditures are subtracted from the calculation of segmented capital expenditures and equipment costs (net).
- (2) Prepayments on indefeasible rights to use (IRUs) certain specifically identified fibres in amounts not exceeding the costs to build the fiber subject to the IRUs are subtracted from the calculation of segmented capital expenditures and equipment costs (net).
- (3) The profit from the sale of satellite equipment is subtracted from the calculation of segmented capital expenditures and equipment costs (net) as the Company views the profit on sale as a recovery of expenditures on customer premise equipment.

Shaw Communications Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****May 31, 2007 and 2006****[all amounts in thousands of Canadian dollars, except per share amounts]****Assets**

| | May 31, 2007 | | | Total |
|------------------|---------------------|----------------|------------------|------------------|
| | Cable | DTH | Satellite | |
| | \$ | \$ | \$ | \$ |
| Segment assets | 6,116,463 | 849,820 | 525,332 | 7,491,615 |
| Corporate assets | | | | 462,606 |
| Total assets | | | | 7,954,221 |

| | August 31, 2006 | | | Total |
|------------------|------------------------|------------|------------------|--------------|
| | Cable | DTH | Satellite | |
| | \$ | \$ | \$ | \$ |
| Segment assets | 5,891,103 | 859,941 | 536,044 | 7,287,088 |
| Corporate assets | | | | 235,455 |
| Total assets | | | | 7,522,543 |

Shaw Communications Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)**

May 31, 2007 and 2006

[all amounts in thousands of Canadian dollars, except per share amounts]

3. CABLE BUSINESS ACQUISITIONS

| | May 31, 2007 | | | Total |
|---|--------------|------------------|---------------------------------------|----------------|
| | Cash | Accounts payable | Issuance of Class B Non-Voting Shares | purchase price |
| | \$ | \$ | \$ | \$ |
| Cable systems | 72,200 | 303 | 3,000 | 75,503 |
| A summary of net assets acquired on cable business acquisitions, accounted for as purchases, is as follows: | | | | \$ |
| Identifiable net assets acquired at assigned fair values | | | | |
| Property, plant and equipment | | | | 8,232 |
| Broadcast licenses | | | | 84,903 |
| | | | | 93,135 |
| Working capital deficiency | | | | 2,808 |
| Future income taxes | | | | 14,824 |
| | | | | 17,632 |
| Purchase price | | | | 75,503 |

During the nine months ended May 31, 2007, the Company purchased four cable systems serving approximately 20,200 basic subscribers in British Columbia and Ontario. The \$3,000 value of the 89,794 Class B Non-Voting Shares, issued as partial consideration for one of the acquisitions, was determined based upon the average market price over a short period prior to the date the terms of the purchase were agreed to and announced. The purchase price allocation may be impacted by settlement of final closing adjustments.

Shaw Communications Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

May 31, 2007 and 2006

[all amounts in thousands of Canadian dollars, except per share amounts]

4. LONG-TERM DEBT

| | Effective interest rates % | May 31, 2007 | | | August 31, 2006 | | |
|--|----------------------------|---|--|------------------------------|---|--|------------------------------|
| | | Translated at period end exchange rate \$ | Adjustment for hedged debt ⁽¹⁾ \$ | Translated at hedged rate \$ | Translated at year end exchange rate \$ | Adjustment for hedged debt ⁽¹⁾ \$ | Translated at hedged rate \$ |
| Corporate | | | | | | | |
| Bank loans ⁽²⁾ | Fixed and variable | | | | 280,000 | | 280,000 |
| Senior notes- Due March 2, 2017 ⁽³⁾ | 5.72 | 400,000 | | 400,000 | | | |
| Due November 16, 2012 | 6.11 | 450,000 | | 450,000 | 450,000 | | 450,000 |
| Due May 9, 2016 | 6.34 | 300,000 | | 300,000 | 300,000 | | 300,000 |
| Due October 17, 2007 | 7.40 | 296,760 | | 296,760 | 296,760 | | 296,760 |
| US \$440,000 due April 11, 2010 | 7.88 | 470,624 | 171,996 | 642,620 | 486,332 | 156,288 | 642,620 |
| US \$225,000 due April 6, 2011 | 7.68 | 240,660 | 115,178 | 355,838 | 248,693 | 107,145 | 355,838 |
| US \$300,000 due December 15, 2011 | 7.61 | 320,880 | 155,970 | 476,850 | 331,590 | 145,260 | 476,850 |
| Due November 20, 2013 | 7.50 | 350,000 | | 350,000 | 350,000 | | 350,000 |
| COPrS - Due September 30, 2027 | 8.54 | 100,000 | | 100,000 | 100,000 | | 100,000 |
| | | 2,928,924 | 443,144 | 3,372,068 | 2,843,375 | 408,693 | 3,252,068 |

**Other
subsidiaries and**

entities

| | | | | | | | |
|---|------|------------------|----------------|------------------|-----------|---------|-----------|
| Videon CableSystems Inc. 8.15% Senior Debentures Series A due April 26, 2010 | 7.63 | 130,000 | | 130,000 | 130,000 | | 130,000 |
| Burrard Landing Lot 2 Holdings Partnership | 6.31 | 22,676 | | 22,676 | 23,010 | | 23,010 |
| | | 152,676 | | 152,676 | 153,010 | | 153,010 |
| Total consolidated debt | | 3,081,600 | 443,144 | 3,524,744 | 2,996,385 | 408,693 | 3,405,078 |
| Less current portion ⁽⁴⁾ | | 297,231 | | 297,231 | 449 | | 449 |
| | | 2,784,369 | 443,144 | 3,227,513 | 2,995,936 | 408,693 | 3,404,629 |

(1) Foreign denominated long-term debt is translated at the period-end foreign exchange rates. Because the Company follows hedge accounting, the resulting exchange gains and losses on translating hedged long-term debt are included in deferred charges or deferred credits. If the rate of translation was adjusted to reflect the hedged rates of the Company's cross-currency interest rate agreements (which fix the liability for interest and principal), long-term debt would increase by \$443,144 (August 31, 2006 \$408,693) representing a corresponding amount in deferred credits. The hedged rates on the Senior notes of US \$440,000, US \$225,000 and US \$300,000 are 1.4605, 1.5815 and 1.5895, respectively.

(2) Availabilities under banking facilities are as follows at May 31, 2007:

| | Total | Bank loans ^(a) | Operating credit facilities |
|---|--------------|----------------------------------|--|
| | \$ | (b) \$ | (a) \$ |
| Total facilities | 1,050,000 | 1,000,000 | 50,000 |
| Amount drawn (excluding letters of credit of \$474) | | | |
| | 1,050,000 | 1,000,000 | 50,000 |

Shaw Communications Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****May 31, 2007 and 2006****[all amounts in thousands of Canadian dollars, except per share amounts]**

- (a) Bank loans represent liabilities classified as long-term debt. Operating credit facilities are for terms less than one year and accordingly are classified as bank indebtedness. During the current quarter, the Company terminated the Satellite Services \$10,000 demand operating line of credit.
- (b) During the current quarter, the Company extended the term of the \$1 billion revolving credit facility by one year to May 31, 2012. The credit facility is unsecured and ranks pari passu with the senior unsecured notes.
- (3) On March 2, 2007 the Company issued \$400,000 of senior notes at a rate of 5.70%. The effective interest rate is 5.72% due to the discount on issuance. The senior notes are unsecured obligations that rate equally and ratably with all existing and future senior unsecured indebtedness. The notes are redeemable at the Company's option at any time, in whole or in part, prior to maturity at 100% of the principal plus a make-whole premium.
- (4) Current portion of long-term debt includes the Senior notes due October 17, 2007 and the amount due within one year on the Partnership's mortgage bonds.

5. SHARE CAPITAL**Issued and outstanding**

Changes in Class A and Class B Non-Voting Share capital during the nine months ended May 31, 2007 are as follows:

| | Class A Shares | | Class B Non-Voting Shares | |
|--|-----------------------|-------|----------------------------------|-----------|
| | Number | \$ | Number | \$ |
| August 31, 2006 | 11,291,932 | 2,475 | 203,649,904 | 1,974,491 |
| Class A Share conversion | (10,400) | (2) | 10,400 | 2 |
| Issued upon stock option plans exercises | | | 2,250,477 | 75,252 |
| Issued in respect of acquisition | | | 89,794 | 3,000 |
| Share issue costs | | | | (5) |
| May 31, 2007 | 11,281,532 | 2,473 | 206,000,575 | 2,052,740 |

Stock option plan

In our stock option plan, directors, officers, employees and consultants of the Company are eligible to receive stock options to acquire Class B Non-Voting Shares with terms not to exceed 10 years from the date of grant. Twenty-five percent of the options are exercisable on each of the first four anniversary dates from the date of the original grant. The options must be issued at not less than the fair market value of the Class B Non-Voting Shares at the date of grant. The maximum number of Class B Non-Voting Shares issuable under this plan and the warrant plan described below may not exceed 16,000,000. To date, 2,305,943 Class B Non-Voting Shares have been issued under these plans. During the three and nine months ended May 31, 2007, 543,175 and 2,232,076 options were exercised for \$17,732 and \$72,579, respectively.

Shaw Communications Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****May 31, 2007 and 2006****[all amounts in thousands of Canadian dollars, except per share amounts]**

The changes in options for the nine months ended May 31, 2007 are as follows:

| | Shares | Weighted average exercise price \$ |
|------------------------------------|--------------------|---|
| Outstanding at beginning of period | 9,558,801 | 32.60 |
| Granted | 2,743,750 | 36.42 |
| Forfeited | (909,758) | 34.07 |
| Exercised | (2,232,076) | 32.52 |
| Outstanding at end of period | 9,160,717 | 33.50 |

The following table summarizes information about the options outstanding at May 31, 2007:

| Number outstanding at | Weighted average remaining | Weighted average | Number exercisable at | Weighted average |
|-----------------------------|----------------------------------|---------------------|--------------------------|---------------------|
|-----------------------------|----------------------------------|---------------------|--------------------------|---------------------|