SHAW COMMUNICATIONS INC
Form 6-K
June 29, 2011

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 June, 2011
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 o Form 40-F þ

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): o

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): o

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 o No þ

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: June 29, 2011
Shaw Communications Inc.

By: /s/ Steve Wilson

Steve Wilson
Sr. V.P., Chief Financial Officer
Shaw Communications Inc.

NEWS RELEASE

Shaw announces third quarter financial and operating results

Calgary, Alberta (June 29, 2011) Shaw Communications Inc. announced results for the third quarter ended May 31, 2011. Consolidated revenue for the quarter and year-to-date of $1.28 billion and $3.56 billion, respectively, was up 36% and 28% over the comparable periods last year. Total operating income before amortization[1] of $580 million and $1.55 billion, respectively, improved 33% and 16% over the same periods last year.

Free cash flow[1] for the three and nine month periods was $242 million and $554 million, respectively, compared to $151 million and $446 million for the comparable periods last year. The current quarter increased over the comparable period primarily due to the addition of Shaw Media and higher free cash flow from the Cable division. The current nine month period included free cash flow from Shaw Media, for the period October 27 to May 31, partially reduced by the one-time CRTC Part II fee recovery last year.

Chief Executive Officer Brad Shaw said, Our third quarter financial results reflect a marked improvement over the second quarter and include a partial quarter of cost savings that resulted from the actions we undertook to streamline our organizational structure. Shaw continues to be one of North America s most successful cable operators and we are committed to delivering value to our shareholders.

Mr. Shaw continued We remain focused on continuous innovation and product leadership to enhance the customer experience. During the quarter we increased internet speeds, upgrading all of our Extreme customers from 15 Mbps to 25 Mbps, and after consultations with our customers, announced new packaging and pricing of our Internet products providing customers with industry leading performance, choice, and greater value. We also launched the new Shaw Gateway television product, providing the next generation in television viewing with advanced features and home networking capability, bringing together the power of broadband and high-definition technology that will be the centre of a connected home.

The new Internet packages will be available in two phases with the second phase tied to a major upgrade of the network scheduled over the next 16 months. Phase 1 of the new offerings, available currently, allow for download speeds of up to 100Mbps and increased data limits including unlimited options. The second phase will allow higher download and upload speeds of 250Mbps and 15Mbps respectively.

During the quarter the Shaw Plan Personalizer (SPP) was also launched, enabling customers to customize their core entertainment service needs by building their own Television, Internet and optional Personal Home Phone package at value pricing.

Net income of $203 million or $0.45 per share for the quarter ended May 31, 2011 compared to $158 million or $0.37 per share for the same period last year. Net income for the first nine months of the year was $390 million or $0.86 per share compared to $411 million or $0.95 per share last year. All periods included non-operating items which are more fully detailed in Management s Discussions and Analysis (MD&A). The current year-to-date period included a charge of $139 million for the discounted value of the $180 million CRTC benefit obligation related to the acquisition of Shaw Media, as well as business acquisition, integration and restructuring expenses of $90 million. The prior nine month period included debt retirement costs and amounts related to financial instruments of $82 million and $46 million, respectively. Excluding the non-operating items, net income for the three and nine month periods ended May 31, 2011 would have been $223 million and $541 million respectively, compared to $162 million and $481 million in the same periods last year.

Revenue in the Cable division was up 5% and 6% for the three and nine month periods, respectively, to $785 million and $2.31 billion. The improvement was primarily driven by rate increases and growth. Operating income before amortization for the quarter of $388 million was up 7% over the comparable quarter. Excluding the one-time CRTC Part II fee recovery last year, operating income before amortization for the year-to-date period increased 5%.

Revenue in the Satellite division was $210 million and $620 million for the quarter and year-to-date periods, respectively, up 3% over each of the comparable periods. Operating income before amortization for the current three month period of $76 million improved 4% over the same period last year. Excluding the one-time Part II fee recovery, operating income before amortization for the year-to-date period of $216 million improved 2% over the same period last year.

Quarterly revenue and operating income before amortization in the Media division was $312 million and $117 million, respectively. Revenue and operating income before amortization for the period from October 27, 2010 to May 31, 2011 was $681 million and $240 million, respectively. For informational purposes, on a comparative basis to last year, Media revenues for each of the three and full nine month periods were up approximately 8%, and operating income before amortization, excluding the impact of the one-time Part II fee recovery last year, improved 17% and 19%, respectively.

On May 31, 2011 Shaw completed an offering of 12,000,000 Cumulative Redeemable Rate Reset Preferred Shares resulting in gross proceeds of $300 million. The net proceeds will be used for working capital and general corporate purposes.

During the quarter approximately 550 employee positions were eliminated, including 150 at the management level. The restructuring costs were $29 million and the annual savings, including other expense reductions, are in excess of $50 million.

Pricing consistent with product value and timely initiatives undertaken during the quarter to drive efficiencies through focused cost containment and reductions have us on track to achieve our financial guidance, including consolidated fiscal 2011 free cash flow of approximately $600 million. said Mr. Shaw.

In closing Mr. Shaw emphasized, Shaw s strong management team and staff across the Company continue to execute on our strategy to maximize shareholder value through leveraging our network infrastructure, and offering our customers leading edge products and services that provide value to both Shaw and the customer. Our strategy has served our stakeholders well over the years and continues to drive us forward as a successful operator in this evolving and highly competitive landscape.

Shaw Communications Inc. is a diversified communications and media company, providing consumers with broadband cable television, High-Speed Internet, Home Phone, telecommunications services (through Shaw Business), satellite direct-to-home services (through Shaw Direct) and engaging programming content (through Shaw Media). Shaw serves 3.4 million customers, through a reliable and extensive fibre network. Shaw Media operates one of the largest conventional television networks in Canada, Global Television, and 18 specialty networks including HGTV Canada, Food Network Canada, History Television and Showcase. 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).

The accompanying Management s Discussion and Analysis forms part of this news release and the Caution Concerning Forward Looking Statements applies to all forward-looking statements made in this news release.

For more information, please contact:

Shaw Investor Relations
Investor.relations@sjrb.ca

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

2 See reconciliation of Net Income in Consolidated Overview in MD&A

Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS
MAY 31, 2011

June 29, 2011

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 should also be read in conjunction with Management s Discussion and Analysis included in the Company s August 31, 2010 Annual Report including the Consolidated Financial Statements and the Notes thereto and the unaudited interim Consolidated Financial Statements and the Notes thereto of the current quarter.

CONSOLIDATED RESULTS OF OPERATIONS
THIRD QUARTER ENDING MAY 31, 2011
Selected Financial Highlights

	Three months ended May 31,			Nine months ended May 31,		
			Change			Change
($000 s Cdn except per share amounts)	**2011**	2010	%	**2011**	2010	%
Operations:						
Revenue	**1,284,688**	943,632	**36.1**	**3,560,204**	2,778,708	**28.1**
Operating income before amortization (1)	**579,575**	435,822	**33.0**	**1,547,453**	1,335,599	**15.9**
Operating margin (1) (2) (3)	**45.1%**	46.2%	**(1.1)**	**43.5%**	45.4%	**(1.9)**
Funds flow from operations (4)	**430,305**	350,810	**22.7**	**1,077,642**	1,047,968	**2.8**
Net income	**202,670**	158,216	**28.1**	**390,301**	411,157	**(5.1)**
Per share data:						
Earnings per share basic and diluted	**$ 0.45**	$ 0.37		**$ 0.86**	$ 0.95	
Weighted average participating shares outstanding during period (000 s)	**434,816**	432,323		**434,346**	432,595	

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

(2) Operating margin is adjusted to exclude the one-time CRTC Part II recovery for the nine months ended May 31, 2010. Including the one-time CRTC Part II recovery, the operating margin would be 48.1%.

(3) Operating margin has declined in the three and nine month periods compared to last year mainly due to the inclusion of the new Media segment.

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

Subscriber Highlights

		Growth			
	Total	Three months ended May 31,		Nine months ended May 31,	
	May 31, 2011	**2011**	2010	**2011**	2010
Subscriber statistics:					
Basic cable customers	**2,299,527**	**(13,577)**	2,322	**(34,781)**	(149)
Digital customers	**1,767,740**	**19,202**	87,092	**116,821**	273,895
	1,859,555	**11,165**	25,661	**40,689**	88,638

Internet customers (including pending installs)					
Digital phone lines (including pending installs)	**1,210,064**	**31,404**	66,123	**113,758**	182,506
DTH customers	**908,077**	**1,644**	1,856	**2,281**	4,024

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Shaw Communications Inc.

Additional Highlights

Revenue of $1.28 billion and $3.56 billion for the three and nine month periods improved 36.1% and 28.1% over the comparable periods last year.

Free cash flow for the quarter and year-to-date periods was $242.0 million and $554.0 million, respectively, compared to $150.9 million and $445.8 million for the same periods last year.

In March 2011 Shaw implemented various cost saving initiatives including staff reductions and a review of overhead expenses to drive efficiencies and enhance competitiveness.

In May 2011 Shaw commenced to issue from treasury Class B Shares distributed under its Dividend Reinvestment Plan (DRIP) and is also offering a 2% discount under the DRIP.

On May 31, 2011 Shaw completed an offering of 12,000,000 Cumulative Redeemable Rate Reset Preferred Shares resulting in gross proceeds of $300 million.

Consolidated Overview

Consolidated revenue of $1.28 billion and $3.56 billion for the three and nine month periods, respectively, improved 36.1% and 28.1% over the same periods last year. The improvement was primarily due to the acquisition of Shaw Media, as well as rate increases and growth in the Cable and Satellite divisions.

Consolidated operating income before amortization for the three and nine month periods of $579.6 million and $1.55 billion, respectively, increased 33.0% and 15.9% over the same periods last year. Both periods benefitted from the acquisition of Shaw Media as well as core revenue related growth, partially offset by increased sales and marketing, and programming costs. Employee related costs were up modestly over the prior period benefitting from the restructuring initiatives completed midway through the current quarter. The current year-to-date period also included the impact of the retroactive support structure rate increases. The prior year-to-date period benefitted from a one-time CRTC Part II fee recovery of $75.3 million.

Net income was $202.7 million and $390.3 million for the three and nine months ended May 31, 2011, respectively, compared to $158.2 million and $411.2 million for the same periods last year. Non-operating items affected net income in all periods. The current quarter included $29.4 million in restructuring expenses related to the cost savings initiatives undertaken. The current year-to-date period included a charge of $139.1 million for the discounted value of the $180.0 million CRTC benefit obligation, net of incremental revenues, related to the Media acquisition, as well as business acquisition, integration and restructuring expenses of $90.2 million. The prior year-to-date period included debt retirement costs and amounts related to financial instruments of $81.6 million and $47.3 million, respectively. Outlined below are further details on these and other operating and non-operating components of net income for each period.

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($000 s Cdn)	Nine months ended **May 31, 2011**	**Operating net of interest**	**Non-operating**	Nine months ended **May 31, 2010**	**Operating net of interest**	**Non-operating**
Operating income	**996,911**			852,597		
Amortization of financing costs long-term debt	**(3,206)**			(3,015)		
Interest expense debt	**(243,643)**			(185,507)		
Operating income after interest	**750,062**	**750,062**		664,075	664,075	
Debt retirement costs				(81,585)		(81,585)
Gain on repurchase of debt	**9,981**		**9,981**			
CRTC benefit obligation	**(139,098)**		**(139,098)**			
Business acquisition, integration and restructuring expenses	**(90,243)**		**(90,243)**			
Loss on derivative instruments	**(25,780)**		**(25,780)**	(45,783)		(45,783)
Accretion of long-term liabilities	**(10,862)**		**(10,862)**	(1,497)		(1,497)
Foreign exchange gain on unhedged long-term debt	**23,376**		**23,376**			
Other gains	**6,878**		**6,878**	8,342		8,342
Income (loss) before income taxes	**524,314**	**750,062**	**(225,748)**	543,552	664,075	(120,523)
Current income tax expense (recovery)	**160,278**	**193,616**	**(33,338)**	127,332	157,005	(29,673)
Future income tax expense (recovery)	**(12,176)**	**15,051**	**(27,227)**	2,363	26,037	(23,674)
Income (loss) before following	**376,212**	**541,395**	**(165,183)**	413,857	481,033	(67,176)
Equity income (loss) on investees	**14,089**		**14,089**	(2,700)		(2,700)
Net income (loss)	**390,301**	**541,395**	**(151,094)**	411,157	481,033	(69,876)

($000 s Cdn)	Three months ended **May 31, 2011**	**Operating net of interest**	**Non-operating**	Three months ended **May 31, 2010**	**Operating net of interest**	**Non-operating**
Operating income	**401,006**			277,280		

Amortization of financing costs long-term debt	**(1,097)**			(962)		
Interest expense debt	**(89,711)**			(61,797)		
Operating income after interest	**310,198**	**310,198**		214,521	214,521	
Gain on repayment of debt						
Business acquisition, integration and restructuring expenses	**(29,361)**		**(29,361)**			
Loss on derivative instruments	**(3,016)**		**(3,016)**	(487)		(487)
Accretion of long-term liabilities	**(5,049)**		**(5,049)**	(644)		(644)
Foreign exchange gain on unhedged long-term debt	**791**		**791**			
Other gains (losses)	**346**		**346**	(1,013)		(1,013)
Income (loss) before income taxes	**273,909**	**310,198**	**(36,289)**	212,377	214,521	(2,144)
Current income tax expense (recovery)	**48,428**	**67,416**	**(18,988)**	22,051	40,001	(17,950)
Future income tax expense (recovery)	**23,066**	**19,435**	**3,631**	29,410	13,000	16,410
Income (loss) before following	**202,415**	**223,347**	**(20,932)**	160,916	161,520	(604)
Equity income on investees	**255**		**255**	(2,700)		(2,700)
Net income (loss)	**202,670**	**223,347**	**(20,677)**	158,216	161,520	(3,304)

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

	May 31, 2011 net income compared to:		
	Three months ended		Nine months ended
(000 s Cdn)	February 28, 2011	May 31, 2010	May 31, 2010
Increased operating income before amortization	85,051	143,753	211,854
Decreased (increased) amortization	12,654	(20,162)	(67,731)
Increased interest expense	(4,474)	(27,914)	(58,136)
Change in net other costs and revenue [1]	(41,583)	(31,190)	(88,436)
Increased income taxes	(16,277)	(20,033)	(18,407)
	35,371	44,454	(20,856)

[1] Net other costs and revenue includes debt retirement costs, gain on repurchase of debt, the CRTC benefit obligation, business acquisition, integration and restructuring expenses, loss on derivative instruments, accretion of long-term liabilities, foreign exchange gain on unhedged long-term debt, other gains and equity income (loss) on investees as detailed in the unaudited interim Consolidated Statements of Income and Retained Earnings.

Basic earnings per share were $0.45 and $0.86 for the quarter and nine months, respectively compared to $0.37 and $0.95 in the same periods last year. The improvement in the quarter was primarily due to increased operating income before amortization of $143.8 million partially offset by higher net other costs and revenue of $31.2 million and increased interest, amortization and income taxes of $27.9 million, $20.2 million and $20.0 million, respectively. The change in net other costs and revenue was primarily due to restructuring costs in the current period. The year-to-date decrease was primarily due to higher net other costs and revenue of $88.4 million and increased amortization, interest and taxes of $67.7 million, $58.1 million and $18.4 million, respectively, partially offset by improved operating before amortization of $211.9 million. The change in net other costs and revenue was primarily due to amounts related to the CRTC benefit obligation and various acquisition, integration and restructuring costs in the current period partially offset by debt retirement costs and amounts related to financial instruments associated with the early redemption of the three series of US senior notes in the prior year. The prior nine month period operating income before amortization included a one-time CRTC Part II fee recovery of $75.3 million which was offset in the current period by amounts related to Shaw Media and growth in the Cable and Satellite divisions.

Net income in the current quarter increased $35.4 million compared to the second quarter of fiscal 2011 mainly due to improved operating income before amortization of $85.1 million and lower amortization of $12.7 million partially offset by higher other costs and revenue and income taxes of $41.6 million and $16.3 million, respectively. The change in net other costs and revenue was primarily due to restructuring costs in the current period.

Free cash flow for the quarter and year-to-date periods of $242.0 million and $554.0 million, respectively, compared to $150.9 million and $445.8 million in the same periods last year. The improvement in the current quarter was mainly due to increased operating income before amortization related to the acquisition of the Media division as well as growth in the Cable division, partially reduced by higher interest and taxes. The year-to-date improvement was due to the Shaw Media acquisition and growth in the Cable and Satellite divisions, partially reduced by a one time Part II fee recovery last year. The Cable division generated $132.4 million of free cash flow for the quarter compared to $112.8 million in the comparable period. The Satellite division achieved free cash flow of $41.0 million for the three month period compared to $38.1 million last year. The Media division generated $68.6 million of free cash flow for the quarter.

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In March 2011 Shaw implemented various cost saving initiatives including staff reductions and a review of overhead expenses to drive efficiencies and enhance competitiveness. Approximately 550 employee positions were eliminated, including 150 at the management level. The restructuring costs incurred in the quarter were $29.4 million and the annual savings is in excess of $50 million. The majority of the staff reductions were in the Cable division, representing approximately 5% of the division s employee workforce.

In May 2011 Shaw commenced to issue from treasury Class B Shares distributed under its DRIP and also started offering a 2% discount under the DRIP. Effective with the May 2011 dividend payment shareholders holding approximately 30% of the common shares outstanding were registered under the DRIP automatically reinvesting their dividends to increase their investment in the Company.

On May 31, 2011 Shaw completed an offering of 12,000,000 Cumulative Redeemable Rate Reset Preferred Shares, Series A (Series A Shares) resulting in gross proceeds of $300 million. The net proceeds will be used for working capital and general corporate purposes. The Series A Shares are listed on the Toronto Stock Exchange under the ticker symbol SJR.PR.A.

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 operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. 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 non-GAAP financial measures used by the Company and provides a reconciliation to the nearest GAAP measurement 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 and Retained Earnings. 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 measurement as it measures the Company s ability to repay debt and return cash to shareholders.

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Free cash flow for cable and satellite 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) and adjusted to exclude stock-based compensation expense.

Commencing in 2011 with respect to the new Media segment, free cash flow will be determined as detailed above and in addition, Shaw will deduct cash amounts associated with funding the new and assumed CRTC benefit obligation related to the acquisition of Shaw Media as well as exclude the non-controlling interest amounts that are consolidated in the operating income before amortization, capital expenditure and cash tax amounts.

Free cash flow is calculated as follows:

	Three months ended May 31,		Nine months ended May 31,	
($000 s Cdn)	**2011**	2010 (2)	**2011**	2010 (2)
Cable free cash flow (1)	**132,410**	112,773	**319,163**	327,697
Combined satellite free cash flow (1)	**41,030**	38,097	**102,062**	118,121
Media free cash flow (1)	**68,586**		**132,765**	
Free cash flow	**242,026**	150,870	**553,990**	445,818

(1) Reconciliations of free cash flow for cable, satellite and media are provided under Cable Financial Highlights , Satellite Financial Highlights and Media Financial Highlights .

(2) The presentation of segmented free cash flow has been adjusted to reflect on a gross basis to include intersegment transactions. As a result, Cable free cash flow has decreased and Combined satellite free cash flow has increased by $843 for the three month period and $2,540 for the nine month period.

Shaw Communications Inc.

CABLE
FINANCIAL HIGHLIGHTS

	Three months ended May 31,			Nine months ended May 31,		
			Change			Change
($000 s Cdn)	**2011**	2010 [3]	%	**2011**	2010 [3]	%
Revenue	**784,671**	746,322	5.1	**2,311,905**	2,189,505	5.6
Operating income before amortization [1]	**387,751**	363,096	6.8	**1,099,316**	1,097,821	0.1
Capital expenditures and equipment costs (net):						
New housing development	**19,170**	20,172	(5.0)	**65,309**	62,613	4.3
Success based	**43,060**	51,150	(15.8)	**148,741**	159,652	(6.8)
Upgrades and enhancement	**61,786**	59,034	4.7	**185,869**	184,018	1.0
Replacement	**10,266**	15,838	(35.2)	**33,021**	42,148	(21.7)
Buildings/other	**17,660**	25,305	(30.2)	**53,000**	52,911	0.2
Total as per Note 2 to the unaudited interim Consolidated Financial Statements	**151,942**	171,499	(11.4)	**485,940**	501,342	(3.1)
Free cash flow before the following	**235,809**	191,597	23.1	**613,376**	596,479	2.8
Less:						
Interest expense	**(61,570)**	(51,849)	18.7	**(170,417)**	(161,767)	5.3
Cash taxes	**(45,100)**	(31,001)	45.5	**(134,100)**	(119,005)	12.7
Other adjustments:						
Non-cash stock based compensation	**3,271**	4,026	(18.8)	**10,304**	11,990	(14.1)
Free cash flow [1]	**132,410**	112,773	17.4	**319,163**	327,697	(2.6)
Operating margin [1] [2]	**49.4%**	48.7%	0.7	**47.6%**	47.9%	(0.3)