SHAW COMMUNICATIONS INC
Form 6-K
October 25, 2012

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 October 2012

Commission File Number: 001-14684

Shaw Communications Inc.

(Translation of registrant s name into English)

Suite 900, 630 3rd 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 x

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 x

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

The information contained in this report on Form 6-K and any exhibits hereto shall be deemed filed with the Securities and Exchange Commission (SEC) solely for purpose of being and hereby are incorporated by reference into and as part of the Registration Statement on Form F-10 (File No. 333-170416) filed by the registrant under the Securities Act of 1933, as amended.

SIGNATURE

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

Shaw Communications Inc.

Date: October 25, 2012

By:	/s/ Steve Wilson
Name:	Steve Wilson
Title:	Sr. V.P., Chief Financial Officer

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Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS

AUGUST 31, 2012

October 25, 2012

Certain statements in this report may constitute forward-looking statements. Included herein is a Caution Concerning Forward-Looking Statements section which should be read in conjunction with this report.

The following Management s Discussion and Analysis (MD&A) should also be read in conjunction with the unaudited interim consolidated Financial Statements and Notes thereto of the current quarter, the 2011 Annual MD&A included in the Company s August 31, 2011 Annual Report including the Consolidated Financial Statements and the Notes thereto.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS) for interim financial statements and is expressed in Canadian dollars unless otherwise stated. The amounts in this MD&A and the Company s interim financial statements for the period ended August 31, 2011 have been restated to reflect the adoption of IFRS, with effect from September 1, 2010. Periods prior to September 1, 2010 have not been restated and are prepared in accordance with Canadian GAAP. Refer to note 15 of the August 31, 2012 interim financial statements for a summary of the differences between the financial statements previously prepared under Canadian GAAP and to those under IFRS.

CONSOLIDATED RESULTS OF OPERATIONS

FOURTH QUARTER ENDING AUGUST 31, 2012

Selected Financial Highlights

	Three months ended August 31,			Year ended August 31,		
($millions Cdn except per share amounts)	**2012**	2011	Change %	**2012**	2011	Change %
Operations:						
Revenue	**1,210**	1,181	2.5	**4,998**	4,741	5.4
Operating income before amortization [(1)]	**501**	481	4.2	**2,127**	2,051	3.7
Operating margin [(1)]	**41.4%**	40.7%	0.7	**42.6%**	43.3%	(0.7)
Funds flow from continuing operations [(2)]	**355**	356	(0.3)	**1,299**	1,433	(9.4)
Net income from continuing operations	**133**	167	(20.4)	**761**	559	36.1
Per share data:						
Earnings per share from continuing operations						
Basic	**0.28**	0.37		**1.62**	1.23	
Diluted	**0.28**	0.37		**1.61**	1.23	
Weighted average participating shares outstanding during period (millions)	**443**	436		**441**	435	

(1) See definitions and discussion under Key Performance Drivers in MD&A.

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

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Subscriber Highlights

	Total	Growth			
	August 31,	Three months ended August 31,		Year ended August 31,	
	2012	**2012**	2011	**2012**	2011
Subscriber statistics:					
Basic cable customers	**2,219,072**	**(16,474)**	(16,207)	**(70,703)**	(50,988)
Digital customers	**1,917,857**	**(7,907)**	49,548	**98,469**	166,369
Internet customers (including pending installs)	**1,912,230**	**6,062**	13,528	**34,999**	54,217
Digital phone lines (including pending installs)	**1,363,744**	**24,185**	22,776	**130,703**	136,534
DTH customers	**910,023**	**1,155**	806	**1,140**	3,087

Consolidated Overview

Consolidated revenue of $1.21 billion for the current quarter compares to $1.18 billion for the same period last year. Revenue for the twelve month period of $5.0 billion improved 5.4% over last year. Both current periods benefitted from rate increases in the Cable and Satellite divisions while the annual period also included a full twelve months of revenue from Shaw Media.

Consolidated operating income before amortization for the three month period of $501 million improved 4.2% compared to the same period last year. The revenue related growth in the Cable and Satellite divisions was partially reduced by higher programming and employee related amounts. Both divisions also benefitted from lower sales and marketing related costs in the current quarter. Media was up due to higher revenues and lower programming costs. On an annual basis operating income before amortization improved 3.7% to $2.13 billion primarily due to the current period including a full twelve months of the Media division.

Net income from continuing operations was $133 million and $761 million for the three and twelve months ended August 31, 2012, respectively, compared to $167 million and $559 million for the same periods last year. Non-operating items affected net income in all periods. The prior quarterly period included a gain on the redemption of US$ senior notes while the prior annual period also included a charge of $139 million for the discounted value of the CRTC benefit obligation related to the Media acquisition, as well as business acquisition, integration and restructuring expenses of $91 million. Outlined below are further details on these and other operating and non-operating components of net income from continuing operations for each period.

Shaw Communications Inc.

($millions Cdn)	Year ended August 31, 2012	Operating	Non-operating	Year ended August 31, 2011	Operating	Non-operating
Operating income	**1,319**	**1,319**		1,316	1,316	
Amortization of financing costs long-term debt	**(5)**	**(5)**		(4)	(4)	
Interest expense	**(330)**	**(330)**		(332)	(332)	
Gain on redemption of debt				33		33
CRTC benefit obligations	**(2)**		**(2)**	(139)		(139)
Business acquisition, integration and restructuring expenses				(91)		(91)
Gain on remeasurement of interests in equity investments	**6**		**6**			
Gain (loss) on derivative instruments	**1**		**1**	(22)		(22)
Accretion of long-term liabilities and provisions	**(14)**		**(14)**	(15)		(15)
Foreign exchange gain on unhedged long-term debt				17		17
Equity income from associates				14		14
Other gains				11		11
Income (loss) before income taxes	**975**	**984**	**(9)**	788	980	(192)
Current income tax expense (recovery)	**257**	**282**	**(25)**	220	240	(20)
Deferred income tax expense (recovery)	**(43)**	**(58)**	**15**	9	23	(14)
Net income (loss) from continuing operations	**761**	**760**	**1**	559	717	(158)

($millions Cdn)	Three months ended August 31, 2012	Operating	Non-operating	Three months ended August 31, 2011	Operating	Non-operating
Operating income	**292**	**292**		296	296	
Amortization of financing costs long-term debt	**(2)**	**(2)**		(1)	(1)	
Interest expense	**(83)**	**(83)**		(88)	(88)	
Gain on redemption of debt				23		23
Business acquisition, integration and restructuring expenses				(1)		(1)
Gain on derivative instruments				4		4
Accretion of long-term liabilities and provisions	**(3)**		**(3)**	(4)		(4)
Foreign exchange loss on unhedged long-term debt				(6)		(6)
Equity loss from associates	**(1)**		**(1)**			
Other gains	**2**		**2**	4		4
Income (loss) before income taxes	**205**	**207**	**(2)**	227	207	20
Current income tax expense (recovery)	**60**	**64**	**(4)**	53	46	7
Deferred income tax expense (recovery)	**12**	**(10)**	**22**	7	8	(1)
Net income (loss) from continuing operations	**133**	**153**	**(20)**	167	153	14

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The changes in net income from continuing operations are outlined in the table below.

	August 31, 2012 net income from continuing operations compared to:		
	Three months ended		Year ended
	May 31, 2012	August 31, 2011	August 31, 2011
($millions Cdn)			
Increased (decreased) operating income before efore amortization	(66)	20	76
Increased amortization	(12)	(25)	(74)
Decreased (increased) interest expense	(1)	5	2
Change in net other costs and revenue [1]	(5)	(22)	183
Decreased (increased) income taxes	(31)	(12)	15
	(115)	(34)	202

[1] Net other costs and revenue includes gain on redemption of debt, CRTC benefit obligations, business acquisition, integration and restructuring expenses, gain on remeasurement of interests in equity investments, gain (loss) on derivative instruments, accretion of long-term liabilities and provisions, foreign exchange gain (loss) on unhedged long-term debt, equity income (loss) from associates and other gains as detailed in the unaudited interim Consolidated Statements of Income.

Basic earnings per share were $0.28 and $1.62 for the three and twelve months, respectively, compared to $0.37 and $1.23 in the same periods last year. In the current quarter, improved operating income before amortization of $20 million was offset by increases in amortization, net other costs and revenue, and income taxes, of $25 million, $22 million, and $12 million, respectively. The change in net other costs and revenue related to a gain realized in the prior year on the redemption of certain US$ senior notes and the higher taxes included an amount related to the indefinite postponement of previously enacted tax rate reductions in Ontario. The annual increase was primarily due to the favourable change in net other costs and revenue of $183 million along with improved operating income before amortization of $76 million and lower income taxes of $15 million. The change in net other costs and revenue was primarily due to amounts included in the prior year related to the CRTC benefit obligation and various acquisition, integration and restructuring costs. Operating income before amortization was up in the current period due to the inclusion of Shaw Media for the full twelve months and the lower taxes included a tax recovery related to the resolution of certain tax matters with CRA. These improvements were partially reduced by increased amortization of $74 million.

Net income in the current quarter declined $115 million compared to the third quarter of fiscal 2012 driven by lower operating income before amortization of $66 million primarily due to seasonality in the Media business, and increased income taxes of $31 million. The higher taxes included an amount related to the indefinite postponement of previously enacted tax rate reductions in Ontario.

Free cash flow for the quarter and annual periods of $103 million and $482 million, respectively, compared to $49 million and $617 million in the same periods last year. The improvement in the current quarter was primarily due to reduced capital investment of $61 million as well as improved operating income before amortization. The lower annual amount was mainly due to higher capital investment of $92 million related to the strategic initiatives and customer equipment subsidies, as well as increased cash taxes of $42 million. Annual improved operating income before amortization of $76 million in the current period was offset by various items including higher CRTC benefit funding, interest, preferred share dividends, and non-controlling interest entitlements.

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On July 11, 2012 an electrical fire occurred at Shaw Court in Calgary causing significant water damage to the building. No injuries resulted and full operations were resumed within a very short period of time. Also, within days, all 900 displaced employees were relocated to seven Shaw buildings across Calgary, mainly at the Shaw Campus. Due to the extent of the damage, the building is going through an extensive renovation, a portion of which will be funded through insurance recoveries. In the current quarter a loss of $26 million was reflected in Other gains and includes $6 million of costs in respect of restoration and recovery activities, including amounts incurred in the relocation of employees, and an asset write-down of $20 million related to the damages sustained to the building and its contents. Insurance recoveries will be included in Other gains as claims are approved. No insurance recoveries were recorded in the fourth quarter.

Key Performance Drivers

The Company s continuous disclosure documents may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company s continuous disclosure documents may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings, and sub-totals included in the financial statements. The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others, utilize these measures in assessing the Company s operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. The non-IFRS financial measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance required by IFRS.

The following contains a listing of non-IFRS financial measures and additional GAAP measures used by the Company and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

<u>Operating income before amortization and operating margin</u>

Operating income before amortization is calculated as 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. It is intended to indicate the Company s ability to service and/or incur debt, and therefore it is calculated before amortization (a non-cash expense) and interest. 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 operating income before amortization by revenue.

<u>Free cash flow</u>

The Company utilizes this measure to assess the Company s ability to repay debt and return cash to shareholders.

Free cash flow is calculated as operating income before amortization, less interest, cash taxes paid or payable, capital expenditures (on an accrual basis and net of proceeds on capital dispositions) and equipment costs (net), adjusted to exclude share-based compensation expense, less cash amounts associated with funding the new and assumed CRTC benefit obligations related to the acquisition of Shaw Media as well as excluding non-controlling interest amounts that are consolidated in the operating income before amortization, capital expenditure and cash tax amounts. Free cash flow also includes changes in receivable related balances with respect to customer equipment financing transactions as a cash item, and is adjusted for cash funding of pension amounts net of pension expense. Dividends paid on the Company s Cumulative Redeemable Rate Reset Preferred Shares are also deducted.

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Commencing in 2012 free cash flow has not been reported on a segmented basis. Certain components of free cash flow including operating income before amortization, capital expenditures (on an accrual basis net of proceeds on capital dispositions) and equipment costs (net), CRTC benefit obligation funding, and non-controlling interest amounts continue to be reported on a segmented basis. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

Free cash flow is calculated as follows:

	Three months ended August 31,			Year ended August 31,		
	2012	2011[2]	Change %	**2012**	2011[2]	Change %
($millions Cdn)						
Revenue						
Cable	**803**	784	2.4	**3,193**	3,096	3.1
Satellite	**213**	207	2.9	**844**	827	2.1
Media	**217**	210	3.3	**1,053**	891	18.2
	1,233	1,201	2.7	**5,090**	4,814	5.7
Intersegment eliminations	**(23)**	(20)	15.0	**(92)**	(73)	26.0
	1,210	1,181	2.5	**4,998**	4,741	5.4
Operating income before amortization [1]						
Cable	**396**	396		**1,502**	1,510	(0.5)
Satellite	**77**	73	5.5	**293**	289	1.4
Media	**28**	12	>100.0	**332**	252	31.7
	501	481	4.2	**2,127**	2,051	3.7
Capital expenditures and equipment costs (net):						
Cable	**184**	223	(17.5)	**810**	709	14.2
Satellite	**27**	49	(44.9)	**94**	107	(12.1)
Media	**13**	13		**31**	27	14.8
Total as per Note 3 to the unaudited interim Consolidated Financial Statements	**224**	285	(21.4)	**935**	843	10.9
Free cash flow before the following	**277**	196	41.3	**1,192**	1,208	(1.3)
Less:						
Interest	**(83)**	(84)	(1.2)	**(329)**	(312)	5.4
Cash taxes	**(64)**	(46)	39.1	**(282)**	(240)	17.5
Other adjustments:						
Non-cash share-based compensation	**1**	3	(66.7)	**6**	10	(40.0)
CRTC benefit obligation funding	**(17)**	(15)	13.3	**(48)**	(30)	60.0
Non-controlling interests	**(4)**	(3)	33.3	**(34)**	(20)	70.0
Pension adjustment	**1**	4	(75.0)	**12**	16	(25.0)
Customer equipment financing	**(4)**	(6)	(33.3)	**(20)**	(15)	33.3
Preferred share dividends	**(4)**		>100.0	**(15)**		>100.0
Free cash flow [1]	**103**	49	>100.0	**482**	617	(21.9)

Operating margin [1]

Cable	**49.3%**	50.5%	(1.2)	**47.0%**	48.8%	(1.8)
Satellite	**36.2%**	35.3%	0.9	**34.7%**	34.9%	(0.2)
Media	**12.9%**	5.7%	7.2	**31.5%**	28.3%	3.2

(1) See definitions and discussion under Key Performance Drivers in MD&A.

(2) Restated to reflect changes in the calculation related to the pension adjustment and customer equipment financing.

Shaw Communications Inc.

CABLE

FINANCIAL HIGHLIGHTS

	Three months ended August 31,			Year ended August 31,		
			Change			Change
($millions Cdn)	**2012**	2011	%	**2012**	2011	%
Revenue	**803**	784	2.4	**3,193**	3,096	3.1
Operating income before amortization [1]	**396**	**396**		**1,502**	1,510	(0.5)
Capital expenditures and equipment costs (net):						
New housing development	**25**	23	8.7	**100**	88	13.6
Success based	**42**	58	(27.6)	**250**	207	20.8
Upgrades and enhancement	**79**	92	(14.1)	**322**	278	15.8
Replacement	**9**	14	(35.7)	**41**	47	(12.8)
Buildings and other	**29**	36	(19.4)	**97**	89	9.0
Total as per Note 3 to the unaudited interim Consolidated Financial Statements	**184**	223	(17.5)	**810**	709	14.2
Operating margin [1]	**49.3%**	50.5%	(1.2)	**47.0%**	48.8%	(1.8)

(1) See definitions and discussion under Key Performance Drivers in MD&A.

Operating Highlights

Digital Phone lines increased 24,185 during the three month period to 1,363,744 and Internet customers were up 6,062 totaling 1,912,230 as at August 31, 2012. During the quarter Basic and Digital Cable subscribers decreased 16,474 and 7,907, respectively.

Cable revenue for the three and twelve months of $803 million and $3.19 billion improved 2.4% and 3.1%, respectively, over the comparable periods. Rate increases and customer growth in Internet and Digital Phone, including Business growth, partially offset by lower Basic cable subscribers, accounted for the improvement.

Operating income before amortization of $396 million for the quarter was consistent with the same period last year. Revenue related improvements and lower marketing and sales expenses were offset by higher programming amounts, related to new services and increased rates as contracts were renewed, and higher employee related amounts, mainly related to annual merit increases and employee growth to enhance customer service initiatives.

Operating income before amortization for the annual period declined modestly over the prior year. The revenue related improvement was offset by higher employee related amounts, programming costs, and various other expenses.

Revenue was up 1.1% compared to the third quarter of fiscal 2012 primarily due to rate increases, lower promotional activity and Digital Phone growth, the total of which was partially offset by lower Basic cable subscribers. Operating income before amortization improved $19 million over this same period due to the revenue related growth and certain lower expenses. Margin improved from 47.5% in the third quarter to 49.3%.

Total capital investment of $184 million in the current quarter decreased $39 million over the same period last year. Annual spend increased $101 million over the comparable period.

Success-based capital declined $16 million compared to the prior year quarter. The decrease was primarily due to lower video equipment rentals partially offset by higher subsidies on video equipment sales. For the annual period, success-based capital was up $43 million over last year. The increase was primarily due to higher subsidies on sales of HDPVRs resulting from increased volumes and lower customer pricing, and investment in DOCSIS 3.0 WiFi internet modems, partially offset by lower HDPVR rentals and phone modem purchases.

Investment in Upgrades and enhancement and Replacement categories combined decreased $18 million compared to the same quarter last year. The decline was due to lower spend on residential telephony infrastructure and licensing, reduced activity on core network capacity upgrades and lower vehicle purchases. Expenditures for the current annual period increased $38 million and included higher spending on hub upgrades, network electronics related to the DNU, Digital Phone infrastructure to support Business growth, as well as investment related to the strategic WiFi build.

Investment in Buildings and other declined $7 million over the comparable three month period while annual spend increased $8 million. The current quarter decrease was primarily due to lower spend on back office infrastructure replacement projects while the annual increase was mainly due to facility investment related to the Calgary data centre, customer service centres and new retail locations. The prior year also benefitted from proceeds from the sale of redundant real estate assets.

Spending in New housing development increased $2 million and $12 million, respectively, over the comparable three and twelve month periods mainly due to higher activity.

Shaw recently introduced content offerings for its TV Everywhere application with the introduction of Shaw Go. The Movie Central Go app for Apple devices provides access to current and library content for Shaw customers who subscribe to Movie Central programming, including HBO Canada titles. The app provides several features that enhance the user experience, including intelligent streaming, which provides the most optimal video quality based on Internet connection speed, and video bookmarking, which allows customers to stop and resume video playback at their convenience. The NFL Sunday Ticket Go app provides Shaw NFL Sunday Ticket subscribers with live broadcasts of up to 14 NFL regular season games along with interactive features, such as instant replay and play-by-play summaries. Shaw customers have the added benefit of being able to access content on Shaw s WiFi network.

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Subscriber Statistics

			August 31, 2012			
			Three months ended		Year ended	
	August 31, 2012	August 31, 2011	Growth	Change %	Growth	Change %
CABLE:						
Basic service:						
Actual	**2,219,072**	2,289,775	(16,474)	(0.7)	(70,703)	(3.1)
Penetration as % of homes passed	**56.0%**	59.0%				
Digital customers	**1,917,857**	1,819,388	(7,907)	(0.4)	98,469	5.4
INTERNET:						
Connected and scheduled	**1,912,230**	1,877,231	6,062	0.3	34,999	1.9
Penetration as % of basic	**86.2%**	82.0%				
Standalone Internet not included in basic cable	**225,639**	217,068	9,085	4.2	8,571	3.9
DIGITAL PHONE:						
Number of lines [1]	**1,363,744**	1,233,041	24,185	1.8	130,703	10.6

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

SATELLITE (DTH and Satellite Services)

FINANCIAL HIGHLIGHTS

	Three months ended August 31,			Year ended August 31,		
($millions Cdn)	**2012**	2011	Change %	**2012**	2011	Change %
Revenue						
DTH (Shaw Direct)	**193**	187	3.2	**763**	745	2.4
Satellite Services	**20**	20		**81**	82	(1.2)
	213	207	2.9	**844**	827	2.1
Operating income before amortization [1]						
DTH (Shaw Direct)	**68**	62	9.7	**254**	246	3.3
Satellite Services	**9**	11	(18.2)	**39**	43	(9.3)
	77	73	5.5	**293**	289	1.4
Capital expenditures and equipment costs (net):						
Transponders	**2**	25	(92.0)	**2**	25	(92.0)
Success based [2]	**20**	21	(4.8)	**81**	76	6.6
Buildings and other	**5**	3	66.7	**11**	6	83.3
Total as per Note 3 to the unaudited interim Consolidated Financial Statements	**27**	49	(44.9)	**94**	107	(12.1)

Operating margin [1]	**36.2%**	35.3%	0.9	**34.7%**	34.9%	(0.2)

(1) See definitions and discussion under Key Performance Drivers in MD&A.
(2) Net of the profit on the sale of satellite equipment as it is viewed as a recovery of expenditures on customer premise equipment.

Operating Highlights

During the quarter Shaw Direct added 1,155 customers and as at August 31, 2012 DTH customers total 910,023

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Revenue of $213 million and $844 million for the three and twelve month periods, respectively, was up 2.9% and 2.1% over the comparable periods last year. The improvement was primarily due to rate increases. Operating income before amortization of $77 million and $293 million for the quarter and annual period improved 5.5% and 1.4%, respectively, over the same periods last year.

Operating income before amortization improved $1 million over the third quarter of fiscal 2012 primarily due to rate increases partially offset by increased sales and marketing expenses.

Total capital investment of $27 million and $94 million for the three and twelve month periods, respectively, decreased over the same periods last year. The decline was primarily due to a deposit for the Anik G1 satellite included in the prior year periods partially offset by higher investment in the current periods on satellite related ground equipment. The launch of the satellite, originally expected to occur this fall, has been delayed as a result of issues experienced on an unrelated satellite launch, and Anik G1 is now expected to launch early in calendar 2013.

In June, Shaw Direct started offering a video on demand service using adaptive streaming technology through the satellite receiver. This new internet based service currently has over 3,000 movie and TV titles available. In addition, with their television subscription package, Shaw Direct customers now have access to the Shaw Go Apps, including the recently launched Movie Central Go and NFL Sunday Ticket Go.

Subscriber Statistics

			August 31, 2012			
			Three months ended		Year ended	
	August 31, 2012	August 31, 2011	Growth	Change %	Growth	Change %
DTH customers [1]	**910,023**	908,883	1,155	0.1	1,140	0.1

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

Shaw Communications Inc.

MEDIA

FINANCIAL HIGHLIGHTS

($millions Cdn)	Three months ended August 31, 2012	2011	Change%	Year ended August 31, 2012	Period from October 27, 2010 to August 31, 2011	Change %
Revenue	**217**	210	3.3	**1,053**	891	18.2
Operating income before amortization [1]	**28**	12	>100.0	**332**	252	31.7
Capital expenditures:						
Broadcast and transmission	**5**	8	(37.5)	**12**	15	(20.0)
Buildings and other	**8**	5	60.0	**19**	12	58.3
Total as per Note 3 to the unaudited interim Consolidated Financial Statements	**13**	13		**31**	27	14.8
Other adjustments:						
CRTC benefit obligation funding	**(17)**	(15)	13.3	**(48)**	(30)	60.0
Non-controlling interests	**(4)**	(3)	33.3	**(34)**	(20)	70.0
Operating margin [1]	**12.9%**	5.7%	7.2	**31.5%**	28.3%	3.2

(1) See definitions and discussion under Key Performance Drivers in MD&A.

Operating Highlights

Revenue and operating income before amortization for the quarter were $217 million and $28 million, respectively, compared to $210 million and $12 million last year. Revenue for the quarter was up 3.3% due to higher specialty advertising and subscriber revenues. Operating income improved due to the revenue growth combined with lower programming and other expenses.

For informational purposes, on a comparative basis to the full twelve months ended August 31, 2011, Media revenues were down 2% reflecting softness in the advertising market as a result of continued economic uncertainty. Operating income before amortization increased 2%, as lower programming costs in 2012 more than offset the reduced advertising revenues.

Compared to the third quarter of fiscal 2012, revenue and operating income before amortization decreased $78 million and $86 million, respectively. The decreases were primarily due to the cyclical nature of the Media business, with higher advertising revenues in the first and third quarters driven by the launch of season premieres in the first quarter and season finales and mid season launches in the third quarter. The fourth quarter is typically the lowest quarter of the fiscal year as it spans the summer months when viewership is generally lower.

During the quarter, Global delivered solid programming results led by the strength of Big Brother, Hotel Hell and Rookie Blue. The Media specialty portfolio also led in the channel rankings in the adult 25-54 category, with 4 of the Top 10 analog services, including History as the top entertainment network in Canada, and 5 of the Top 10 digital services, with National Geographic as the leading digital channel. In the quarter Shaw Media launched Lifetime and H2. National Geographic Wild delivered strong audience ratings in the first full quarter of operation.

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In News, Global is in the number one position in all three major western markets with ratings up for the majority of all news programs. Global Toronto News Hour moved into the number two position and the station also delivered solid audience growth in the News Hour Final. The West Block with Tom Clark continued to perform well, beginning its second season as Canada s most watched political talk show.

The conventional fall programming premiered throughout the month of September with a solid returning line-up and new drama programming including Vegas, Chicago Fire, Last Resort and Elementary. Shaw Media also added several new comedies to the Fall schedule including Go On and Guys With Kids.

Capital investment continued on various projects and included upgrading production equipment, infrastructure and facility investments.

OTHER INCOME AND EXPENSE ITEMS

Amortization

	Three months ended August 31,			Year ended August 31,		
	2012	2011	Change %	**2012**	2011	Change %
($millions Cdn)						
Amortization revenue (expense) -						
Deferred equipment revenue	**30**	28	7.1	**115**	107	7.5
Deferred equipment costs	**(62)**	(52)	19.2	**(231)**	(205)	12.7
Property, plant and equipment, intangibles and other	**(177)**	(161)	9.9	**(692)**	(637)	8.6

Amortization of deferred equipment revenue and deferred equipment costs increased over the comparative periods due to the sales mix of equipment and changes in customer pricing on certain equipment.

Amortization of property, plant and equipment, intangibles and other increased over the comparable periods as the amortization of new expenditures and inclusion of the Media division for the full twelve months in the current year exceeded the impact of assets that became fully depreciated.

Amortization of financing costs and Interest expense

	Three months ended August 31,			Year ended August 31,		
	2012	2011	Change %	**2012**	2011	Change %
($millions Cdn)						
Amortization of financing costs long-term debt	**2**	1	100.0	**5**	4	25.0
Interest expense	**83**	88	(5.7)	**330**	332	(0.6)

Interest expense decreased over the comparative quarter primarily due to a lower average debt level. As part of the Media acquisition in October 2010, the Company assumed US $338 million senior unsecured notes of which US $56 million were repurchased in December 2010 and the remaining US $282 million were redeemed in the fourth quarter of 2011.

Gain on redemption of debt

During the prior year, the Company repurchased and cancelled US $56 million of the Media unsecured notes in the second quarter and redeemed the remaining US $282 million in the fourth quarter. As a result, the Company recorded gains of $10 million and $23 million in the second and fourth quarters, respectively. The $33 million gain resulted from recognizing the remaining unamortized acquisition date fair value adjustment of $57 million, partially reduced by repurchase and redemption premiums totaling $19 million and the write-off of the embedded derivative instrument associated with the early prepayment option of $5 million.

CRTC benefit obligations

As part of the CRTC decisions approving the acquisition of Mystery and The Cave, during the third quarter of 2012, and the Media acquisition during the first quarter of 2011, the Company is required to contribute approximately $2 million and $180 million, respectively, in new benefits to the Canadian broadcasting system over seven years. The fair value of the obligations of $2 million and $139 million have been recorded in the income statement.

Business acquisition, integration and restructuring expenses

During the three and twelve months ended August 31, 2011, the Company recorded $1 million and $91 million, respectively, related to the Media acquisition and organizational restructuring. Amounts included acquisition related costs to effect the acquisition, such as professional fees paid to lawyers and consultants. The integration and restructuring costs related to integrating the new business and increasing organizational effectiveness for future growth as well as package costs for the former CEO.

Gain on remeasurement of interests in equity investments

The Company recorded a $6 million gain in respect of a remeasurement to fair value of the Company s 50% interest in Mystery and 49% interest in The Cave which were held prior to the acquisition on May 31, 2012. The fair value of the Company s equity interest in these specialty channels held prior to the acquisition was $19 million compared to a carrying value of $13 million.

Gain (loss) on derivative instruments

For derivative instruments where hedge accounting is not permissible or derivatives are not designated in a hedging relationship, the Company records changes in the fair value of derivative instruments in the income statement. In addition, the Media senior unsecured notes had a variable prepayment option which represented an embedded derivative that was accounted for separately at fair value until the Company gave notice of redemption in the fourth quarter of 2011. The fluctuation in amounts recorded in 2012 compared to 2011 is due to a reduction in the number of outstanding contracts as well as the amounts recorded in respect of the embedded derivative in the prior year.

Accretion of long-term liabilities and provisions

The Company records accretion expense in respect of the discounting of certain long-term liabilities and provisions which are accreted to their estimated value over their respective terms. The expense is primarily in respect of CRTC benefit obligations as well as the liability which arose in 2010 when the Company entered into amended agreements with the counterparties to certain cross-currency agreements to fix the settlement of the principal portion of the swaps in December 2011.

Foreign exchange gain (loss) on unhedged long-term debt

In conjunction with the Media acquisition in October 2010, the Company assumed a US $390 million term loan and US $338 million senior unsecured notes. Shortly after closing the acquisition, the Company repaid the term loan including breakage of the related cross currency interest rate swaps. A portion of the senior unsecured notes were repurchased during the second quarter of 2011 and the Company redeemed the remaining notes in the fourth quarter of 2011. As a result of fluctuations of the Canadian dollar relative to the US dollar, a foreign exchange gain of $17 million was recorded for the twelve months ended August 31, 2011.

Equity income (loss) from associates

During the first quarter of the prior year, the Company recorded income of $14 million primarily in respect of its 49.9% equity interest in CW Media Investments Co. (CW Media) for the period September 1 to October 26, 2010. On October 27, 2010, the Company acquired the remaining equity interest in CW Media as part of its purchase of all the broadcasting assets of Canwest. Results of operations are consolidated effective October 27, 2010. The Company also records equity income (loss) in respect of interests in several specialty channels.

Other gains

This category generally includes realized and unrealized foreign exchange gains and losses on US dollar denominated current assets and liabilities, gains and losses on disposal of property, plant and equipment and minor investments, and the Company s share of the operations of Burrard Landing Lot 2 Holdings Partnership. In the fourth quarter of the current year, the category also includes a loss of $26 million related to the electrical fire and resulting water damage to Shaw Court as well as a pension curtailment gain of $25 million. The loss of $26 million includes $6 million of costs in respect of restoration and recovery activities, including amounts incurred in the relocation of employees, and an asset write-down of $20 million related to the damages sustained to the building and its contents. Insurance recoveries are expected and amounts will be included in Other gains as claims are approved. No insurance recoveries were recorded in the fourth quarter. The pension curtailment gain arose due to a plan amendment to freeze base salary levels.

Income taxes

Income taxes were higher in the current quarter and included an amount related to the indefinite postponement of previously enacted tax rate reductions. Taxes declined on a year-over-year basis due to tax recoveries in the current year related to resolution with CRA on certain tax matters.

Loss from discontinued operations

During the fourth quarter of 2011, the Company discontinued further construction of its traditional wireless network and accordingly, all traditional wireless activities in the comparative year have been classified as discontinued operations.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company s August 31, 2011 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 August 31, 2012 were $12.7 billion compared to $12.6 billion at August 31, 2011. Following is a discussion of significant changes in the consolidated statement of financial position since August 31, 2011.

Current assets declined $31 million primarily due to decreases in cash of $16 million, assets held for sale of $15 million, and accounts receivable of $10 million, the total of which was partially offset by increased inventories of $5 million and other current assets of $7 million. Cash decreased as the cash outlay for investing and financing activities exceeded the funds provided by operations. Assets held for sale decreased as the sale of the wireless assets was completed during the first quarter and accounts receivable declined due to timing of collection of miscellaneous receivables. Inventories were higher due to timing of equipment purchases while other current assets were up primarily as a result of increases in program rights.

Property, plant and equipment increased $42 million as current year capital investment exceeded amortization and the asset write-down related to the electrical fire and resulting water damage at Shaw Court.

Other long-term assets were up $73 million primarily due to an increase in deferred equipment costs and related customer equipment financing receivables.

Intangibles increased $63 million due to higher program rights and advances and the broadcast licenses recorded on the acquisition of Mystery and The Cave. Program rights and advances (current and noncurrent) increased as advances and additional investment in acquired rights exceeded the amortization for the current year. The increase in goodwill of $3 million is due to the aforementioned acquisition of Mystery and The Cave.

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Current liabilities were up $250 million due to increases in income taxes payable of $32 million and current portion of long-term debt of $450 million partially offset by decreases in accounts payable and accrued liabilities of $67 million, other current liability of $161 million and derivative instruments of $7 million. Income taxes payable increased due to the current year provision partially offset by tax installment payments. The current portion of long-term debt increased and long-term debt decreased due to the reclassification of the 6.1% $450 million senior notes which are due in November 2012. Accounts payable and accrued liabilities decreased due to lower trade and other payables primarily in respect of timing of payment of capital expenditures and inventory and a reduction in the current portion of the CRTC benefit obligations. The other liability decreased due to settlement of previously amended cross-currency interest rate agreements and derivative instruments decreased due to settlement of contracts.

Other long-term liabilities were up $45 million due to an increase in employee benefit plans of $71 million, primarily as a result of actuarial losses recorded in the current year, partially reduced by a decrease in CRTC benefit obligations of $22 million.

Deferred credits were up $5 million due to an increase in deferred equipment revenue partially offset by amortization of deferred IRU revenue.

Deferred income tax liabilities, net of deferred income tax assets, decreased $63 million due to the current year recovery.

Shareholders equity increased $357 million primarily due to increases in share capital of $117 million, retained earnings of $291 million and non-controlling interests of $9 million partially offset by an increase in accumulated other comprehensive loss of $64 million. Share capital increased due to the issuance of 5,972,349 Class B Non-Voting Shares under the Company s option plan and Dividend Reinvestment Plan (DRIP). As of October 15, 2012, share capital is as reported at August 31, 2012 with the exception of the issuance of a total of 550,999 Class B Non-Voting Shares under the DRIP and upon exercise of options under the Company s option plan subsequent to the quarter end. Retained earnings increased due to current year earnings of $728 million partially offset by dividends of $437 million while non-controlling interests increased as their share of earnings exceeded the distributions declared during the year. Accumulated other comprehensive loss increased due to the actuarial losses recorded on employee benefit plans.

LIQUIDITY AND CAPITAL RESOURCES

In the current year, the Company generated $482 million of free cash flow. Shaw used its free cash flow along with cash of $16 million, proceeds on issuance of Class B Non-Voting Shares of $17 million and other net items of $25 million to pay common share dividends of $318 million, fund the $162 million on settlement of amended cross-currency interest rate agreements, invest an additional net $42 million in program rights and purchase the remaining interests in two specialty channels for $18 million.

During the second quarter, the Company entered into a five-year $1 billion bank credit facility which includes a revolving term facility to a maximum of $50 million and matures in January 2017. The credit facility has a feature whereby the Company may request an additional $500 million of borrowing capacity so long as no default or event of default has occurred and is continuing or would occur as a result of the increased borrowings. No lender has any obligation to participate in the requested increase unless it agrees to do so at its sole discretion.This facility replaced the prior credit and operating loan facilities which were scheduled to mature in May 2012. The new facility will be used for general corporate purposes.

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On November 29, 2011 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 20,000,000 Class B Non-Voting Shares during the period December 1, 2011 to November 30, 2012. No shares have been repurchased during the current year.

The Company issues Class B Non-Voting Shares from treasury under its DRIP which resulted in cash savings and incremental Class B Non-Voting Shares of $98 million during the twelve months ending August 31, 2012.

Based on available credit facilities and forecasted free cash flow, the Company expects to have sufficient liquidity to fund operations and obligations including maturing debt during the upcoming fiscal year. On a longer-term basis, Shaw expects to generate free cash flow and have borrowing capacity sufficient to finance foreseeable future business plans and refinance maturing debt.

CASH FLOW

Operating Activities

	Three months ended August 31,			Year ended August 31,		
	2012	2011	Change %	**2012**	2011	Change %
($millions Cdn)						
Funds flow from continuing operations	**355**	356	(0.3)	**1,299**	1,433	(9.4)
Net decrease (increase) in non-cash working capital balances related to continuing operations	**99**	111	(10.8)	**18**	(192)	>100.0
	454	467	(2.8)	**1,317**	1,241	6.1

Funds flow from continuing operations decreased over the comparative twelve month period as higher operating income before amortization adjusted for non-cash program rights expenses in the current year and charges in the prior year for termination of swap contracts and business acquisition, integration and restructuring expenses were more than offset by the combined impact of the settlement of the amended cross-currency interest rate agreements as well as increased current income taxes, program rights purchases and CRTC benefit obligation funding in the current year. The net change in non-cash working capital balances related to continuing operations fluctuated over the comparative periods due to fluctuations in accounts receivable and the timing of payment of current income taxes payable and accounts payable and accrued liabilities.

Investing Activities

	Three months ended August 31,			Year ended August 31,		
	2012	2011	Decrease	**2012**	2011	Decrease
($millions Cdn)						
Cash flow used in investing activities	**(191)**	(284)	93	**(983)**	(1,350)	367

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The cash used in investing activities decreased over the comparable quarter due to lower cash outlays for capital expenditures and fluctuations in inventory levels. Cash requirements for investing activities decreased over the comparable twelve month period due to amounts paid to complete the Media business acquisition in the first quarter of 2011 and fluctuations in inventory levels partially offset by the higher capital expenditures in the current year.

Financing Activities

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

	Three months ended August 31,		Year ended August 31,	
	2012	**2011**	**2012**	**2011**
($millions Cdn)				
Bank credit facility arrangement costs			**(4)**	
Issuance of Cdn $500 million 5.50% senior notes				498
Issuance of Cdn $800 million 6.75% senior notes				779
Senior notes and preferred shares issuance costs				(17)
Repayment of CW Media US $390 million term loan				(395)
Redemption of CW Media 13.5% senior notes		(278)		(334)
Senior notes prepayment premium		(18)		(19)
Dividends	**(84)**	(71)	**(333)**	(352)
Issuance of Class B Non-Voting Shares	**3**	13	**17**	46
Issuance of preferred shares				300
Distributions paid to non-controlling interests	**(7)**	(8)	**(26)**	(22)
Repayment of Partnership debt			**(1)**	(1)
	(88)	(362)	**(347)**	483

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

($millions Cdn except per share amounts)	Revenue	Operating income before amortization (1)	Net income from continuing operations attributable to common shareholders	Net income attributable to common shareholders	Net income (2)	Basic and diluted earnings per share from continuing operations	Basic and diluted earnings per share
2012							
Fourth	1,210	501	129	129	133	0.28	0.28
Third	1,278	567	238	238	248	0.53	0.53
Second	1,231	493	169	169	178	0.38	0.38
First	1,279	566	192	192	202	0.43	0.43
2011							